IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE

In re	Chapter 11
SCOTTISH HOLDINGS, INC., *et al.*,	Case No. 18-10160 (LSS)
Debtors.[1]	Jointly Administered

DISCLOSURE STATEMENT FOR SECOND AMENDED JOINT CHAPTER 11 PLAN OF REORGANIZATION OF SCOTTISH HOLDINGS, INC., AND SCOTTISH ANNUITY & LIFE INSURANCE COMPANY (CAYMAN) LTD.

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Dated: June 28, 2018
Wilmington, Delaware

[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.

IMPORTANT INFORMATION ABOUT THIS DISCLOSURE STATEMENT

THE DEBTORS ARE PROVIDING THE INFORMATION IN THIS DISCLOSURE STATEMENT TO HOLDERS OF CLAIMS ENTITLED TO VOTE FOR PURPOSES OF SOLICITING VOTES TO ACCEPT OR REJECT THE JOINT CHAPTER 11 PLAN OF SCOTTISH HOLDINGS, INC. AND SCOTTISH ANNUITY & LIFE INSURANCE COMPANY (CAYMAN) LTD. PURSUANT TO CHAPTER 11 OF THE BANKRUPTCY CODE. NOTHING IN THIS DISCLOSURE STATEMENT MAY BE RELIED UPON OR USED BY ANY PERSON OR ENTITY FOR ANY OTHER PURPOSE. BEFORE DECIDING WHETHER TO VOTE FOR OR AGAINST THE PLAN, EACH HOLDER ENTITLED TO VOTE SHOULD CAREFULLY CONSIDER ALL OF THE INFORMATION IN THIS DISCLOSURE STATEMENT, INCLUDING THE RISK FACTORS DESCRIBED IN ARTICLE IX HEREIN.

THE DEBTORS URGE EACH HOLDER OF A CLAIM ENTITLED TO VOTE TO CONSULT WITH ITS OWN ADVISORS WITH RESPECT TO ANY LEGAL, FINANCIAL, SECURITIES, TAX, OR BUSINESS ADVICE IN REVIEWING THIS DISCLOSURE STATEMENT, THE PLAN, AND THE PROPOSED TRANSACTIONS CONTEMPLATED THEREBY. FURTHERMORE, THE BANKRUPTCY COURT'S APPROVAL OF THE ADEQUACY OF THE INFORMATION CONTAINED IN THIS DISCLOSURE STATEMENT DOES NOT CONSTITUTE THE BANKRUPTCY COURT'S APPROVAL OF THE PLAN.

THIS DISCLOSURE STATEMENT CONTAINS, AMONG OTHER THINGS, SUMMARIES OF THE PLAN, CERTAIN STATUTORY PROVISIONS, AND CERTAIN ANTICIPATED EVENTS IN THE CHAPTER 11 CASES. ALTHOUGH THE DEBTORS BELIEVE THAT THESE SUMMARIES ARE FAIR AND ACCURATE, THESE SUMMARIES ARE QUALIFIED IN THEIR ENTIRETY TO THE EXTENT THAT THEY DO NOT SET FORTH THE ENTIRE TEXT OF SUCH DOCUMENTS OR STATUTORY PROVISIONS OR EVERY DETAIL OF SUCH ANTICIPATED EVENTS. IN THE EVENT OF ANY INCONSISTENCY OR DISCREPANCY BETWEEN A DESCRIPTION IN THIS DISCLOSURE STATEMENT AND THE TERMS AND PROVISIONS OF THE PLAN OR ANY OTHER DOCUMENTS INCORPORATED HEREIN BY REFERENCE, THE PLAN OR SUCH OTHER DOCUMENTS WILL GOVERN FOR ALL PURPOSES. FACTUAL INFORMATION CONTAINED IN THIS DISCLOSURE STATEMENT HAS BEEN PROVIDED BY THE DEBTORS' MANAGEMENT EXCEPT WHERE OTHERWISE SPECIFICALLY NOTED. THE DEBTORS DO NOT REPRESENT OR WARRANT THAT THE INFORMATION CONTAINED HEREIN OR ATTACHED HERETO IS WITHOUT ANY MATERIAL INACCURACY OR OMISSION. THE BANKRUPTCY COURT'S APPROVAL OF THIS DISCLOSURE STATEMENT DOES NOT CONSTITUTE A GUARANTEE BY THE COURT OF THE ACCURACY OR COMPLETENESS OF THE INFORMATION CONTAINED HEREIN OR AN ENDORSEMENT BY THE BANKRUPTCY COURT OF THE MERITS OF THE PLAN.

IN PREPARING THIS DISCLOSURE STATEMENT, THE DEBTORS RELIED ON FINANCIAL DATA DERIVED FROM THE DEBTORS' BOOKS AND RECORDS AND ON VARIOUS ASSUMPTIONS REGARDING THE DEBTORS' BUSINESSES. WHILE THE DEBTORS BELIEVE THAT SUCH FINANCIAL INFORMATION FAIRLY REFLECTS THE FINANCIAL CONDITION OF THE DEBTORS AS OF THE DATE HEREOF AND THAT THE ASSUMPTIONS REGARDING FUTURE EVENTS REFLECT REASONABLE BUSINESS JUDGMENTS, NO REPRESENTATIONS OR WARRANTIES ARE MADE AS TO THE ACCURACY OF THE FINANCIAL INFORMATION CONTAINED HEREIN OR ASSUMPTIONS REGARDING THE DEBTORS' BUSINESSES AND THEIR FUTURE RESULTS AND OPERATIONS. THE DEBTORS EXPRESSLY CAUTION READERS NOT TO PLACE UNDUE RELIANCE ON ANY FORWARD-LOOKING STATEMENTS CONTAINED HEREIN.

THE DEBTORS ARE MAKING THE STATEMENTS AND PROVIDING THE FINANCIAL INFORMATION CONTAINED IN THIS DISCLOSURE STATEMENT AS OF THE DATE HEREOF, UNLESS OTHERWISE SPECIFICALLY NOTED. ALTHOUGH THE DEBTORS MAY SUBSEQUENTLY UPDATE THE INFORMATION IN THIS DISCLOSURE STATEMENT, THE DEBTORS HAVE NO AFFIRMATIVE DUTY TO DO SO, AND EXPRESSLY DISCLAIM ANY DUTY TO PUBLICLY UPDATE ANY FORWARD-LOOKING STATEMENTS, WHETHER AS A RESULT OF NEW INFORMATION, FUTURE EVENTS, OR OTHERWISE. HOLDERS OF CLAIMS REVIEWING THIS DISCLOSURE STATEMENT SHOULD NOT INFER THAT, AT THE TIME OF THEIR REVIEW, THE FACTS SET FORTH HEREIN HAVE NOT CHANGED SINCE THIS DISCLOSURE STATEMENT WAS FILED. INFORMATION CONTAINED HEREIN IS SUBJECT TO COMPLETION, MODIFICATION, OR AMENDMENT. THE DEBTORS RESERVE THE RIGHT TO FILE AN AMENDED OR MODIFIED PLAN AND RELATED DISCLOSURE STATEMENT FROM TIME TO TIME, SUBJECT TO THE TERMS OF THE PLAN.

THIS DISCLOSURE STATEMENT DOES NOT CONSTITUTE, AND MAY NOT BE CONSTRUED AS, AN ADMISSION OF FACT, LIABILITY, STIPULATION, OR WAIVER. THE DEBTORS OR ANY OTHER AUTHORIZED PARTY MAY SEEK TO INVESTIGATE, FILE, AND PROSECUTE CLAIMS AND MAY OBJECT TO CLAIMS AFTER THE CONFIRMATION OR EFFECTIVE DATE OF THE PLAN IRRESPECTIVE OF WHETHER THIS DISCLOSURE STATEMENT IDENTIFIES ANY SUCH CLAIMS OR OBJECTIONS TO CLAIMS.

THE DEBTORS HAVE NOT AUTHORIZED ANY ENTITY TO GIVE ANY INFORMATION ABOUT OR CONCERNING THE PLAN OTHER THAN THAT WHICH IS CONTAINED IN THIS DISCLOSURE STATEMENT. THE DEBTORS HAVE NOT AUTHORIZED ANY REPRESENTATIONS CONCERNING THE DEBTORS OR THE VALUE OF THEIR PROPERTY OTHER THAN AS SET FORTH IN THIS DISCLOSURE STATEMENT.

IF THE PLAN IS CONFIRMED BY THE BANKRUPTCY COURT AND THE EFFECTIVE DATE OCCURS, ALL HOLDERS OF CLAIMS OR INTERESTS (INCLUDING THOSE HOLDERS OF CLAIMS WHO DO NOT SUBMIT BALLOTS TO ACCEPT OR REJECT THE PLAN, WHO VOTE TO REJECT THE PLAN, OR WHO ARE NOT ENTITLED TO VOTE ON THE PLAN) WILL BE BOUND BY THE TERMS OF THE PLAN AND THE RESTRUCTURING TRANSACTION CONTEMPLATED THEREBY.

THE CONFIRMATION AND EFFECTIVENESS OF THE PLAN ARE SUBJECT TO CERTAIN MATERIAL CONDITIONS PRECEDENT DESCRIBED HEREIN AND SET FORTH IN ARTICLE IX OF THE PLAN. THERE IS NO ASSURANCE THAT THE PLAN WILL BE CONFIRMED, OR IF CONFIRMED, THAT THE CONDITIONS REQUIRED TO BE SATISFIED FOR THE PLAN TO BECOME EFFECTIVE WILL BE SATISFIED (OR WAIVED).

YOU ARE ENCOURAGED TO READ THE PLAN AND THIS DISCLOSURE STATEMENT IN ITS ENTIRETY, INCLUDING ARTICLE IX, ENTITLED "RISK FACTORS," WHICH BEGINS ON PAGE 97, BEFORE SUBMITTING YOUR BALLOT TO VOTE ON THE PLAN.

THIS DISCLOSURE STATEMENT HAS BEEN PREPARED IN ACCORDANCE WITH SECTION 1125 OF THE BANKRUPTCY CODE AND BANKRUPTCY RULE 3016(B) AND IS NOT NECESSARILY PREPARED IN ACCORDANCE WITH FEDERAL OR STATE SECURITIES LAWS OR OTHER SIMILAR LAWS. THIS DISCLOSURE STATEMENT HAS NOT BEEN APPROVED OR DISAPPROVED BY THE UNITED STATES SECURITIES AND EXCHANGE COMMISSION (THE "SEC") OR ANY SIMILAR FEDERAL, STATE, LOCAL, OR FOREIGN REGULATORY AGENCY, NOR HAS THE SEC OR ANY OTHER AGENCY PASSED UPON THE ACCURACY OR ADEQUACY OF THE STATEMENTS CONTAINED IN THIS DISCLOSURE STATEMENT.

UPON CONFIRMATION OF THE PLAN, THE SECURITIES DESCRIBED IN THIS DISCLOSURE STATEMENT WILL BE ISSUED WITHOUT REGISTRATION UNDER THE SECURITIES ACT OF 1933, 15 U.S.C. §§ 77A–77AA, TOGETHER WITH THE RULES AND REGULATIONS PROMULGATED THEREUNDER (THE "SECURITIES ACT"), OR SIMILAR FEDERAL, STATE, LOCAL, OR FOREIGN LAWS, IN RELIANCE ON THE EXEMPTION SET FORTH IN SECTION 1145 OF THE BANKRUPTCY CODE. OTHER SECURITIES MAY BE ISSUED PURSUANT TO OTHER APPLICABLE EXEMPTIONS UNDER THE FEDERAL SECURITIES LAWS. TO THE EXTENT EXEMPTIONS FROM REGISTRATION UNDER SECTION 1145 OF THE BANKRUPTCY CODE OR APPLICABLE FEDERAL SECURITIES LAW DO NOT APPLY, THE SECURITIES MAY NOT BE OFFERED OR SOLD EXCEPT PURSUANT TO A VALID EXEMPTION OR UPON REGISTRATION UNDER THE SECURITIES ACT.

THE DEBTORS MAKE STATEMENTS IN THIS DISCLOSURE STATEMENT THAT ARE CONSIDERED FORWARD-LOOKING STATEMENTS UNDER FEDERAL SECURITIES LAWS. THE DEBTORS CONSIDER ALL STATEMENTS REGARDING ANTICIPATED OR FUTURE MATTERS TO BE FORWARD-LOOKING STATEMENTS. FORWARD-LOOKING STATEMENTS MAY INCLUDE STATEMENTS ABOUT THE DEBTORS':

- **BUSINESS STRATEGY;**
- **TECHNOLOGY;**
- **FINANCIAL CONDITION, REVENUES, CASH FLOWS, AND EXPENSES;**
- **LEVELS OF INDEBTEDNESS, LIQUIDITY, AND COMPLIANCE WITH DEBT COVENANTS;**
- **FINANCIAL STRATEGY, BUDGET, PROJECTIONS, AND OPERATING RESULTS;**
- **THE AMOUNT, NATURE, AND TIMING OF CAPITAL EXPENDITURES;**

- **AVAILABILITY AND TERMS OF CAPITAL;**
- **SUCCESSFUL RESULTS FROM THE DEBTORS' OPERATIONS;**
- **COSTS OF CONDUCTING THE DEBTORS' OTHER OPERATIONS;**
- **GENERAL ECONOMIC AND BUSINESS CONDITIONS;**
- **EFFECTIVENESS OF THE DEBTORS' RISK MANAGEMENT ACTIVITIES;**
- **THE OUTCOME OF PENDING AND FUTURE LITIGATION;**
- **UNCERTAINTY REGARDING THE DEBTORS' FUTURE OPERATING RESULTS;**
- **PLANS, OBJECTIVES, AND EXPECTATIONS;**
- **THE ADEQUACY OF THE DEBTORS' CAPITAL RESOURCES AND LIQUIDITY;**
- **RISKS IN CONNECTION WITH ACQUISITIONS;**
- **THE POTENTIAL ADOPTION OF NEW GOVERNMENTAL REGULATIONS; AND**
- **THE DEBTORS' ABILITY TO SATISFY FUTURE CASH OBLIGATIONS.**

STATEMENTS CONCERNING THESE AND OTHER MATTERS ARE NOT GUARANTEES OF THE REORGANIZED DEBTORS' FUTURE PERFORMANCE. THERE ARE RISKS, UNCERTAINTIES, AND OTHER IMPORTANT FACTORS THAT COULD CAUSE THE REORGANIZED DEBTORS' ACTUAL PERFORMANCE OR ACHIEVEMENTS TO BE DIFFERENT FROM THOSE THEY MAY PROJECT, AND THE DEBTORS UNDERTAKE NO OBLIGATION TO UPDATE THE PROJECTIONS MADE HEREIN. THESE RISKS, UNCERTAINTIES, AND FACTORS MAY INCLUDE THE FOLLOWING: THE DEBTORS' ABILITY TO CONFIRM AND CONSUMMATE THE PLAN; THE POTENTIAL THAT THE DEBTORS MAY NEED TO PURSUE AN ALTERNATIVE TRANSACTION IF THE PLAN IS NOT CONFIRMED; THE DEBTORS' ABILITY TO REDUCE THEIR OVERALL FINANCIAL LEVERAGE; THE POTENTIAL ADVERSE IMPACT OF THE CHAPTER 11 CASES ON THE DEBTORS' OPERATIONS, MANAGEMENT, AND EMPLOYEES; THE RISKS ASSOCIATED WITH OPERATING THE DEBTORS' BUSINESSES DURING THE CHAPTER 11 CASES; CUSTOMER RESPONSES TO THE CHAPTER 11 CASES; THE DEBTORS' INABILITY TO DISCHARGE OR SETTLE CLAIMS DURING THE CHAPTER 11 CASES; GENERAL ECONOMIC, BUSINESS, AND MARKET CONDITIONS; CURRENCY FLUCTUATIONS; INTEREST RATE FLUCTUATIONS; PRICE INCREASES; EXPOSURE TO LITIGATION; A DECLINE IN THE DEBTORS' MARKET SHARE DUE TO COMPETITION OR PRICE PRESSURE BY CUSTOMERS; THE DEBTORS' ABILITY TO IMPLEMENT COST REDUCTION INITIATIVES IN A TIMELY MANNER; THE DEBTORS' ABILITY TO DIVEST EXISTING BUSINESSES; FINANCIAL CONDITIONS OF THE DEBTORS' CUSTOMERS; ADVERSE TAX CHANGES; LIMITED ACCESS TO CAPITAL RESOURCES; CHANGES IN DOMESTIC AND FOREIGN LAWS AND REGULATIONS; TRADE BALANCE; NATURAL DISASTERS; PANDEMICS OR OTHER MORTALITY EVENTS; GEOPOLITICAL INSTABILITY; AND THE EFFECTS OF GOVERNMENTAL REGULATION ON THE DEBTORS' BUSINESSES.

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I. INTRODUCTION AND EXECUTIVE SUMMARY

A. Overview of this Disclosure Statement

Scottish Holdings, Inc. ("SHI") and Scottish Annuity & Life Insurance Company (Cayman) Ltd. ("SALIC"), debtors and debtors in possession (the "Debtors") in these Chapter 11 Cases, hereby submit this disclosure statement (the "Disclosure Statement"), pursuant to section 1125 of title 11 of the United States Code (the "Bankruptcy Code"), for use in the solicitation of votes on the *Second Amended Joint Chapter 11 Plan of Reorganization of Scottish Holdings, Inc., and Scottish Annuity & Life Insurance Company (Cayman) Ltd.*, Filed June 27, 2018 (as further amended, modified, or supplemented from time to time in accordance with its terms, the "Plan"). Capitalized terms used and not defined herein have the meaning ascribed to such terms in the Plan, a copy of which is attached as **Exhibit 1** to this Disclosure Statement, and the Glossary of Defined Terms attached to the Plan as **Exhibit A**.

The purpose of this Disclosure Statement is to enable Holders of Impaired Claims who are entitled to vote to make an informed decision in exercising their right to accept or reject the Plan. This Disclosure Statement sets forth certain information regarding the Debtors' prepetition operating and financial history, their reasons for seeking protection and reorganization under chapter 11, significant events that have occurred during the Chapter 11 Cases and the anticipated operations and financing of the Reorganized Debtors upon their emergence from chapter 11. This Disclosure Statement also describes certain terms and provisions of the Plan, certain effects of Confirmation of the Plan, certain risk factors associated with the Plan and the type and manner of Distributions to be made under the Plan. In addition, this Disclosure Statement discusses the Confirmation process and the voting procedures that Holders of Claims entitled to vote under the Plan must follow for their votes to be counted.

B. Purpose and Effect of the Plan

The Plan provides for the sale of SALIC and certain of its Affiliates as a going concern to Hildene Re Holdings, LLC[2] (the "Purchaser") free and clear of all funded indebtedness and certain general unsecured claims unrelated to SALIC's reinsurance business. More specifically, the Plan provides for: (1) the reorganization and recapitalization of the Debtors and certain of their non-debtor Affiliates through a new money contribution of $12,500,000 by the Purchaser in the form of the Recapitalization Funding Payment; (2) the funding of distributions to the Debtors' Creditors through an additional new money contribution

[2] The Purchaser is an Affiliate of Hildene Opportunities Master Fund, Ltd. ("Hildene"), which was until recently a member of the Official Committee in these Chapter 11 Cases. Once Hildene expressed interest in participating directly in the Auction process as a bidder, the Debtors promptly requested and received from the Official Committee assurances that Hildene and its Affiliates had been walled off from the Committee's consideration of which bids should be deemed Qualified Bids, as that term is defined in the Bidding Procedures, and other aspects of the bidding and auction process. Shortly after the conclusion of the Auction, Hildene resigned from the Official Committee. Pursuant to the terms of the Plan, the Purchaser may be an affiliate of Hildene Re, named Ludlow Holdings (Cayman) Ltd.

of $21,500,000 by the Purchaser in the form of the Plan Funding Payment subject to reduction by the amount of the TruPS Returned Cash; (3) in exchange for the foregoing payments and other consideration, the issuance or assignment to the Purchaser of one hundred percent (100%) of the New Equity, subject to downward adjustment to no less than seventy (70%), to the extent that eligible unsecured creditors elect to receive their pro rata share of up to thirty percent (30%) of the New Equity, in lieu of a cash distribution under the Plan; (4) the assumption by the Reorganized Debtors of the SALIC Net Worth Maintenance Agreements and all Reinsurance Contracts and Reserve Financing Contracts (each as defined in the Stock Purchase Agreement); (5) creation of the Distribution Trust (a) for payment of all Secured Claims, Administrative Claims, and Priority Claims to the extent Allowed and not paid or otherwise satisfied prior to the Effective Date, and (b) for the benefit of Holders of SHI TruPS Claims, SHI General Unsecured Claims, SALIC TruPS Claims and SALIC General Unsecured Claims, all to the extent Allowed; and (6) funding of the Distribution Trust with the Distribution Trust Assets, as well as the Available Plan Distribution Funding Payment and the Distribution Trust Reserves.

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

C. Summary of Treatment of Claims and Interests and Description of Recoveries under the Plan

The table below summarizes the classification and treatment of the Claims and Interests under the Plan. The projected recoveries are estimates based upon a number of assumptions, including the amount of Allowed Claims in each Class, which amounts are estimated as of [June 15, 2018], except for Claims in Classes 4, 5, 6 and 7, which are estimated as of the Petition Date based on information contained in the Debtors' Schedules and the Debtors' ongoing review of Proofs of Claim filed in the Chapter 11 Cases.

The actual amounts of Allowed Claims could materially exceed or could be materially less than the amounts estimated by the Debtors and used to estimate the projected recoveries shown in the table below. The Debtors have not yet reviewed or fully analyzed all Claims, and the estimates underlying the projected recoveries set forth below are based upon the Debtors' review of their books and records, and include estimates of a number of Claims that are contingent, disputed, or unliquidated. The projected recoveries are illustrative estimates based upon information available as of the date hereof, are not binding and are subject to change based on fluctuations of asset values, the actual amounts in which Claims are Allowed, among other variables.

Class (Debtor)	Claim or Interest	Summary of Treatment	Projected Recovery Under Plan	
			Low	High
1 (Both)	Secured Claims	Unimpaired; Deemed to Accept the Plan	100%	
2 (Both)	Priority Non-Tax Claims	Unimpaired; Deemed to Accept the Plan	100%	
3 (Both)	Intercompany Claims	Unimpaired; Deemed to Accept the Plan	100%	
4 (SHI)	SHI TruPS Claims	Impaired; Entitled to Vote on the Plan	6.0% - 8.0%	
5 (SHI)	SHI General Unsecured Claims	Impaired; Entitled to Vote on the Plan	6.0% - 8.0%	
6 (SALIC)	SALIC TruPS Claims & SFL Claims	Impaired; Entitled to Vote on the Plan	6.0% - 8.0%	
7 (SALIC)	SALIC General Unsecured Claims	Impaired; Entitled to Vote on the Plan	6.0% - 8.0%	
8 (Both)	Subordinated Claims	Impaired; Deemed to Reject the Plan	0%	
9 (SHI)	SHI Existing Equity Interests	Impaired; Deemed to Reject the Plan	0%	
10 (SALIC)	SALIC Existing Equity Interests	Unimpaired; Deemed to Accept the Plan	N/A	

The amounts stated in the table above under the column captioned "Projected Recovery under Plan" are calculated on a per-Debtor basis unless the word "Both" appears in the column captioned "Class (Debtor)." For example, a Holder of an Allowed Class 4 Claim (SHI TruPS Claim) that is also a Holder of an Allowed Class 6 Claim (SALIC TruPS Claims and SFL Claims) may receive a projected recovery of 6.0% - 8.0% on account of its Allowed Claim against SHI *and* a separate projected recovery of 6.0% - 8.0% on account of its Allowed Claim against SALIC.

Illustrative Calculation of Hypothetical Distributions
to Holders of Allowed Claims in Classes 4, 5, 6 & 7:

Assumptions for the following examples (please note that all of the assumed numbers are purely illustrative and do not reflect potential claim amounts or projected recoveries):

- The TruPS Claims Aggregate Amount is $333,411,262.40.
- The TruPS/GUC Claims Aggregate Amount is $348,411,262.40.
- The Creditor's Allowed Claim is $10,000,000.00.

Illustrative Calculation of Hypothetical Distributions for Allowed Claims in Classes 4 and 6 held by New Equity Eligible Beneficial Holders who do not make the Cash Election:

As a hypothetical example, assume the Creditor will receive:

1. Its TruPS Equity Distribution Amount, which will be calculated as the Creditor's Allocated Portion of the Allowed Claims in that Class over the TruPS Claims Aggregate Amount ($10,000,000/$333,411,262.40 = 0.03 or 3.0%). That Creditor will receive approximately 3.0% of the 30% of Offered New Equity, or approximately 0.9% of the total New Equity.

2. Approximately 2.9% of the Distribution Trust Asset Proceeds, calculated as its Allowed Claim over the TruPS/GUC Claims Aggregate Amount ($10,000,000/$348,411,262.40 = 0.029 or 2.9%).

Illustrative Calculation of Hypothetical Distributions for Allowed Claims of New Equity Eligible Beneficial Holders in Classes 4 and 6 who make the Cash Election and SRGL:

As a hypothetical example, the Creditor will receive:

1. Its TruPS/GUC Cash Distribution Amount, which will be calculated as the Creditor's Allowed Claim in that Class over the TruPS/GUC Claims Aggregate Amount ($10,000,000/$348,411,262.40 = 0.029 or 2.9%). That Creditor will receive approximately 2.9% of the Available Plan Funding Payment.

2. Approximately 2.9% of the Distribution Trust Asset Proceeds, calculated as its Allowed Claim over the TruPS/GUC Claims Aggregate Amount ($10,000,000/$348,411,262.40 = 0.029 or 2.9%).

Illustrative Calculation of Hypothetical Distributions for Allowed Claims held by GUCs in Classes 5 and 7:

As a hypothetical example, the Creditor will receive:

1. Its TruPS/GUC Cash Distribution Amount, which will be calculated as the Creditor's Allowed Claim in that Class over the TruPS/GUC Claims Aggregate Amount ($10,000,000/$348,411,262.40 = 0.029 or 2.9%). That Creditor will receive approximately 2.9% of the Available Plan Funding Payment.

2. Approximately 2.9% of the Distribution Trust Asset Proceeds, calculated as its Allowed Claim over the TruPS/GUC Claims Aggregate Amount ($10,000,000/$348,411,262.40 = 0.029 or 2.9%)

For the avoidance of doubt, the calculations set forth above demonstrate purely illustrative calculations of hypothetical Distributions to Holders of Allowed Claims in Classes 4, 5, 6, and 7 under the Plan, but do not set forth the projected range of recoveries under the Plan. The projected range of recoveries for Holders of Allowed Claims in Classes 4, 5, 6, and 7 under the Plan are set forth in the table above.

THE DEBTORS BELIEVE THAT THE PLAN PROVIDES THE BEST RECOVERIES POSSIBLE FOR HOLDERS OF CLAIMS AGAINST THE DEBTORS AND THUS STRONGLY RECOMMEND THAT CREDITORS VOTE TO ACCEPT THE PLAN.

D. Additional Plan Related Documents

This Disclosure Statement and the Plan incorporate by reference the Stock Purchase Agreement and Restructuring Implementation Agreement that are attached as **Exhibit B** and **Exhibit C** to the Plan, as well as any and all documents to be submitted as part of the Plan Supplement. The Stock Purchase Agreement, the Restructuring Implementation Agreement and the Plan Supplement are to be considered part of the Plan and this Disclosure Statement and should be reviewed and consulted when considering whether to vote to accept or reject the Plan.

II. PLAN VOTING INSTRUCTIONS AND PROCEDURES

A. Voting Rights

Under the Bankruptcy Code, only holders of claims and interests in classes that are (a) treated as "impaired" by a plan of reorganization and (b) entitled to receive a distribution under such plan are entitled to vote on such plan. Under the Plan, only Holders of Claims in Classes 4, 5, 6 and 7 are entitled to vote on the Plan. Claims in other Classes are either (i) Unimpaired, and their Holders are deemed to have accepted the Plan, or (ii) Impaired, and their Holders are deemed to have rejected the Plan pursuant to section 1126(g) of the Bankruptcy Code.

Any Holder of a Claim that (a) is not scheduled and (b) that is not the subject of a Proof of Claim Filed by the applicable Bar Date set by the Bankruptcy Court will not be treated as a Creditor with respect to such Claim for purposes of voting on or objecting to the Plan. Any Holder of a Claim that is scheduled in the Schedules as disputed, contingent or unliquidated (and that has not been satisfied or superseded by any Proof of Claim), will be allowed to vote only in the amount of $1.00. In the event of any inconsistency between the voting rights and

procedures as set forth herein and the Bankruptcy Court order approving this Disclosure Statement and related procedures for solicitation and voting [Docket No. ___] (the "Solicitation Procedures Order"), the latter shall control.

B. Classes Entitled to Vote to Accept or Reject the Plan

Only Holders of Claims in Classes 4, 5, 6 and 7 are entitled to vote to accept or reject the Plan. By operation of law, each Unimpaired Class of Claims is deemed to have accepted the Plan and, therefore, the Holders of Claims or Interests in such Classes are not entitled to vote to accept or reject the Plan. Accordingly, Holders of Claims in Classes 1, 2, and 3, and Holders of Interests in Class 10 are deemed to have accepted the Plan and, therefore, are not entitled to vote to accept or reject the Plan. By operation of law, each Class that is Impaired and will not receive a Distribution under the Plan is deemed to have rejected the Plan and, therefore, the Holders of Claims or Interests in such Classes are not entitled to vote to accept or reject the Plan. Accordingly, the Holders of Claims in Class 8, and Holders of Interests in Class 9 are deemed to have rejected the Plan and, therefore, are not entitled to vote to accept or reject the Plan.

C. Solicitation Materials

In soliciting votes for the Plan pursuant to this Disclosure Statement, Prime Clerk LLC will serve as solicitation and balloting agent (in such capacity, the "Voting Agent") and will send to Holders of Claims who are entitled to vote copies of: (a) the Disclosure Statement and Plan, (b) the notice of, among other things, (i) the date, time, and place of the hearing to consider Confirmation of the Plan and related matters, and (ii) the deadline for filing objections to Confirmation of the Plan (the "Confirmation Hearing Notice"), (c) one or more ballots (and return envelopes) to be used in voting to accept or to reject the Plan, and (d) other materials as authorized under the Solicitation Procedures Order.

D. Voting Procedures, Ballots, and Voting Deadline

After carefully reviewing the Plan, this Disclosure Statement, and the detailed instructions accompanying your ballot, you are asked to indicate your acceptance or rejection of the Plan by voting in favor of or against the Plan on the accompanying ballot.

Each ballot has been coded to reflect the Class of Claims it represents. Accordingly, in voting to accept or reject the Plan, you must use only the coded ballot(s) sent to you with this Disclosure Statement.

All votes to accept or reject the Plan must be cast by using the ballot enclosed with the Disclosure Statement. IN ORDER FOR YOUR VOTE TO BE COUNTED, YOUR BALLOT MUST BE PROPERLY COMPLETED AS SET FORTH ABOVE AND IN ACCORDANCE WITH THE VOTING INSTRUCTIONS ON THE BALLOT AND RECEIVED NO LATER THAN **[AUGUST 13], 2018, AT [4:00 P.M.] (EASTERN TIME)** (THE "VOTING DEADLINE") BY THE FOLLOWING:

Via first-class mail, overnight courier, or hand-delivery to:

Scottish Holdings Ballot Processing
c/o Prime Clerk, LLC
830 3rd Avenue, 3rd Floor
New York, NY 10022

OR

Via the Voting Agent's online balloting portal:

Visit https://cases.primeclerk.com/scottishballots, click on "Submit E-Ballot" and follow the instructions indicated.

BALLOTS SENT BY FACSIMILE, E-MAIL OR OTHER ELECTRONIC MEANS WILL NOT BE ACCEPTED AND THEREFORE NOT DEEMED TO HAVE BEEN RECEIVED. BALLOTS THAT ARE RECEIVED BUT NOT SIGNED WILL NOT BE COUNTED. DO NOT RETURN ANY STOCK CERTIFICATES, DEBT INSTRUMENTS, OR OTHER EVIDENCE OF YOUR CLAIM WITH YOUR BALLOT.

For further general instructions on voting to accept or reject the Plan, see the instructions accompanying your ballot.

THE DEBTORS URGE ALL HOLDERS OF CLAIMS ENTITLED TO VOTE TO ACCEPT THE PLAN BY COMPLETING THEIR BALLOTS AND RETURNING THEIR BALLOTS BY THE VOTING DEADLINE.

E. Waivers of Defects, Irregularities, Etc.

Unless otherwise directed by the Bankruptcy Court, all questions as to the validity, form, eligibility (including time of receipt), acceptance, and revocation or withdrawal of ballots will be determined by the Voting Agent and the Debtors in their sole discretion, which determination will be final and binding. As indicated below under "Withdrawal of Ballots; Revocation," effective withdrawals of ballots must be delivered to the Voting Agent prior to the Voting Deadline. The Debtors reserve the absolute right to contest the validity of any such withdrawal. The Debtors also reserve the right to reject any and all ballots not in proper form, the acceptance of which would, in the opinion of the Debtors or their counsel, be unlawful. The Debtors further reserve the right, with the consent of the Purchaser (which consent shall not be unreasonably withheld), to waive any defects or irregularities or conditions of delivery as to any particular ballot. The interpretation (including the ballot and the respective instructions thereto)

by the Debtors, unless otherwise directed by the Bankruptcy Court, will be final and binding on all parties. Unless waived, any defects or irregularities in connection with deliveries of ballots must be cured within such time as the Debtors (or the Bankruptcy Court) determine. Neither the Debtors nor any other Person will be under any duty to provide notification of defects or irregularities with respect to deliveries of ballots nor will any of them incur any liabilities for failure to provide such notification. Unless otherwise directed by the Bankruptcy Court, delivery of such ballots will not be deemed to have been made until such irregularities have been cured or waived. Ballots previously furnished (and as to which any irregularities have not theretofore been cured or waived) will be invalidated.

F. Withdrawal of Ballots; Revocation

Any party who has delivered a valid ballot for the acceptance or rejection of the Plan may withdraw such acceptance or rejection by delivering a written notice of withdrawal to the Voting Agent at any time prior to the Voting Deadline. To be valid, a notice of withdrawal must (i) contain (x) the description of the Claim(s) to which it relates and (y) the aggregate principal amount represented by such Claim(s), (ii) be signed by the withdrawing party in the same manner as the ballot being withdrawn, (iii) contain a certification that the withdrawing party (x) owns the Claim(s) and (y) possesses the right to withdraw the vote sought to be withdrawn, and (iv) be received by the Voting Agent in a timely manner. The Debtors intend to consult with the Voting Agent to determine whether any withdrawals of ballots were received and whether the requisite acceptances of the Plan have been received. As stated above, the Debtors expressly reserve the right to contest the validity of any such withdrawals of ballots.

Unless otherwise directed by the Bankruptcy Court, a purported notice of withdrawal of ballots which is not received in a timely manner by the Voting Agent will not be effective to withdraw a previously cast ballot.

Any party who has previously submitted a properly completed ballot to the Voting Agent prior to the Voting Deadline may revoke such ballot and change his or its vote by submitting to the Voting Agent prior to the Voting Deadline a subsequent properly completed ballot for acceptance or rejection of the Plan. In the case where more than one timely, properly completed ballot is received, only the ballot bearing the latest date will be counted for purposes of determining whether the requisite acceptances have been received.

G. Voting Objection Deadline

As set forth more fully in the Solicitation Procedures Order, the deadline for the Debtors to File and serve any objections that may affect the ability of the Holder of such Claims to vote on the Plan (each, a "Voting Objection") is [August 1], 2018. Any motion pursuant to Bankruptcy Rule 3018(a) for temporary allowance for voting purposes of a Claim subject to a Voting Objection must be Filed and served by no later than [August 10,] 2018, at 4:00 p.m. (Eastern Time).

H. Confirmation Hearing and Deadline for Objections to Confirmation

Pursuant to section 1128 of the Bankruptcy Code and Bankruptcy Rule 3017(c), the Bankruptcy Court has scheduled a Confirmation Hearing for **[August 22], 2018, at [10:00 a.m.] (Eastern Time)**. The Confirmation Hearing may be adjourned from time to time by the Bankruptcy Court without further notice except for the announcement of the adjournment date made at the Confirmation Hearing or at any subsequently adjourned Confirmation Hearing. Objections to Confirmation of the Plan must be made in writing and must specify in detail the name and address of the objector, all grounds for the objection, and the amount and Class of the Claim. Any such objection must be Filed with the Bankruptcy Court on or before **[August 10], 2018, at [4:00 p.m.] (Eastern Time)**. Objections to Confirmation of the Plan are governed by Bankruptcy Rule 9014.

I. Further Information; Additional Copies

If you are the Holder of a Claim who believes you are entitled to vote on the Plan, and you did not receive a ballot or you received a ballot that is damaged or illegible, or if you have any questions or require further information about the voting procedures for voting your Claim or about the packet of material you received, or if you wish to obtain an additional copy of the Plan, this Disclosure Statement, or any exhibits or appendices to such documents (at your own expense, unless otherwise specifically required by Bankruptcy Rule 3017(d) or the Solicitation Procedures Order), please contact the Voting Agent at:

Scottish Holdings Ballot Processing
c/o Prime Clerk, LLC
830 3rd Avenue, 3rd Floor
New York, NY 10022
Telephone: (347) 897-3820 or (877) 851-3566 (toll-free)
scottishballots@primeclerk.com

Additional copies of this Disclosure Statement, the Plan, the Plan Supplement, and any related documents, all as such documents may be updated or modified from time to time, or other documents or information concerning these Chapter 11 Cases, may also be obtained free of charge at a webpage maintained by the Debtors for restructuring information at www.scottishre.com/chapter11info or https://cases.primeclerk.com/scottishballots.

III. OVERVIEW OF THE DEBTORS' BUSINESS AND FINANCIAL AFFAIRS

A. Scottish Re's Business

The Debtors, together with their non-debtor Affiliates, are part of the Scottish Re group of companies (collectively, "Scottish Re"). Founded in 1998, the Scottish Re companies are engaged in the reinsurance of life insurance, annuities and annuity-type products. These

products are written by life insurance companies and other financial institutions primarily located in the United States. Scottish Re's reinsurance companies are subject to insurance laws and regulation in the jurisdictions in which they operate, which include Bermuda, the Cayman Islands, Ireland, and the United States. In early 2008, the Scottish Re companies ceased writing new business and notified existing clients that they would not be accepting any new reinsurance risks under existing reinsurance treaties, thereby placing their remaining treaties into run-off. Scottish Re's business today consists of managing a legacy reinsurance portfolio.

The majority of Scottish Re's reinsurance business was written through Scottish Re (U.S.), Inc. ("SRUS"), a Delaware reinsurance company subject to regulation and oversight by the Delaware Department of Insurance (the "Delaware DOI") and the insurance regulators in the other jurisdictions where it is licensed or accredited. As a domestic reinsurance company, SRUS is not eligible to be and is not a debtor in these Chapter 11 Cases. SRUS is party to nearly 1,000 reinsurance agreements or "treaties" with dozens of third-party life insurance and reinsurance companies.

To manage its liabilities, and reduce the amount of capital it is required to hold, SRUS has retroceded a significant portion of its business to SALIC (*i.e.*, SALIC has agreed to indemnify SRUS for a portion of SRUS's losses and liabilities under its reinsurance treaties). SALIC is a reinsurance company organized under the laws of the Cayman Islands. SALIC is not subject to the regulation or oversight of any U.S. state insurance department, and, instead, is regulated by the Cayman Islands Monetary Authority ("CIMA"). Due to, among other factors, differences in capital requirements between U.S. insurance regulations and the regulations under which SALIC operates, SRUS's retrocession to SALIC makes Scottish Re's reinsurance business significantly more capital efficient than otherwise would be achievable without retrocession to such an offshore reinsurer.

SALIC is not subject to the regulation or oversight of any U.S. state insurance department, and therefore is eligible to be, and is, a Debtor in these Chapter 11 Cases.

B. Scottish Re's Corporate Structure

SALIC is wholly owned by Scottish Re Group Limited ("SRGL"), which is described in more detail below.

SRGL is a privately-owned holding company incorporated under the laws of the Cayman Islands with its principal office in Bermuda. SRGL is not a debtor in these Chapter 11 Cases and, as described further below, has commenced voluntary winding-up proceedings in the Cayman Islands and Bermuda. SRGL holds the primary beneficial interest in Orkney Re II plc ("Orkney Re II"), a special purpose reinsurer, domiciled in Ireland. In accordance with FIN 46R, Orkney Re II is considered to be a variable interest entity and, as a result, Orkney Re II has been consolidated in SRGL's historical consolidated U.S. GAAP financial statements.

SHI is a Delaware corporation headquartered in Charlotte, North Carolina. All of SHI's common stock is owned by SALIC. SHI is a holding company that does not engage in the

insurance or reinsurance business. SHI, therefore, is eligible to be, and is, a Debtor in these Chapter 11 Cases.

SHI directly owns all of the common stock of SRUS. SHI also owns all of the common securities of three Connecticut statutory business trusts and one Delaware statutory business trust, each of which was formed to issue certain of the "trust preferred securities" or "TruPS" described in greater detail below.

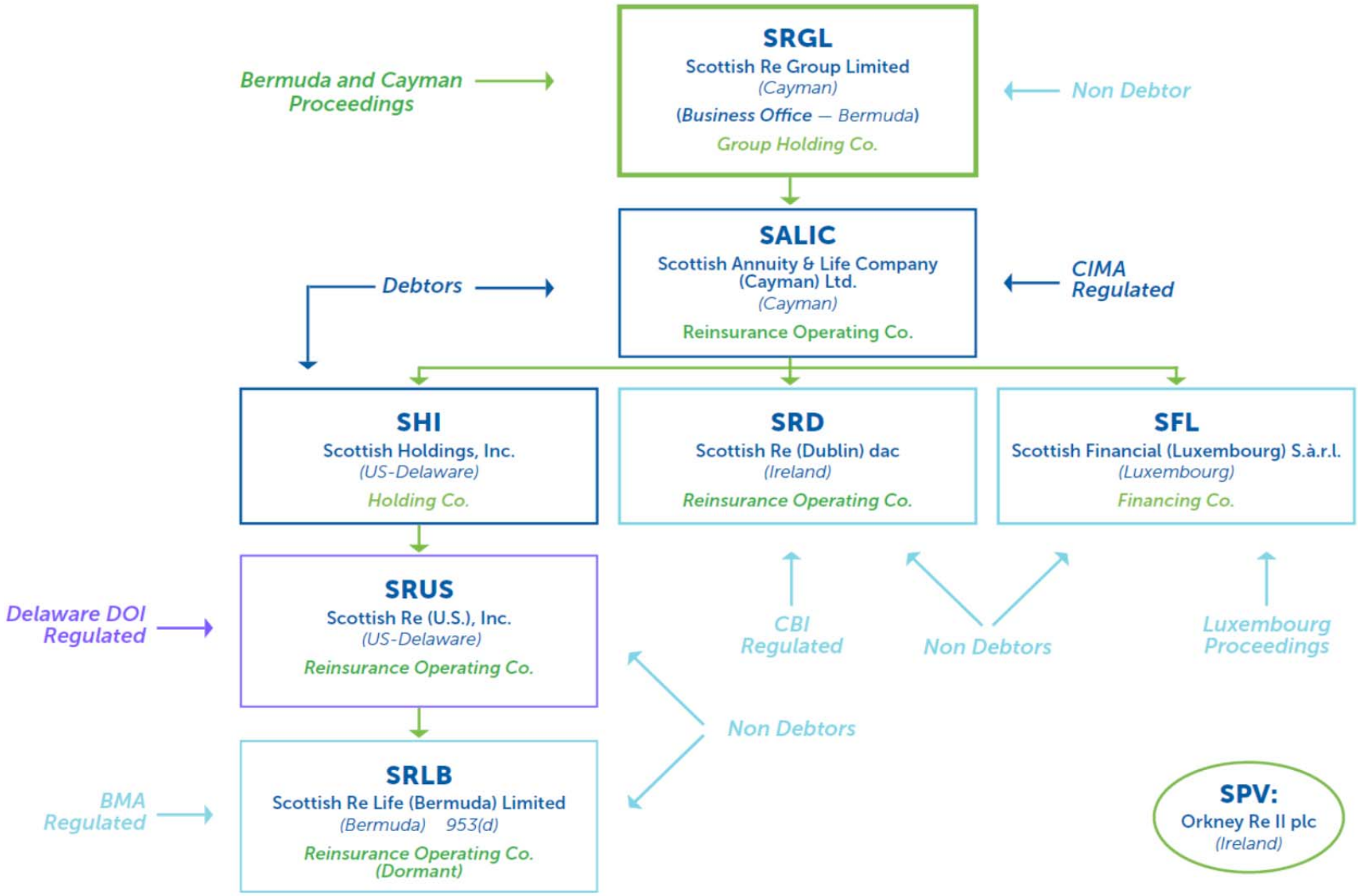
SRUS directly owns Scottish Re Life (Bermuda) Limited ("SRLB"), a Bermuda reinsurance company regulated by the Bermuda Monetary Authority (the "BMA"). SRLB is not a debtor in these Chapter 11 Cases.

In addition to its direct ownership of SHI and indirect ownership of SRUS and SRLB, SALIC also owns Scottish Financial (Luxembourg) S.á r.l. ("SFL"), a Luxembourg-organized special purpose financing entity. SFL is not a debtor in these Chapter 11 Cases. SFL was formed on July 10, 2003, as a direct subsidiary of SALIC. SFL owns all of the common securities of a Delaware statutory business trust formed as part of a TruPS transaction more fully described below in Section III.C.I. SFL is the subject of voluntary liquidation proceedings commenced on April 16, 2018, in the Grand Duchy of Luxembourg, as described further below.

Additionally, SALIC owns Scottish Re (Dublin) dac ("SRD"), a designated activity company organized under the laws of the Republic of Ireland and authorized to carry on a life reinsurance business. SRD operates in Ireland as a reinsurer of insurance and reinsurance liabilities and is regulated by the Central Bank of Ireland (the "CBI"). SRD is not a debtor in these Chapter 11 Cases.

Following is a chart showing the organizational structure of the foregoing entities, as well as the jurisdiction in which each entity is organized, and whether the entity is subject to these Chapter 11 Cases or a winding-up proceeding in the Cayman Islands and Bermuda:

[Chart on next page]


Bermuda and Cayman Proceedings
SRGL
Scottish Re Group Limited
(Cayman)
(Business Office – Bermuda)
Group Holding Co.
Non Debtor
SALIC
Scottish Annuity & Life Company (Cayman) Ltd.
(Cayman)
Reinsurance Operating Co.
Debtors
CIMA Regulated
SHI
Scottish Holdings, Inc.
(US-Delaware)
Holding Co.
SRD
Scottish Re (Dublin) dac
(Ireland)
Reinsurance Operating Co.
SFL
Scottish Financial (Luxembourg) S.à.r.l.
(Luxembourg)
Financing Co.
Delaware DOI Regulated
SRUS
Scottish Re (U.S.), Inc.
(US-Delaware)
Reinsurance Operating Co.
CBI Regulated
Non Debtors
Luxembourg Proceedings
Non Debtors
BMA Regulated
SRLB
Scottish Re Life (Bermuda) Limited
(Bermuda) 953(d)
Reinsurance Operating Co.
(Dormant)
SPV:
Orkney Re II plc
(Ireland)

C. Scottish Re's Capital Structure

1. The TruPS Transactions

Scottish Re raised capital through five offerings of trust preferred securities ("TruPS"). In each TruPS transaction, a Scottish Re entity—in all cases either SHI or SFL—created a statutory business trust, and held all of the common securities of that trust. The trust then sold TruPS to investors in privately offered transactions. The funds raised through the sale of the TruPS and the common securities were then used by the trust to purchase debentures from the applicable entity (*i.e.*, SHI or SFL). The sole asset of each trust consists of the applicable debentures purchased with the proceeds from the sale of the TruPS and the common securities. In each transaction, the debentures have the same features as the TruPS from the same transaction, including maturity date and interest payable. Quarterly interest payments by the applicable entity to the relevant trust are used by the trust to fund equal quarterly interest payments to the holders of the TruPS issued by such trust. In each transaction, interest may be deferred without penalty or acceleration for up to twenty (20) consecutive quarters. SALIC issued a parent guarantee of the principal and interest due on the debentures in each transaction.

SHI and SFL entered into the following five TruPS transactions:

a. *SHST I TruPS*: On December 4, 2002, Scottish Holdings, Inc. Statutory Trust I, a Connecticut statutory business trust ("SHST I") of which U.S. Bank National Association, serves as institutional trustee, issued and sold in a private offering an aggregate of $17.5 million Floating Rate Capital Securities (the "SHST I TruPS"). All of the common shares of SHST I are owned by SHI. The sole assets of SHST I consist of $18.0 million principal amount of Floating Rate Debentures (the "SHST I TruPS Debentures") issued by SHI, and have all the same features (maturity date, interest payable, interest rate, maximum number of quarters for which interest may be deferred, and the number of quarters for which interest was deferred as of December 31, 2017) as the SHST I TruPS.

b. *SHST II TruPS*: On October 29, 2003, Scottish Holdings, Inc. Statutory Trust II, a Connecticut statutory business trust ("SHST II") of which U.S. Bank National Association serves as institutional trustee, issued and sold in a private offering an aggregate of $20.0 million Preferred Trust Securities (the "SHST II TruPS"). All of the common shares of SHST II are owned by SHI. The sole assets of SHST II consist of $20.6 million principal amount of Floating Rate Debentures (the "SHST II TruPS Debentures") issued by SHI, and have all the same features (maturity date, interest payable, interest rate, maximum number of quarters for which interest may be deferred, and the number of quarters for which interest was deferred as of December 31, 2017) as the SHST II TruPS.

c. *GPIC TruPS*: On November 14, 2003, GPIC Holdings Inc. Statutory Trust, a Delaware statutory business trust ("GPIC") of which Bank of New York Mellon serves as property trustee, issued and sold in a private offering an aggregate of $10.0 million Trust Preferred Securities (the "GPIC TruPS"). All of the common shares of GPIC are owned by SHI. The sole assets of GPIC consist of $10.3 million principal amount of Junior Subordinated Notes (the "GPIC TruPS Note") issued by SHI, and have all the same features (maturity date, interest payable, interest rate, maximum number of quarters for which interest may be deferred, and the number of quarters for which interest was deferred as of December 31, 2017) as the GPIC TruPS.

d. *SHST III TruPS*: On May 12, 2004, Scottish Holdings, Inc. Statutory Trust III, a Connecticut statutory business trust ("SHST III") of which U.S. Bank National Association serves as institutional trustee, issued and sold in a private offering an aggregate of $32.0 million Trust Preferred Securities (the "SHST III TruPS"). All of the common shares of SHST III are owned by SHI. The sole assets of SHST III consist of $33.0 million principal amount of Floating Rate Debentures (the "SHST III TruPS Debentures") issued by SHI, and have all the same features (maturity date, interest payable, interest rate, maximum number of quarters for which interest may be deferred, and the number of quarters for which interest was deferred as of December 31, 2017) as the SHST III TruPS.

e. *SFLST I TruPS*: On or about December 15, 2004, SFL Statutory Trust I, a Delaware statutory business trust ("SFLST I," and together with SHST I, SHST II, GPIC, and SHST III, the "TruPS Trusts") of which Wilmington Trust Company serves as institutional trustee, issued and sold in a private offering an aggregate of $50.0 million Trust Preferred Securities (the "SFLST I TruPS," and together with the SHST I TruPS, SHST II TruPS, GPIC TruPS, and SHST III TruPS, the "TruPS"). All of the common shares of SFLST I are owned by SFL. The sole assets of SFLST I consist of $51.5 million principal amount of Floating Rate Debentures (the "SFLST I TruPS Debentures," and together with the SHST I TruPS Debentures, SHST II TruPS Debentures, GPIC TruPS Note, and SHST III TruPS Debentures, the "Debentures") issued by SFL, and have all the same features (maturity date, interest payable, interest rate, maximum number of quarters for which interest may be deferred, and the number of quarters for which interest was deferred as of December 31, 2017) as the SFLST I TruPS.

SHI and SFL began the most recent deferral of quarterly interest payments on the Debentures in the first quarter of 2013, and thus quarterly interest payments have been deferred on all of the TruPS for the same amount of time. As of December 31, 2017, SHI and SFL had

accrued and deferred interest payments on the TruPS in the total approximate amount of $31.1 million.

Subsequent to the initial sale of the TruPS, SRGL acquired in aftermarket transactions from third-parties, and currently holds, $43 million aggregate liquidation amount of TruPS, along with the right to deferred interest in the approximate amount of $10.7 million as of December 31, 2017, on such TruPS, as follows:

a. On December 3, 2014, SRGL agreed to acquire in a privately-negotiated transaction the entire $20.0 million in aggregate liquidation amount of SHST II TruPS, with a liquidation preference of $1,000 per security, at a purchase price of $665.00 per security.

b. On December 3, 2014, SRGL agreed to acquire in a privately-negotiated transaction the entire $10.0 million in aggregate liquidation amount of GPIC TruPS, with a liquidation preference of $1,000 per security, at a purchase price of $665.00 per security.

c. On January 31, 2013, SRGL agreed to acquire in a privately-negotiated transaction $13.0 million in aggregate liquidation amount of Trust SHST III TruPS, with a liquidation preference of $1,000 per security, at a purchase price of $520.00 per security.

The option to continue to defer interest on the TruPS transactions would have expired in the first quarter of 2018. Absent the filing of these Chapter 11 Cases, all of the deferred interest would have been due and payable in the first quarter of 2018. The Debtors did not, however, have sufficient available capital to satisfy the deferred interest when due and continue to meet their other obligations.

As discussed above, SALIC has guaranteed the obligations of SHI and SFL under the various TruPS indentures. SALIC's other material obligations include numerous reinsurance agreements between it and other Scottish Re entities and between it and certain third-parties, as described in Section III.C.2.b., below.

2. Capital Structure of Specific Scottish Re Entities

The other material obligations and assets of the Debtors and their non-debtor Affiliates are described below.

a. SRGL (Non-Debtor) Capital Structure

SRGL is a holding company with relatively few creditors other than the SALIC Claims held by SALIC pursuant to the Restructuring Implementation Agreement. As described in more detail below in Section III.C.2.b., SRGL, as borrower, is indebted to SALIC for principal and accrued interest under the SRGL Revolving Credit Agreement. Additionally, SRGL is a

defendant in certain litigation brought by Paul Davis, a current holder of SRGL's non-cumulative perpetual preferred shares and former holder of SRGL's ordinary shares. Mr. Davis continues to seek damages against SRGL for having allegedly breached the certificate of designations for such non-cumulative perpetual preferred shares by distributing certain merger proceeds to the former holders of SRGL's ordinary shares at a time when no dividends were paid to holders of non-cumulative perpetual preferred shares. As of the Filing of this Disclosure Statement, SRGL continues to defend against Mr. Davis' claims.

SRGL's principal assets are (i) SALIC's ordinary shares, (ii) cash on hand, and (iii) the TruPS it acquired in aftermarket transactions described above in Section III.C.1.

As discussed in more detail below in Section V.H., the Debtors are informed that Cayman Islands law will not recognize any "cancellation" of SALIC's ordinary shares by a 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.[3] In view of the limitations of Cayman Islands law, the Stock Purchase Agreement structured the Purchaser's acquisition of reorganized SALIC through multiple, discrete 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 the Purchaser at closing of the Stock Purchase Agreement; and (c) immediately after closing, SRGL's surrender to reorganized SALIC of its sole remaining SALIC ordinary share. On or about March 23, 2018, SRGL surrendered to SALIC all but one of SALIC's issued and outstanding ordinary shares. Thus, at this time, SRGL retains ownership of SALIC, through ownership of a single share.

As discussed in further detail in Section IV.C., SRGL commenced winding-up proceedings in the Supreme Court of Bermuda (the "Bermuda Court") and the Grand Court of the Cayman Islands (Financial Services Division) (the "Cayman Islands Court"). Although the liquidation of SRGL in Bermuda is permanently stayed, the SRGL winding-up proceedings in the Cayman Islands will proceed subject to the jurisdiction of the Cayman Islands Court.

b. SALIC (Debtor) Capital Structure

Pursuant to the SALIC-SRUS Net Worth Maintenance Agreement, SALIC has agreed to maintain the net worth of SRUS, including, specifically, to: (a) maintain minimum capital and surplus levels at SRUS sufficient to prevent the occurrence of a "company action level" event with respect to SRUS under the risk based capital regulations of the State of Delaware; and (b) provide SRUS with sufficient liquidity to meet its obligations in a timely

[3] 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).

manner. Creditors of SRUS have the right to enforce the terms of the SALIC-SRUS Net Worth Maintenance Agreement. The termination of the SALIC-SRUS Net Worth Maintenance Agreement, or of a conforming substitute new net worth maintenance guaranty by an affiliate, is an event of default under certain indemnification or reimbursement agreements to which the Orkney Re II special purpose reinsurer and the Ballantyne Re plc ("Ballantyne Re") reinsurer (described in more detail below) are parties.

As described in Section III.C.2.f. below with respect to SRD, SALIC also executed a Net Worth Maintenance Agreement, as of January 1, 2002 (the "SALIC-SRD Net Worth Maintenance Agreement," and with the SALIC-SRUS Net Worth Maintenance Agreement, the "SALIC Net Worth Maintenance Agreements"), pursuant to which SALIC agreed to maintain the net worth of SRD.

SALIC reinsures life insurance, annuity and annuity-type obligations ceded by SRUS and by various third party ceding companies. SALIC's reinsurance agreements are structured as either (i) coinsurance, (ii) modified coinsurance, or (iii) renewable term reinsurance. In a coinsurance relationship, the ceding company shares its premiums, death claims, surrender benefits, dividends, and policy loans with the reinsurer and the reinsurer pays expense allowances to reimburse the ceding company for a share of its expenses. Modified coinsurance or "modco" is a variation of traditional coinsurance whereby the ceding company retains all of the reserves and assets, pays interest to the reinsurer on the reinsurer's share of the reserves and the reinsurer shares in the increase or decrease in the reserves. The vast majority of SALIC's renewable term reinsurance is yearly renewable term, or "YRT." YRT reinsurance covers only mortality risk (and not any other benefits such as cash surrender value), with each year's premium based on the current amount of risk.

SRUS has retroceded a portion of its reinsurance obligations to SALIC. As of the filing of this Disclosure Statement, SALIC and SRUS were party to the following retrocession agreements (collectively, the "SRUS Retrocession Agreements"):

a. Coinsurance/Modified Coinsurance Reinsurance Agreement by and between SRUS (as retrocedent) and SALIC (assumed from SRD under the Portfolio Transfer Agreement referenced in Section III.C.2.f. below) (as retrocessionaire), effective January 1, 2001;

b. Coinsurance Reinsurance Agreement by and between SRUS (as retrocedent) and SALIC (assumed from SRD under the Portfolio Transfer Agreement referenced in Section III.C.2.f. below) (as retrocessionaire), effective January 1, 2001;

c. Coinsurance Reinsurance Agreement by and between SRUS (as retrocedent) and SALIC (assumed from SRD under the Portfolio Transfer Agreement referenced in Section III.C.2.f. below) (as retrocessionaire), effective September 30, 2001;

d. Coinsurance Reinsurance Agreement by and between SRUS (as retrocedent) and SALIC (assumed from SRD under the Portfolio Transfer Agreement referenced in Section III.C.2.f. below) (as retrocessionaire), effective March 31, 2005; and

e. Modco Reinsurance Agreement by and between SRUS (as reinsurer) and SALIC (as retrocessionaire), as of December 31, 2015.

The SRUS Retrocession Agreements create both "funds withheld" coinsurance and modco relationships between SALIC and SRUS. As a result, the assets supporting each of the SRUS Retrocession Agreements are held by SRUS pursuant to Delaware insurance law.

SALIC also reinsured unaffiliated third party insurance and financial services providers in the ordinary course of its business. As of the filing of this Disclosure Statement, SALIC and certain unaffiliated insurers identified below were party to the following agreements (collectively, the "Third-Party Reinsurance Agreements," and together with the SRUS Retrocession Agreement, "SALIC's Reinsurance Treaties"):

a. Coinsurance Agreement, dated as of July 28, 1999, by and between Highmark Life Insurance Co., as ceding company, and SALIC, as reinsurer;

b. Coinsurance Agreement, dated as of October 21, 1999, by and between Highmark Life Insurance Co., as ceding company, and SALIC, as reinsurer;

c. Coinsurance Agreement, dated as of April 1, 2000, by and between Investors Heritage Life Insurance Co., as ceding company, and SALIC, as reinsurer;

d. Coinsurance Agreement, dated as of April 1, 2000, by and between Lincoln Heritage Life Insurance Co., as ceding company, and SALIC, as reinsurer;

e. Modco Agreement, dated as of February 15, 2000, by and between Lincoln National Life Ins. Co. ("Lincoln National"), as ceding company, and SALIC, as reinsurer (the "Lincoln Modco Agreement"); and

f. Automatic Monthly Renewable Term Reinsurance Agreement, dated as of June 1, 2016, between C.M. Life Insurance Co. and Mass Mutual Life Insurance Co., each, a ceding insurer, and SALIC, as reinsurer.

Each of the Third-Party Reinsurance Agreements (other than the Lincoln Modco Agreement) is supported by a reserve credit trust in order to allow the relevant ceding company to qualify under applicable insurance laws for a credit against (*i.e.*, a reduction in) its liabilities

on its U.S. statutory financial statements[4] for liabilities ceded to SALIC, which is considered an unauthorized (re)insurer under those laws. Such financial statement credit is only available to an insurer that cedes risks to an "unauthorized reinsurer" to the extent that the cession is supported by acceptable collateral under the reinsurance regulation of the ceding company's state. A common method of satisfying this requirement is for the cession to be supported by qualifying investment securities deposited to a reserve credit trust established pursuant to a trust agreement among the reinsurer as grantor, the cedent as beneficiary, and an independent third party trustee. "Funds withheld" by the ceding company is another method of satisfying the regulatory requirements for financial statement credit.

SALIC and its unaffiliated ceding companies (other than Lincoln National, which utilizes a funds withheld structure) use reserve credit trusts to settle payments due to or from SALIC and the relevant ceding company pursuant to the applicable Third-Party Reinsurance Agreements resulting from the underlying performance of the ceded business. Such performance includes premiums paid to SALIC, claims paid by SALIC, expenses (referred to as "allowances") paid by SALIC, investment income earned on the assets in the applicable reserve credit trust, changes in the market values of such assets, and changes in the associated reserves.

As of the filing of this Disclosure Statement, SALIC, as grantor, and the respective ceding companies identified below were party to the following trust agreements (the "Trust Agreements"):

a. Trust Agreement, dated as of July 8, 1999, by and among SALIC, as grantor, Highmark Life Insurance Company, as beneficiary, and The Bank of New York Mellon, as trustee;

b. Trust Agreement, dated as of October 21, 1999, by and among SALIC, as grantor, Highmark Life Insurance Company, as beneficiary, and The Bank of New York Mellon, as trustee;

c. Trust Agreement, dated as of April 1, 2000, by and among SALIC, as grantor, Investors Heritage Life Insurance Company, as beneficiary, and The Bank of New York Mellon, as trustee;

d. Trust Agreement, dated as of April 1, 2000, by and among SALIC, as grantor, Lincoln Heritage Life Insurance Company, as beneficiary, and The Bank of New York Mellon, as trustee;

e. Trust Agreement, dated as of July 12, 2016, by and among SALIC, as grantor, C.M. Life Insurance Company, as beneficiary, and The Bank of New York Mellon, as trustee;

[4] Most insurers authorized to do business in the United States and its territories are required to prepare statutory financial statements in accordance with statutory accounting principles. Statutory accounting principles, which differ significantly from GAAP, are detailed within the National Association of Insurance Commissioners' *Accounting Practices and Procedures Manual*.

f. Trust Agreement, dated as of July 12, 2016, by and among SALIC, as grantor, Massachusetts Mutual Life Insurance Company, as beneficiary, and The Bank of New York Mellon, as trustee; and

g. Security Trust Agreement, dated as of July 12, 2016, by and among SALIC, as grantor, Massachusetts Mutual Life Insurance Company and C.M. Life Insurance Company, each as beneficiary, and The Bank of New York Mellon, as trustee.[5]

In addition to the SALIC-SRUS Net Worth Maintenance Agreement and the foregoing reinsurance and trust agreements, SALIC is party to other financial services related contracts among Scottish Re affiliated entities and third parties in the ordinary course of business. SALIC is obligated on certain contractual agreements with certain of SALIC's direct and indirect operating subsidiaries for the intercompany allocation of expenses.

Furthermore, as discussed more fully below at Section III.C.2.f., on or about December 19, 2008, SALIC assumed all rights and obligations of SRD under the SFL Note (as defined below). SALIC may have complete or partial defenses to any liability under the SFL Note, including, but not limited to, defenses arising out of certain later transactions involving the Surplus Note (as defined below). Parties in interest are directed to Sections III.C.2.d. and III.C.2.f. of this Disclosure Statement for further discussion of the SFL Note and any associated obligations.

SALIC is also a lender to SRGL, as borrower, under a certain SRGL Revolving Credit Agreement, dated September 20, 2009. The borrowing limit under the SRGL Revolving Credit Agreement is $90 million. 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 SRGL Revolving Credit Agreement in the approximate amount of $78,449,595, representing principal and accrued interest. Following SRGL's commencement of provisional winding-up proceedings (discussed below at Section IV.C.), SRGL's ability to make additional draws under the SRGL Revolving Credit Agreement terminated. (The Debtors understand and believe that SALIC's claim against SRGL under the SRGL Revolving Credit Agreement represents substantially all of the valid unsecured claims in SRGL's liquidation in the Cayman Islands.)

c. SHI (Debtor) Capital Structure

As discussed above in Section III.C.1, SHI raised capital by means of four transactions, pursuant to which statutory trusts issued TruPS to investors through private offerings. Each statutory trust has the primary obligation to satisfy any payments due on its own TruPS. The proceeds of the sale of each statutory trust's TruPS were used by each such trust to purchase debentures issued by SHI. As issuer, SHI is obligated to make payments to the

[5] The purpose of this trust is to provide security for SALIC's payment obligations, and not to provide reserve credit.

statutory trusts pursuant to the terms of the debenture held by each such statutory trust. In addition, SHI has guaranteed for the benefit of the holders of the TruPS the obligations of each such statutory trust. SALIC in turn, guaranteed SHI's obligations under the indentures for the benefit of the holders of SHI debentures, and SHI's obligations under the SHI guarantee agreements, for the benefit of the holders of the relevant TruPS. This makes the trustees of the statutory trusts, U.S. Bank National Association, and Bank of New York Mellon, creditors of SHI and SALIC, and makes SRGL, a secondary purchaser of certain TruPS, an interest holder in the relevant TruPS Trusts. SHI began deferring interest on its debenture obligations beginning in the first quarter of 2013. All related deferred interest would have been due and payable during the first quarter of January 2018.

SHI is also obligated to provide directly or indirectly certain support services to Orkney Re II, pursuant to a Support Services Agreement as to which Assured Guaranty (UK) Ltd. ("Assured") is a third party beneficiary. SHI has no employees and therefore utilizes the services of SRUS to actually provide the referenced services to Orkney Re II. SHI and SRUS expect to continue to operate in this manner.

d. SFL (Non-Debtor) Capital Structure

As described above in Section III.C.1, SFL, a Luxembourg-organized special purpose financing entity, raised capital through the private offering by the SFLST I TruPS to certain investors. SFLST I has the primary obligation to satisfy any payments due on its TruPS. The proceeds of the sale of its TruPS were used by SFLST I to purchase debentures issued by SFL. As issuer, SFL is obligated to make payments to SFLST I pursuant to the terms of that trust's indenture. In addition, SFL guaranteed the payment obligations of SFLST I for the benefit of the holders of the related TruPS. SALIC, in turn, guaranteed SFL's obligations under the indenture for the benefit of the holders of the SFLST I TruPS Debentures, and SFL's obligations under the SFL guarantee agreement, for the benefit of the holders of the relevant TruPS. This makes the trustee of SFLST I, Wilmington Trust Company, a creditor of SFL and SALIC.

SFL, in turn, used the proceeds it realized from the above-described TruPS transaction to acquire the SFL Note. The SFL Note was amended on or about June 23, 2008, as described more fully in Section III.C.2.f. below. Additionally, as described more fully in Section III.C.2.f. below, pursuant to certain transactions among SALIC, SFL and SRD that occurred in late 2008, SALIC was substituted for SRD as the obligor on the SFL Note. SFL continues to hold the SFL Note, as amended, to the extent, if any, that it remains valid and enforceable. As discussed below at Section III.C.2.f., SALIC, which was substituted for SRD as the obligor under the SFL Note effective as of December 19, 2008, may have complete or partial defenses to any liability under the SFL Note, including, but not limited to, defenses arising out of its transactions occurring in 2011 (and described below at Section III.C.2.g.) involving the Surplus Note. Parties in interest are directed to Section III.C.2.f. of this Disclosure Statement for further discussion of the SFL Note and any associated obligations.

SFL began deferring interest on its debenture obligations relating to the SFLST I TruPS as of March 15, 2013. Deferred interest would have been due and payable in March 2018. SFL is the subject of voluntary liquidation proceedings commenced on April 16, 2018, in the Grand Duchy of Luxembourg.

SFL owns all of the common securities of SFLST I, which is the Delaware statutory business trust that issued the SFLST I TruPS and holds the SFLST I TruPS Debentures.

Unlike certain of the TruPS issued by SHI, none of the TruPS issued by SFLST I are held by SRGL.

e. SRUS (Non-Debtor) Capital Structure

(i) SRUS's Reinsurance Agreements

SRUS is party to a large number of reinsurance agreements with unaffiliated insurance and financial services companies whereby it has agreed to reinsure certain life insurance, annuity and annuity-type obligations. SRUS has further reinsured (or retroceded) a significant portion of these liabilities to SALIC, as retrocessionaire, pursuant to the SRUS Retrocession Agreements, described above at Section III.C.2.b. The SRUS Retrocession Agreements create both funds withheld coinsurance and modco relationships between SRUS and SALIC. The actual assets supporting each of the SRUS Retrocession Agreements are held by SRUS pursuant to Delaware insurance law.

(ii) Obligations of SRUS related to Ballantyne Re

In 2006, Scottish Re formed Ballantyne Re, a special purpose reinsurer domiciled in Ireland, in order to reinsure certain business (referred to as the "Defined Block Business") ceded to SRUS by Security Life of Denver Insurance Company ("SLD"), a Colorado domestic insurer that is a subsidiary of ING Group. Ballantyne Re issued notes through a securitization facility in order to obtain the capital needed to fund a portion of the trust assets required to support the Defined Block Business. Certain of the notes issued by Ballantyne were guaranteed by one of two financial guarantors unaffiliated with Scottish Re. The Ballantyne Re securitization facility was assigned and novated by SRUS to SLD on November 19, 2008, with the effect that SRUS no longer was liable as a reinsurer with respect to the Defined Block Business. Nevertheless, SRUS continues to have certain obligations and/or liabilities with respect to this transaction, including:

Provision of support services. Pursuant to an amended and restated support services agreement, SRUS is obligated to provide certain support services to Ballantyne Re for the duration of the transaction.

Indemnification of financial guarantors. SRUS agreed with the financial guarantors to indemnify them for various kinds of losses and expenses arising

under the Ballantyne Re transaction documents, including arising out of investigating whether an event of default has occurred and Ballantyne Re's failure to make certain payments to the guarantors.

Indemnification for litigation expenses. SRUS's indemnification obligations include certain indemnities of the guarantors for expenses incurred in enforcing Ballantyne Re's rights under various transaction documents. This has resulted in Ambac Assurance UK Limited ("AMBAC") and Assured Guaranty (UK) plc, f/k/a Assured Guaranty (UK) Ltd., asserting (but not making a formal claim) that SRUS has indemnification obligations to AMBAC and Assured for attorneys' fees incurred in prosecuting claims against JPMorgan Chase Bank ("JPMorgan"), Ballantyne Re's former investment manager. Pursuant to a tolling agreement, AMBAC has agreed not to prosecute any such indemnification claim during the term of such tolling agreement while the parties assist each other in the possible remediation of the Ballantyne Re transaction.

Pre-Assignment liabilities. SRUS and SRGL remain liable for any breaches of their representations, warranties, covenants or other obligations that relate to periods before the effective date of the assignment (i.e., pre-November 19, 2008). In addition, SRUS has agreed to indemnify and hold harmless SLD and its affiliates for certain losses and damages incurred in connection with the Ballantyne Re transaction.

(iii) Obligations of SRUS related to Orkney Re II

As discussed above at Section III.B., Orkney Re II is a special purpose reinsurer, domiciled in Ireland. To obtain the capital needed to fund a portion of the Orkney Re II reinsurance trust account created by the Orkney Re II reinsurance trust agreement, Orkney Re II issued several series of notes pursuant to an indenture by and among Orkney Re II, as issuer, and Assured, as financial guarantor, The Bank of New York Mellon, as trustee, and Bank of New York Mellon as securities intermediary, dated as of December 21, 2005. Orkney Re II's obligations in respect of certain series of the notes issued under the Orkney Re II indenture are guaranteed by Assured. Orkney Re II is party to a Guarantee and Reimbursement Deed, governed by English law, with Assured, which gives Assured rights of subrogation to the rights granted by the Orkney Re II indenture to noteholders, to the extent that Assured is required to make payments on the notes. In addition, SRGL and SRUS are parties to the "side letters" to the Guarantee and Reimbursement Agreements. Pursuant to the side letters, SRGL covenants to maintain in force the SALIC-SRUS Net Worth Maintenance Agreement.

In addition, SRUS provided certain representations and warranties and certain covenants to Assured pursuant to a side letter, including:

Indemnification of financial guarantor. SRUS agreed with Assured, the financial guarantor, to indemnify it for various kinds of losses and expenses arising under

the Orkney Re II transaction documents, including arising out of investigating whether an event of default has occurred and Orkney Re II's failure to make certain payments to the guarantor.

Indemnification for litigation expenses. SRUS's indemnification obligations include certain indemnities of the guarantor for expenses incurred in enforcing Orkney Re II's rights under various transaction documents. This has resulted in Assured asserting (but not making a formal claim) that SRUS has indemnification obligations to Assured for attorneys' fees incurred in prosecuting claims against JPMorgan in the approximate amount of $20 million, Orkney Re II's former investment manager. Pursuant to a tolling agreement, Assured has agreed not to prosecute any such indemnification claim during the term of such tolling agreement while the parties assist each other in the possible remediation of the Orkney Re II transaction.

(iv) SRUS's Employee Obligations

In connection with its reinsurance business, SRUS employs 32 employees and provides benefits to such employees, including expense reimbursement, flexible spending accounts, insurance benefits, paid time off, retirement and severance benefits. SRUS directly funds these employees' salaries, expenses and benefits in the first instance. All employee-related obligations are then allocated to the Debtors and other Scottish Re entities through transfer pricing agreements that meet the arm's-length standard consistent with the rules and principles governing related-party transactions under the laws of the United States and other jurisdictions in which the Debtors and non-debtor Affiliates operate. Transfer pricing and payment for employee related obligations are charged to the Debtors by SRUS (and SRLB, with respect to the two employees in Bermuda) to SALIC on a quarterly basis and to SHI on an annual basis. Additionally, SRUS has entered into certain bonus, incentive and severance plans with key employees and executives. Amounts payable under such plans are not transfer-priced to the Debtors.

(v) SLD Claim

In January 2009, SRGL, SHI, SRUS, SRLB and SRD (as "Sellers") entered into a certain Master Asset Purchase Agreement and related agreements with, among others, Hannover Life Reassurance Company of America and Hannover Life Reassurance (Ireland) Limited (together, "Hannover") and SLD, pursuant to which Hannover replaced SRUS and SRLB as reinsurers under certain life reinsurance contracts between SRUS or SRLB and SLD. In connection with that transaction, Hannover agreed to administer business reinsured by SLD to Ballantyne Re, and Sellers agreed to "reimburse SLD within ten (10) Business Days of SLD providing notice to Sellers of payment therefor by SLD for the amount of such fees" incurred in administering such business. From 2009 until June 2017, SLD did not provide notice regarding payment of any such fees. In June 2017, SLD submitted invoices to SRUS for fees incurred in administering the Ballantyne Re business for each year from 2009 to 2017, totaling approximately $5.6 million. SHI and its non-debtor Affiliates that are Sellers under the

agreements with SLD have reserved and preserved all rights and defenses with respect to any and all fees and invoices.

(vi) Surplus Note (Retired)

In February 2005, SRUS, as obligor, issued that certain $70,000,000 aggregate principal amount 8.00% Surplus Note, due February 11, 2020 (the "Surplus Note") to SRD in exchange for cash in the amount of $70 million. Under the terms of the Surplus Note, the payment of interest and the ultimate repayment of principal were deeply subordinated to certain other obligations of SRUS. As discussed below at Section III.C.2.f. in December 2008, the Surplus Note was among the assets SALIC acquired from SRD pursuant to the Portfolio Transfer Agreement. The Surplus Note was later assigned by SALIC to SHL (as defined below) and subsequently retired.

f. SRD (Non-Debtor) Capital Structure

SRD operates in Ireland as a reinsurer of insurance and reinsurance liabilities and employs one person in Ireland. The costs associated with that employee are not shared with the Debtors or any other Scottish Re Affiliate. SRD also holds assets in Ireland consisting of cash and securities.

In December 2004, SRD issued that certain Floating Rate Junior Subordinated Deferrable Interest Debenture due 2034 (as amended, the "SFL Note") with an original principal amount of $51,547,000. As discussed above at Section III.C.2.d., SFL acquired the SFL Note with the proceeds realized from the sale of debentures issued by SFL to the SFLST I, which, in turn, had raised funds through the issuance and sale of the SFLST I TruPS.

Pursuant to that certain amendment dated as of June 23, 2008 (the "First Amendment"), the SFL Note was modified to provide, in part, that (i) SRD's obligation to make any payment of interest under the SFL Note would arise and be enforceable against it only to the extent of the actual amount of interest that SRD thereafter received interest pursuant to the Surplus Note and (ii) SRD's obligation to pay at maturity the principal owing under the SFL Note would arise and be enforceable against it only to the extent of the actual amount of principal that SRD thereafter received principal pursuant to the Surplus Note.

In the fourth quarter of 2008, the Irish insurance regulator notified Scottish Re that corrective action needed to be taken with respect to SRD's regulatory solvency which had been negatively impacted by asset market value declines associated with the 2008 financial crisis. Absent corrective action, SALIC's obligations under the SALIC-SRD Net Worth Maintenance Agreement would have been triggered, which may have accelerated Scottish Re's need to restructure on a broader basis. To avoid this result, Scottish Re effectuated a transfer of a majority of SRD's business to SALIC, effective October 1, 2008, pursuant to the Portfolio Transfer Agreement.

Under the Portfolio Transfer Agreement, SALIC acquired substantially all of SRD's assets and assumed substantially all of SRD's liabilities, including SRD's rights and obligations (of which SRD was relieved) under the SFL Note and the Surplus Note. SFL, SRD and SALIC memorialized the transfer to SALIC of SRD's rights and obligations under the SFL Note via a second amendment to the SFL Note dated as of December 19, 2008.

g. SHL (Non-Debtor – Defunct) Capital Structure

In 2011, Scottish Re determined that the financial strength of SRUS had improved to such a degree that SRUS potentially could begin to make payments under the Surplus Note. With guidance from third-party tax consultants, Scottish Re planned and implemented certain steps to mitigate adverse tax consequences associated with payments on the Surplus Note that may be made by SRUS.

To this end, on or about November 9, 2011, Scottish Holdings (Luxembourg) S.á r.l. ("SHL") was incorporated under the laws of the Grand Duchy of Luxembourg. SALIC, as the sole shareholder of SHL, contributed the Surplus Note to SHL. Thereafter, SHL completed certain actions necessary to obtain favorable permissible tax treatment for payments received on account of the Surplus Note. In December 2012, SHL redeemed outstanding equity interests held by SALIC in exchange for a payment of approximately $70.1 million. SHL was subsequently dissolved in accordance with Luxembourg law.

IV. KEY EVENTS LEADING TO THE COMMENCEMENT OF THE CHAPTER 11 CASES

A. Adverse Mortality Experience

Scottish Re has suffered negative financial results caused primarily by adverse mortality experience on the YRT segment of its business. This segment accounts for a large portion of the risks reinsured by SALIC. On a consolidated U.S. 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. Though Scottish Re has taken steps to improve its financial results, including by increasing the premiums it charges for YRT reinsurance, these steps have not resulted in enough improvement to avoid the need to restructure Scottish Re.

B. Insufficient Capital to Pay Deferred Interest on the TruPS

Scottish Re's ability to defer interest on the TruPS expired in the first quarter of 2018. Absent the filing of these Chapter 11 Cases, all of the deferred interest would have been due and payable at the end of such quarter. The Debtors did not have sufficient available capital to satisfy the deferred interest when due.

C. Provisional Winding-Up Proceedings for SRGL

On May 17, 2017, SRGL filed a winding-up petition in the Bermuda Court under the Bermuda Companies Act of 1981, and, on the same day, filed parallel proceedings in the Cayman Islands Court under the Cayman Islands Companies Law (2016 Revision). On May 18, 2017, the Bermuda Court entered a provisional winding-up order and appointed John C. McKenna of Finance & Risk Services Ltd., and Eleanor Fisher of Kalo (Cayman) Limited as joint provisional liquidators of SRGL with limited powers. Subsequently, the Bermuda Court entered a "full" winding up order on January 30, 2018, ordering the winding up of SRGL in Bermuda and appointing Mr. McKenna and Ms. Fisher as joint official liquidators in Bermuda (in such capacity, the "Joint Liquidators"). On February 15, 2018, the Cayman Islands Court also ordered the winding up of SRGL and the appointment of the Joint Liquidators in the Cayman Islands. Pursuant to an order of the Bermuda Court dated March 29, 2018, and effective April 19, 2018, the liquidation of SRGL in Bermuda was permanently stayed and the Joint Liquidators were released in Bermuda. Accordingly, the Joint Liquidators will proceed with the winding up of SRGL in the Cayman Islands subject to the jurisdiction of the Cayman Islands Court.

D. Prepetition Marketing Efforts

Since 2008, Scottish Re has engaged in at least nine marketing processes, including multiple formal processes where Scottish Re engaged top-tier investment banks and exposed its companies' business to the market. The Debtors began the latest formal sales process in early 2017 by interviewing several investment banks, and ultimately selecting Keefe, Bruyette & Woods, Inc. ("KBW"), because, among other attributes, KBW has the distinction of being a leading investment bank in the insurance sector and has served as an advisor on over fifty (50) insurance carrier M&A transactions since 2006. KBW went to market with a teaser, confidential information memorandum ("CIM") and virtual data room in early May 2017. KBW contacted fifty-one (51) potential strategic and financial buyers, including companies that operate in the Debtors' market segment or have shown interest in entering the market segment, or who were contacted or participated in prior sales processes involving the Debtors. At the same time, the Debtors' marketing process was widely publicized as a result of a press release and related industry trade publication articles in connection with SRGL commencing winding-up proceedings in the Cayman Islands and Bermuda in May 2017.

In total, twenty-three (23) parties executed nondisclosure agreements and received the CIM and access to the virtual data room. Of these parties, twenty-one (21) requested and received bid instruction letters in June 2017. From this process, the Debtors received three first-round letters of intent ("LOIs"). All three parties who submitted LOIs conducted site visits and in-person meetings with the Debtors. Following these meetings and further diligence, the Debtors received revised proposals from two of the parties, with one party dropping out of the process. The Debtors ultimately proceeded with the proposal submitted by the HSCM Bermuda Fund Ltd. ("Hudson"), because Hudson's proposal presented significantly more value than the other proposal, and the other proposal contained conditions that the Debtors and KBW determined were impracticable if not impossible to meet.

V. EVENTS DURING THE CHAPTER 11 CASES

A. Commencement of the Chapter 11 Cases and "First Day" and "Second Day" Motions and Relief

On January 28, 2018 (the "Petition Date"), the Debtors filed voluntary petitions for relief under chapter 11 of the Bankruptcy Code in the United States Bankruptcy Court for the District of Delaware. The Debtors continue to operate their businesses and manage their properties as debtors in possession pursuant to sections 1107(a) and 1108 of the Bankruptcy Code.

At or in connection with "first day" and "second day" hearings held on January 30, 2018, and February 27, 2018, the Bankruptcy Court considered and granted certain requests for immediate relief filed by the Debtors to facilitate the transition between the Debtors' prepetition and postpetition business operations, including the following:

- *Joint Administration Order*: (a) directing that the Chapter 11 Cases of SALIC and SHI be jointly administered and (b) granting related relief. [D.I. 19; entered 1/30/18].

- *Interim Cash Management Order*: (a) authorizing the Debtors (i) to continue their cash management system, (ii) honor certain related prepetition obligations, (iii) maintain existing business forms, and (iv) continue to perform intercompany transactions; (b) authorizing the Debtors' banks to honor all related payment requests; (c) granting an interim waiver of the Debtors' compliance with section 345(b) of the Bankruptcy Code; (d) scheduling a final hearing; and (e) granting certain related relief. [D.I. 20; entered 1/30/18].

- *Insurance Order*: (a) authorizing Debtors to (i) continue prepetition insurance program, (ii) pay any prepetition premiums and related obligations, and (iii) renew or enter into new insurance arrangements; and (b) granting related relief. [D.I. 21; entered 1/30/18].

- *Taxes Order*: (a) authorizing the Debtors to pay certain prepetition taxes and regulatory fees in the ordinary course of business and (b) authorizing banks and financial institutions to honor and process checks and transfers related thereto. [D.I. 83; entered 2/20/18].

- *Employee Wages Order*: (a) authorizing, but not directing, the Debtors to (i) pay prepetition wages, salaries, and other compensation in the ordinary course under existing transfer pricing arrangements, and (ii) pay prepetition payroll taxes and benefits and continue benefit programs in the ordinary course under existing transfer pricing arrangements; (b) directing banks to honor checks for payment of prepetition employee payment and

program obligations; and (c) granting related relief. [D.I. 84; entered 2/20/18].

- *Schedules/Statements Extension Order*: (a) extending the deadline for the Debtors to file their Schedules and (b) granting related relief. [D.I. 87; entered 2/20/18].

B. Other Procedural Motions and Retention of Professionals

During the Chapter 11 Cases, the Bankruptcy Court authorized the Debtors to retain and employ Hogan Lovells US LLP, as bankruptcy co-counsel [D.I. 90]; Morris, Nichols, Arsht & Tunnell LLP, as Delaware counsel and bankruptcy co-counsel [D.I. 88]; Mayer Brown LLP, as special transactional and insurance regulatory counsel [D.I. 156]; Keefe, Bruyette & Woods, Inc., as investment banker [D.I. 155]; Ernst & Young LLP, as audit services provider [D.I. 324]; and certain professionals in the ordinary course [D.I. 145]. Additionally, the Bankruptcy Court authorized procedures for interim compensation of professionals employed by the Debtors and the Official Committee [D.I. 89].

C. Appointment of Official Committee of Unsecured Creditors

On February 20, 2018, the U.S. Trustee, pursuant to its authority under section 1102(a) of the Bankruptcy Code, appointed the Official Committee, consisting of WTC, as Indenture Trustee, Hildene, and SLD [D.I. 81]. Subsequently, the Bankruptcy Court authorized the Official Committee to retain and employ (i) Pepper Hamilton LLP, as counsel to the Official Committee [D.I. 183], (ii) Alvarez & Marsal North America, LLC, as financial advisor to the Official Committee [D.I. 184], and (iii) Appleby (Cayman) Ltd., as special counsel to the Official Committee [D.I. 218]. The expenses of members of the Official Committee, and the fees and expenses of the Professionals serving on behalf of the Official Committee, are entitled to be paid by the Debtors, subject to approval of the Bankruptcy Court.

Shortly after the conclusion of the Auction, Hildene resigned from the Official Committee. Pursuant to a notice filed on June 13, 2018 [D.I. 350], the U.S. Trustee appointed U.S. Bank, as Indenture Trustee, to the Official Committee. Hildene was also removed from the Official Committee's consideration of the Auction and related issues by a "firewall" at the time that Hildene advised the Official Committee it would be submitting a bid.

D. Motions and Relief for Maintaining Existing Reinsurance Treaties

The Debtors also filed motions to allow SALIC to maintain existing reinsurance treaties that are critical to preserving the Debtors' value and to achievement of the sale and restructuring contemplated by the Plan:

(a) On February 2, 2018, the Debtors filed a motion seeking an order (i) modifying the automatic stay to allow SRUS to request payment from SALIC in respect of

periodic settlements owed by SALIC under the SRUS Retrocession Agreements (as defined herein); (ii) authorizing SALIC to pay certain amounts due in respect of prepetition obligations owed by SALIC to SRUS; and (iii) granting related relief (the "SRUS Settlement Payment Motion") [D.I. 37]. By order dated March 19, 2018 (the "SRUS Payment Order") [D.I. 169], the SRUS Settlement Payment Motion was granted. The SRUS Payment Order authorized SRUS to seek and SALIC to pay prepetition amounts due in respect of the first quarter of 2018 from SALIC to SRUS in an amount not to exceed $1,000,000, and established procedures for notice of any future settlements due from SALIC to SRUS to be provided to the U.S. Trustee and the Official Committee and for the timing of objections (if any) thereto; and

(b) On April 4, 2018, the Debtors filed their motion for an order (i) modifying the automatic stay pursuant to 11 U.S.C. § 362(a) to allow Investors Heritage Life Insurance Company ("Investors Heritage") to request funding of SALIC's "Top Up" obligation to continue to fund amounts to the Reserve Credit Trust supporting SALIC's reinsurance of Investor Heritage's cession, (ii) authorizing SALIC to pay such reinsurance trust obligation pursuant to 11 U.S.C. § 363, and (iii) granting related relief (the "Top up Motion") [D.I. 206]. Pursuant to this motion, the Debtors sought authority to pay $35,747 in respect of prepetition obligations to the Reserve Credit Trust supporting SALIC's reinsurance obligations pursuant to the Coinsurance Agreement, dated as of April 1, 2000, by and between Investors Heritage, as ceding company, and SALIC, as reinsurer (the "Investors Heritage Coinsurance Agreement"). By order dated April 24, 2018 [D.I. 227], the Bankruptcy Court granted the Top up Motion, and thereafter SALIC paid $35,747 to the Reserve Credit Trust supporting the Investors Heritage Coinsurance Agreement.

The Debtors may seek further relief to modify the automatic stay to pay additional reinsurance trust obligations as such obligations become due.

E. The Stalking Horse Stock Purchase Agreement and Plan Sponsorship Agreement

Immediately prior to the Petition Date, the Debtors and HSCM Bermuda Fund Ltd. (the "Stalking Horse") entered into a stock purchase agreement (the "Stalking Horse Stock Purchase Agreement") and a plan sponsorship agreement. The Debtors filed the Stalking Horse Stock Purchase Agreement with the Bankruptcy Court on January 30, 2018, as an attachment to the Bidding Procedures Motion discussed below. By order entered on February 28, 2018, the Bankruptcy Court approved certain bid protections for the Stalking Horse as described further below.

Additionally, on January 31, 2018, the Debtors moved for authority to assume and perform under the plan sponsorship agreement. By order entered on February 27, 2018, the Bankruptcy Court authorized the Debtors to assume and perform under the plan sponsorship agreement, which set forth the terms on which the Debtors and the Stalking Horse agreed to pursue confirmation and consummation of the Plan consistent with the Stalking Horse Stock Purchase Agreement.

F. The Bidding Procedures, Postpetition Marketing Efforts and Auction

On January 31, 2018, the Debtors filed a motion [D.I. 27] (the "Bidding Procedures Motion") to establish bidding procedures (the "Bidding Procedures") for the purpose of soliciting higher or better offers to serve as plan sponsor or for an alternative transaction that maximizes value. On February 28, 2018, the Bankruptcy Court entered an order [D.I. 119] (the "Bidding Procedures Order") approving the relief requested in the Bidding Procedures Motion, as modified in agreement with the U.S. Trustee, the Official Committee and the Stalking Horse. Additionally, the Bankruptcy Court approved a break-up fee and expenses reimbursement for the Stalking Horse in the aggregate amount not to exceed $1.25 million.

In accordance with the Bidding Procedures Order, the deadline for submitting a Qualified Bid (as such term is defined in the Bidding Procedures) was May 17, 2018 at 4:00 p.m. (Eastern Time). On May 16, 2018, the Court entered an agreed order between the Debtors and Official Committee [D.I. 263] (the "Agreed Order") to extend the deadline to submit a Qualified Bid to May 25, 2018 at 4:00 p.m. (Eastern Time).

Following the Court's approval of the Bidding Procedures, KBW, on behalf of the Debtors, contacted sixty-five (65) potentially interested buyers or financiers, including strategic and financial players—the vast majority of which were the same firms that KBW had contacted in their prepetition marketing efforts. This renewed and additional outreach resulted in eleven (11) parties signing non-disclosure agreements and gaining access to the Debtors' virtual data room.

The robust postpetition marketing process resulted in the Debtors receiving three bids at or before the May 25 bid deadline, comprising of the Stalking Horse's bid plus bids from the Purchaser and one additional party. After an extended review of the bids, the Debtors, with the assistance of their legal advisors and KBW, determined that the Purchaser's bid was a Qualified Bid and the Initial Highest Bid, as that term is defined in the Bidding Procedures Order. The Debtors also determined that the Stalking Horse's bid was a Qualified Bid under the Bidding Procedures Order. The third bid was not deemed a Qualified Bid. Among other reasons, the Debtors determined that the third bid posed significant, and potentially insurmountable, regulatory hurdles to closing.

Pursuant to the Bidding Procedures Order, as modified by the Agreed Order, the Debtors commenced an Auction on May 30, 2018 at 12:00 noon (Eastern Time) at the offices of Hogan Lovells US LLP, 875 Third Avenue, New York, New York, 10022. At the conclusion of the Auction, in consultation with the Official Committee, the Debtors designated (i) the final Bid that the Purchaser made at the Auction as the Winning Bid and the Purchaser as the Winning Bidder (as those terms are defined in the Bidding Procedures) and (ii) the final Bid that the Stalking Horse made at the Auction as the Backup Bid and the Stalking Horse as the Backup Bidder (as those terms are defined in the Bidding Procedures).

G. The Winning Bid and Stock Purchase Agreement

The Purchaser's Winning Bid provides for, among other value, a committed Plan Funding Payment of $21.5 million, a Recapitalization Funding Payment of $12.5 million and funding of $100,000 for any cure amounts relating to contracts to be assumed as part of the transaction. In addition, the Purchaser's Winning Bid affords all beneficial holders of TruPS, and SFL with respect to the SFL Note Claim, the opportunity, in their discretion, to a pro rata share of 30% of the voting capital stock of reorganized SALIC, in lieu of a cash payout, as discussed in Section 4.3 of the Plan.

Following the Auction, the Debtors and the Purchaser entered into the certain Stock Purchase Agreement dated June 11, 2018 (the "Stock Purchase Agreement"). The Debtors filed the Stock Purchase Agreement with the Bankruptcy Court on June 11, 2018, as an attachment to a proposed form of order approving the Debtors' designations of (i) Winning Bid and Winning Bidder and (ii) Backup Bid and Backup Bidder (the "Winning Bidder Order"). On June 12, 2018, the Court entered the Winning Bidder Order [D.I. 346].

H. The Restructuring Implementation Agreement

Immediately prior to the Petition Date, the Debtors and SRGL executed the Restructuring Implementation Agreement. The Restructuring Implementation Agreement is intended to ensure that the Debtors will have the cooperation and support of SRGL, acting through the Joint Liquidators, in connection with pursuing the Debtors' reorganization. The Restructuring Implementation Agreement contains, among other things, undertakings by SRGL to seek an order from the Cayman Islands Court authorizing the Joint Liquidators to cause SRGL to meet its obligations under the Restructuring Implementation Agreement, including to surrender the existing ordinary shares of SALIC held by SRGL in two stages (as further described in Section III.C.2.a. hereof, and in the succeeding paragraph below) so that new shares can be issued to the Purchaser, all in accordance with the terms of the Restructuring Implementation Agreement (which are consistent with those of the Stock Purchase Agreement). SRGL allowed the Purchaser to step into the shoes of the Stalking Horse as the purchaser pursuant to the terms of the Restructuring Implementation Agreement.

The requirements of the laws of the Cayman Islands, where SALIC is organized, make this an essential step for the Debtors to consummate the Stock Purchase Agreement. Cayman Islands law imposes two principal impediments to a transaction, like the one here, involving a Cayman Islands chartered company (*i.e.,* SRGL or SALIC) that is using a plan of reorganization to extinguish old equity and issue new equity to creditors or a purchaser. Initially, it is a general principle of Cayman Islands conflicts of law rules that a court of a foreign country has jurisdiction to give a judgment *in rem* capable of enforcement or recognition in the Cayman Islands if the subject matter of the proceedings wherein that judgment was given was immovable

or movable property which was at the time of the proceedings situate in that country.[6] *See* 1 A.V. Dicey, *et al.,* DICEY, MORRIS AND COLLINS ON THE CONFLICTS OF LAW, Rule 47 (15th ed. rev. 2012) (hereafter, "DICEY"). It is a general principle of Cayman Islands conflicts of law rules that the law of the place of incorporation of the company decides how shares in the company may be transferred, and that shares in a Cayman Islands company are regarded as situate at the place where the share register is kept. *See* DICEY, ¶ 22-044; Companies Law of the Cayman Islands, § 40 (2016 Revision). Therefore, given that the shares held by SRGL (a Cayman Islands company) in SALIC (a Cayman Islands company) were not as a matter of Cayman Islands law situated in the United States at the time of SALIC's commencement of its bankruptcy case, it is the Debtors' understanding that a Cayman Islands court would not recognize a cancellation of those shares by the Bankruptcy Court in SALIC's bankruptcy case.

Additionally, the Debtors understand that any transaction that contravenes section 37B(1) of the Companies Law (2016 Revision) of the Cayman Islands would be deemed void and of no force or effect by a Cayman Islands court. Section 37B(1) 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.

Section 37B(1), therefore, drives the need for a two-step share surrender process described in the Restructuring Implementation Agreement and referenced in the Stock Purchase Agreement.

As a matter of Cayman Islands law, at no point in time can SALIC fail to have at least one issued and outstanding share (*i.e.,* not a treasury share). In short, compliance with applicable Cayman Islands law requires the consent and cooperation of SRGL, as the sole shareholder of SALIC, to these proposed restructuring transactions or any similarly structured alternative transaction that would transfer ownership of reorganized SALIC.

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

On January 31, 2018, the Debtors filed a motion for authorization to enter into and perform under the Restructuring Implementation Agreement [D.I. 29]. The Bankruptcy Court entered an order authorizing the Debtors to enter into and perform under the Restructuring Implementation Agreement on March 19, 2018 [D.I. 170], with certain amendments and

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[6] "The Cayman Islands' legal system is based on English common law, locally enacted statutes and Orders-in-Council." Cayman Islands Judicial Administration, "Laws of the Cayman Islands," https://www.judicial.ky/laws (last accessed Feb. 25, 2018).

clarifications requested by the U.S. Trustee and the Official Committee. As discussed above at Section III.C.2.b., the initial share surrender contemplated by the Restructuring Implementation Agreement occurred on or about March 28, 2018.

I. Luxembourg Proceedings of SFL

On April 16, 2018, SFL, through Luxembourg counsel, presented to the Commercial Court in Luxembourg (the "Commercial Court") the resolution of its Management Board seeking to comply with the bankruptcy law of Luxembourg by petitioning for the appointment of a receiver to facilitate the winding up of SFL. By judgment dated April 18, 2018 (the "SFL Bankruptcy Judgment"), Judge Nathalie Hilbert of the Commercial Court declared SFL to be bankrupt in accordance with Articles 440 and 442 of the French Commercial Code and appointed Mr. Max Mailliet as the insolvency receiver ("Insolvency Receiver") of SFL. As Insolvency Receiver, Mr. Mailliet will be responsible for managing and operating SFL, including, *inter alia*, filing SFL's claims against the Debtors in these Chapter 11 Cases. SFL has filed a claim in the amount of $63,536,014.32 against the Debtors in respect of the SFL-SRD Note. The Commercial Court also established June 1, 2018, at 2:30 p.m. (local Luxembourg time) as the date and time by which claims may be filed against SFL in the Commercial Court proceedings, and June 13, 2018, at 9:00 a.m. (local Luxembourg time) as the date and time for resolution of disputes as to claims. The SFL Bankruptcy Judgment also requires that such judgment be published in the Luxembourg Wort and the Tagblatt, in editions of those publications circulated in Luxembourg and Esch-sur-Aizette.

J. The Claims Process

On March 23, 2018, the Debtors filed their Schedules describing the Claims that exist against the Debtors as of the Petition Date. On March 28, 2018, the Bankruptcy Court entered an order [D.I. 189] (the "Bar Date Order") establishing a general bar date of May 7, 2018, for all Entities that are not Governmental Units to file Proofs of Claim. The Debtors received ten (10) Proofs of Claim against SALIC and seven (7) Proofs of Claim against SHI on or before the general bar date. The Debtors are currently reviewing and reconciling the Filed Proofs of Claims against the Schedules and the Debtors' books and records.

VI. SUMMARY OF THE PLAN'S CLASSIFICATION AND TREATMENT OF CLAIMS AND INTERESTS

Section 1122 of the Bankruptcy Code provides that a plan of reorganization must classify the claims and interests of a debtor's creditors and equity interest holders. In accordance with section 1122 of the Bankruptcy Code, the Plan divides Claims and Interests into Classes and sets forth the treatment for each Class (other than Administrative Claims and Priority Tax Claims, which, pursuant to section 1123(a)(1), do not need to be classified). The Debtors also are required, under section 1122 of the Bankruptcy Code, to classify Claims against and Interests in the Debtors into Classes that contain Claims and Interests that are substantially similar to the other Claims and Interests in such Class.

The Debtors believe that the Plan has classified all Claims and Interests in compliance with the provisions of section 1122 of the Bankruptcy Code and applicable case law, but it is possible that a Holder of a Claim or Interest may challenge the Debtors' classification of Claims and Interests and that the Bankruptcy Court may find that a different classification is required for the Plan to be confirmed. In that event, the Debtors intend, to the extent permitted by the Bankruptcy Code, the Plan, and the Bankruptcy Court, to make such reasonable modifications to the classifications under the Plan to permit Confirmation and to use the Plan acceptances received for purposes of obtaining the approval of the reconstituted Class or Classes of which each accepting Holder ultimately may be deemed to be a member. Any such reclassification could affect the Class in which such Holder initially was a member, or any other Class under the Plan, by changing the composition of such Class and the vote required of the Class for approval of the Plan.

The amount of any Impaired Claim that ultimately is Allowed by the Bankruptcy Court may vary from any estimated Allowed amount of such Claim and, accordingly, the total Claims ultimately Allowed with respect to each Impaired Class of Claims may also vary from any estimates contained herein with respect to the aggregate Claims in any Impaired Class. Thus, the value of the property ultimately to be received by a particular Holder of an Allowed Claim under the Plan may be adversely (or favorably) affected by the aggregate amount of Claims ultimately Allowed in the applicable Class.

The classification of Claims and Interests and the nature of Distributions to members of each Class are summarized below. The Debtors believe that the consideration, if any, provided under the Plan to Holders of Claims and Interests reflects an appropriate resolution of their Claims and Interests, taking into account the differing nature and priority (including applicable contractual and statutory subordination) of such Claims and Interests and the fair value of the Debtors' assets. The Debtors will seek Confirmation of the Plan pursuant to the "cramdown" provisions of the Bankruptcy Code, if necessary. Specifically, section 1129(b) of the Bankruptcy Code permits confirmation of a chapter 11 plan in certain circumstances even if the plan has not been accepted by all impaired classes of claims and interests. *See* Section XI.F. below. Although the Debtors believe that the Plan can be confirmed under section 1129(b), there can be no assurance that the Bankruptcy Court will find that the requirements to do so have been satisfied.

A. Administrative Expense Claims, Professional Fee Claims, Indenture Trustee Fees, and Priority Tax Claims

1. Administrative Claims

Except to the extent that an Allowed Administrative Claim has been satisfied prior to the Effective Date, and except as otherwise provided for herein (including Section 4.1(c)(ii) with respect to Professional Fee Claims), each Holder of an Allowed Administrative Claim shall be entitled to receive in full, final and complete settlement, release, and discharge of such Claim, either (i) to the extent such Administrative Claim is Allowed as of the Effective

Date, payment in full in Cash of the unpaid portion of such Allowed Administrative Claim as a Closing Date Plan Distribution on the Effective Date, or as soon as reasonably practicable thereafter, or (ii) to the extent such Administrative Claim is Allowed after the Effective Date, payment in full in Cash of the unpaid portion of such Allowed Administrative Claim from the Distribution Trust, in an amount equal to the unpaid portion of such claim, at such time as such Administrative Claim is Allowed, or as soon as reasonably practicable thereafter.

Except as otherwise provided in Article IV of the Plan, requests for payment of Administrative Claims must be included within an application (setting forth the amount of, and basis for, such Administrative Claims, together with documentary evidence) and Filed and served on respective counsel for the Debtors, the Reorganized Debtors, the Purchaser, and the Distribution Trustee no later than the applicable Administrative Claims Bar Date. Holders of Administrative Claims (including, without limitation, Holders of any Claims for federal, state or local taxes) that are required to File a request for payment of such Claims and that do not File such requests by the applicable Administrative Claims Bar Date shall be forever barred from asserting such Claims against the Debtors, Reorganized Debtors, the Purchaser, the Distribution Trust or any of their respective property. Requests for payments of Administrative Claims included within a Proof of Claim are of no force and effect, and are deemed disallowed in their entirety as of the Effective Date, and shall be satisfied only to the extent such Administrative Claim is subsequently Filed in a timely fashion as provided by Section 4.1(c)(i) of the Plan and subsequently becomes an Allowed Claim.

2. Professional Fee Claims

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

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

The amount of compensation and reimbursement of expenses Allowed by the Bankruptcy Court (less (i) amounts previously received by the Professional in respect of interim

compensation and (ii) any unapplied retainer or advance held by the Professional) shall be paid by the Distribution Trustee from the Professional Fee Reserve.

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

3. Indenture Trustee Fees

On the Effective Date, the Debtors shall pay all undisputed Indenture Trustee Fees of the TruPS Indenture Trustees incurred through the Confirmation Date as set forth in section 6.1(b)(1). For a TruPS Indenture Trustee to be eligible to have its Indenture Trustee Fees incurred through the Confirmation Date paid on the Effective Date or as soon as reasonably practicable after the Effective Date, on or before the thirtieth (30th) day after the Confirmation Date, such TruPS Indenture Trustee must serve the IT Fee Notice Parties with invoices setting forth in reasonable detail (but subject to appropriate redactions to preserve confidentiality or any applicable privileges or protections) the Indenture Trustee Fees for which such TruPS Indenture Trustee seeks payment. If none of the IT Fee Notice Parties has served the applicable TruPS Indenture Trustee with a written objection to the TruPS Indenture Trustee Fees set forth in such invoices within ten (10) Business Days after the date of service of such invoices, then the subject Indenture Trustee Fees shall be paid to the applicable TruPS Indenture Trustee on or as soon as reasonably practicable after the Effective Date as set forth in Section 6.1(b)(1), without the need for application to, or approval by, any court. Each Indenture Trustee will not assert its Charging Lien to the extent that it receives payment of its Indenture Trustee Fees.

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

For a TruPS Indenture Trustee to be eligible to have its Indenture Trustee Fees incurred during the period commencing from the Confirmation Date through the Effective Date paid from the Indenture Trustee Fee Reserve (and if such Indenture Trustee Fee Reserve proves to be inadequate, the Available Plan Distribution Funding Amount), on or before the thirtieth (30th) day after the Effective Date, such TruPS Indenture Trustee must serve the Distribution Trustee and the Purchaser with invoices setting forth in reasonable detail (but subject to appropriate redactions to preserve confidentiality or any applicable privileges or protections) the Indenture Trustee Fees for which such TruPS Indenture Trustee seeks payment. If the Distribution Trustee or the Purchaser has not served the applicable TruPS Indenture Trustee with a written objection to the TruPS Indenture Trustee Fees set forth in such invoices within ten (10) Business Days after the date of service of such invoices, then the subject Indenture Trustee Fees

shall be paid from the Indenture Trustee Fee Reserve (or the Available Plan Distribution Funding Amount if the Indenture Trustee Fee Reserve is inadequate) to the applicable TruPS Indenture Trustee within ten (10) Business Days after the expiration of such objection period, without the need for application to, or approval by, any court.

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

The aggregate amount of Indenture Trustee Fees recoverable from the Debtors and the Distribution Trust by the TruPS Indenture Trustees shall not exceed the Indenture Trustee Fee Cap. The Indenture Trustee Fee Cap may be increased upon the consent of the Debtors, the Official Committee and the Purchaser at any time prior to the Effective Date, and upon the consent of the Distribution Trustee and the Purchaser on or after the Effective Date.

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

4. Priority Tax Claims

Except to the extent that an Allowed Priority Tax Claim has been satisfied prior to the Effective Date, each Holder of an Allowed Priority Tax Claim shall be entitled to receive, in full, final and complete settlement, release, and discharge of such Claim, at the election of the Debtors or the Distribution Trustee, one of the following treatments: (i) to the extent such

Priority Tax Claim is Allowed as of the Effective Date, payment in full in Cash of the unpaid portion of such Allowed Priority Tax Claim as a Closing Date Plan Distribution on the Effective Date, or as soon as reasonably practicable thereafter; (ii) to the extent such Priority Tax Claim is Allowed after the Effective Date, payment in full in Cash of the unpaid portion of such Allowed Priority Tax Claim from the Distribution Trust, in an amount equal to the unpaid portion of such claim, at such time as such Priority Tax Claim is Allowed, or as soon as reasonably practicable thereafter; or (iii) or such other treatment or payment from the Distribution Trust as permitted under section 1129(a)(9)(C) of the Bankruptcy Code.

B. Classification of Claims and Interests

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

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

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

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

C. Treatment of Claims and Interests

1. Class 1 – Secured Claims

Unless a Holder of an Allowed Secured Claim agrees to lesser treatment, on the Effective Date, or as soon as reasonably practicable thereafter, each Holder of an Allowed Secured Claim shall receive one of the following treatments on account of such Allowed Secured Claim, at the option of the Debtors or the Distribution Trustee, as applicable: (a) reinstatement of the Allowed Secured Claim as against any collateral or proceeds thereof held by the Distribution Trust; (b) with the consent of the Purchaser, reinstatement of the Allowed Secured Claim as against any collateral or proceeds thereof held by the Reorganized Debtors; (c) in full and final satisfaction, compromise, settlement, release, and discharge of and in exchange for such Allowed Secured Claim, Cash equal to the full Allowed amount of such Secured Claim, with such Cash to be paid (i) as a Closing Date Plan Distribution to the extent that such Secured Claim is Allowed as of the Effective Date or (ii) from the assets of the Distribution Trust to the extent that such Secured Claim is allowed after the Effective Date; or (d) with the consent of the Purchaser as to any asset that is not a Distribution Trust Asset, delivery of the collateral securing any such Claim and payment of any interest required under section 506(b) of the Bankruptcy Code.

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

2. Class 2 – Priority Non-Tax Claims

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

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

3. Class 3 – Intercompany Claims

Intercompany Claims shall be paid, adjusted, continued, settled, reinstated, discharged, eliminated, or otherwise managed, in each case to the extent determined to be appropriate by the applicable Debtor(s) or Reorganized Debtor(s) and certain of their non-debtor

Affiliates with the consent of the Purchaser. For the avoidance of doubt, Intercompany Claims shall not receive a Distribution and shall not otherwise be entitled to any of the assets of the Distribution Trust.

The Holders of Claims in Class 3 will be conclusively deemed to have accepted the Plan pursuant to section 1126(f) of the Bankruptcy Code. Therefore, the Holders of Claims in Class 3 will not be entitled to vote to accept or reject the Plan.

4. Class 4 – SHI TruPS Claims

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

TruPS Debenture Issuance	TruPS Indenture Trustee	Holder of Allowed SHI TruPS Claim	Principal	Interest through Petition Date	Total Allowed SHI TruPS Claim
SHST I TruPS Debentures	U.S. Bank, as Indenture Trustee	U.S. Bank, as Indenture Trustee, on behalf of Beneficial Holders	$18,042,000.00	$4,805,863.87	$22,847,863.87
SHST II TruPS Debentures	U.S. Bank, as Indenture Trustee	U.S. Bank, as Indenture Trustee, exclusively for SRGL	$20,619,000.00	$5,528,239.88	$26,147,239.88
GPIC TruPS Debentures	BNYM, as Indenture Trustee	BNYM, as Indenture Trustee, exclusively for SRGL	$10,310,000.00	$2,561,006.29	$12,873,506.29
SHST III TruPS Debentures	U.S. Bank, as Indenture Trustee	U.S. Bank, as Indenture Trustee, on behalf of Beneficial	$32,990,000.00	$8,310,979.84	$41,300,979.84

TruPS Debenture Issuance	TruPS Indenture Trustee	Holder of Allowed SHI TruPS Claim	Principal	Interest through Petition Date	Total Allowed SHI TruPS Claim
		Holders			
TOTAL			**$81,961,000.00**	**$21,206,089.88**	**$103,169,589.88**

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

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

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

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

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

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

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

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

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

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

The Holders of Allowed Class 4 Claims are Impaired, and the Holders of such Claims will be entitled to vote to accept or reject the Plan.

5. Class 5 – SHI General Unsecured Claims

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

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

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

The Holders of Allowed Class 5 Claims are Impaired, and the Holders of such Claims will be entitled to vote to accept or reject the Plan.

6. Class 6 – SALIC TruPS Claims & SFL Claims

a. SALIC TruPS Claims

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

TruPS Debenture Issuance	TruPS Indenture Trustee	Holder of Allowed SALIC TruPS Claim	Principal	Interest through Petition Date	Total Allowed SALIC TruPS Claim
SHST I Debentures	U.S. Bank, as Indenture Trustee	U.S. Bank, as Indenture Trustee, on behalf of Beneficial	$18,042,000.00	$4,805,863.87	$22,847,863.87

		Holders			
SHST II Debentures	U.S. Bank, as Indenture Trustee	U.S. Bank, as Indenture Trustee, exclusively for SRGL	$20,619,000.00	$5,528,239.88	$26,147,239.88
GPIC Debentures	BNYM, as Indenture Trustee	BNYM, as Indenture Trustee, exclusively for SRGL	$10,310,000.00	$2,561,006.29	$12,873,506.29
SHST III Debentures	U.S. Bank, as Indenture Trustee	U.S. Bank, as Indenture Trustee, on behalf of Beneficial Holders	$32,990,000.00	$8,310,979.84	$41,300,979.84
SFLST I Debentures	WTC, as Indenture Trustee	WTC, as Indenture Trustee, on behalf of Beneficial Holders	$51,547,000.00	$11,989,041.32	$63,536,041.32
TOTAL			**$133,508,000.00**	**$33,195,131.20**	**$166,705,631.20**

b. SFL Note Claim

If the SFLST I TruPS CDO Facility Holders each have voted their respective Allocated Portions of SALIC TruPS Claims to accept the Plan, then (a) the SFL Note Claim Allowance Conditions (as defined below) will be deemed satisfied, such that the Holder of the SFL Note Claim will be deemed (i) to have voted the entire SFL Note Claim to accept the Plan and (ii) to not have opted out of the "Releases by Holders of Claims and Interests" set forth in Section 10.3 of the Plan, and (b) the SFL Note Claim shall be deemed Allowed as a Class 6 Claim in the amount of $63,536,014.32, and shall not be subject to objection, challenge, reduction, offset, avoidance, setoff, recharacterization, impairment, subordination (whether equitable, contractual or otherwise) except as provided herein, counterclaim, cross-claim, defense or disallowance under Applicable Law.

If one or more of the SFLST I TruPS CDO Facility Holders has not voted its Allocated Portion of SALIC TruPS Claims to accept the Plan, then whether or not the SFL Note Claim will be Allowed pursuant to this Plan as a Class 6 Claim in the amount of $63,536,014.32

will depend on whether the SFL Note Claim Allowance Conditions are satisfied or waived as follows:

(a) If the Holder of the SFL Note Claim (1) votes the SFL Note Claim to accept the Plan, (2) does not object to confirmation of the Plan, and (3) does not opt out of the "Releases by Holders of Claims and Interests" set forth in Section 10.3 of the Plan (together, the "SFL Note Claim Allowance Conditions"), then upon the occurrence of the Effective Date, the SFL Note Claim shall be deemed Allowed as a Class 6 Claim in the amount of $63,536,014.32, and shall not be subject to objection, challenge, reduction, offset, avoidance, setoff, recharacterization, impairment, subordination (whether equitable, contractual or otherwise) except as provided herein, counterclaim, cross-claim, defense or disallowance under Applicable Law, and shall be entitled, at such Holder's option to make (i) the New Equity Election, (ii) the Cash Election, or (iii) elect to allocate its Claim between the New Equity Election or the Cash Election, as set forth in Section 4.3(c)(iii) in the Plan.

(b) If the Holder of the SFL Note Claim fails to satisfy one or more of the SFL Note Claim Allowance Conditions, then, unless otherwise agreed in a writing signed by an authorized representative of the Debtors (or, if on or after the Effective Date, the Distribution Trustee) and consented to by the Purchaser (which consent shall not be unreasonably withheld) or adjudicated by a Final Order of the Bankruptcy Court, the SFL Note Claim shall (a) remain fully subject to objection, challenge, reduction, offset, avoidance, setoff, recharacterization, impairment, subordination (whether equitable, contractual or otherwise), counterclaim, cross-claim, defense or disallowance under Applicable Law and treated as a Disputed Class 6 Claim and (b) be deemed to have made the Cash Election and will be reserved for in Cash as a Disputed Claim. For the avoidance of doubt, after the Effective Date, the Distribution Trustee shall have the sole right and authority, but not the obligation, to object to, litigate, and settle the amount, priority or extent of the SFL Note Claim and to make a Cash Distribution thereon to the extent Allowed.

c. Treatment

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

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

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

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

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

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

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

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

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

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

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

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

(1) If the SFL Note Claim Allowance Conditions are deemed satisfied in accordance with Section 4.3(c)(ii)(B)(1) of this Plan because the SFLST I TruPS CDO Facility Holders each have voted their respective Allocated Portions of SALIC TruPS Claims to accept the Plan, then the Distributions to be received on account of the Allowed SFL Note Claim shall consist of the following:

(a) Subject to the SFL Receiver's right to make SFL Bankruptcy Administration Senior Cash Election, the Holder of the SFL Note Claim will be deemed to have made the New Equity Election for the remaining portion of the Allowed amount of the SFL Note Claim (*i.e.,* the Allowed SFL Note Claim net of the portion for which the SFL Receiver has

made the SFL Bankruptcy Administration Senior Cash Election) that corresponds to the percentage SFLST I TruPS to have made the New Equity Election (as determined by the Ballots received from the SFLST I TruPS CDO Facility Holders). Accordingly, the Holder of the Allowed SFL Note Claim will be entitled to receive the TruPS Claims Equity Distribution Amount calculated based on that the portion of the Allowed SFL Note Claim for which it has deemed to have made the New Equity Election as described immediately above. Any remaining portion of the Holder's Allowed SFL Note Claim shall be treated as if the Cash Election has been made and entitled to receive the TruPS/GUC Claims Cash Distribution Amount calculated based on such remaining portion of the Allowed SFL Note Claim.

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

(2) If one or more of the SFLST I TruPS CDO Facility Holders has not voted its Allocated Portion of SALIC TruPS Claims to accept the Plan, but the Holder of the SFL Note Claim has otherwise satisfied the SFL Note Claim Allowance Conditions in accordance with Section 4.3(c)(ii)(B)(1) of this Plan, then the Distributions to be received on account of the Allowed SFL Note Claim shall consist of the following:

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

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

(3) If the SFL Note Claim Allowance Conditions are not satisfied or deemed satisfied in accordance with this Plan, then subject to and upon the Allowance of the SFL Note Claim post-Effective Date as a Class 6 Claim, then the Distributions to be received on account of the Allowed SFL Note Claim shall consist of the following:

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

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

The Holders of Allowed Class 6 Claims are Impaired, and the Holders of such Claims will be entitled to vote to accept or reject the Plan; *provided, however,* that with respect to the Allowed SFL Note Claim, if the SFLST I TruPS CDO Facility Holders each have voted their respective Allocated Portions of SALIC TruPS Claims to accept the Plan as contemplated

by Section 4.3(c)(ii)(B)(1) of the Plan, then the Holder of the SFL Note Claim shall be deemed to have voted the SFL Note Claim to accept the Plan.

7. Class 7 – SALIC General Unsecured Claims

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

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

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

The Holders of Allowed Class 7 Claims are Impaired, and the Holders of such Claims will be entitled to vote to accept or reject the Plan.

8. Class 8 – Subordinated Claims

Holders of Subordinated Claims will not receive or retain any property on account of such Claims. On the Effective Date, Subordinated Claims shall be deemed automatically cancelled, released, and extinguished without further action by any Debtor, any Reorganized Debtor, or the Distribution Trustee, and the obligations of the Debtors thereunder shall be forever discharged.

Each Holder of a Subordinated Claim will be conclusively deemed to have rejected the Plan pursuant to section 1126(g) of the Bankruptcy Code. Therefore, Holders of Subordinated Claims shall not be entitled to vote on the Plan.

9. Class 9 – SHI Existing Equity Interests

All SHI Existing Equity Interests will be cancelled and reissued at the direction of the Purchaser as described in Section 6.1 of the Plan.

The Holders of SHI Existing Equity Interests will be conclusively deemed to have rejected the Plan pursuant to section 1126(g) of the Bankruptcy Code. Therefore, Holders of SHI Existing Equity Interests shall not be entitled to vote on the Plan.

10. Class 10 – SALIC Existing Equity Interests

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

The Holders of SALIC Existing Equity Interests will be conclusively deemed to have accepted the Plan pursuant to section 1126(f) of the Bankruptcy Code. Therefore, Holders of Interests in Class 10 will not be entitled to vote to accept or reject the Plan.

D. Acceptance Requirements

1. Impaired Classes of Claims Entitled to Vote

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

2. Acceptance by an Impaired Class

In accordance with section 1126(c) of the Bankruptcy Code, and except as provided in section 1126(e) of the Bankruptcy Code, an Impaired Class shall have accepted the Plan if the Plan is accepted by the Holders of at least two-thirds (2/3) in dollar amount and more than one-half (1/2) in number of the Allowed Claims in such Class that have timely and properly voted to accept or reject the Plan.

3. Presumed Acceptance by Unimpaired Classes

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

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

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

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

To the extent that any Impaired Class rejects the Plan or is deemed to have rejected the Plan, the Debtors shall request Confirmation of the Plan under section 1129(b) of the Bankruptcy Code. The Debtors, subject to the terms of the Plan, the Stock Purchase Agreement,

and the Restructuring Implementation Agreement, reserve the right to alter, amend, modify, revoke, or withdraw the Plan, the Plan Supplement, or any schedule or exhibit, including to amend or modify it to satisfy the requirements of section 1129(b) of the Bankruptcy Code, if necessary.

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

6. Elimination of Vacant Classes

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

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

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

8. Consolidation of Classes

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

9. Separate Classes of Secured Claims

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

VII. MEANS FOR IMPLEMENTATION OF THE PLAN

A. Plan Transactions

1. Stock Purchase Agreement Closing

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

2. Funding, Allocation and Use of Plan Funding Payment; Allocation and Use of Debtors' Unrestricted Cash

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

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

(2) Second, to fund the Professional Fee Reserve;

(3) Third, to fund the Trust Administration Reserve;

(4) Fourth, to fund the Disputed Claims Reserve to be maintained by the Distribution Trust;

(5) Fifth, to fund the Indenture Trustee Fee Reserve on account of the Post-Effective Date Indenture Trustee Fee Estimate;

(6) Sixth, to fund Distributions to the Holders of Allowed SHI General Unsecured Claims, Allowed SALIC General Unsecured Claims, Allowed SHI TruPS Claims (that make the Cash Election), Allowed SALIC TruPS Claims (that make the Cash Election), and Allowed SFL Note Claim (if the Cash Election is made or deemed to have been made) with such Distributions to be made on the DT Initial Distribution Date or DT Subsequent Distribution Dates, as applicable.

The Plan Funding Payment shall be adjusted downward by the TruPS Returned Cash on account of any amount of the Available Plan Funding Distribution Amount allocable to

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

3. Funding of Recapitalization Funding Payment

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

4. Cancellation of SHI Existing Equity Interests; Issuance of New SHI Equity

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

5. Final Share Surrender

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

6. New Equity Issuance and Distribution

a. New Equity Issuance

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

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

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

The Debtors, the Purchaser, the Indenture Trustees, the Official Committee, SRGL, the Voting Agent and each of their respective Representatives have, and upon Confirmation of the Plan shall be deemed to have, participated in good faith and in compliance with the applicable provisions of the Bankruptcy Code and Applicable Law with regard to the distribution of the New Equity under the Plan, and therefore are not, and on account of such distributions will not be, liable at any time for the violation of any Applicable Law, rule, or regulation governing the solicitation of acceptances or rejections of the Plan or such distributions made pursuant to the Plan. Upon entry of the Confirmation Order, all provisions of the Plan addressing distribution of the New Equity shall be deemed necessary and proper.

b. Distribution of Offered New Equity

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

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

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

B. Vesting of Estate Property

On the Effective Date, all property of the Debtors and their Estates shall vest automatically in the Reorganized Debtors or the Distribution Trust as described in Section 6.2 of the Plan.

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

Except for the Distribution Trust Assets or as otherwise expressly provided in the Confirmation Order, pursuant to sections 1123(b)(3) and 1141(b)–(c) of the Bankruptcy Code, on the Effective Date, all of the property and assets of each Debtor shall automatically vest in the respective Reorganized Debtor, free and clear of all Claims, Liens and Interests. For the avoidance of doubt, such property and assets of each Debtor that will automatically vest in the Reorganized Debtors includes, but is not limited to, any SALIC Group Services Claim incurred on or after the Petition Date. The Reorganized Debtors may operate their business and may use, acquire, and dispose of such property free of any restrictions of the Bankruptcy Code, the Bankruptcy Rules, and the Bankruptcy Court. As of the Effective Date, all such property of the Reorganized Debtors shall be free and clear of all Claims, Liens and Interests, except as specifically provided in the Confirmation Order, and the Reorganized Debtors shall receive the benefit of any and all discharges and injunctions under the Plan.

C. The Distribution Trust

1. Execution of Distribution Trust Agreement

On or prior to the Effective Date, the Debtors shall execute the Distribution Trust Agreement, and shall take all other necessary steps to establish the Distribution Trust, which shall be for the payment of Allowed Administrative Claims, Allowed Priority Claims, and Allowed Secured Claims not satisfied by Closing Date Plan Distributions, and for the benefit of the Distribution Trust Beneficiaries. In the event of any conflict between the terms of Section 6.3(a) of the Plan and the terms of the Distribution Trust Agreement as such conflict relates to the establishment of the Distribution Trust, the terms of Section 6.3(a) of the Plan shall govern. The Distribution Trust Agreement may provide powers, duties, and authorities in addition to

those explicitly stated herein, but only to the extent that such powers, duties and authorities do not affect the status of the Distribution Trust as a "liquidating trust" for United States federal income tax purposes. The Distribution Trust Agreement shall be Filed with the Plan Supplement.

2. Purpose of the Distribution Trust

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

3. Distribution Trust Assets and Other Property

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

4. The Administration of the Distribution Trust and Authority and Powers of the Distribution Trustee

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

5. Mutual Cooperation

As the Reorganized Debtors or the Distribution Trustee may reasonably request, each shall use commercially reasonable efforts to cooperate with the other with respect to the implementation of the Plan (including, without limitation, the resolution of Disputed Claims, the determination of taxes and the preparation and filing of tax returns), with all reasonable out-of-pocket expenses incurred by the Reorganized Debtors in connection with a request by the

Distribution Trustee being borne by the Distribution Trust; provided, however, that neither party shall be required to (i) provide information, records or employees or other personnel under circumstances which the providing party believes in its sole reasonable determination may waive privilege, confidentiality or a similar protection or expose it to material liability to any person or may prejudice any legal interest of the providing party, or (ii) take any action that in the providing party's reasonable determination unreasonably interferes with its business. For the avoidance of doubt, nothing herein is intended to limit the DT Post-Closing Rights of the Distribution Trust and the Distribution Trustee.

6. Establishment and Funding of Distribution Trust Reserves

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

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

(2) Professional Fee Reserve. The Professional Fee Reserve shall be established and funded in an amount that the Debtors estimate in good faith, after consultation with the relevant Professionals, the Purchaser, and the Official Committee, to be necessary to pay in full all amounts then owing or that may later become owing to such Professionals for professional fees and expenses incurred through the Effective Date. For the avoidance of doubt, the estimated amount initially funded to the Professional Fee Reserve is not intended as and shall not be deemed to be a cap on the funds available to pay or satisfy Allowed Administrative Claims of Professionals for compensation or reimbursement of expenses. Following the Effective Date, the Distribution Trustee shall have the discretion to increase the Professional Fee Reserve as the Distribution Trustee deems necessary or appropriate to pay or satisfy Allowed Administrative Claims of Professionals for compensation or reimbursement of expenses.

For the avoidance of doubt, the KBW Reserved Funds will not be part of the Professional Fee Reserve. Subject to the Bankruptcy Court's entry of an Order approving its

Contingent Fee (as defined in the KBW Retention Order), the KBW Reserved Funds shall be distributed directly to KBW. If a Final Order is entered denying KBW's final application for allowance and payment of compensation and reimbursement of expenses or reducing the amount otherwise payable to KBW to such a degree that KBW is not entitled to the KBW Reserved Funds, then the KBW Reserved Funds shall be disbursed to Reorganized SALIC

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

7. Establishment and Funding of the Indenture Trustee Fee Reserve

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

(A) For the Pre-Effective Date Indenture Trustee Fee Estimate, first, from the unrestricted Cash available to SALIC and SHI, and to the extent not fully funded from the unrestricted Cash of SALIC and SHI, then from the Plan Funding Payment, in an amount that the Debtors estimate in good faith, after consultation with the Purchaser and the relevant TruPS Indenture Trustees, to be necessary to pay in full, but subject to the relevant Indenture Trustee Fee Caps, and

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

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

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

8. Cash Investments

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

9. Distributions to Holders of Claims and Distribution Trust Beneficiaries

The Distribution Trustee shall be responsible for making all Distributions to Holders of Allowed Claims required to be made on or after the Effective Date pursuant to the Plan; *provided,* that the Reorganized Debtors or the Disbursing Agent (as applicable) shall make the Distributions to Holders of Allowed Claims on the Effective Date on behalf of the Distribution Trustee. The Distribution Trustee will make all Distributions to Holders of Allowed Claims, or in the case of Holders of Allowed Claims in Classes 4 and 6, the Beneficial Holders thereof, as required by this Plan at: (i) the address of any such Holder on the books and records of the Debtors or their agents; or (ii) at the address in any written notice of address change delivered to the Debtors or the Disbursing Agent, including any addresses included on any transfer of Claim filed pursuant to Bankruptcy Rule 3001 or as otherwise provided in the Distribution Trust Agreement.

10. DT Initial Distribution

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

11. DT Subsequent Distribution

After completion of the DT Initial Distribution, the Distribution Trustee shall make the DT Subsequent Distribution(s) in a reasonably timely manner after Distribution Trust Assets Proceeds become available, and in accordance with such procedures as may be provided

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

12. Federal Income Tax Treatment of Distribution Trust

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

13. Tax Reporting

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

Allocations of Distribution Trust taxable income among Distribution Trust Beneficiaries (other than taxable income allocable to any assets allocable to, or retained on account of, Disputed Claims, if such income is otherwise taxable at the Distribution Trust) shall be determined by reference to the manner in which an amount of Cash representing such taxable

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

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

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

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

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

14. Dissolution

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

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

D. The Reorganized Debtors

1. Continued Corporate Existence

Except as otherwise provided in the Plan, each of the Debtors, as Reorganized Debtors, shall continue to exist after the Effective Date as a corporate entity, with all of the powers of a corporation or limited company, as the case may be, under Applicable Law in the jurisdiction in which such Debtor is incorporated or organized and pursuant to the New Corporate Governance Documents. After the Effective Date, the Reorganized Debtors may operate their business and use, acquire, and dispose of property without the supervision of the Bankruptcy Court, free of any restrictions of the Bankruptcy Code or Bankruptcy Rules.

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

2. Directors and Officers of the Reorganized Debtors

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

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

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

3. Corporate Action

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

4. Effectuating Documents; Further Transactions

On the Effective Date or as soon as reasonably practicable thereafter, the Reorganized Debtors and/or the Purchaser may take all actions as may be necessary or appropriate to effect any transaction described in, approved by, or necessary or appropriate to

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

E. Retained Causes of Action

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

F. The Closing

The Closing as defined in the Stock Purchase Agreement shall be subject to the conditions in the Stock Purchase Agreement, including, without limitation, the conditions to closing set out in Article VII of the Stock Purchase Agreement and the actions and deliveries set out in section 2.4 of the Stock Purchase Agreement, unless waived in accordance with the Stock Purchase Agreement. The Closing shall occur simultaneously with the Effective Date of the Plan.

G. Cancellation of Agreements, Securities and Other Documents Relating to TruPS Transactions & SFL Note

Except for purposes of evidencing a right to a Distribution under the Plan or otherwise as provided in the Plan, the Confirmation Order or the Distribution Trust Agreement, on the Effective Date, the TruPS Indentures, the TruPS Debentures, the TruPS Declarations, the TruPS Sponsor Guarantees, the TruPS Parent Guarantees, all other TruPS Documents, the SFL Note and all corresponding documents issued in connection with such documents shall be deemed automatically cancelled, terminated and of no further force or effect, without further act or action under any applicable agreement, law, regulation, order, or rule and the obligations of the Debtors, the TruPS Indenture Trustees, and the TruPS Institutional Trustees, as applicable, thereunder shall be deemed terminated; *provided, however,* that TruPS Indentures and TruPS Declarations shall continue in effect only as follows: (1) for the TruPS Indenture Trustees and the TruPS Institutional Trustees to discharge any responsibilities they have under the Plan, the Confirmation Order, the Distribution Trust Agreement, the TruPS Indentures, the TruPS Parent Guarantees, the TruPS Sponsor Guarantees and the TruPS Declarations in connection with Distributions to be made to be made to the Holders of the TruPS Debentures, the Beneficial Holders of TruPS and SRGL in accordance with the terms of the Plan (including Sections 4.3(a), and 4.3(c) thereof), the Confirmation Order, the Distribution Trust Agreement, the TruPS Indentures, the TruPS Declarations and, as to SRGL only, the Restructuring Implementation Agreement and RIA Order, it being understood that the TruPS Indentures, the TruPS Parent Guarantees, the TruPS Sponsor Guarantees and the TruPS Declarations shall continue in effect only so long as is necessary to permit such Distributions to be made; (2) subject to Section 4.1(d)(iii) of the Plan, to allow each TruPS Indenture Trustee and any predecessor trustee under any of the TruPS Indentures to exercise its Charging Lien for the payment of its fees and expenses incurred post-Closing and for indemnification as provided in the applicable TruPS Indentures; (3) to preserve any rights of the TruPS Indenture Trustees pursuant to any direction provided by Holders of the TruPS pursuant to the terms of the TruPS documents; and (4) solely with respect to the SFLST I TruPS Indenture, the SFLST I TruPS Debentures, the SFLST I Trust Declaration, the SFLST I TruPS Sponsor Guarantee, and any other SFLST I TruPS Documents (except the SFLST I TruPS Parent Guarantee), the foregoing SFLST I TruPS Documents shall not be deemed cancelled, terminated or of no force or effect as against SFL. For the avoidance of doubt, nothing in Section 6.7 of the Plan is intended to or shall extinguish or impair any liability or obligation of SFL under any SFLST I TruPS Document.

H. Comprehensive Settlement of Claims and Controversies

Pursuant to sections 363 and 1123 of the Bankruptcy Code and Bankruptcy Rule 9019, and in consideration for the distributions and other benefits provided pursuant to the Plan, the provisions of the Plan shall constitute a good faith compromise of all Claims, Interests and controversies relating to the contractual, legal, and subordination rights that a Holder of a Claim may have with respect to any Allowed Claim, or any distribution to be made on account of such Allowed Claim, as well as the allocation of the Plan Funding Payment among the Debtors'

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

I. Disposition of Executory Contracts and Unexpired Leases

1. Assumption of Executory Contracts

Unless otherwise specified herein, as of, and subject to, the occurrence of the Effective Date and the payment of any applicable Cure Amounts, all Executory Contracts and Unexpired Leases to which either Debtor is a party, and which have not expired by their own terms on or prior to the Confirmation Date shall be deemed assumed except for any executory contract or unexpired lease that (a) previously has been assumed or rejected pursuant to a Final Order of the Bankruptcy Court, (b) is the subject of a separate motion for assumption or rejection under section 365 of the Bankruptcy Code filed by a Debtor before the Confirmation Date, (c) is designated as a contract or lease to be rejected on the Rejection Schedule, or (d) is the subject of a pending Assumption Dispute. Subject to the occurrence of the Effective Date, entry of the Confirmation Order by the Bankruptcy Court shall constitute approval of the assumptions and rejections provided for in the Plan pursuant to sections 365(a) and 1123 of the Bankruptcy Code. Each Executory Contract and Unexpired Lease assumed pursuant to the Plan shall vest in, and be fully enforceable by, the Reorganized Debtors in accordance with its terms, except as modified by the provisions of the Plan, and any order of the Bankruptcy Court authorizing and providing for its assumption or applicable law.

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

2. Rejection of Executory Contracts

On the Effective Date, all Executory Contracts identified on the Rejection Schedule shall be deemed rejected. The initial Rejection Schedule shall be filed with, and as a part of, the Plan Supplement, and, except as otherwise provided in the Stock Purchase Agreement, may be amended by the Purchaser at any time prior to the Effective Date. Entry of the Confirmation Order shall constitute, subject to the occurrence of the Effective Date, approval of the rejection of such Executory Contracts under sections 365 and 1123 of the Bankruptcy Code.

3. Determination of Assumption Disputes and Deemed Consent

On or before the date that is at least twenty-one (21) calendar days prior to the Confirmation Objection Deadline (as defined in the Disclosure Statement Order), the Debtors shall file and serve on parties to Executory Contracts and Unexpired Leases to be assumed a notice reflecting the Debtors' intention to assume the contract or lease in connection with the Plan and setting forth the proposed Cure Amount (if any). Such notice shall not prejudice any of the defenses and counterclaims the Debtors, Reorganized Debtors or Distribution Trust may have with respect to any such Executory Contract or Unexpired Lease. If the counterparty believes any different Cure Amount is due in connection with the assumption or otherwise objects to the assumption, it must assert such Cure Amount or any other Assumption Dispute by filing an objection with the Bankruptcy Court and serving such objection on counsel for the notice parties identified in Section 12.11 of the Plan so as to be received by such parties by no later than twenty-one (21) calendar days after the date of service of such notice.

Cure Amount disputes shall be resolved by the Debtors or Reorganized Debtors and the applicable counterparty in the ordinary course, and the agreed-upon amounts shall be paid by the Debtors or Reorganized Debtors in the ordinary course, with any such payments of Cure Amounts to be funded in accordance with Section 2.4(d) of the Stock Purchase Agreement. If there is an Assumption Dispute pertaining to assumption of an Executory Contract or Unexpired Lease, such dispute shall be heard by the Bankruptcy Court prior to such assumption being effective; *provided, however,* the Debtors or the Reorganized Debtors, as applicable, may settle any dispute regarding the Cure Amount or the Assumption Dispute without any further notice to any party or any action, order, or approval of the Bankruptcy Court. To the extent the Assumption Dispute is resolved or determined by a Final Order unfavorable to the Debtors or Reorganized Debtors, as applicable, the Debtors or Reorganized Debtors, as applicable, shall have fourteen (14) calendar days following entry of such Final Order to file a motion to reject such contract or lease.

Any counterparty to an Executory Contract or Unexpired Lease that fails to object timely to the notice of the proposed assumption of such contract or lease within twenty-one (21) calendar days after the date of service thereof shall be deemed to have assented to (i) the proposed Cure Amount, and (ii) the assumption of the applicable contract or lease notwithstanding any provision thereof that purports to (A) prohibit, restrict, or condition the transfer or assignment of such contract or lease, (B) terminate or modify, or permit the termination or modification of, a contract or lease as a result of any direct or indirect transfer or assignment of the rights of a Debtor under such contract or lease or a change, if any, in the ownership or control of a Debtor, (C) increase, accelerate, or otherwise alter any obligations or liabilities of a Debtor under such Executory Contract or Unexpired Lease, or (D) create or impose a Lien upon any property or asset of a Debtor or a Reorganized Debtor. Each such provision shall be deemed to not apply to the assumption of such Executory Contract or Unexpired Lease pursuant to the Plan and counterparties to assumed Executory Contracts or Unexpired Leases that fail to object to the proposed assumption in accordance with the terms set

forth in this Section 8.3(c) shall forever be barred and enjoined from objecting to the validity of such assumption or to the Cure Amount, and from taking any other action prohibited by the foregoing on account of transactions contemplated by the Plan

4. Effect of Assumption of Contracts and Leases

Subject to resolution of any Assumption Dispute, all Cure Amounts shall be satisfied by the Purchaser (subject to the terms of Section 2.4(d) of the Stock Purchase Agreement) or the Reorganized Debtors, as the case may be, upon assumption of the applicable contracts and unexpired leases in the ordinary course. Assumption of any Executory Contract or Unexpired Lease pursuant to the Plan, or otherwise, subject to satisfaction of the Cure Amount, shall result in the full release and satisfaction of any Claims or defaults, whether monetary or nonmonetary, including defaults of provisions restricting the change in control or ownership interest composition or other bankruptcy-related defaults, arising under any assumed Executory Contract or Unexpired Lease at any time before the effective date of the assumption. On the Effective Date (or with respect to any assumption of an Executory Contract or Unexpired Lease that becomes effective on a date after the Effective Date, the date such contract or lease assumption becomes effective), any proofs of Claim filed with respect to an Executory Contract or Unexpired Lease that has been assumed shall be deemed withdrawn without further notice to, action, order, or approval of the Bankruptcy Court or any other Entity.

5. Payment of Cure Amounts

Within thirty (30) days after the Effective Date, the Reorganized Debtors shall pay, in Cash (or as otherwise agreed or ordered by the Bankruptcy Court), all Cure Amounts related to Executory Contracts and Unexpired Leases that are assumed pursuant to this Article VIII of the Plan, other than Cure Amounts that are subject to an Assumption Dispute; *provided,* that the Reorganized Debtors shall pay all Cure Amounts that are subject to an Assumption Objection on the Effective Date within twenty-one (21) days after entry of an order by the Bankruptcy Court resolving the Assumption Dispute or approving an agreement between the parties concerning the Cure Amount. For the avoidance of doubt, funding of Cure Amounts shall be subject to sections 2.2(b), 2.3(f) and 2.4(e) of the Stock Purchase Agreement; in particular, the amount contributed by the Purchaser for payment of the Cure Amounts shall not exceed $100,000 and the Recapitalization Funding Payment shall be used by the Reorganized Debtors to pay any amounts in respect of the Cure Amounts in excess of $100,000.

a. No Admission of Liability

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

b. Reservation of Rights

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

c. Rejection Claim Bar Date

Each Claim resulting from the rejection of an Executory Contract pursuant to Section 8.2 of the Plan shall be Filed with the Bankruptcy Court no later than the Rejection Claim Bar Date. Any Claim resulting from the rejection of an Executory Contract not Filed by the applicable deadline shall be discharged and forever barred, and shall not be entitled to any Distributions under the Plan. The Distribution Trustee shall have the right to object to any rejection damage Claim. All rejection damage Claims shall be treated in Class 5 or 7, respectively, and shall be paid out of the Distribution Trust.

d. Continuing Obligations Owed to the Debtors

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

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

e. Postpetition Contracts

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

J. Provisions for Claims Resolution & Distributions

1. Right to Object to Claims

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

2. Deadline for Objecting to Claims

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

3. Deadline for Responding to Claim Objections

Within twenty-one (21) days after service of an objection, or such other date as is indicated on such objection or the accompanying notice thereof, the Creditor whose Claim was objected to must File a written response to the objection with the Bankruptcy Court and serve a copy on the Distribution Trustee. Failure to file a written response within such time period shall constitute a waiver and release of that portion of the subject Claim that was subject to the

objection, and shall constitute cause for the Bankruptcy Court to enter a default judgment against the non-responding Creditor or grant the relief requested in the Claim objection.

4. Right to Request Estimation of Claims

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

5. Distributions for Allowed Claims

a. In General

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

b. Distributions on Allowed Claims Only

Distributions from the Distribution Trust shall be made only to the Holders of Allowed Claims or in the case of Holders of Allowed Claims in Class 4 and 6, the Beneficial Holders thereof. Until a Disputed Claim becomes an Allowed Claim, the Holder of that Disputed Claim shall not receive a Distribution. Other than as specifically set forth in section 6.1(b)(i) of the Plan, Allowed Claims shall not be entitled to Distributions from any source other than the Plan Funding Payment or the Distribution Trust.

c. Method of Distributions

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

and expenses for which the Distribution Agent seeks reimbursement and the Distribution Trustee shall pay those amounts from the Trust Administration Reserve that it, in its sole discretion, deems reasonable, and shall object in writing to those fees and expenses, if any, that the Distribution Trustee deems to be unreasonable. In the event that the Distribution Trustee objects to all or any portion of the amounts requested to be reimbursed in a Distribution Agent's invoice, the Distribution Trustee and such Distribution Agent shall endeavor, in good faith, to reach mutual agreement on the amount of the appropriate payment of such disputed fees or expenses. In the event that the Distribution Trustee and a Distribution Agent are unable to resolve any differences regarding disputed fees or expenses, either party shall be authorized to move to have such dispute heard by the Bankruptcy Court.

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

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

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

Notwithstanding the foregoing, the Debtors may cause there to be established a register on which there shall be recorded the Beneficial Holders of the Claims in Class 4 and Class 6, and the New Equity Election made by any of them. The Reorganized Debtors or the Distribution Trustee, as applicable, shall make Distributions of TruPS/GUC Claims Cash Distribution Amount, the TruPS Claims Equity Distribution Amounts and/or the Distribution Trust Asset Proceeds, as the case may be, to such Beneficial Holders, or their transferees, as

recorded on such register in accordance with such transfer procedures as the Debtors may establish. The provisions of Section 7.5(c)(iv) shall similarly apply to Distributions to such Beneficial Holders or their transferees.

The Debtors and the Purchaser continue to review the mechanics for Distributions under the Plan and the Distribution Trust Agreement. Further clarifications and revisions may be made in a subsequently amended plan and all parties rights are reserved with respect to any such revisions.

d. Undeliverable Distributions

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

e. Unclaimed Distributions

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

f. Taxes; Withholding

In connection with the Plan, all parties shall comply with any applicable withholding and reporting requirements imposed by any federal, state, or local taxing authority, and all Distributions and all related agreements shall be subject to any such withholding or reporting requirements. Notwithstanding the foregoing, each Holder of an Allowed Claim or any other Person that receives a Distribution shall have responsibility for any taxes imposed by any Governmental Unit, including, without limitation, income, withholding, and other taxes, on account of such Distribution. Any party issuing any instrument or making any Distribution has the right, but not the obligation, to not make a Distribution until such Holder has made arrangements satisfactory to such issuing or disbursing party for payment of any such tax obligations. The Distribution Trustee, in the exercise of its sole discretion and judgment, may enter into agreements with taxing or other authorities for the payment of such amounts that may

be withheld in accordance with the provisions of this section. Any party entitled to receive any property as an issuance or Distribution under the Plan shall, upon request, by the Debtors or Distribution Trustee, as applicable, provide an appropriate Form W-9 or (if the payee is a foreign Person, as applicable) Form W-8. If such request is made and such party fails to comply before the date that is 180 days after the request is made, the amount of such Distribution shall irrevocably revert to the Distribution Trust, and any Claim in respect of such Distribution shall be discharged and forever barred from assertion against the Debtors, the Reorganized Debtors, the Distribution Trust and their respective property.

6. Claims Paid or Payable by Third Parties

a. Claims Paid by Third Parties

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

Any such Claim shall be expunged from the official claims register without a claims objection having to be filed and without any further notice to or action, order, or approval of the Bankruptcy Court, to the extent that the Holder receives payment in full on account of such Claim; *provided, however,* that to the extent the non-Debtor party making the payment is subrogated to such Holder's Claim, the non-Debtor party shall have a 30-calendar-day grace period to notify the Distribution Trustee of such subrogation rights and, if they are valid and enforceable, the expungement will be reversed to the extent of such subrogation rights.

b. Claims Payable by Third Parties

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

7. Foreign Currency Exchange Rate

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

8. Setoff

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

9. De Minimis Distributions

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

10. Fractional Shares

No fractional shares or number of the Offered New Equity shall be issued or distributed under the Plan. The actual Distribution of shares or number of the Offered New Equity shall be rounded to the next higher or lower whole number as follows: (i) fractions less than one-half (½) shall be rounded to the next lower whole number and (ii) fractions equal to or greater than one-half (½) shall be rounded to the next higher whole number. The total amount of shares or number of Offered New Equity to be distributed hereunder shall be adjusted as necessary to account for such rounding. No consideration shall be provided in lieu of fractional shares or numbers that are rounded down.

11. No Interest

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

1129(a)(9)(A), or 1129(a)(9)(C) of the Bankruptcy Code or as otherwise provided for under Applicable Law.

12. Special Distribution Provisions for TruPS Claims

a. Service of TruPS Indenture Trustees; In General

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

b. Distributions Relating to SRGL Exclusively Held TruPS

Notwithstanding anything to the contrary in this Plan, Distributions on account of the SRGL Exclusively Held TruPS Claims shall be made by the Distribution Trustee directly to SRGL.

c. Distributions Arising From SALIC Claims Against SRGL

Upon any distribution from the SRGL estate to the Distribution Trust in respect of the SALIC Claims, the Joint Liquidators shall apply such provisioning or withholding (if any) as they deem appropriate in accordance with their duties under Cayman Islands law.

All distributions from the SRGL estate to the Distribution Trust in respect of the SALIC Claims shall be distributed pro rata to all Holders of Allowed Claims in Classes 4, 5, 6 and 7, except for SRGL.

Notwithstanding anything contained herein, (i) any funds received by SRGL from the Distribution Trust and any distributions by SRGL on account of such funds shall be governed by, and construed in accordance with, the laws of the Cayman Islands and (ii) any funds received by the Debtors or the Distribution Trust from SRGL and any distribution from the Distribution Trust or the Debtors on account of such funds shall be subject to the terms of the Plan and the jurisdiction of the Bankruptcy Court.

13. Additional Procedures Regarding Distributions from the Distribution Trust

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

14. Allocation of Distributions between Principal and Interest

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

15. Implementation of New Equity and Cash Elections

The Plan affords New Equity Eligible Holders the opportunity to make the New Equity Election or the Cash Election and with respect to the Holder of the SFL Note Claim, deems a New Equity Election and/or Cash Election to have been made under certain circumstances.

a. Making of New Equity or Cash Election by New Equity Eligible Beneficial Holders

Each New Equity Eligible Beneficial Holder must elect to take its entire Distribution (other than for its applicable percentage of the Distribution Trust Assets Proceeds) either exclusively in the form of Offered New Equity (by making the New Equity Election) or exclusively in the form of Cash (by making the Cash Election). For the avoidance of doubt, a New Equity Eligible Beneficial Holder may not split its Distribution between New Equity and Cash.

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

b. Implementation of New Equity or Cash Election for SFL Note Claim

Notwithstanding the foregoing, with respect to Distributions to be made under the Plan on account of the Allowed SFL Note Claim:

i. If the SFL Note Claim Allowance Conditions are deemed satisfied in accordance with Section 4.3(c)(ii)(B)(1) of this Plan because the SFLST I TruPS CDO Facility Holders each have voted their respective Allocated Portions of SALIC TruPS Claims to accept the Plan, then the Holder of the Allowed SFL Note Claim shall be deemed to have made the New Equity Election and Cash Election in the manner described in Section 4.3(c)(iii)(C)(1)(a) of this Plan, subject to the SFL Receiver's right to make the SFL Bankruptcy Administration Senior Cash Election.

ii. If one or more of the SFLST I TruPS CDO Facility Holders has not voted its Allocated Portion of SALIC TruPS Claims to accept the Plan, but the Holder of the SFL Note Claim has otherwise satisfied the SFL Note Claim Allowance Conditions in accordance with Section 4.3(c)(ii)(B)(1) of this Plan, then the Holder of the Allowed SFL Note Claim shall be entitled to: (a) apply its Allowed SFL Note Claim amount entirely to the New Equity Election; (b) apply its Allowed SFL Note Claim amount entirely to the Cash Election; or (c) allocate its Allowed SFL Note Claim Amount between the New Equity Election and the Cash Election.

iii. If the SFL Note Claim Allowance Conditions are not satisfied or deemed satisfied in accordance with this Plan, then the Holder of the SFL Note Claim shall be deemed to have made the Cash Election with respect to the entire SFL Note Claim, subject to the SFL Note Claim becoming an Allowed Class 6 Claim.

K. Settlement, Discharge, Release, Injunction and Related Provisions

1. Compromise and Settlement of Claims, Interests, and Controversies

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

between the Debtors' Estates, and (iii) any disputes regarding whether and, if so, to what extent the Debtors' assets and liabilities should be pooled for voting, distribution and other purposes into a single, substantively consolidated estate.

The Debtors acknowledge that litigation over these matters likely would be expensive and protracted, thereby jeopardizing the Debtors' ability to successfully reorganize and substantially reducing any prospect of meaningful distributions for the Debtors' Creditors. Further, the Debtors acknowledge the existence of colorable arguments that could be made by parties in interest to support differing positions with respect to the foregoing matters. Although such arguments each have various factual and legal strengths and weaknesses, the timing and outcome of any attempt to litigate such disputes is not free from doubt.

By way of example, allocating asset value between the Debtors' Estates is a complex and difficult task that, in the absence of the proposed settlements embodied in the Plan, would put the Debtors' reorganization at risk. On the one hand, arguments exist that significant value from the restructuring transactions should be allocated to SHI's estate because SHI is the direct holder of 100% of the Interests in SRUS, a Delaware chartered reinsurance company. On the other hand, arguments exist that the existing Interests in SRUS have value only because of the existence of SALIC and the retrocession arrangements that exist between SALIC and SRUS.

As discussed in Section III.C.2.b. hereof, SALIC is a Cayman Islands chartered reinsurance company to which SRUS has retroceded a significant portion of its reinsurance obligations pursuant to the SRUS Retrocession Agreements. Because SRUS, as retrocedent, has retroceded a portion of its reinsurance liabilities to SALIC, as retrocessionaire, pursuant to the SRUS Retrocession Agreements, SRUS's capital and reserve requirements are materially less than they would otherwise be. Although SALIC in turn must hold capital and reserves in respect of the business it assumes from SRUS, the amount of capital held by SALIC under its jurisdictional requirements is less than would be required to be held at SRUS under SRUS's jurisdictional requirements. As such, were SRUS to not have the benefit of the SRUS Reinsurance Agreements with SALIC, SRUS would be required to hold substantially more capital than it currently holds, which requirement could cause the insolvency of SRUS. Additional historical benefits of this arrangement between SALIC and SRUS include favorable tax treatment and increased investment latitude at SALIC. SALIC, therefore, contributes in important, value-maximizing ways to Scottish Re's overall business. Given the financial setbacks that Scottish Re has experienced in recent years, it is far from clear that SRUS, as a stand-alone Delaware chartered reinsurer, would be viable as a going concern without the ability to continue its retrocession relationship with SALIC.

Assuming that SALIC contributes value to the overall Scottish Re enterprise through its performance under the SRUS Retrocession Agreements and other means, the extent of that contribution is not readily quantifiable. Without SALIC, SRUS—and by extension SHI—might have little or no value and become subject to adverse regulatory action. On the other hand, it is conceivable that SHI might have independent value to a transaction partner that already has the offshore reinsurance platform in place to supplant SALIC in the role it currently occupies.

After due deliberation and consideration of various alternatives for implementing Distributions to Holders of Allowed Claims under the Plan, the Debtors have determined in the exercise of their sound business judgment that it would be prohibitively difficult and expensive to attempt an allocation of the Plan Funding Payment and other available assets between the Debtors' Estates. Taking into account the time constraints under which these Chapter 11 Cases are being conducted, the relatively small amount of funds relative to the size of the overall pools of Claims subject to compromise under the Plan and the aforementioned expense and difficulty of attempting an allocation of distributable value between the Debtors' Estates, the Debtors propose the following Plan settlement as in the best interests of their respective Estates, Creditors and other parties in interest:

- For purposes of voting on and confirmation of the Plan, the Debtors' Chapter 11 Cases and Estates shall be deemed entirely separate, with each Debtor continuing to have separate classes of Claims and Interests, consisting of only Claims against or Interests in, as applicable, that specific Debtor. For the avoidance of doubt, pursuant to Section 5.8 of the Plan, each Debtor does reserve the right to collapse separate classes of Claims against that particular Debtor, and the Debtors reserve the right to seek Confirmation on a "per plan" basis as set out in Section 5.5 of the Plan.

- For purposes of Distribution under the Plan, Holders of Allowed SHI TruPS Claims (Class 4), Allowed SHI General Unsecured Claims (Class 5), Allowed SALIC TruPS Claims (Class 6) and Allowed SALIC General Unsecured Claims (Class 7), in full and final satisfaction, discharge and release of such Claims, will receive Distribution Trust Assets on a ratable basis without regard to whether such Claims originated against SHI or SALIC. As such, eventual Distributions of the Distribution Trust Assets or proceeds thereof likewise will not take into account whether a given Distribution Trust Asset was received on account of an Allowed Claim against SHI or SALIC.

- Under this settlement construct, any guarantees by SALIC of the payment, performance or collection of obligations of SHI (e.g., any TruPS Parent Guarantees provided by SALIC) shall not be disregarded and shall be treated as separate obligations of SALIC that give rise to separate and distinct Claims against SALIC. For the avoidance of doubt, under the terms of the Plan, the Holders of such Claims are entitled only to receive Distribution Trust Assets and, from and after the Effective Date, shall have no rights or claims against the Reorganized Debtors or their respective property or interests in property.

- For the avoidance of doubt, the Plan provides that Intercompany Claims shall not receive a Distribution of Distribution Trust Assets and shall not otherwise be entitled to any of the Distribution Trust Assets. Instead,

Intercompany Claims shall be paid, adjusted, continued, settled, reinstated, discharged, eliminated, or otherwise managed, in each case to the extent determined to be appropriate by the applicable Debtor(s) or Reorganized Debtor(s) and certain of their non-debtor Affiliates.

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

Under section l123(b)(3)(A) of the Bankruptcy Code and Rule 9019 of the Bankruptcy Rules, a settlement should be approved if it represents a reasonable compromise that is in the collective best interests of all constituencies in light of the risks of continued litigation. The settlement need not afford the best possible recovery to any particular constituency, but instead need only represent a recovery that falls within a reasonable range of litigation possibilities. The Debtors believe that the foregoing settlement, which does not allow either SALIC or SHI Creditors to receive all that they would like to receive, falls within a reasonable range of litigation outcomes and is in the collective best interest of all stakeholders in light of the costs, delay, and risks of litigation.

2. Releases by the Debtors in Favor of Third Parties

As of the Effective Date, for good and valuable consideration, the adequacy of which is hereby confirmed, the Debtors, the Reorganized Debtors, and any Person or Entity seeking to exercise the rights of the Estates, including, without limitation the Distribution Trust, the Distribution Trustee, any successor to the Debtors or any Estate representative appointed or selected pursuant to section 1123(b)(3) of the Bankruptcy Code, hereby forever release, waive and discharge, and shall be deemed to forever release, waive, and discharge each of the Released Parties from any and all Claims, obligations, suits, judgments, damages, demands, debts, rights, causes of action, and liabilities whatsoever, whether liquidated or unliquidated, fixed or contingent, matured or unmatured, known or unknown, foreseen or unforeseen, then existing or thereafter arising, in law, at equity, or otherwise, that are based in whole or in part on any act, omission, transaction, event or other occurrence taking place on or prior to the Effective Date in any way relating to the Debtors, the conduct of the Debtors' business, the Chapter 11 Cases, the Disclosure Statement, the Plan, or other documents implementing the Plan, provided, however, that nothing in Section 10.2 of the Plan shall be deemed to release, or otherwise to prohibit the Reorganized Debtors or the Distribution Trustee from asserting and enforcing,

any Claims, obligations, suits, judgments, demands, debts, rights, causes of action, or liabilities any of them may hold related to, or arising out of, the Plan, the DT Post-Closing Rights, the SALIC Claims, the Retained Causes of Action (solely as to the Reorganized Debtors), Causes of Action that are Distribution Trust Assets (solely as to the Distribution Trustee), the Stock Purchase Agreement, the Restructuring Implementation Agreement, the Distribution Trust Agreement, and the other documents implementing the Plan, provided, further, that nothing in Section 10.2 of the Plan (i) shall be deemed to release, or otherwise to prohibit the Reorganized Debtors or the Distribution Trustee, or anyone claiming through them from enforcing any confidentiality or non-disclosure agreement or any Claim, right or cause of action related thereto, (ii) shall be deemed to release, impair, or otherwise affect any parties' rights or interests under any Executory Contract or Unexpired Lease that is assumed by the Reorganized Debtors, and all such rights and interests shall be unaffected by the Plan and Section 10.2 (subject, however, to the effects of Section 8.3(a), (c), and (h) of the Plan); (iii) shall be deemed to release any Intercompany Claims; (iv) shall be deemed to release any Causes of Action specifically identified in the Plan as Distribution Trust Assets; or (v) shall be deemed to release any Claims or liabilities arising out of or relating to any act or omission of a Released Party that constitutes willful misconduct, actual fraud, or gross negligence as determined by a Final Order; or (vi) shall be deemed to release any Person's rights under the Plan.

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

3. Releases by Holders of Claims and Interests

In furtherance of the release provisions of the Plan, **to the fullest extent permitted by law and except as otherwise specifically provided in the Plan, for good and valuable consideration, including the contributions of the Released Parties in facilitating the expeditious reorganization of the Debtors and the implementation of the restructuring contemplated by the Plan, effective as of the Effective Date, (i) Holders of Claims who vote to accept the Plan, (ii) Holders of Claims who are Unimpaired under the Plan, (iii) Holders of Claims entitled to vote on the Plan who do not submit a ballot and do not timely object to or opt-out of the releases, and (iv) each of the Purchaser, the Joint Liquidators, SRGL, and for each of the foregoing, their respective Representatives (other than with respect to SRGL and the SRGL Equity Holders), hereby release, waive and discharge, and shall be deemed to forever release, waive, and discharge the Released Parties of any and all Claims, obligations, suits, judgments, damages, demands, debts, rights, causes of action, and**

liabilities whatsoever in connection with or related to the Debtors, whether liquidated or unliquidated, fixed or contingent, matured or unmatured, known or unknown, foreseen or unforeseen, then existing or thereafter arising, in law, at equity, or otherwise, including those that any of the Debtors, the Reorganized Debtors, the Estates, or their Affiliates would have been legally entitled to assert in their own right (whether individually or collectively) or on behalf of the Holder of any Claim or Interest or other Entity based on or relating to, or in any manner arising from, in whole or in part, the Debtors, the conduct of the Debtors' business, the Chapter 11 Cases, the Disclosure Statement, the Plan or the documents implementing the Plan, and the negotiation, formulation, or preparation thereof, the solicitation of votes with respect to the Plan, the subject matter of, or the transactions or events giving rise to, any Claim or Interest that is treated in the Plan, the business or contractual arrangements between any of the Debtors and any Released Party, the restructuring of Claims and Interests prior to or in the Chapter 11 Cases, or upon any other act or omission, transaction, agreement, event or other occurrence taking place on or before the Effective Date, other than Claims or liabilities arising out of or relating to any act or omission of a Released Party that constitutes willful misconduct, actual fraud, or gross negligence as determined by a Final Order. Notwithstanding the foregoing, nothing in Section 10.3 of the Plan, shall cause a release, waiver or discharge of SFL from any Claim against it under the SFLST I TruPS Documents.

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

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

Entry of the Confirmation Order shall constitute the Court's approval, pursuant to Bankruptcy Rule 9019, of the Releases by Holders of Claims and Interests described in this Article VI.H.3, which includes by reference each of the related provisions and definitions contained herein, and, further, shall constitute the Court's finding that such releases are: (1) in exchange for the good and valuable consideration provided by the Released Parties; (2) a good faith settlement and compromise of the Claims released by such releases; (3) in the best interests

of the Debtors and all Holders of Claims and Interests; (4) fair, equitable and reasonable; (5) given and made after due notice and opportunity for hearing; and (6) a bar to any of the Releasing Parties asserting any Claim or Cause of cation released pursuant to such releases.

4. Discharge and Discharge Injunction

a. Discharge of Claims

On and after the Effective Date: (a) the rights afforded in the Plan and the treatment of all Claims and Interests shall be in exchange for and in complete satisfaction, discharge, and release of all Claims and Interests of any nature whatsoever, including any interest accrued on such Claims from and after the Petition Date, against the Debtors, the Reorganized Debtors or any of their assets, property, or estate; (b) the Plan shall bind all Holders of Claims and Interests, notwithstanding whether any such Holders failed to vote to accept or reject the Plan or voted to reject the Plan; (c) all Claims and Interests shall be satisfied, discharged, and released, and the Debtors' and Reorganized Debtors' liability with respect thereto shall be extinguished completely, including any liability of the kind specified under Bankruptcy Code section 502(g); and (d) all entities shall be precluded from asserting against the Debtors, the Reorganized Debtors, the Estates, the Distribution Trust, the Distribution Trustee their successors and assigns, and their assets and properties any other Claims or Interests based upon any documents, instruments, or any act or omission, transaction, or other activity of any kind or nature that occurred prior to the Effective Date, provided, however, that the foregoing discharge shall not apply to ability of Holders of Allowed Claims to recover from the Distribution Trust on account of such Allowed Claims and/or Interests, all in accordance with the terms of the Plan and Distribution Trust Agreement.

b. Discharge and Plan Injunctions

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

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

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

5. Exculpation

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

The exculpations contained in the Plan are appropriate and are standard in a Chapter 11 Cases. The exculpations are appropriately limited in scope, applying only to acts and omissions occurring after the Petition Date and in connection with the Chapter 11 Cases or the Plan and conferring only a qualified immunity by excluding acts or omissions which are the result of fraud, gross negligence or willful misconduct. Moreover, these exculpations have, in

the Debtors' view, been earned. The beneficiaries of the exculpations have made significant contributions to the Debtors' reorganization, which contributions have allowed for the formulation of the Plan which resolves many complicated issues between the Debtors and other interested parties and which, in the Debtors' view, provides for the best possible recoveries for Claims against the Debtors. In the Debtors' view, the beneficiaries of the exculpations would not have contributed as they did without the prospect of the limited immunity reflected in the exculpations. The Debtors are also unaware of any valid Causes of Action against any of the beneficiaries of the exculpations. In view of the foregoing, the exculpations are appropriate and in the best interests of the Estates.

6. Post-Effective Date Indemnification

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

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

For a period of six (6) years from and after the Closing Date, to the extent that the Indemnified D&O Parties are not otherwise covered as insureds under an existing policy of directors' and officers' liability insurance in accordance with the requirements set forth in Section 5.8(b) of the Stock Purchase Agreement, Purchaser shall cause the SALIC Group Companies to maintain in effect policies of directors' and officers' liability insurance comparable to those maintained by the SALIC Group Companies or SRGL with respect to matters existing or occurring at or prior to the Closing Date; provided, that Purchaser or the SALIC Group Companies may substitute therefor policies of at least the same coverage containing terms and conditions that are not less advantageous than the existing policies (including with respect to the period covered); provided, further, that in lieu of maintaining the current policies of directors' and officers' liability insurance, Purchaser may (or may cause the SALIC Group Companies to) purchase "tail" coverage or otherwise replace such policies with coverage with a scope, policy limits and retained coverage not less favorable than the scope, policy limits and retained coverage currently provided. Notwithstanding the foregoing, at Purchaser's direction and in satisfaction of Purchaser's obligations under Section 5.8(b) of the Stock Purchase Agreement, SALIC shall obtain such "tail" coverage in respect of SALIC's existing policy of directors' and officers' liability insurance identified in Section 3.15 of the SALIC Disclosure Schedules (Policy No. ELU154535-18) on terms acceptable to Purchaser, to

be effective as of the Closing Date, provided that the cost of such coverage shall be funded from unrestricted Cash.

L. Conditions Precedent to Confirmation of the Plan and Occurrence of the Effective Date

1. Conditions to Confirmation

The Confirmation Order will not be effective unless the final version of the Plan, Plan Supplement, and any other documents, or schedules thereto, including the filed Confirmation Order, shall have been filed in form and substance acceptable to the Purchaser in its reasonable discretion, and the Restructuring Implementation Agreement shall not have been terminated and shall be in full force and effect.

2. Conditions to Effectiveness

Unless the following conditions (except with respect to the Distribution Trust Agreement and the Restructuring Implementation Agreement) are waived by the Purchaser, the Plan will not be effective unless: (a) the conditions to Confirmation above have either been satisfied, or (except with respect to the Restructuring Implementation Agreement) waived by the Purchaser; (b) the Confirmation Order has been entered by the Bankruptcy Court, is not subject to appeal, and no stay or injunction is in effect with respect thereto; (c) the Closing shall have occurred or shall occur simultaneously with the Effective Date; (d) the Purchaser shall acquire the New Equity (subject to the New Equity Election), directly or indirectly, free and clear of all Liens, Claims, and Interests and in accordance with the Plan; (e) the Distribution Trust Agreement shall have been executed by all parties thereto; (f) the Restructuring Implementation Agreement shall not have been terminated and shall be in full force and effect; and (g) the Purchaser shall have demonstrated to the reasonable satisfaction of the Debtors and the Official Committee that all actions have occurred or will occur on or before the Effective Date necessary to fund the Plan Funding Payment to the Distribution Trust and the Recapitalization Funding Payment to Reorganized SALIC, each as provided in the Plan and the Stock Purchase Agreement; and (h) all governmental, judicial, and third party approvals and consents that are required in connection with the transactions contemplated by the Plan, including regulatory approvals of the transaction in Delaware by the Delaware DOI in accordance with Chapter 101 of Title 29 and Chapter 50 of Title 18 of the Delaware Code Annotated, the Cayman Islands, Bermuda, and Ireland, shall have been obtained, not subject to unfulfilled conditions, and shall be in full force and effect.

M. Modification, Revocation or Withdrawal of the Plan

The Plan may be amended, modified, or supplemented by the Debtors, subject to the terms of the Stock Purchase Agreement and the Restructuring Implementation Agreement, in the manner provided for by section 1127 of the Bankruptcy Code or as otherwise permitted by law, without additional disclosure pursuant to section 1125 of the Bankruptcy Code, except as otherwise ordered by the Bankruptcy Court. In addition, after the Confirmation Date, so long as

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

N. Retention of Jurisdiction

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

O. Miscellaneous Provisions

1. Legally Binding Effect

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

2. Exemption from Transfer Taxes

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

3. Securities Exemption

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

4. Defects, Omissions and Amendments of the Plan

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

5. Due Authorization by Creditors

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

6. Filing of Additional Documentation

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

7. Dissolution of the Official Committee

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

8. Governing Law

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

9. Successors and Assigns

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

10. Transfer of Claims

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

11. Notices

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

(a) If to the Debtors, at:

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

with copies to:

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

-and-

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

gwerkheiser@mnat.com
mharvey@mnat.com

-and-

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

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

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

with a copy to:

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

(c) If to the Official Committee, at:

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

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

12. U.S. Trustee Fees and Reports

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

13. Implementation

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

14. No Admissions

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

15. SRGL Consent Rights Reserved

For the avoidance of doubt, all SRGL Consent Rights relating to Specified Restructuring Documents are reserved in their entirety. Nothing herein shall affect SRGL's rights under the Restructuring Implementation Agreement, all of which are incorporated herein by reference, including in respect of the Restructuring Documents and the Specified

Restructuring Documents. Without limiting the generality of the foregoing, (a) the Restructuring Documents shall, unless otherwise expressly indicated in the Restructuring Implementation Agreement, be consistent in all material respects with the Restructuring Implementation Agreement, and (b) the Specified Restructuring Documents shall be consistent in all material respects with the Restructuring Implementation Agreement and subject to the SRGL Consent Rights. Notwithstanding anything to the contrary in the Restructuring Implementation Agreement, nothing set forth in the Restructuring Implementation Agreement or this Plan shall operate as a waiver or release of (i) the Admitted SALIC/SRGL Revolver Claim; (ii) the SALIC Claims; or (iii) any Causes of Action against the SRGL Equity Holders.

16. Substantial Consummation

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

17. Final Decree

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

VIII. ALTERNATIVES TO CONFIRMATION AND CONSUMMATION OF THE PLAN

The Debtors believe that the sale and restructuring contemplated by the Plan maximizes value for Holders of Allowed Claims. Prior to filing these Chapter 11 Cases, the Debtors considered (a) whether they could borrow enough funds to meet deferred TruPS interest charges due in the first quarter of 2018 and still have enough capital to operate; (b) a complete equitization plan whereby SALIC would simply distribute 100% of the equity of the Reorganized Debtors to Holders of Allowed Claims; and (c) liquidation.

If the Plan is not confirmed, there are no available alternatives to the Plan that will prevent conversion of these Chapter 11 Cases to liquidation cases under chapter 7 of the Bankruptcy Code. This is because, if the transaction contemplated by the Plan does not occur as a result of the Plan failing to receive the requisite votes and, thus, failing to be confirmed, or as the result of the Plan failing for other reasons, the Debtors are unlikely to have enough available cash or assets to persist through a second effort to devise another chapter 11 plan and to take the action necessary to confirm such an alternative chapter 11 plan. In addition, even if the Debtors were able to fund the afore-mentioned actions with respect to a second effort to confirm a chapter 11 plan, the Debtors are unlikely to have the cash or assets necessary to continue operating in chapter 11 through the period of time, which could be several months, that would be necessary to obtain regulatory approval of an alternative plan. Moreover, as explained herein, the Debtors have considered a variety of options for restructuring and do not believe that any alternative to the Plan is viable, other than liquidation, as described below.

In respect of (a), the Debtors concluded they did not have sufficient projected cash flow to borrow the requisite amount feasible. In connection with (b), the Debtors concluded (i) that the reorganized company would require a significant infusion of capital; and (ii) that whoever provided that capital would do so only in return for the vast majority of the voting stock of Reorganized Debtors, thereby leaving the Holders of Allowed Claims only a *de minimis* and potentially illusory recovery. Notwithstanding those conclusions, in connection with the Auction, the Debtors remained open to receiving alternative proposals in the nature of loans or capital infusions that might make equitization possible.

Liquidation, either piecemeal or of the entire company, would trigger a significant increase in Claims against the Debtors. As a result of the increase in Claims that would be asserted in a liquidation of the Debtors, the *pro rata* distribution of the Debtors' assets in payment of all Claims in a liquidation would be significantly less than the Distribution the Debtors anticipate paying to Holders of Allowed Claims under the Plan.

Claims against SALIC would proliferate in a liquidation of the Debtors because, *inter alia*, liquidation would result in rejection and breach by SALIC of its reinsurance obligations to its cedents, including SRUS. Rejection of SALIC's Reinsurance Treaties would result in large and difficult to quantify rejection damages claims by third party cedents and SRUS. Moreover, SRUS would be forced to recapture the risks previously transferred to SALIC under the SRUS Retrocession Agreements. As a result of this recapture, the capital requirements imposed on SRUS by relevant insurance laws and regulations would substantially increase. Because SRUS lacks the capital necessary to meet such increased capital requirements, seizure of SRUS by the Delaware DOI would be virtually inevitable for the reasons discussed below.

The Delaware Insurance Code and Delaware insurance regulations require that insurers maintain adequate capital and surplus, and as a monitoring tool, require that these insurers calculate and report their "risk based capital" ("RBC") levels to the Delaware DOI. The Delaware Insurance Code defines RBC as the amount of capital that each insurer is required to calculate and report, and defines certain RBC "levels" to monitor the financial safety of an insurer. Each RBC level implicates a corresponding level of intervention statutorily required by the Delaware DOI. The Delaware Insurance Code defines "authorized control level RBC" as the amount that each insurer is required to calculate based upon its existing liabilities and to report to the Delaware DOI, and defines other "levels" that are based on multiples of authorized control level RBC. SRUS's authorized control level RBC for year end 2017 was 382%. If the SRUS Retrocession Agreements with SALIC were rejected, as would be the case in a liquidation of the Debtors, it is anticipated that SRUS's RBC would fall below "mandatory control level" RBC, which is 70% or less of authorized control level RBC (defined as a "mandatory control level event"). Upon the occurrence of such mandatory control level event, the Delaware DOI is statutorily required to seize SRUS for purposes of rehabilitation or liquidation.

Seizure of SRUS in either a rehabilitation or liquidation proceeding by the Delaware DOI would in turn trigger another substantial increase in claims against SALIC because the seizure of SRUS would trigger claims under the SALIC-SRUS Net Worth

Maintenance Agreement by SRUS's creditors, including the Delaware DOI as receiver for SRUS, for the inevitable shortfall in payments to creditors in the SRUS insolvency proceedings.

Prior to filing, the Debtors performed projections to compare anticipated distributions to Holders of Allowed Claims under the proposed plan with projected distributions to Holders of Allowed Claims in a liquidation that occurred at or about the filing date using corporate liquidity as the hypothetical source of liquidation distributions. The Debtors projected that Holders of Allowed Claims would receive one-third to one-half of the distributions projected under the Plan due to the increase in reinsurance and net worth maintenance claims described above. As set forth below, a hypothetical chapter 7 liquidation in the near future would result in even lower recoveries for Holders of Allowed Claims because Available Cash has been and will continue to be consumed as a result of costs of operation, professional fees and the cost of meeting SALIC reinsurance obligations during the pendency of the Chapter 11 Cases.

IX. RISK FACTORS

THE IMPLEMENTATION OF THE PLAN IS SUBJECT TO A NUMBER OF MATERIAL RISKS, INCLUDING THOSE ENUMERATED BELOW. IN EVALUATING WHETHER TO VOTE TO ACCEPT OR REJECT THE PLAN, HOLDERS OF ALLOWED CLAIMS AGAINST THE DEBTORS SHOULD READ AND CAREFULLY CONSIDER THE RISK FACTORS SET FORTH BELOW, AS WELL AS THE OTHER INFORMATION SET FORTH IN THIS DISCLOSURE STATEMENT (AND THE DOCUMENTS DELIVERED TOGETHER HEREWITH AND/OR INCORPORATED BY REFERENCE HEREIN), BEFORE DECIDING WHETHER TO VOTE TO ACCEPT OR REJECT THE PLAN. THESE RISK FACTORS SHOULD NOT, HOWEVER, BE REGARDED AS CONSTITUTING THE ONLY RISKS ASSOCIATED WITH THE PLAN AND ITS IMPLEMENTATION, OR ALTERNATIVES TO THE PLAN.

A. Certain Bankruptcy Law Considerations

1. Non-Confirmation of the Plan and Non-Occurrence of the Effective Date

The Distributions to Holders of Allowed Claims are dependent upon the successful Confirmation and consummation of the Plan. Failure of either event to occur in a timely manner could adversely affect the Distributions to Holders of Allowed Claims, as the Debtors' ability to fund their operations may be harmed by protracted bankruptcy proceedings and such delays may reduce the amount of net Cash available to fund Distributions to Holders of Allowed Claims. As noted below, failure to confirm and consummate the Plan on or before the Outside Closing Date (as defined in the Stock Purchase Agreement and currently projected to be December 9, 2018) gives the Purchaser the right to terminate the Stock Purchase Agreement and walk away from the transaction.

Section 1129 of the Bankruptcy Code sets forth the requirements for confirmation and requires, among other things, that Confirmation of the Plan not be followed by a need for

further financial reorganization and that the value of Distributions to dissenting creditors and shareholders not be less than the value of distributions such creditors and shareholders would receive if the Debtors were liquidated under Chapter 7 of the Bankruptcy Code.

Although the Debtors believe that the Plan will satisfy all requirements for Confirmation under the Bankruptcy Code, there can be no assurance that the Bankruptcy Court will reach the same conclusion. Moreover, there can be no assurance that modifications to the Plan will not be required for Confirmation or that such modifications will not be sufficiently material as to necessitate the re-solicitation of votes on the Plan.

In the event that any Class of Claims entitled to vote fails to accept the Plan in accordance with section 1126(c) and 1129(a)(8) of the Bankruptcy Code, the Debtors, subject to the terms of the Plan and the Stock Purchase Agreement reserve the rights: (a) to request that the Bankruptcy Court confirm the Plan in accordance with section 1129(b) of the Bankruptcy Code; and/or (b) to modify the Plan in accordance with Sections 5.5 and 12.4 thereof. While the Debtors believe that the Plan satisfies the requirements for non-consensual Confirmation under section 1129(b) of the Bankruptcy Code, because it does not "discriminate unfairly" and is "fair and equitable" with respect to the Classes that reject or are deemed to reject the Plan, there can be no assurance that the Bankruptcy Court will reach the same conclusion. There can be no assurance that any such challenge to the requirements for non-consensual Confirmation will not delay the Debtors' emergence from Chapter 11 or prevent Confirmation of the Plan.

Moreover, there can be no assurance with respect to timing of the Effective Date. The occurrence of the Effective Date is subject to certain conditions precedent as described in Section 9.2 of the Plan and in the Stock Purchase Agreement. In particular, the Plan and the Stock Purchase Agreement make regulatory approvals of the transaction in Delaware by the Delaware DOI in accordance with Chapter 101 of Title 29 and Chapter 50 of Title 18 of the Delaware Code Annotated, the Cayman Islands, Bermuda and Ireland conditions precedent to the Purchaser's obligation to close and to consummation of the Plan. There can be no assurances that such regulatory approvals will be granted or that such approvals will be timely. Under the Stock Purchase Agreement, the Purchaser has the right to walk away if all conditions precedent, including Confirmation of the Plan and all regulatory approvals, do not occur on or before the Outside Closing Date (as defined in the Stock Purchase Agreement).

If the Confirmation Order is vacated, (a) the Plan shall be null and void in all respects; (b) any settlement of Claims provided for in the Plan shall be null and void without further order of the Bankruptcy Court; and (c) the time within which the Debtors may assume and assign or reject all Executory Contracts and Unexpired Leases shall be extended for a period of one hundred twenty (120) days after the date the Confirmation Order is vacated.

If the Effective Date of the Plan does not occur, there can be no assurance that the Bankruptcy Case will continue rather than be converted to a Chapter 7 liquidation case or that any alternative plan of reorganization would be on terms as favorable to the Holders of Claims against the Debtors as the terms of the Plan.

If the Plan is not confirmed, SALIC would have to be liquidated either in chapter 11 or chapter 7. Such liquidation would result in the immediate termination of SALIC's reinsurance agreements and would cause all cedents, including SRUS, to "recapture" all of the business previously ceded to SALIC. Once the recaptured business is returned to the books of SRUS, SRUS would be required to maintain increased reserves to support those liabilities. As a result of the increased reserves coupled with the increase in required capital, SRUS's RBC level would plummet to a level mandating an immediate and irreversible seizure of SRUS by the Delaware DOI.

If such a seizure of SRUS by the Delaware DOI were to occur, there would be a substantial increase in claims against SALIC because: (i) the seizure of SRUS would trigger claims under the SALIC-SRUS Net Worth Maintenance Agreement by SRUS's creditors, including the Delaware DOI as receiver for SRUS and SRUS's ceding company creditors; and (ii) liquidation of SALIC would result in the termination and recapture of all SRUS and third party reinsurance treaties with SALIC. As SALIC would no longer be able to perform under such treaties, all of SALIC's cedents, including SRUS through its receiver (and separate from the SALIC-SRUS Net Worth Maintenance Agreement claims described above), would be able to assert substantial termination claims for the loss of coverage under the terminated treaties.

The Debtors have calculated the percentage of distributions to the TruPS if the restructuring and sale moves forward, as compared to the distribution percentage that would be paid equally and ratably to the TruPS and SALIC's reinsurance creditors if SALIC is not sold and instead was to liquidate. If the sale does not occur, claims against SALIC would increase dramatically because of the seizure of SRUS, which would trigger the increase in claims (as described above). As a result of this increase in claims, *pari passu* distributions to all creditors would be substantially lower than the Plan will provide to TruPS Holders, as evidenced by the Liquidation Analysis annexed hereto.

2. Non-Consensual Confirmation

In the event that any impaired class of claims or equity interests does not accept or is deemed not to accept a plan of reorganization, a bankruptcy court may nevertheless confirm such plan at the proponent's request if at least one impaired class has voted to accept the plan (with such acceptance being determined without including the vote of any "insider" in such class), and as to each impaired class that has not accepted the plan, the bankruptcy court determines that the plan "does not discriminate unfairly" and is "fair and equitable." Should any Class vote to reject the Plan, then these requirements must be satisfied with respect to such rejecting Classes. The Debtors believe that the Plan satisfies these requirements.

3. Parties in Interest May Object to the Debtors' Classification of Claims and Interests

Section 1122 of the Bankruptcy Code provides that a debtor may place a claim or an equity interest in a particular class under a plan only if such claim or equity interest is substantially similar to the other claims or equity interests in such class. The Debtors believe that

the classification of Claims and Interests in the Plan complies with the Bankruptcy Code requirements because the Debtors classified Claims and Interests, each encompassing Claims or Interests, as applicable, that are substantially similar to the other Claims and Interests in each such Class. Nevertheless, there can be no assurance that the Bankruptcy Court will reach the same conclusion.

4. Claims Could Be More Than Projected

There can be no assurance that the estimated Allowed amount of Claims in certain Classes will not be significantly more than projected, which in turn, could cause the value of distributions to creditors to be reduced substantially. Inevitably, some assumptions will not materialize, and unanticipated events and circumstances may affect the ultimate results. Certain Claims asserted against the Debtors are contingent and unliquidated and are the subject of potential litigation against the Debtors and/or non-Debtors. These potential litigations involve contingencies and uncertainties, such as the apportionment of liability among the Debtors and the co-defendants. The resolution and/or estimation of these claims for distribution purposes could have a material effect on the estimated recoveries set forth herein. Therefore, the actual amount of Allowed Claims may vary from the Debtors' projections and feasibility analysis, and the variation may be material.

5. Amounts Available for Distribution Could Differ

The recovery on account of general unsecured claims depends on the amount of funds in the Available Plan Funding Payment. The estimate of available funds relies on numerous estimates and assumptions, including estimates of the total amount of the Debtors Administrative Claims and the assumptions regarding the ongoing performance of the Debtors' businesses and operating expenses. While the Debtors believe that their assumptions and estimates are reasonable, unanticipated or unforeseen events could occur which could result in such estimates materially increasing or decreasing.

B. Risks Related to Regulation of the Debtors and Their Reinsurance Subsidiaries

The Debtors and their subsidiaries operate in many jurisdictions around the world and a substantial portion of their operations occur outside of the United States. The Debtor's reinsurance subsidiaries are subject to government regulation in each of the jurisdictions in which they are licensed or authorized to do business. SALIC is regulated in the Cayman Islands by CIMA; SRUS is regulated by the Delaware DOI and each other U.S. jurisdiction where it is licensed or accredited; SRD is regulated by the Central Bank of Ireland; and SRLB is regulated by the Bermuda Monetary Authority.

As further described in Section IX.B.1. (below), the restructuring transaction and, therefore, the Debtors' ability to consummate the Plan, is conditioned on certain regulatory approvals. The risks associated with the failure or inability of the Debtors, and Purchaser and

their relevant affiliates to obtain the approvals on which the restructuring transactions are conditioned are covered in Section IX.B.1. hereof.

As further described in Section IX.B.2., after consummation of the Plan and the restructuring transaction, the Debtors' equity may be exposed to a variety of risks resulting from the highly regulated nature of the Debtors' business. Although the Purchaser, and not SRGL, is anticipated to be the owner of the Debtors upon the Effective Date of the Plan and consummation of the restructuring transaction, regulation of the Debtors and their subsidiaries will continue to affect the Debtors after the Effective Date in ways that may affect the value of the Debtors' equity. The risks associated with the continued regulation of the Debtors and their regulated subsidiaries are covered in Section IX.B.2. hereof.

1. The Plan Consummation and the Restructuring Transaction Depend Upon Certain Regulatory Approvals, and There Can Be No Assurance that Such Approvals Can Be Obtained

a. Consummation of the Plan and Achievement of the Restructuring Transaction is Conditioned on Delaware and Foreign Regulatory Approvals

The Stock Purchase Agreement provides that the Purchaser may terminate the Stock Purchase Agreement if any governmental authority enjoins or otherwise prohibits the consummation of the transaction or any material portion thereof. In addition, the Stock Purchase Agreement provides that receipt of (i) of necessary approvals from the Cayman Islands Court and the Bermuda Court and (ii) all regulatory approvals from the relevant insurance regulators and other governmental authorities will be conditions precedent to the obligations of the Purchaser to consummate the Stock Purchase Agreement.

In particular, among other conditions precedent, the Stock Purchase Agreement conditions the Purchaser's obligation to consummate the transactions contemplated by the Plan on receipt of the approval or non-objection of the following insurance regulators:

- The Delaware DOI (with respect to the acquisition of control of SRUS);
- The Cayman Islands Monetary Authority (with respect to the acquisition of control of SALIC);
- The Central Bank of Ireland (with respect to the acquisition of control of SRD; and
- The Bermuda Monetary Authority (with respect to the acquisition of control of SRLB)

In order to obtain the approval of the Delaware DOI, the Purchaser and its controlling persons must submit an application for approval to acquire control of SRUS. In addition, the Commissioner of the Delaware DOI or his designee will conduct a public hearing in Delaware to consider the application. Under Delaware law, the Commissioner must approve the application unless, after the public hearing, the Commissioner finds that:

- After the change of control, SRUS would not be able to satisfy the requirements for the issuance of a license to write the line or lines of insurance for which it is presently licensed;

- The effect of the acquisition of control would be substantially to lessen competition in insurance in Delaware or tend to create a monopoly therein;

- The plans or proposals which the Purchaser and its controlling persons has to liquidate SRUS, sell its assets or consolidate or merge it with any person, or to make any other material change in its business or corporate structure or management, are unfair and unreasonable to policyholders of SRUS and not in the public interest;

- The competence, experience and integrity of those persons who would control the operation of SRUS are such that it would not be in the interest of policyholders of the insurer and of the public to permit the merger or other acquisition of control; or

- The acquisition is likely to be hazardous or prejudicial to the insurance buying public.

The insurance regulators in the Cayman Islands, Ireland and Bermuda are likely to consider these or similar factors in connection with their consideration of whether to approve or otherwise object to the acquisition of control of SALIC, SRD and SRLB, respectively.

There can be no assurances that such regulatory approvals will be granted or that such approvals will be timely. Any delay in consummating the transactions embodied by the Plan due to governmental or regulatory approvals processes, or failure to obtain such approvals, could prolong the Chapter 11 Cases (or result in a liquidation of the Debtors), and reduce recoveries available to creditors.

In addition, the Stock Purchase Agreement permits the Purchaser to not consummate the Plan or the restructuring transaction if, as a condition to approving the regulatory application, the insurance regulator imposes a "burdensome condition," which is defined as (i) a material negative effect on the business or the assets, liabilities, properties, operations, results of operations or condition (financial or otherwise) of SALIC or its subsidiaries or Purchaser or any of their respective affiliates; (ii) any requirement to sell, divest, operate in a specified manner, hold separate or discontinue or limit, before or after the closing date, any

material assets, liabilities, businesses, operations, or interest in any assets or businesses of Purchaser or SALIC or its subsidiaries or any of their respective affiliates; or (iii) any requirement relating to contribution of capital, keep-well or capital maintenance arrangements or maintaining risk based capital level or any restrictions on dividends or distributions. A "burdensome condition" will not include any requirement to allocate all or any portion of the Recapitalization Funding Payment to SALIC or one or more particular subsidiaries thereof or any restriction, condition, limitation or requirement imposed by a governmental authority that was in effect as of June 11, 2018 and disclosed to the Purchaser. There can be no assurances that one or more insurance regulators will not impose conditions that would be considered a burdensome condition for purposes of the Stock Purchase Agreement.

b. The SRGL Winding Up Proceeding Poses Risks to Plan Consummation and Distributions on Allowed Claims

The Distribution under the Plan to SRGL will represent approximately one-third of the funds available for Distribution to holders of Allowed Claims. The Admitted SALIC/SRGL Revolver Claim asserted by SALIC against SRGL in the SRGL Winding Up Proceeding is believed by the Debtors, based on conversations with the Joint Liquidators, to be by far the largest general unsecured claim asserted in the Winding Up Proceeding. As a result, the Debtors believe that most of the Distribution to be made under the Plan to SRGL will return to the Distribution Trust in the form of an interim and final distribution from SRGL. The timing of any interim and final distribution to be made to holders of claims against SRGL, including the Distribution Trust, is within the control of the Joint Liquidators, subject to the supervision of the Cayman Island Court. Because Cayman Island law does not provide for a bar date for the filing of claims against SRGL, there can be no assurance that currently unknown and unanticipated claims will not be asserted against SRGL before any interim and planned final distribution by the Joint Liquidators. The assertion of such unknown claims could delay (because of possible litigation around such claims) and reduce (because of the need for additional reserves) the anticipated interim distribution by the Joint Liquidators to the Distribution Trust. Moreover, the assertion of such claims could delay (through litigation, including appeals) and could reduce (because of the additional administrative cost associated with determining such claims and/or the dilution caused by the allowance of such claims in any significant amount) the final distribution by the Joint Liquidators to the Distribution Trust. The Cayman Islands Court shall retain subject matter jurisdiction and authority over all matters in the SRGL Winding Up Proceeding, including, but not limited to, any matters relating to reserves to be established by the Joint Liquidators and the timing of distributions to be made to claim holders in connection with the SRGL Winding Up Proceeding.

2. Regulation of the Debtors' Affiliates May Impact the Value of the Debtors' Equity in the Future

The Debtors' businesses are subject to the insurance, tax and other laws and regulations imposed by the afore-mentioned regulators in the countries in which they are organized and operate. These laws and regulations may also apply heightened scrutiny to non-

domestic companies, which can adversely affect operations, liquidity, profitability and regulatory capital of each regulated company's affiliates, including the Debtors. Foreign governments and regulatory bodies from time to time consider legislation and regulations that could subject the Debtors and their affiliates to new or different requirements and such changes could negatively impact operations in the relevant jurisdictions. SRD is subject to the Solvency II measures developed by the European Insurance and Occupational Pensions Authority and is required to abide by the evolving risk management practices, capital standards and disclosure requirements of the Solvency II framework. Similar solvency regulations may also be imposed in other regions, such as Bermuda, where influences of the Solvency II—type framework are already present in the insurance regulation. As a result, there can be no assurance that Solvency II and such similar solvency regulations will not adversely affect the Debtors' equity.

a. Regulation of Insurance Companies Favors Payment of Policyholders

SALIC and its reinsurance subsidiaries are subject to government regulation in each of the jurisdictions in which they are licensed or authorized or accredited to do business. These governmental regulatory agencies are concerned primarily with the protection of policyholders and their direct insurers rather than shareholders and have broad administrative power to regulate many aspects of reinsurance business. This includes capital adequacy, regulation of related party transactions, reinsurance contract terms (including collateral requirements for the benefit of ceding companies) and restrictions on the amount and type of investments SALIC and its reinsurance subsidiaries may hold.

In particular, insurance laws and regulations limit the amount of dividends, distributions and other payments that SALIC and its reinsurance subsidiaries can make without prior regulatory approval. As described in subsection b., below, the Purchaser will be a holding company whose principal asset (either directly or indirectly) will consist of the stock of reorganized SALIC. As a result, the Purchaser will be dependent on dividends and other distributions from SALIC (and from the subsidiaries of SALIC, including SRUS) to pay dividends and distributions to shareholders. The insurance laws and regulations that limit the amount of dividends, distributions and other payments our reinsurance subsidiaries can pay without prior regulatory approval, therefore, may limit the amount of dividends and distributions we can make to the Purchaser. In addition to these general requirements, the Delaware Commissioner of Insurance could limit or prohibit SRUS from paying any dividends for a period of time after the Plan is consummated or until SRUS satisfies certain financial ratios.

b. Purchaser Will Be an Insurance Holding Company, and Its Ability to Pay Principal, Interest and Dividends on Securities Will Be Limited

The Purchaser will be an insurance holding company, with its principal assets consisting of the stock of SALIC, and substantially all of its income will be derived from SALIC (and, indirectly, SALIC's subsidiaries). Following its acquisition of reorganized SALIC, its

ability to pay dividends on any common stock will depend, in large part, on the ability of its reinsurance company subsidiaries, as its principal sources of cash flow, to declare and distribute dividends or advance money to Purchaser. SALIC and its reinsurance company subsidiaries are subject to various statutory and regulatory restrictions, applicable to insurance companies generally, that limit the amount of cash dividends, loans and advances that those subsidiaries may pay to upstream shareholders. As noted above, there is no assurance that more stringent dividend restrictions will not be adopted or that the Delaware DOI will not limit or prohibit SRUS from paying any dividends for a period of time after the Plan is consummated or until SRUS achieves has satisfied certain financial ratios.

As a result of the insurance holding company structure, in the event of the insolvency, liquidation, reorganization, dissolution or other winding-up of SALIC or one or more of its reinsurance subsidiaries, all creditors of the affected reinsurance operating company would be entitled to payment in full out of the assets of such reinsurance operating company before the Purchaser, as shareholder, would be entitled to any payment. Such reinsurance operating companies would have to pay their direct creditors in full before holders of common stock of the Purchaser could receive any payment from the assets of such subsidiaries.

c. Increased Scrutiny May Be Applied Pursuant to Insurance Holding Company Laws in the United States

Recently, insurance regulators have increased their scrutiny of insurance holding company systems in the United States. Much of the additional scrutiny is on activities of the insurance company's entire group, which includes the group's parent company and any non-insurance subsidiaries. Insurance holding company system regulatory acts in the United States now provide for an expanded supervision of insurance groups operating in the United States. The scope includes a review of enterprise risk management programs as well as expanded review of agreements between licensed insurers and their group members. Delaware has adopted these new standards as law.

More stringent restrictions may be adopted from time to time in other jurisdictions in which our reinsurance subsidiaries are domiciled, which could, under certain circumstances, significantly reduce or restrict dividends or other amounts payable to us by our subsidiaries unless they obtain approval from insurance regulatory authorities. We cannot predict the effect that any recommendations of the National Association of Insurance Commissioners ("NAIC") or proposed or future legislation or rule-making in the U.S. or elsewhere may have on our business, financial condition or results of operations.

C. Risks Generally Related to the Ownership of New Equity

1. No Anticipated Market for Securities

At the present time, the Debtors and Purchaser have no plans to cause the New Equity to be listed on any securities exchange. Accordingly, the Debtors and Purchaser can

provide no assurance as to future existence of any market for the New Equity or the liquidity of the New Equity in any such potential market. Additionally, even if any market for the New Equity were to exist, the Debtors and Purchaser can provide no assurances about the prices at which New Equity might trade. The prices at which any such securities might trade may depend upon many factors, including, without limitation, prevailing interest rates, markets for similar securities, industry conditions and the performance of, and investor expectations for, the Reorganized Debtors and their Affiliates. Furthermore, the persons to whom the New Equity is issued pursuant to the Plan may prefer to liquidate their investments rather than hold such securities on a long-term basis. Accordingly, any market that does develop for such securities may be volatile.

2. Potential Dilution

The ownership percentages represented by the New Equity distributed on the Effective Date are subject to dilution as a result of a wide variety of factors. Such potential sources of dilution may include, but are not limited to, New Equity that may be issued under a post-emergence management incentive plan should the Reorganized Debtors conclude that it is appropriate to implement such an equity-based management incentive plan, any other shares that may be issued post-emergence, and the conversion of any options, warrants, convertible securities, exercisable securities, or other securities that may be issued post-emergence.

3. New Equity Subordinated to Reorganized Debtors' Indebtedness

In any subsequent liquidation, dissolution, or winding up of the Reorganized Debtors and New Holdco (if applicable), the New Equity would rank below all debt claims against such Entities. As a result, holders of the New Equity would not be entitled to receive any payment or other distribution of assets upon the liquidation, dissolution, or winding up of such Entities until after all their obligations to their debt holders have been satisfied.

The Debtors and Purchaser can provide no assurances at this time concerning whether, in what amounts and on what terms the Reorganized Debtors and/or their Affiliates may incur additional indebtedness.

4. No Assurances about Future Dividends

The Debtors and Purchaser can provide no assurances as to if or when Reorganized SALIC or New Holdco, as applicable, will pay dividends on the New Equity. Especially in the near term, it is expected Reorganized SALIC and its Affiliates (including New Holdco, if applicable) will retain future cash flows to build up or maintain required capital reserves and to support their operations and those of their Affiliates, including SRUS. As a result, the success of an investment in the New Equity will depend entirely upon any future appreciation in the value of the New Equity. There is, however, no guarantee that the New Equity will appreciate in value or even maintain its initial value.

D. Risks Related to the Debtors' Business May Also Have an Adverse Effect on the Debtors' Equity

1. SALIC and its Reinsurance Subsidiaries Made Assumptions When Setting their Reserves Relating to Mortality, Lapsation, Investment Returns and Expenses; and Significant Deviations in Experience Could Negatively Affect the Debtors' Financial Condition and Results of Operations

SALIC's and its subsidiaries' life reinsurance contracts expose the Debtors to mortality risk, which is the risk that the level of death claims may differ from that which was assumed in pricing these contracts. Historical underwriting and pricing processes sought to establish appropriate pricing for the risks assumed. Among other things, these processes relied heavily on SALIC's and its subsidiaries' analysis of and assumptions regarding mortality trends, lapse rates and expenses.

The Debtors expect mortality and lapse experience to fluctuate somewhat from period to period, but believe they should remain reasonably predictable over a period of many years. Actual mortality or lapse experience that is less favorable than the rates SALIC and its reinsurance subsidiaries have assumed in setting their reserves may cause the Debtors' net income to be less than otherwise expected because the premiums received for the risks SALIC and its reinsurance subsidiaries assumed and the investment earnings of these premiums may not be sufficient to cover the claims and profit margin. Furthermore, even if the total benefits paid over the life of the contract do not exceed the expected amount, unexpected increases in the incidence of deaths can cause SALIC and its subsidiaries to pay more benefits in a given reporting period than expected, adversely affecting net income in any particular reporting period.

SALIC and its reinsurance subsidiaries regularly review reserves and associated assumptions as part of the ongoing assessment of business performance and risks. If reserves are determined to be insufficient to cover actual or expected policy and contract benefits and claim payments as a result of changes in experience, assumptions or otherwise, SALIC and one or more of its reinsurance subsidiaries would be required to increase reserves and incur charges in the period in which the determination is made. The amounts of such increases may be significant and this could materially adversely affect the Debtors' financial condition and results of operations and may require the Debtors to seek additional capital for the Debtors' businesses. There can be no assurance that the Debtors would be able to obtain such additional capital.

The Debtors' financial condition and results of operations may also be adversely affected if actual investment returns and expenses differ from current assumptions. Changes in economic conditions may lead to changes in market interest rates or changes in the Debtors' investment strategies, either of which could cause actual investment returns and expenses to differ from SALIC's and its reinsurance subsidiaries' current assumptions.

2. The Availability of Collateral Could Adversely Affect Business, Financial Conditions or Results of Operations

Regulatory reserve requirements in various jurisdictions in which SALIC and its subsidiaries operate may be significantly higher than the reserves required under GAAP. This is particularly the case for SRUS, which is required to prepare its financial statements in accordance with statutory accounting principles, which are more conservative than GAAP.

SRUS retrocedes a significant portion of its liabilities to SALIC and to unaffiliated reinsurers to reduce the amount of regulatory reserves and capital SRUS is required to hold. The insurance laws in the United States require that retrocessionaires of SRUS (including SALIC) provide collateral to SRUS as a condition to SRUS counting the retrocession as an asset or reduction of liability on its statutory financial statements.[7] This collateral typically in the form of assets in a trust account, letters of credit or assets withheld from the retrocessionaire. To the extent SALIC and/or these other retrocessionaires are unable to provide sufficient collateral to support the statutory reserves that SRUS retrocedes, SRUS would be required to increase the reserves on its statutory balance sheet and hold more capital against the liabilities. Depending on the extent of the collateral shortfall, SRUS could be unable to satisfy required regulatory capital levels unless additional capital could be raised. There is no assurance that the Debtors would be able to raise additional capital for this purpose.

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E. Additional Factors to be Considered

1. No Duty to Update

The statements contained in this Disclosure Statement are made by the Debtors as of the date hereof, unless otherwise specified herein, and the delivery of this Disclosure Statement after that date does not imply that there has been no change in the information set forth herein since that date. The Debtors have no duty to update this Disclosure Statement unless otherwise ordered to do so by the Bankruptcy Court.

2. No Representations Outside this Disclosure Statement Are Authorized

No representations concerning or related to the Debtors, or the chapter 11 cases, once commenced, or the Plan are authorized by the Bankruptcy Court or the Bankruptcy Code, other than as set forth in this Disclosure Statement. Any representations or inducements made to secure your acceptance or rejection of the Plan that are other than as contained in, or included with, this Disclosure Statement should not be relied upon by you in arriving at your decision.

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[7] For purposes of SRUS obtaining credit for reinsurance, the retrocessionaire is not required to provide collateral if the retrocessionaire is licensed or accredited in Delaware.

3. Forward-Looking Statements Are Not Assured, and Actual Results May Vary

This Disclosure Statement contains forward-looking statements. These forward-looking statements are based on the current expectations and observations of the Debtors' management, and include factors that could cause actual results to differ materially such as: the Debtors' ability to meet current operating needs; the effects of the Bankruptcy Court rulings in the chapter 11 cases and the outcome of the case in general; the length of time the Debtors will operate under the chapter 11 cases; the pursuit by the Debtors' various creditors, equity holders and other constituents of its interests in the chapter 11 cases; risks associated with third party motions in the chapter 11 cases, which may interfere with the ability to consummate the Plan; the increased administrative and restructuring costs related to the chapter 11 cases; the Debtors' ability to arrange and consummate financing or sale transactions or to access capital; the timing and realization of the recoveries of assets and the payments of Claims and the amount of expenses projected to recognize such recoveries and reconcile such Claims; the occurrence of any event, change or other circumstance that could give rise to the termination of the Stock Purchase Agreement; and the other factors described in this Section IX.

4. No Legal or Tax Advice Is Provided to You by This Disclosure Statement

The contents of this Disclosure Statement should not be construed as legal, business or tax advice. Each Holder of Claims against the Debtors should consult his, her or its own legal counsel and accountants as to legal, tax and other matters concerning such Holder's Claims. This Disclosure Statement is not legal or tax advice to you and may not be relied upon for any purpose other than to determine how to vote on the Plan or object to confirmation of the Plan.

5. No Admission Made

Nothing contained herein or in the Plan will constitute an admission of, or will be deemed evidence of, the tax or other legal effects of the Plan on the Debtors or holders of Claims or Interests.

X. CERTAIN U.S. FEDERAL INCOME TAX CONSEQUENCES

A. Disclaimers

THE FEDERAL INCOME TAX CONSEQUENCES OF THE PLAN ARE COMPLEX. ALL HOLDERS OF CLAIMS AGAINST AND INTERESTS IN THE DEBTORS SHOULD CONSULT WITH THEIR TAX ADVISORS AS TO THE PARTICULAR TAX CONSEQUENCES TO THEM OF THE TRANSACTIONS CONTEMPLATED BY THE PLAN, INCLUDING THE APPLICABILITY AND

EFFECT OF ANY STATE, LOCAL OR FOREIGN TAX LAWS AND OF ANY CHANGE IN APPLICABLE TAX LAWS.

This discussion is provided for information purposes only, and is based on provisions of the Internal Revenue Code of 1986, as amended (the "IRC"), Treasury Regulations promulgated thereunder, judicial authorities, and current administrative rulings and practice, all as in effect on the date hereof. Legislative, judicial, or administrative changes or interpretations enacted or promulgated after the date hereof could alter or modify the analyses set forth below with respect to the U.S. federal income tax consequences of the Plan. Any such changes or interpretations may be retroactive and could significantly, and adversely, affect the U.S. federal income tax consequences of the Plan.

The following summary does not address the U.S. federal income tax consequences to holders of Claims not entitled to vote to accept or reject the Plan or to holders of Interests in the Debtors. In addition, to the extent that the following discussion relates to the consequences to holders of Claims entitled to vote to accept or reject the Plan, it is limited to holders that are United States persons within the meaning of the IRC.

This discussion does not address all aspects of U.S. federal income taxation that may be relevant to a particular holder in light of its particular facts and circumstances, or to certain types of holders subject to special treatment under the IRC. Examples of holders subject to special treatment under the IRC are governmental entities and entities exercising governmental authority, foreign companies, persons who are not citizens or residents of the United States, banks and certain other financial institutions, broker-dealers, insurance companies, tax-exempt organizations, real estate investment trusts, small business investment companies, regulated investment companies, holders that are or hold their Claims through a partnership or other pass-through entity, dealers in securities or foreign currency, persons that have a functional currency other than the U.S. dollar, and persons holding Claims that are a hedge against, or that are hedged against, currency risk or that are part of a straddle, constructive sale, or conversion transaction. This discussion does not address the state, local or foreign tax consequences of the Plan.

The tax treatment of Holders of Claims and the character, amount and timing of income, gain or loss recognized as a consequence of the Plan and the Distributions provided for by the Plan may vary, depending upon the following factors, among others: (i) whether the Claim or portion thereof constitutes a Claim for principal or interest; (ii) the type of consideration, if any, received by the holder in exchange for the Claim, and whether the holder receives Distributions under the Plan in more than one taxable year; (iii) whether the holder is a citizen or resident of the United States for tax purposes, is otherwise subject to U.S. federal income tax on a net basis, or falls into any special class of taxpayers, such as those that are excluded from this discussion as noted above; (iv) the manner in which the holder acquired the Claim; (v) the length of time that the Claim has been held; (vi) whether the Claim was acquired at a discount; (vii) whether the holder has taken a bad debt deduction or a worthless securities deduction (as applicable) with respect to the Claim or any portion thereof in the current or prior taxable years; (viii) whether the holder has previously included in gross income accrued but

unpaid interest with respect to the Claim; (ix) the method of tax accounting of the holder; (x) whether the Claim is an installment obligation for U.S. federal income tax purposes; (xi) whether the Claim is considered a "security" for U.S. federal income tax purposes; and/or (xii) whether the "market discount" rules apply to the holder. Therefore, each holder should consult such holder's own tax advisor for tax advice with respect to that holder's particular situation and circumstances, and the particular tax consequences to such holder of the transactions contemplated by the Plan.

A significant amount of time may elapse between the date of the Disclosure Statement and the receipt of a final Distribution under the Plan. Events occurring after the date of the Disclosure Statement, such as new or additional tax legislation, court decisions, or administrative changes, could affect the U.S. federal income tax consequences of the Plan and the transactions contemplated thereunder. No ruling has been or will be sought from the U.S. Internal Revenue Service (the "IRS") with respect to any of the tax aspects of the Plan, and no opinion of counsel has been or will be obtained by the Debtors with respect thereto. No representations are being made regarding the particular tax consequences of the confirmation or implementation of the Plan as to any holder of a Claim. This discussion is not binding upon the IRS or other taxing authorities. No assurance can be given that the IRS or another authority would not assert, or that a court would not sustain, a different position from any discussed herein.

THE FOLLOWING DISCUSSION IS INTENDED ONLY AS A SUMMARY OF CERTAIN U.S. FEDERAL INCOME TAX CONSEQUENCES OF THE PLAN, AND IS NOT A SUBSTITUTE FOR CAREFUL TAX PLANNING WITH A TAX PROFESSIONAL. THE FOLLOWING DISCUSSION IS FOR INFORMATION PURPOSES ONLY AND IS NOT TAX ADVICE. THE TAX CONSEQUENCES ARE IN MANY CASES UNCERTAIN AND MAY VARY DEPENDING ON A HOLDER'S PARTICULAR CIRCUMSTANCES. ACCORDINGLY, EACH HOLDER OF A CLAIM AGAINST OR INTEREST IN THE DEBTORS IS STRONGLY URGED TO CONSULT SUCH HOLDER'S TAX ADVISOR REGARDING THE FEDERAL, STATE, LOCAL AND FOREIGN INCOME TAX CONSEQUENCES OF THE PLAN.

B. Certain U.S. Federal Income Tax Consequences to Holders of Claims in Classes 4, 5, 6 and 7

Pursuant to the Plan, Holders of Allowed Claims in Classes 4, 5, 6 and 7 will receive interests in the Distribution Trust (from which such Holders may be entitled to distributions from time to time).

The following discussion is generally limited to U.S. Holders of Allowed Claims in Classes 4, 5, 6 and 7. As used in this discussion, the term "U.S. Holder" means a beneficial owner of such Claims that is for U.S. federal income tax purposes:

- an individual who is a citizen or resident of the United States;

- a corporation, or other entity taxable as a corporation for U.S. federal income tax purposes, created or organized in or under the laws of the United States, any state thereof or the District of Columbia;

- an estate the income of which is subject to U.S. federal income taxation regardless of its source; or

- a trust, if a court within the United States is able to exercise primary jurisdiction over its administration and one or more U.S. persons have authority to control all of its substantial decisions, or if the trust has a valid election in effect under applicable Treasury Regulations to be treated as a U.S. person.

If a partnership or other entity taxable as a partnership for U.S. federal income tax purposes holds Claims, the tax treatment of a partner generally will depend upon the status of the partner and the activities of the partnership. If you are a partner in a partnership holding any of such instruments, you should consult your own tax advisor.

1. Gain or Loss

In general, a U.S. Holder will recognize gain or loss with respect to its Allowed Claim in an amount equal to the difference between (i) the sum of the amount of any cash and the fair market value of any other property received by such holder, including, as discussed below, its Distribution Trust Assets (other than any consideration attributable to a Claim for accrued but unpaid interest and (ii) the adjusted tax basis of the Allowed Claims in Classes 4, 5, 6 and 7 exchanged therefor (other than basis attributable to accrued but unpaid interest previously included in such holder's taxable income). *See also* Section X.B.2.—"Character of Gain or Loss." As discussed below, the amount of cash or other property received in respect of Allowed Claims in Classes 4, 5, 6 and 7 for accrued but unpaid interest will be taxed as ordinary income, except to the extent previously included in income by a U.S. Holder under its method of accounting. *See* Section X.B.3.— "Distributions in Respect of Accrued But Unpaid Interest."

As discussed below (*see* Section X.B.4.— "Tax Treatment of a Distribution Trust and Holders of Distribution Trust Assets"), each U.S. Holder that receives Distribution Trust Assets will be treated for U.S. federal income tax purposes as directly receiving, and as a direct owner of, its respective share of the Distribution Trust Assets (both cash and other property) consistent with its economic rights in the Distribution Trust, subject to the liabilities for which the Distribution Trust has responsibility for payment. Pursuant to the Plan, the Distribution Trustee will in good faith value the assets transferred to the Distribution Trust, and all parties to the Distribution Trust (including Holders of Claims receiving Distribution Trust Assets) must consistently use such valuation for all U.S. federal income tax purposes.

A U.S. Holder's share of any proceeds received by a Distribution Trust upon the sale or other disposition of the assets of the Distribution Trust (other than any such amounts

received as a result of the subsequent disallowance of Disputed Claims) should not be included, for U.S. federal income tax purposes, in the holder's amount realized in respect of its Allowed General Claim in Class 4, 5, 6 or 7 but should be separately treated as amounts realized in respect of such holder's ownership interest in the underlying assets of the Distribution Trust. *See* Section X.B.4.— "Tax Treatment of a Distribution Trust and Holders of Distribution Trust Assets," below.

A U.S. Holder may become entitled to an increased share of the Distribution Trust Assets in the event of a subsequent disallowance of a Disputed Claim. It is possible that a U.S. Holder may be taxed on such increased share as Disputed Claims are resolved. The imputed interest provisions of the Tax Code may apply to treat a portion of such increased share as imputed interest. In addition, it is possible that any loss realized by a U.S. Holder in satisfaction of its Allowed Claim in Class 4, 5, 6 or 7 may be deferred until all Disputed Claims are determined.

A U.S. Holder's aggregate tax basis in its respective share of the Distribution Trust Assets will equal the fair market value of its interest in the Distribution Trust increased by its share of the Debtors' liabilities to which the underlying assets remain subject upon transfer to the Distribution Trust, and the U.S. Holder's holding period generally will begin the day following establishment of the Distribution Trust.

2. Character of Gain or Loss

Where gain or loss is recognized by a U.S. Holder, the character of such gain or loss as long-term or short-term capital gain or loss or as ordinary income or loss will be determined by a number of factors, including the tax status of the holder, whether the Allowed Claim in Class 4, 5, 6 or 7 constitutes a capital asset in the hands of the holder and how long it has been held, whether the Allowed Claim in Class 4, 5, 6 or 7 was acquired at a market discount, and whether and to what extent the holder previously claimed a bad debt deduction.

A U.S. Holder that purchased its Allowed Claim in Class 4, 5, 6 or 7 from a prior holder at a "market discount" (relative to the principal amount of the Claims at the time of acquisition) may be subject to the market discount rules of the Tax Code. In general, a debt instrument is considered to have been acquired with "market discount" if its holder's adjusted tax basis in such debt instrument is less than its stated principal amount. The *de minimis* amount is equal to 0.25% of the sum of all remaining payments to be made on the debt instrument, excluding qualified stated interest, multiplied by the number of remaining whole years to maturity. Generally, qualified stated interest is a stated amount of interest payable in cash at least annually.

Under these rules, any gain recognized on the exchange of Allowed Claims in Classes 4, 5, 6 and 7 (other than in respect of a Claim for accrued but unpaid interest) generally will be treated as ordinary income to the extent of the market discount accrued (on a straight line basis or, at the election of the U.S. Holder, on a constant yield basis) during the U.S. Holder's period of ownership, unless the U.S. Holder elected to include the market discount in income as

it accrued. If a U.S. Holder of Allowed Claims in Class 4, 5, 6 or 7 did not elect to include market discount in income as it accrued and, thus, under the market discount rules, was required to defer all or a portion of any deductions for interest on debt incurred or maintained to purchase or carry its Allowed Claims in Class 4, 5, 6 or 7, such deferred amounts would become deductible at the time of the exchange.

3. Distributions in Respect of Accrued but Unpaid Interest

In general, to the extent that any consideration received pursuant to the Plan by a U.S. Holder is received in satisfaction of accrued interest during its holding period, such amount will be taxable to the U.S. Holder as interest income (if not previously included in the U.S. Holder's gross income). Conversely, a U.S. Holder generally recognizes a deductible loss to the extent any accrued interest claimed was previously included in its gross income and is not paid in full.

The Plan provides that consideration received in respect of any Claim is allocable first to the principal amount of the Claim (as determined for U.S. federal income tax purposes) and then, to the extent of any excess, to the remainder of the Claim, including any Claim for accrued but unpaid interest (in contrast, for example, to a *pro rata* allocation of a portion of the exchange consideration received between principal and interest, or an allocation first to accrued but unpaid interest). *See* Section 7.14 of the Plan. There is no assurance that the IRS or a court of law will respect such allocation for U.S. federal income tax purposes. You are urged to consult your own tax advisor regarding the allocation of consideration and the inclusion and deductibility of accrued but unpaid interest for U.S. federal income tax purposes.

4. Tax Treatment of Distribution Trust and Holders of Distribution Trust Assets

As indicated above, the Debtors will transfer the Distribution Trust Assets, subject to certain liabilities as provided by the Plan, to the Distribution Trust for the benefit of Holders of Allowed Claims in Classes 4, 5, 6 and 7 (whether Allowed as of or after the Effective Date).

a. Classification of a Distribution Trust

The Distribution Trust is intended to qualify as a "liquidating trust" for U.S. federal income tax purposes (other than in respect of any portion of the Distribution Trust Assets allocable to, or retained on account of, Disputed Claims, as discussed below). In general, a liquidating trust is not a separate taxable entity but rather is treated for U.S. federal income tax purposes as a "grantor trust" (i.e., a pass-through entity). The IRS, in Revenue Procedure 94-45, 1994-2 C.B. 684, sets forth the general criteria for obtaining an IRS ruling as to the grantor trust status of a liquidating trust under a chapter 11 plan. Any liquidating trust will be structured with the intention of complying with such general criteria. Pursuant to the Plan, and in conformity with Revenue Procedure 94-45, all parties (including, without limitation, the Debtors, the

Distribution Trustee and Distribution Trust Beneficiaries) shall treat the transfer of Distribution Trust Assets to a Distribution Trust as (1) a transfer of Distribution Trust Assets (subject to any obligations relating to those assets) directly to Distribution Trust Beneficiaries (other than to the extent Distribution Trust Assets are allocable to Disputed Claims), followed by (2) the transfer by such beneficiaries to a Distribution Trust of Distribution Trust Assets in exchange for beneficial interests therein. Accordingly, except in the event of contrary definitive guidance, Distribution Trust Beneficiaries shall be treated for U.S. federal income tax purposes as the grantors and owners of their respective share of Distribution Trust Assets (other than any Distribution Trust Assets allocable to Disputed Claims).

While the following discussion assumes that the Distribution Trust will be so treated for U.S. federal income tax purposes, no ruling is being requested from the IRS concerning the tax status of the Distribution Trust as a grantor trust in connection with the confirmation of the Plan. Accordingly, there can be no assurance that the IRS would not take a contrary position to the classification of the Distribution Trust as a grantor trust. If the IRS were to challenge successfully such classification, the U.S. federal income tax consequences to the Distribution Trust and the Holders of Allowed Claims in Classes 4, 5, 6 and 7 could vary from those discussed herein.

b. General Tax Reporting by a Distribution Trust and Beneficiaries

For all U.S. federal income tax purposes, all parties must treat the Distribution Trust as a grantor trust of which the holders of Distribution Trust Assets are the owners and grantors, and treat the Distribution Trust Beneficiaries as the direct owners of an undivided interest in the Distribution Trust Assets (other than any assets allocable to Disputed Claims), consistent with their economic interests therein. The Distribution Trustee will file tax returns for the Distribution Trust treating such Distribution Trust as a grantor trust pursuant to section 1.671- 4(a) of the Treasury Regulations. The Distribution Trustee also shall annually send to each holder of Distribution Trust Assets a separate statement regarding the receipts and expenditures of the Distribution Trust as relevant for U.S. federal income tax purposes.

Allocations of taxable income of the Distribution Trust (other than taxable income allocable to any assets allocable to, or retained on account of, Disputed Claims, if such income is otherwise taxable to the Distribution Trust) among the Distribution Trust Beneficiaries shall be determined by reference to the manner in which an amount of cash equal to such taxable income would be distributed (were such cash permitted to be distributed at such time) if, immediately prior to such deemed distribution, the Distribution Trust had distributed all its assets (valued at their tax book value, and, if applicable, other than assets allocable to Disputed Claims) to the Distribution Trust Beneficiaries, adjusted for prior taxable income and loss and taking into account all prior and concurrent distributions from the Distribution Trust. Similarly, taxable loss of the Distribution Trust shall be allocated by reference to the manner in which an economic loss would be borne immediately after a liquidating distribution of the remaining Distribution Trust Assets. The tax book value of the Distribution Trust Assets for purposes of allocating taxable income and loss shall equal their fair market value on the date of the transfer of the Distribution

Trust Assets to the Distribution Trust, adjusted in accordance with tax accounting principles prescribed by the Tax Code, applicable Treasury Regulations, and other applicable administrative and judicial authorities and pronouncements.

As soon as reasonably practicable after the transfer of Distribution Trust Assets to the Distribution Trust, the Distribution Trustee shall make a good faith valuation of the Distribution Trust Assets. All parties to the Distribution Trust (including, without limitation, the Debtors and the Distribution Trust Beneficiaries) must consistently use such valuation for all U.S. federal income tax purposes. The valuation will be made available, from time to time, as relevant for tax reporting purposes.

Taxable income or loss allocated to a Distribution Trust Beneficiary will be treated as income or loss with respect to such Distribution Trust Beneficiary's undivided interest in the Distribution Trust Assets, and not as income or loss with respect to its prior Claim. The character of any income or loss will be determined at the Distribution Trust level. The ability to use any loss will depend on the particular situation of the Distribution Trust Beneficiary. It is currently unknown whether and to what extent the Distribution Trust Assets will be transferable.

The U.S. federal income tax obligations of a U.S. Holder with respect to its Distribution Trust Assets are not dependent on the Distribution Trust distributing any cash or other proceeds. Thus, a U.S. Holder may incur a U.S. federal income tax liability with respect to its allocable share of Distribution Trust income even if the Distribution Trust does not make a concurrent distribution to the holder. In general, other than in respect of cash retained on account of Disputed Claims, a distribution of cash by the Distribution Trust will not be separately taxable to a Distribution Trust Beneficiary since the beneficiary is already regarded for U.S. federal income tax purposes as owning the underlying assets (and was taxed at the time the cash was earned or received by the Distribution Trust). Holders are urged to consult their tax advisors regarding the appropriate U.S. federal income tax treatment of any subsequent distributions of cash originally retained by the Distribution Trust on account of Disputed Claims.

All parties will comply with all applicable governmental withholding requirements (*see* Section 7.5(f) of the Plan). Thus, in the case of any Distribution Trust Beneficiaries that are not U.S. persons, the person making the Distribution may be required to withhold up to 30% of the income or proceeds allocable to such persons, depending on the circumstances (including whether the type of income is subject to a lower treaty rate). In addition, under the Foreign Account Tax Compliance Act ("FATCA"), certain payments may be subject to withholding even if the applicable payment would not otherwise be subject to U.S. federal nonresident withholding tax. As indicated above, the foregoing discussion of the U.S. federal income tax consequences of the Plan does not generally address the consequences to non-U.S. Holders; accordingly, such Holders should consult their tax advisors with respect to the U.S. federal income tax consequences of the Plan, including owning an interest in the Distribution Trust.

c. Tax Reporting for Assets Allocable to Disputed Claims

Subject to definitive guidance from the IRS or a court of competent jurisdiction to the contrary (including the receipt by the Distribution Trustee of an IRS private letter ruling if the Distribution Trustee so requests one, or the receipt of an adverse determination by the IRS upon audit if not contested by the Distribution Trustee), the Distribution Trustee (A) will elect to treat any Distribution Trust Assets allocable to, or retained on account of, Disputed Claims as a "disputed ownership fund" governed by section 1.468B-9 of the Treasury Regulations, and (B) to the extent permitted by applicable law, will report consistently for state and local income tax purposes.

Accordingly, so treated, any amounts allocable to, or retained on account of, Disputed Claims will be subject to tax annually on a separate entity basis on any net income earned with respect to the Distribution Trust Assets in such reserves (including any gain recognized upon the disposition of such assets). All Distributions from such assets (which Distributions will be net of the expenses, including taxes, relating to the retention or disposition of such assets) will be treated as received by Holders in respect of their Allowed Claims in Classes 4, 5, 6 and 7 as if distributed by the Debtors. All parties (including, without limitation, the Debtors, the Distribution Trustee and the Distribution Trust Beneficiaries) will be required to report for tax purposes consistently with the foregoing.

5. Information Reporting and Backup Withholding

Payments of interest and any other reportable payments, possibly including amounts received pursuant to the Plan and payments of proceeds from the sale, retirement or other disposition of the exchange consideration, may be subject to "backup withholding" (currently at a rate of 24%) if a recipient of those payments fails to furnish to the payor certain identifying information and, in some cases, a certification that the recipient is not subject to backup withholding. Backup withholding is not an additional tax. Any amounts deducted and withheld generally should be allowed as a credit against that recipient's U.S. federal income tax, provided that appropriate proof is timely provided under rules established by the IRS. Furthermore, certain penalties may be imposed by the IRS on a recipient of payments who is required to supply information but who does not do so in the proper manner. Backup withholding generally should not apply with respect to payments made to certain exempt recipients, such as corporations and financial institutions. Information may also be required to be provided to the IRS concerning payments, unless an exemption applies. You should consult your own tax advisor regarding your qualification for exemption from backup withholding and information reporting and the procedures for obtaining such an exemption.

Treasury Regulations generally require disclosure by a taxpayer on its U.S. federal income tax return of certain types of transactions in which the taxpayer participated, including, among other types of transactions, certain transactions that result in the taxpayer's claiming a loss in excess of certain thresholds. You are urged to consult your own tax advisor

regarding these regulations and whether the contemplated transactions under the Plan would be subject to these regulations and require disclosure on your tax return.

XI. CONFIRMATION OF THE PLAN

A. The Confirmation Hearing

Section 1128(a) of the Bankruptcy Code requires the Bankruptcy Court, after notice, to hold a hearing on Confirmation of the Plan. Section 1128(b) of the Bankruptcy Code provides that any party in interest may object to Confirmation of the Plan.

The Bankruptcy Court has scheduled a Confirmation Hearing to commence on [August 22,] 2018 at [10:00 a.m.] (Eastern Time), before the Honorable Laurie Selber Silverstein, United States Bankruptcy Judge, in the United States Bankruptcy Court for the District of Delaware, 824 N. Market Street, 6th Floor, Courtroom No. 2, Wilmington, Delaware 19801. The Confirmation Hearing may be adjourned from time to time without further notice except for an announcement of the adjourned date made at the Confirmation Hearing or any adjournment thereof or in a notice of hearing agenda filed in connection therewith.

Objections to Confirmation of the Plan must be Filed and served so that they are actually received by no later than [August 10,] 2018 at [4:00 p.m.] (Eastern Time). Unless objections to Confirmation of the Plan are timely served and filed in compliance with the procedures approved by the Bankruptcy Court, they may not be considered by the Bankruptcy Court.

B. Requirements for Confirmation of the Plan

At the Confirmation Hearing, the Bankruptcy Court must determine that the requirements for Confirmation as set forth in section 1129 of the Bankruptcy Code have been satisfied, including among others the following:

- The Plan complies with the applicable provisions of the Bankruptcy Code.
- The Debtors have complied with the applicable provisions of the Bankruptcy Code.
- The Plan has been proposed in good faith and not by any means forbidden by law.
- To the extent applicable, any payment made or promised by the Debtors or by a Person issuing securities or acquiring property under the Plan for services or for costs and expenses in, or in connection with, the Chapter 11 Cases, or in connection with the Plan and incident to the Chapter 11 Cases, has been disclosed to the Bankruptcy Court, and any such payment made before Confirmation of the Plan is reasonable, or if such payment is

to be fixed after Confirmation of the Plan, such payment is subject to the approval of the Bankruptcy Court as reasonable.

- To the extent applicable, the Debtors have disclosed or will disclose in the Plan Supplement (a) the identity and affiliations of (i) any individual proposed to serve, after Confirmation of the Plan, as a director, officer, or voting trustee of the Reorganized Debtors, (ii) any affiliate of the Debtors participating in a joint plan with the Debtors, or (iii) any successor to the Debtors under the Plan (and the appointment to, or continuance in, such office of such individual(s) is consistent with the interests of Holders of Claims or Interests and with public policy), and (b) the identity of any insider that will be employed or retained by the Debtors and the nature of any compensation for such insider.

- With respect to each Class of Claims or Interests, each Holder of an Impaired Claim or Impaired Interest either has accepted the Plan or will receive or retain under the Plan, on account of the Claims or Interests held by such Holder, property of a value, as of the Effective Date, that is not less than the amount that such Holder would receive or retain if the Debtor were liquidated on such date under chapter 7 of the Bankruptcy Code.

- The Plan provides that Administrative Claims and Priority Non-Tax Claims will be paid in full on the Effective Date, except to the extent that the Holder of any such Claim has agreed to another less favorable treatment.

- If any Class is Impaired under the Plan, at least one Class that is Impaired has accepted the Plan, determined without including any acceptance of the Plan by insiders holding Claims in such Class.

- Confirmation of the Plan is not likely to be followed by the liquidation, or the need for further financial reorganization, of the Debtors or any successor to the Debtors under the Plan, unless such liquidation or reorganization is proposed in the Plan.

The Debtors believe that, upon receipt of the votes required to confirm the Plan, the Plan will satisfy the statutory requirements of chapter 11 of the Bankruptcy Code, that the Debtors have complied or will have complied with all of the requirements of chapter 11 and of section 1129, and that the Plan has been proposed and submitted to the Bankruptcy Court in good faith.

C. Feasibility of the Plan

In connection with Confirmation of the Plan, the Bankruptcy Court will be required to determine that the Plan is feasible pursuant to section 1129(a)(11) of the Bankruptcy

Code, which means that the Confirmation of the Plan is not likely to be followed by the liquidation or the need for further financial reorganization of the Debtors.

The Debtors and the Purchaser believe that the Plan meets the feasibility requirement set forth in section 1129(a)(11) of the Bankruptcy Code, as Confirmation is not likely to be followed by liquidation or the need for further financial reorganization of the Reorganized Debtors. In connection with the development of the Plan and for the purposes of determining whether the Plan satisfies this feasibility standard, the ability of the Reorganized Debtors to satisfy its financial obligations while maintaining sufficient liquidity and capital resources has been examined.

D. Acceptance of the Plan

As a condition to Confirmation, the Bankruptcy Code requires that each Class of Impaired Claims vote to accept the Plan, except under certain circumstances.

Section 1126(c) of the Bankruptcy Code defines acceptance of a plan by a class of impaired claims as acceptance by holders of at least two-thirds (2/3) in dollar amount and more than one-half (1/2) in number of claims in that class, but for that purpose counts only those who actually timely and properly vote to accept or to reject the Plan. Thus, Holders of Claims in each of Classes 4, 5, 6 and 7 will have voted to accept the Plan only if two-thirds (2/3) in amount and a majority in number of the Claims actually voting in each Class cast their ballots in favor of acceptance. Holders of Claims who fail to vote are not counted as either accepting or rejecting the Plan, except as provided in Section 5.7 of the Plan.

A vote may be disregarded if the Bankruptcy Court determines, after notice and a hearing, that acceptance or rejection was not solicited or procured in good faith or in accordance with the provisions of the Bankruptcy Code.

E. Best Interests Test

Even if a plan is accepted by each class of claims and interests, the Bankruptcy Code requires a bankruptcy court to determine that the plan is in the best interests of all holders of claims or interests that are impaired by the plan and that have not accepted the plan. The "best interests" test, as set forth in section 1129(a)(7) of the Bankruptcy Code, requires a bankruptcy court to find either that all members of an impaired class of claims or interests have accepted the plan or that the plan will provide a member who has not accepted the plan with a recovery of property of a value, as of the effective date of the plan, that is not less than the amount that such Holder would recover if the debtor were liquidated under chapter 7 of the Bankruptcy Code.

To calculate the probable distribution to holders of each impaired class of claims and interests if a debtor were liquidated under chapter 7, a bankruptcy court must first determine the aggregate dollar amount that would be generated from the debtor's assets if its chapter 11 case was converted to a chapter 7 case under the Bankruptcy Code. This "liquidation value"

would consist primarily of the proceeds from a forced sale of the debtor's assets by a chapter 7 trustee and available liquid assets on hand.

The amount of liquidation value available to unsecured creditors would be reduced by, first, the claims of secured creditors to the extent of the value of their collateral and, second, by the costs and expenses of liquidation, as well as by other administrative expenses and costs of both the chapter 7 case and the chapter 11 case. Costs of liquidation under chapter 7 of the Bankruptcy Code would include the compensation of a trustee, as well as of counsel and other professionals retained by the trustee, asset disposition expenses, all unpaid expenses incurred by the debtor in its chapter 11 case (such as compensation of attorneys, financial advisors, and accountants) that are allowed in the chapter 7 cases, litigation costs, and claims arising from the operations of the debtor during the pendency of the chapter 11 case. The liquidation itself would trigger certain priority payments that otherwise would be due in the ordinary course of business. Those priority claims would be paid in full from the liquidation proceeds before the balance would be made available to pay general unsecured claims or to make any distribution in respect of equity security interests. The liquidation would also prompt the rejection of a large number of executory contracts and unexpired leases and thereby significantly enlarge the total pool of unsecured claims by reason of resulting rejection damages claims. The Debtors submit that reorganization under chapter 11 of the Bankruptcy Code would result in superior recoveries for creditors than a liquidation under chapter 7 of the Bankruptcy Code.

Once the bankruptcy court ascertains the recoveries in liquidation of secured creditors and priority claimants, it must determine the probable distribution to general unsecured creditors and equity security holders from the remaining available proceeds in liquidation. If such probable distribution has a value greater than the distributions to be received by such creditors and equity security holders under the plan, then the plan is not in the best interests of creditors and equity security holders.

For purposes of the best interests test, in order to determine the amount of liquidation value available to Creditors, the Debtors have prepared a liquidation analysis (the "Liquidation Analysis"), a copy of which is annexed as **Exhibit 2** to this Disclosure Statement. Based on the Liquidation Analysis, the Debtors believe that Holders of Allowed General Unsecured Claims would recover less in a liquidation than under the Plan.

The Debtors note that any liquidation analysis with respect to the Debtors is inherently speculative. The Debtors' assets, on a going concern basis or on a standalone basis, are subject to significant valuation uncertainties. The Liquidation Analysis necessarily contains estimates of the net proceeds that would be received from a sale of such assets conducted on an expedited timeframe. Further, the Liquidation Analysis necessarily contains estimates of the amount of Claims that will ultimately become Allowed Claims. As the Debtors have not yet reviewed and fully analyzed all Claims and Interests, the estimates of Claims underlying the Liquidation Analysis are based upon the Debtors' review of its books and records and of certain Proofs of Claim, and include estimates of a number of Claims that are contingent, disputed, and/or unliquidated. The estimate of the amount of Allowed Claims set forth in the Liquidation Analysis should not be relied on for any other purpose, including, without limitation, any

determination of the value of any Distribution to be made on account of Allowed Claims under the Plan.

Notwithstanding the difficulty in quantifying recoveries on Allowed Claims with precision, the Debtors believe that Holders of Claims that are Impaired will receive equal or greater value as of the Effective Date than such Holders would receive in a chapter 7 liquidation. Accordingly, the Debtors believe that the Plan satisfies the "best interests" test of section 1129 of the Bankruptcy Code.

F. Confirmation without Acceptance of All Impaired Classes: The "Cramdown" Alternative

In the event that one of Classes 4, 5, 6 and 7 does not vote to accept the Plan, the Debtors will seek Confirmation of the Plan pursuant to the "cramdown" provisions of the Bankruptcy Code. Specifically, section 1129(b) of the Bankruptcy Code provides that a plan can be confirmed even if the plan is not accepted by all impaired classes, as long as at least one impaired class of claims has accepted it. The Bankruptcy Court may confirm a plan at the request of the debtors if the plan "does not discriminate unfairly" and is "fair and equitable" as to each impaired class that has not accepted the plan. A plan does not discriminate unfairly within the meaning of the Bankruptcy Code if a dissenting class is treated equally with respect to other classes of equal rank.

The Debtors believe the Plan does not discriminate unfairly with respect to the Claims and Interests in Classes 4, 5, 6 and 7.

A plan is fair and equitable as to a class of unsecured claims that rejects a plan if the plan provides (i) for each holder of a claim included in the rejecting class to receive or retain on account of that claim property that has a value, as of the effective date of the plan, equal to the allowed amount of such claim or (ii) that the holder of any claim or interest that is junior to the claims of such class will not receive or retain on account of such junior claim or interest any property at all.

A plan is fair and equitable as to a class of equity interests that rejects a plan if the plan provides (i) that each holder of an interest included in the rejecting class receive or retain on account of that interest property that has a value, as of the effective date of the plan, equal to the greatest of the allowed amount of any fixed liquidation preference to which such holder is entitled, any fixed redemption price to which such holder is entitled or the value of such interest or (ii) that the holder of any interest that is junior to the interests of such class will not receive or retain under the plan on account of such junior interest any property at all.

The Debtors believe that the Plan meets the "fair and equitable" requirements of section 1129(b) of the Bankruptcy Code with respect to Holders of Claims in Classes 4, 5, 6, 7 and 8, and Holders of Interests in Class 9 and that the Plan satisfies the foregoing requirements for nonconsensual confirmation of the Plan.

XII. CONCLUSION AND RECOMMENDATION

For all of the reasons set forth in this Disclosure Statement, the Debtors and the Purchaser believe that Confirmation and consummation of the Plan is preferable to all other alternatives. Accordingly, the Debtors and the Purchaser urge all Holders of Claims in Classes 4, 5, 6 and 7 to vote to **ACCEPT** the Plan, and to complete and return their ballots so that they will be **RECEIVED** on or before 4:00 (Eastern Time) on [August 13], 2018

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

/s/ Gregg Klingenberg
Gregg Klingenberg
Chief Executive Officer

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Exhibit 1

Second Amended Plan

IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE

In re	Chapter 11
SCOTTISH HOLDINGS, INC., *et al.*,	Case No. 18-10160 (LSS)
Debtors.[1]	Jointly Administered

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

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Counsel for Debtors and Debtors in Possession

Dated: June 28, 2018
Wilmington, Delaware

[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.

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

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

I. SUMMARY OF THE PLAN

An overview of the Plan is set forth in the Disclosure Statement. Generally, the Plan provides for, among other things, the following: (1) the reorganization and recapitalization of the Debtors and certain of their non-debtor Affiliates through a new money contribution of $12,500,000 by the Purchaser in the form of the Recapitalization Funding Payment; (2) the funding of distributions to the Debtors' Creditors through an additional new money contribution of $21,500,000 by the Purchaser in the form of the Plan Funding Payment subject to reduction by the amount of the TruPS Returned Cash; (3) in exchange for the foregoing payments and other consideration, the issuance or assignment to the Purchaser of one hundred percent (100%) of the New Equity, subject to downward adjustment to no less than seventy percent (70%), to the extent that eligible unsecured creditors elect to receive their pro rata share of up to thirty percent (30%) of the New Equity, in lieu of a cash distribution under the Plan; (4) the assumption by the Reorganized Debtors of the SALIC Net Worth Maintenance Agreements and all or substantially all reinsurance treaties for which SALIC acts as reinsurer or retrocessionaire; (5) creation of the Distribution Trust (a) for payment of all Secured Claims, Administrative Claims, and Priority Claims to the extent Allowed and not paid or otherwise satisfied prior to the Effective Date, and (b) for the benefit of Holders of SHI TruPS Claims, SHI General Unsecured Claims, SALIC TruPS Claims and SALIC General Unsecured Claims, all to the extent Allowed; and (6) funding of the Distribution Trust with the Distribution Trust Assets, the Available Plan Distribution Funding Amount and the Distribution Trust Reserves.

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

II. DEFINITIONS AND INTERPRETATION

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

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

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

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

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

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

III. CLASSIFICATION OF CLAIMS AND INTERESTS

3.1. Introduction

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

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

3.2. Unclassified Claims

(a) Administrative Claims

(b) Priority Tax Claims

3.3. Classification of Claims and Interests

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

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

IV. TREATMENT OF CLAIMS AND INTERESTS

4.1. Unclassified Claims

(a) Administrative Claims

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

(b) Priority Tax Claims

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

(c) Other Provisions Governing Administrative Claims

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

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

Objections, if any, to a Professional's application for compensation or reimbursement of expenses must be filed no later than twenty-one (21) days after the date the application is filed, and simultaneously served on the applicant (and its counsel, if any) and

counsel for the following entities: the Reorganized Debtors, the Purchaser, the Official Committee, the Distribution Trustee, and the U.S. Trustee. If no objections are received, the Bankruptcy Court may enter a final order approving the applications and authorizing final Allowance and payment of compensation and reimbursement of expenses without a hearing. If any objection cannot be resolved consensually, the Bankruptcy Court will hold a hearing on the affected application(s).

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

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

(d) Indenture Trustee Fees

i. *Indenture Trustee Fees Incurred through the Confirmation Date.* On the Effective Date, the Debtors shall pay all undisputed Indenture Trustee Fees of the TruPS Indenture Trustees incurred through the Confirmation Date as set forth in section 6.1(b)(1). For a TruPS Indenture Trustee to be eligible to have its Indenture Trustee Fees incurred through the Confirmation Date paid on the Effective Date or as soon as reasonably practicable after the Effective Date, on or before the thirtieth (30th) day after the Confirmation Date, such TruPS Indenture Trustee must serve the IT Fee Notice Parties with invoices setting forth in reasonable detail (but subject to appropriate redactions to preserve confidentiality or any applicable privileges or protections) the Indenture Trustee Fees for which such TruPS Indenture Trustee seeks payment. If none of the IT Fee Notice Parties has served the applicable TruPS Indenture Trustee with a written objection to the TruPS Indenture Trustee Fees set forth in such invoices within ten (10) Business Days after the date of service of such invoices, then the subject Indenture Trustee Fees shall be paid to the applicable TruPS Indenture Trustee on or as soon as reasonably practicable after the Effective Date as set forth in Section 6.1(b)(1), without the need for application to, or approval by, any court. Each Indenture Trustee will not assert its Charging Lien to the extent that it receives payment of its Indenture Trustee Fees.

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

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

section 6.3(g) of the Plan.

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

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

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

v. *Disputes Regarding Indenture Trustee Fees.* If any IT Fee Notice Party disputes any requested Indenture Trustee Fees, such party shall notify the applicable TruPS Indenture Trustee, and, upon such notification, the applicable TruPS Indenture Trustee may (a) assert its Charging Lien to pay the disputed portion of the Indenture Trustee Fees and/or (b) submit such dispute for resolution to the Bankruptcy Court. If the dispute is not resolved in the TruPS Indenture Trustee's favor, any amounts for which the TruPS Indenture Trustee asserted its charging lien on account of such disputed Indenture Trustee Fees must be returned. Notwithstanding the pendency of an objection to a portion of a TruPS Indenture Trustee's

Indenture Trustee Fees, the Debtors or Distribution Trust, as applicable, shall pay any undisputed portion of Indenture Trustee. Nothing herein shall be deemed to impair, waive, discharge, or negatively affect any Charging Lien for any fees, costs and expenses not paid by the Debtors or the Distribution Trustee and otherwise claimed by a TruPS Indenture Trustee pursuant to the procedures set forth in this Section 4.1(d) of the Plan; *provided, however,* that no TruPS Indenture Trustee shall be eligible to receive payment from the Distribution Trust or maintain a Charging Lien for Indenture Trustee Fees incurred after the Effective Date for services related to Distributions to SRGL on account of its holdings of SHST II TruPS, GPIC TruPS or any corresponding SRGL TruPS Claims.

4.2. Unimpaired Classes of Claims and Interests

(a) Class 1 – Secured Claims

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

ii. *Treatment.* Unless a Holder of an Allowed Secured Claim agrees to lesser treatment, on the Effective Date, or as soon as reasonably practicable thereafter, each Holder of an Allowed Secured Claim shall receive one of the following treatments on account of such Allowed Secured Claim, at the option of the Debtors or the Distribution Trustee, as applicable: (a) reinstatement of the Allowed Secured Claim as against any collateral or proceeds thereof held by the Distribution Trust; (b) with the consent of the Purchaser, reinstatement of the Allowed Secured Claim as against any collateral or proceeds thereof held by the Reorganized Debtors; (c) in full and final satisfaction, compromise, settlement, release, and discharge of and in exchange for such Allowed Secured Claim, Cash equal to the full Allowed amount of such Secured Claim, with such Cash to be paid (i) as a Closing Date Plan Distribution to the extent that such Secured Claim is Allowed as of the Effective Date or (ii) from the assets of the Distribution Trust to the extent that such Secured Claim is allowed after the Effective Date; or (d) with the consent of the Purchaser as to any asset that is not a Distribution Trust Asset, delivery of the collateral securing any such Claim and payment of any interest required under section 506(b) of the Bankruptcy Code.

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

(b) Class 2 – Priority Non-Tax Claims

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

ii. *Treatment.* Unless a Holder of an Allowed Priority Non-Tax Claim agrees to lesser treatment, on the Effective Date, or as soon as reasonably practicable thereafter, each Holder of an Allowed Priority Non-Tax Claim shall receive in full, final and

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

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

(c) Class 3 – Intercompany Claims

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

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

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

(d) Class 10 – SALIC Existing Equity Interests

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

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

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

4.3. Impaired Voting Classes of Claims

(a) Class 4 – SHI TruPS Claims

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

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

TruPS Debenture Issuance	TruPS Indenture Trustee	Holder of Allowed SHI TruPS Claim	Principal	Interest through Petition Date	Total Allowed SHI TruPS Claim
SHST I TruPS Debentures	U.S. Bank, as Indenture Trustee	U.S. Bank, as Indenture Trustee, on behalf of Beneficial Holders	$18,042,000.00	$4,805,863.87	$22,847,863.87
SHST II TruPS Debentures	U.S. Bank, as Indenture Trustee	U.S. Bank, as Indenture Trustee, exclusively for SRGL	$20,619,000.00	$5,528,239.88	$26,147,239.88
GPIC TruPS Debentures	BNYM, as Indenture Trustee	BNYM, as Indenture Trustee, exclusively for SRGL	$10,310,000.00	$2,561,006.29	$12,873,506.29
SHST III TruPS Debentures	U.S. Bank, as Indenture Trustee	U.S. Bank, as Indenture Trustee, on behalf of Beneficial Holders	$32,990,000.00	$8,310,979.84	$41,300,979.84
TOTAL			**$81,961,000.00**	**$21,206,089.88**	**$103,169,589.88**

iii. *Treatment.*

A. With respect to Eligible SHI TruPS Claims, on or as soon

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

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

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

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

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

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

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

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

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

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

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

(b) Class 5 – SHI General Unsecured Claims

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

ii. *Treatment.*

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

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

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

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

(c) Class 6 – SALIC TruPS Claims & SFL Claims

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

ii. *Allowance.*

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

TruPS Debenture Issuance	TruPS Indenture Trustee	Holder of Allowed SALIC TruPS Claim	Principal	Interest through Petition Date	Total Allowed SALIC TruPS Claim
SHST I Debentures	U.S. Bank, as Indenture Trustee	U.S. Bank, as Indenture Trustee, on behalf of	$18,042,000.00	$4,805,863.87	$22,847,863.87

TruPS Debenture Issuance	TruPS Indenture Trustee	Holder of Allowed SALIC TruPS Claim	Principal	Interest through Petition Date	Total Allowed SALIC TruPS Claim
		Beneficial Holders			
SHST II Debentures	U.S. Bank, as Indenture Trustee	U.S. Bank, as Indenture Trustee, exclusively for SRGL	$20,619,000.00	$5,528,239.88	$26,147,239.88
GPIC Debentures	BNYM, as Indenture Trustee	BNYM, as Indenture Trustee, exclusively for SRGL	$10,310,000.00	$2,561,006.29	$12,873,506.29
SHST III Debentures	U.S. Bank, as Indenture Trustee	U.S. Bank, as Indenture Trustee, on behalf of Beneficial Holders	$32,990,000.00	$8,310,979.84	$41,300,979.84
SFLST I Debentures	WTC, as Indenture Trustee	Wilmington Trust Company, as Indenture Trustee, on behalf of Beneficial Holders	$51,547,000.00	$11,989,041.32	$63,536,041.32
TOTAL			**$133,508,000.00**	**$33,195,131.20**	**$166,705,631.20**

B. SFL Note Claim:

(1) If the SFLST I TruPS CDO Facility Holders each have voted their respective Allocated Portions of SALIC TruPS Claims to accept the Plan, then (a) the SFL Note Claim Allowance Conditions (as defined below) will be deemed satisfied, such that the Holder of the SFL Note Claim will be deemed (i) to have voted the entire SFL Note Claim to accept the Plan and (ii) to not have opted out of the "Releases by Holders of Claims and Interests" set forth in Section 10.3 of the Plan, and (b) the SFL Note Claim shall be deemed Allowed as a Class 6 Claim in the amount of $63,536,014.32, and shall not be subject to objection, challenge, reduction, offset, avoidance, setoff, recharacterization, impairment, subordination (whether equitable, contractual or otherwise) except as provided herein, counterclaim, cross-claim, defense or disallowance under Applicable Law.

(2) If one or more of the SFLST I TruPS CDO Facility Holders has not voted its Allocated Portion of SALIC TruPS Claims to accept the Plan, then whether or not the SFL Note Claim will be Allowed pursuant to this Plan as a Class 6 Claim in the amount of $63,536,014.32 will depend on whether the SFL Note Claim Allowance Conditions are satisfied or waived as follows:

(a) If the Holder of the SFL Note Claim (1) votes the SFL Note Claim to accept the Plan, (2) does not object to confirmation of the Plan, and (3) does not opt out of the "Releases by Holders of Claims and Interests" set forth in Section 10.3 of the Plan (together, the "SFL Note Claim Allowance Conditions"), then upon the occurrence of the Effective Date, the SFL Note Claim shall be deemed Allowed as a Class 6 Claim in the amount of $63,536,014.32, and shall not be subject to objection, challenge, reduction, offset, avoidance, setoff, recharacterization, impairment, subordination (whether equitable, contractual or otherwise) except as provided herein, counterclaim, cross-claim, defense or disallowance under Applicable Law, and shall be entitled, at such Holder's option to make (i) the New Equity Election, (ii) the Cash Election, or (iii) elect to allocate its Claim between the New Equity Election or the Cash Election, as set forth in Section 4.3(c)(iii) below.

(b) If the Holder of the SFL Note Claim fails to satisfy one or more of the SFL Note Claim Allowance Conditions, then, unless otherwise agreed in a writing signed by an authorized representative of the Debtors (or, if on or after the Effective Date, the Distribution Trustee) and consented to by the Purchaser (which consent shall not be unreasonably withheld) or adjudicated by a Final Order of the Bankruptcy Court, the SFL Note Claim shall (a) remain fully subject to objection, challenge, reduction, offset, avoidance, setoff, recharacterization, impairment, subordination (whether equitable, contractual or otherwise), counterclaim, cross-claim, defense or disallowance under Applicable Law and treated as a Disputed Claim and (b) be deemed to have made the Cash Election and will be reserved for in Cash as a Disputed Class 6 Claim. For the avoidance of doubt, after the Effective Date, the Distribution Trustee shall have the sole right and authority, but not the obligation, to object to, litigate, and settle the amount, priority or extent of the SFL Note Claim and to make a Cash Distribution thereon to the extent Allowed.

iii. *Treatment:*

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

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

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

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

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

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

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

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

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

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

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

(1) If the SFL Note Claim Allowance Conditions are deemed satisfied in accordance with Section 4.3(c)(ii)(B)(1) of this Plan because the

SFLST I TruPS CDO Facility Holders each have voted their respective Allocated Portions of SALIC TruPS Claims to accept the Plan, then the Distributions to be received on account of the Allowed SFL Note Claim shall consist of the following:

(a) Subject to the SFL Receiver's right to make SFL Bankruptcy Administration Senior Cash Election, the Holder of the SFL Note Claim will be deemed to have made the New Equity Election for the remaining portion of the Allowed amount of the SFL Note Claim (*i.e.,* the Allowed SFL Note Claim net of the portion for which the SFL Receiver has made the SFL Bankruptcy Administration Senior Cash Election) that corresponds to the percentage SFLST I TruPS to have made the New Equity Election (as determined by the Ballots received from the SFLST I TruPS CDO Facility Holders). Accordingly, the Holder of the Allowed SFL Note Claim will be entitled to receive the TruPS Claims Equity Distribution Amount calculated based on that the portion of the Allowed SFL Note Claim for which it has deemed to have made the New Equity Election as described immediately above. Any remaining portion of the Holder's Allowed SFL Note Claim shall be treated as if the Cash Election has been made and entitled to receive the TruPS/GUC Claims Cash Distribution Amount calculated based on such remaining portion of the Allowed SFL Note Claim.

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

(2) If one or more of the SFLST I TruPS CDO Facility Holders has not voted its Allocated Portion of SALIC TruPS Claims to accept the Plan, but the Holder of the SFL Note Claim has otherwise satisfied the SFL Note Claim Allowance Conditions in accordance with Section 4.3(c)(ii)(B)(1) of this Plan, then the Distributions to be received on account of the Allowed SFL Note Claim shall consist of the following:

(a) Either (x) if the Holder of the Allowed SFL Note Claim makes the New Equity Election, such Holder's TruPS Claims Equity Distribution Amount; or (y) if the Holder of the Allowed SFL Note Claim makes the Cash Election, such Holder's TruPS/GUC Claims Cash Distribution Amount.

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

(3) If the SFL Note Claim Allowance Conditions are not satisfied or deemed satisfied in accordance with this Plan, then subject to and upon

the Allowance of the SFL Note Claim post-Effective Date as a Class 6 Claim, then the Distributions to be received on account of the Allowed SFL Note Claim shall consist of the following:

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

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

D. Voting. Class 6 is Impaired, and the Holders of Allowed Class 6 Claims will be entitled to vote to accept or reject the Plan; *provided, however,* that with respect to the Allowed SFL Note Claim, if the SFLST I TruPS CDO Facility Holders each have voted their respective Allocated Portions of SALIC TruPS Claims to accept the Plan as contemplated by Section 4.3(c)(ii)(B)(1) of this Plan, then the Holder of the SFL Note Claim shall be deemed to have voted the SFL Note Claim to accept the Plan.

(d) Class 7 – SALIC General Unsecured Claims

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

ii. *Treatment.*

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

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

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

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

4.4. Impaired Non-Voting Classes of Claims and Interests

(a) Class 8 – Subordinated Claims

i. *Classification.* Class 8 consists of all Subordinated Claims.

ii. *Treatment.* Holders of Subordinated Claims will not receive or retain any property on account of such Claims. On the Effective Date, Subordinated Claims shall be deemed automatically cancelled, released, and extinguished without further action by any Debtor, any Reorganized Debtor or the Distribution Trustee, and the obligations of the Debtors thereunder shall be forever discharged.

iii. *Voting.* Class 8 is Impaired, and each Holder of a Subordinated Claim will be conclusively deemed to have rejected the Plan pursuant to section 1126(g) of the Bankruptcy Code. Therefore, Holders of Subordinated Claims shall not be entitled to vote on the Plan.

(b) Class 9 – SHI Existing Equity Interests

i. *Classification.* Class 9 consists of all SHI Existing Equity Interests.

ii. *Treatment.* All SHI Existing Equity Interests will be cancelled and reissued at the direction of the Purchaser as described in Section 6.1 of the Plan.

iii. *Voting.* Class 9 is Impaired, and each Holder of an SHI Existing Equity Interest will be conclusively deemed to have rejected the Plan pursuant to section 1126(g) of the Bankruptcy Code. Therefore, Holders of SHI Existing Equity Interests shall not be entitled to vote on the Plan.

V. ACCEPTANCE REQUIREMENTS

5.1. Impaired Classes of Claims Entitled to Vote

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

5.2. Acceptance by an Impaired Class

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

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

5.3. Presumed Acceptance by Unimpaired Classes

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

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

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

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

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

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

5.6. Elimination of Vacant Classes

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

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

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

5.8. Consolidation of Classes

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

5.9. Separate Classes of Secured Claims

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

VI. MEANS FOR IMPLEMENTATION OF THE PLAN

6.1. Plan Transactions

(a) Stock Purchase Agreement Closing

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

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

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

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

unrestricted Cash of SALIC and SHI to the extent of such unrestricted Cash;

(2) Second, to fund the Professional Fee Reserve;

(3) Third, to fund the Trust Administration Reserve;

(4) Fourth, to fund the Disputed Claims Reserve to be maintained by the Distribution Trust;

(5) Fifth, to fund the Indenture Trustee Fee Reserve on account of the Post-Effective Date Indenture Trustee Fee Estimate;

(6) Sixth, to fund Distributions to the Holders of Allowed SHI General Unsecured Claims, Allowed SALIC General Unsecured Claims, Allowed SHI TruPS Claims (that make the Cash Election), Allowed SALIC TruPS Claims (that make the Cash Election), and Allowed SFL Note Claim (if the Cash Election is made or deemed to have been made) with such Distributions to be made on the DT Initial Distribution Date or DT Subsequent Distribution Dates, as applicable.

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

(c) Funding of Recapitalization Funding Payment

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

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

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

(e) Final Share Surrender

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

(f) New Equity Issuance and Distribution

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

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

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

The Debtors, the Purchaser, the Indenture Trustees, the Official Committee, SRGL, the Voting Agent, and each of their respective Representatives have, and upon Confirmation of the Plan shall be deemed to have, participated in good faith and in compliance with the applicable provisions of the Bankruptcy Code and Applicable Law with regard to the distribution of the New Equity under the Plan, and therefore are not, and on account of such distributions will not be, liable at any time for the violation of any Applicable Law, rule, or regulation governing the solicitation of acceptances or rejections of the Plan or such distributions made pursuant to the Plan. Upon entry of the Confirmation Order, all provisions of the Plan addressing distribution of the New Equity shall be deemed necessary and proper.

(g) Distribution of Offered New Equity

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

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

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

6.2. Vesting of Estate Property

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

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

Except for the Distribution Trust Assets, the Available Plan Distribution Funding Amount and the Distribution Trust Reserves, or as otherwise expressly provided in the Confirmation Order, pursuant to sections 1123(b)(3) and 1141(b)–(c) of the Bankruptcy Code, on the Effective Date, all of the property and assets of each Debtor shall automatically vest in the respective Reorganized Debtor, free and clear of all Claims, Liens and Interests. For the avoidance of doubt, such property and assets of each Debtor that will automatically vest in the Reorganized Debtors includes, but is not limited to, any SALIC Group Services Claim incurred on or after the Petition Date. The Reorganized Debtors may operate their business and may use, acquire, and dispose of such property free of any restrictions of the Bankruptcy Code, the Bankruptcy Rules, and the Bankruptcy Court. As of the Effective Date, all such property of the Reorganized Debtors shall be free and clear of all Claims, Liens and Interests, except as specifically provided

in the Confirmation Order, and the Reorganized Debtors shall receive the benefit of any and all discharges and injunctions under the Plan.

6.3. The Distribution Trust

(a) Execution of Distribution Trust Agreement

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

(b) Purpose of the Distribution Trust

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

(c) Distribution Trust Assets and Other Property

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

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

The Distribution Trust shall be administered by the Distribution Trustee pursuant to the Distribution Trust Agreement. The initial Distribution Trustee shall be a Person selected by the Official Committee and reasonably acceptable to the Debtors and the Purchaser. The identity of the initial Distribution Trustee will be disclosed in the Plan Supplement, and any successor Distribution Trustee shall be appointed in the manner set forth in the Distribution Trust Agreement. In the event of any inconsistency between the Plan and the Distribution Trust Agreement as such conflict relates to anything other than the establishment of the Distribution Trust, the Plan shall control. All compensation for the Distribution Trustee and other costs of

administration for the Distribution Trust shall be paid from the Trust Administration Reserve in accordance with this Plan and the Distribution Trust Agreement. The Distribution Trustee shall be a representative of each Debtor's Estate in accordance with section 1123(b)(3)(B) of the Bankruptcy Code for the purposes of the DT Post-Closing Rights.

(e) Mutual Cooperation

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

(f) Establishment and Funding of Distribution Trust Reserves

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

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

ii. *Professional Fee Reserve.* The Professional Fee Reserve shall be established and funded in an amount that the Debtors estimate in good faith, after consultation with the relevant Professionals, the Purchaser, and the Official Committee, to be necessary to pay in full all amounts then owing or that may later become owing to such Professionals for professional fees and expenses incurred through the Effective Date. For the avoidance of doubt, the estimated amount initially funded to the Professional Fee Reserve is not intended as and shall not be deemed to be a cap on the funds available to pay or satisfy Allowed Administrative Claims of Professionals for compensation or reimbursement of expenses. Following the Effective Date, the Distribution Trustee shall have the discretion to increase the Professional Fee Reserve as the Distribution Trustee deems necessary or appropriate to pay or satisfy Allowed Administrative Claims of Professionals for compensation or reimbursement of expenses.

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

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

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

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

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

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

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

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

(h) Cash Investments

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

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

The Distribution Trustee shall be responsible for making all Distributions to Holders of Allowed Claims required to be made on or after the Effective Date pursuant to the Plan; *provided,* that the Reorganized Debtors or the Disbursing Agent (as applicable) shall make the Distributions to Holders of Allowed Claims on the Effective Date on behalf of the Distribution Trustee. The Distribution Trustee will make all Distributions to Holders of Allowed Claims, or in the case of Holders of Allowed Claims in Classes 4 and 6, the Beneficial Holders thereof, as required by this Plan at: (i) the address of any such Holder on the books and records of the Debtors or their agents; or (ii) at the address in any written notice of address change delivered to the Debtors or the Disbursing Agent, including any addresses included on any transfer of Claim filed pursuant to Bankruptcy Rule 3001 or as otherwise provided in the Distribution Trust Agreement.

i. *DT Initial Distribution*

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

ii. *DT Subsequent Distribution*

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

(j) Federal Income Tax Treatment of Distribution Trust

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

Distribution Trust and the qualification of the Distribution Trust as a "liquidating trust" for U.S. federal income tax purposes.

(k) Tax Reporting

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

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

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

iv. Subject to definitive guidance from the IRS or a court of competent jurisdiction to the contrary (including the receipt by the Distribution Trustee of a private letter ruling if the Distribution Trustee so requests one, or the receipt of an adverse determination by the IRS upon audit if not contested by such Distribution Trustee), the

Distribution Trustee (i) shall treat any Distribution Trust Reserves allocable to Disputed Claims as a "disputed ownership fund" governed by Treas. Reg. § 1.468B-9 (and make any necessary elections with respect thereto) and (ii) to the extent permitted by Applicable Law, shall report consistently for state and local income tax purposes. All parties (including the Distribution Trustee, the Debtors and Distribution Trust Beneficiaries) shall report for U.S. federal, state and local income tax purposes consistently with the foregoing.

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

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

(l) Dissolution

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

ii. If at any time the Distribution Trustee determines, in reliance upon such professionals as the Distribution Trustee may retain, that the expense of administering the Distribution Trust so as to make a final Distribution to Distribution Trust Beneficiaries is likely to exceed the value of the assets remaining in such Distribution Trust, such Distribution Trustee may apply to the Bankruptcy Court for authority to (i) reserve any amount necessary to dissolve such Distribution Trust, (ii) donate any balance to a charitable organization (A) described in

section 501(c)(3) of the IRC, (B) exempt from U.S. federal income tax under section 501(a) of the IRC, (C) not a "private foundation", as defined in section 509(a) of the IRC, and (D) that is unrelated to the Debtors, such Distribution Trust, and any insider of such Distribution Trustee, and (iii) dissolve such Distribution Trust.

6.4. The Reorganized Debtors

(a) Continued Corporate Existence

Except as otherwise provided in the Plan, each of the Debtors, as Reorganized Debtors, shall continue to exist after the Effective Date as a corporate entity, with all of the powers of a corporation or limited company, as the case may be, under Applicable Law in the jurisdiction in which such Debtor is incorporated or organized and pursuant to the New Corporate Governance Documents. After the Effective Date, the Reorganized Debtors may operate their business and use, acquire, and dispose of property without the supervision of the Bankruptcy Court, free of any restrictions of the Bankruptcy Code or Bankruptcy Rules.

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

(b) Directors and Officers of the Reorganized Debtors

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

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

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

(c) Corporate Action

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

(d) Effectuating Documents; Further Transactions

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

6.5. Retained Causes of Action

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

are Distribution Trust Assets shall, in accordance with Section 1123(b) of the Bankruptcy Code, vest in the Distribution Trust, and the Distribution Trust may enforce, sue on, settle, or compromise (or decline to do any of the foregoing) all such Claims, rights, Causes of Action, suits, and proceedings, whether in law or in equity, known or unknown, without approval of the Bankruptcy Court, and the Distribution Trust's rights to commence, prosecute, or settle such Causes of Action shall be preserved notwithstanding the occurrence of the Effective Date.

6.6. The Closing

The Closing as defined in the Stock Purchase Agreement shall be subject to the conditions in the Stock Purchase Agreement, including, without limitation, the conditions to closing set out in Article VII of the Stock Purchase Agreement and the actions and deliveries set out in section 2.4 of the Stock Purchase Agreement, unless waived in accordance with the Stock Purchase Agreement. The Closing shall occur simultaneously with the Effective Date of the Plan.

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

Except for purposes of evidencing a right to a Distribution under the Plan or otherwise as provided in the Plan, the Confirmation Order or the Distribution Trust Agreement, on the Effective Date, the TruPS Indentures, the TruPS Debentures, the TruPS Declarations, the TruPS Sponsor Guarantees, the TruPS Parent Guarantees, all other TruPS Documents, the SFL Note and all corresponding documents issued in connection with such documents shall be deemed automatically cancelled, terminated and of no further force or effect, without further act or action under any applicable agreement, law, regulation, order, or rule and the obligations of the Debtors, the TruPS Indenture Trustees, and the TruPS Institutional Trustees, as applicable, thereunder shall be deemed terminated; *provided, however,* that TruPS Indentures and TruPS Declarations shall continue in effect only as follows: (1) for the TruPS Indenture Trustees and the TruPS Institutional Trustees to discharge any responsibilities they have under the Plan, the Confirmation Order, the Distribution Trust Agreement, the TruPS Indentures, the TruPS Parent Guarantees, the TruPS Sponsor Guarantees and the TruPS Declarations in connection with Distributions to be made to be made to the Holders of the TruPS Debentures, the Beneficial Holders of TruPS and SRGL in accordance with the terms of the Plan (including Sections 4.3(a), and 4.3(c) thereof), the Confirmation Order, the Distribution Trust Agreement, the TruPS Indentures, the TruPS Declarations and, as to SRGL only, the Restructuring Implementation Agreement and RIA Order, it being understood that the TruPS Indentures, the TruPS Parent Guarantees, the TruPS Sponsor Guarantees and the TruPS Declarations shall continue in effect only so long as is necessary to permit such Distributions to be made; (2) subject to Section 4.1(d)(iii) hereof, to allow each TruPS Indenture Trustee and any predecessor trustee under any of the TruPS Indentures to exercise its Charging Lien for the payment of its fees and expenses incurred post-Closing and for indemnification as provided in the applicable TruPS Indentures; (3) to preserve any rights of the TruPS Indenture Trustees pursuant to any direction provided by Holders of the TruPS pursuant to the terms of the TruPS documents; and (4) solely with respect to the SFLST I TruPS Indenture, the SFLST I TruPS Debentures, the SFLST I Trust Declaration,

the SFLST I TruPS Sponsor Guarantee, and any other SFLST I TruPS Documents (except the SFLST I TruPS Parent Guarantee), the foregoing SFLST I TruPS Documents shall not be deemed cancelled, terminated or of no force or effect as against SFL. For the avoidance of doubt, nothing in this Section 6.7 is intended to or shall extinguish or impair any liability or obligation of SFL under any SFLST I TruPS Document.

6.8. Comprehensive Settlement of Claims and Controversies

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

VII. CLAIMS RESOLUTION & DISTRIBUTIONS

7.1. Right to Object to Claims

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

Effective Date with respect to any Disputed Claim, including pursuant to the DT Post-Closing Rights. The Reorganized Debtors shall provide commercially reasonable assistance and cooperation to the Distribution Trustee in connection with the Distribution Trustee's prosecution of objections to Claims, including, without limitation, access to the books and records of the Debtors or the Reorganized Debtors (as the case may be) and other information reasonably requested by the Distribution Trustee to enable the Distribution Trustee to perform its obligations under the Distribution Trust Agreement, including pursuant to the DT Post-Closing Rights.

7.2. Deadline for Objecting to Claims

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

7.3. Deadline for Responding to Claim Objections

Within twenty-one (21) days after service of an objection, or such other date as is indicated on such objection or the accompanying notice thereof, the Creditor whose Claim was objected to must File a written response to the objection with the Bankruptcy Court and serve a copy on the Distribution Trustee. Failure to file a written response within such time period shall constitute a waiver and release of that portion of the subject Claim that was subject to the objection, and shall constitute cause for the Bankruptcy Court to enter a default judgment against the non-responding Creditor or grant the relief requested in the Claim objection.

7.4. Right to Request Estimation of Claims

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

7.5. Distribution Procedures Regarding Allowed Claims

(a) In General

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

(b) Distributions on Allowed Claims Only

Distributions from the Distribution Trust shall be made only to the Holders of Allowed Claims or in the case of Holders of Allowed Claims in Classes 4 and 6, the Beneficial Holders thereof. Until a Disputed Claim becomes an Allowed Claim, the Holder of that Disputed Claim shall not receive a Distribution. Other than as specifically set forth in section 6.1(b)(i), Allowed Claims shall not be entitled to distributions from any source other than the Plan Funding Payment or the Distribution Trust.

(c) Method of Distributions

i. *Use of Distribution Agent.* The Reorganized Debtors with respect to Closing Date Plan Distributions and initial Distributions of Offered New Equity and the Distribution Trustee with respect to Distributions from the Distribution Trust shall have the authority, in their respective sole discretion, to enter into agreements with a third-party Distribution Agent to facilitate the Distributions required hereunder. For the avoidance of doubt, Prime Clerk, LLC, which was previously engaged to serve as the Debtors' Voting Agent, is an acceptable choice to serve as the Distribution Agent and shall be engaged as the shared Distribution Agent in the event that Reorganized Debtors and Distribution Trustee both want to use the services of a Distribution Agent and cannot agree to an alternate choice. The Distribution Trustee shall be authorized, but not directed, to pay to any third-party Distribution Agent all reasonable and documented fees and expenses of such Distribution Agent without the need for any approvals, authorizations, actions, or consents. The Distribution Agent shall be authorized, but not directed, to submit detailed invoices to the Debtors or the Reorganized Debtors, as applicable, for all fees and expenses for which the Distribution Agent seeks reimbursement and the Distribution Trustee shall pay those amounts from the Trust Administration Reserve that it, in its sole discretion, deems reasonable, and shall object in writing to those fees and expenses, if any, that the Distribution Trustee deems to be unreasonable. In the event that the Distribution Trustee objects to all or any portion of the amounts requested to be reimbursed in a Distribution Agent's invoice, the Distribution Trustee and such Distribution Agent shall endeavor, in good faith, to reach mutual agreement on the amount of the appropriate payment of such disputed fees or expenses. In the event that the Distribution Trustee and a Distribution Agent are unable to resolve any differences regarding disputed fees or expenses, either party shall be authorized to move to have such dispute heard by the Bankruptcy Court.

ii. *Cash Distributions.* Except as otherwise specified in the Plan or the Distribution Trust Agreement (with respect to Distributions other than Closing Date Plan Distributions), any Distribution of Cash made by the Reorganized Debtors as a Closing Date Plan Distribution or made by the Distribution Trustee from the Available Plan Funding Distribution Amount shall be made by mailing such Distribution to the Creditor or Holder, as applicable, at the address listed in any Proof of Claim filed by such Entity or at such other address as such Entity shall have specified for payment purposes in a written notice received by the Reorganized Debtors or Distribution Trustee, as applicable, at least twenty-one (21) days before a Distribution Date. If a Creditor or Holder has not filed a Proof of Claim or sent the Distribution Trustee a written notice of payment address, then the Distribution(s) for such Entity

will be mailed to the address identified in the Schedules. Notwithstanding the foregoing, any Cash may be distributed by wire, check, or such other method as the Distribution Trustee or Reorganized Debtors, as applicable, deem appropriate under the circumstances. An Cash Distribution to be made to SRGL under the Plan shall be made by wire transfer unless otherwise agreed by SRGL.

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

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

v. Notwithstanding the foregoing, the Debtors may cause there to be established a register on which there shall be recorded the Beneficial Holders of the Claims in Class 4 and Class 6, and the New Equity Election made by any of them. The Reorganized Debtors or the Distribution Trustee, as applicable, shall make Distributions of TruPS/GUC Claims Cash Distribution Amount, the TruPS Claims Equity Distribution Amounts and/or the Distribution Trust Asset Proceeds, as the case may be, to such Beneficial Holders, or their transferees, as recorded on such register in accordance with such transfer procedures as the Debtors may establish. The provisions of Section 7.5(c)(iv) shall similarly apply to Distributions to such Beneficial Holders or their transferees

(d) Undeliverable Distributions

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

(e) Unclaimed Distributions

If the current address for a Creditor or Holder entitled to a Distribution (whether in the form of Cash or Offered New Equity) under the Plan has not been determined within six (6) months after the Effective Date or such Entity has otherwise not been located, or if such Entity has not submitted a valid Federal Tax Identification Number or Social Security Number to the Distribution Trustee within six (6) months after the Effective Date, then such Creditor or

Holder, as applicable, (i) shall no longer be a Creditor or Holder and (ii) shall be deemed to have released such Claim and Interest, if any. If such Unclaimed Distribution consists of Cash, then the Cash shall remain property of the Distribution Trust and be used or distributed in accordance with the terms of this Plan and the Distribution Trust Agreement. If such Unclaimed Distribution consists of New Equity, then such New Equity shall not be issued to the forfeiting Claim Holder and shall instead be issued to the Purchaser.

(f) Taxes; Withholding

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

(g) Special Distribution Provisions for TruPS Claims

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

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

ii. *Distributions Relating to SRGL Exclusively Held TruPS*

Notwithstanding anything to the contrary in this Plan, Distributions on account of the SRGL Exclusively Held TruPS Claims shall be made by the Distribution Trustee directly to SRGL.

iii. *Distributions Arising From SALIC Claims Against SRGL*

Upon any distribution from the SRGL estate to the Distribution Trust in respect of the SALIC Claims, the Joint Liquidators shall apply such provisioning or withholding (if any) as they deem appropriate in accordance with their duties under Cayman Islands law.

All distributions from the SRGL estate to the Distribution Trust in respect of the SALIC Claims shall be distributed pro rata to all Holders of Allowed Claims in Classes 4, 5, 6 and 7, except for SRGL.

Notwithstanding anything contained herein, (i) any funds received by SRGL from the Distribution Trust and any distributions by SRGL on account of such funds shall be governed by, and construed in accordance with, the laws of the Cayman Islands and (ii) any funds received by the Debtors or the Distribution Trust from SRGL and any distribution from the Distribution Trust or the Debtors on account of such funds shall be subject to the terms of the Plan and the jurisdiction of the Bankruptcy Court.

(h) Additional Procedures Regarding Distributions from the Distribution Trust

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

(i) Allocation of Distributions between Principal and Interest

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

7.6. Implementation of New Equity and Cash Elections

The Plan affords New Equity Eligible Holders the opportunity to make the New Equity Election or the Cash Election and with respect to the Holder of the SFL Note Claim, deems a New Equity Election and/or Cash Election to have been made under certain circumstances.

(a) Making of New Equity or Cash Election by New Equity Eligible Beneficial Holders

Each New Equity Eligible Beneficial Holder must elect to take its entire Distribution (other than for its applicable percentage of the Distribution Trust Assets Proceeds) either exclusively in the form of Offered New Equity (by making the New Equity Election) or exclusively in the form of Cash (by making the Cash Election). For the avoidance of doubt, a New Equity Eligible Beneficial Holder may not split its Distribution between New Equity and Cash.

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

(b) Implementation of New Equity or Cash Election for SFL Note Claim

Notwithstanding the foregoing, with respect to Distributions to be made under the Plan on account of the Allowed SFL Note Claim:

i. If the SFL Note Claim Allowance Conditions are deemed satisfied in accordance with Section 4.3(c)(ii)(B)(1) of this Plan because the SFLST I TruPS CDO Facility Holders each have voted their respective Allocated Portions of SALIC TruPS Claims to accept the Plan, then the Holder of the Allowed SFL Note Claim shall be deemed to have made the New Equity Election and Cash Election in the manner described in Section 4.3(c)(iii)(C)(1)(a) of this Plan, subject to the SFL Receiver's right to make the SFL Bankruptcy Administration Senior Cash Election.

ii. If one or more of the SFLST I TruPS CDO Facility Holders has not voted its Allocated Portion of SALIC TruPS Claims to accept the Plan, but the Holder of the SFL Note Claim has otherwise satisfied the SFL Note Claim Allowance Conditions in accordance with Section 4.3(c)(ii)(B)(1) of this Plan, then the Holder of the Allowed SFL Note Claim shall be entitled to: (a) apply its Allowed SFL Note Claim amount entirely to the New Equity Election; (b) apply its Allowed SFL Note Claim amount entirely to the Cash Election; or (c) allocate its Allowed SFL Note Claim Amount between the New Equity Election and the Cash Election.

iii. If the SFL Note Claim Allowance Conditions are not satisfied or deemed satisfied in accordance with this Plan, then the Holder of the SFL Note Claim shall be

deemed to have made the Cash Election with respect to the entire SFL Note Claim, subject to the SFL Note Claim becoming an Allowed Class 6 Claim.

7.7. Claims Paid or Payable by Third Parties

(a) Claims Paid by Third Parties

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

Any such Claim shall be expunged from the official claims register without a claims objection having to be filed and without any further notice to or action, order, or approval of the Bankruptcy Court, to the extent that the Holder receives payment in full on account of such Claim; *provided, however,* that to the extent the non-Debtor party making the payment is subrogated to such Holder's Claim, the non-Debtor party shall have a 30-calendar-day grace period to notify the Distribution Trustee of such subrogation rights and, if they are valid and enforceable, the expungement will be reversed to the extent of such subrogation rights.

(b) Claims Payable by Third Parties

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

7.8. Foreign Currency Exchange Rate

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

7.9. Setoff

Except as otherwise provided in this Plan, the Restructuring Implementation Agreement, the RIA Order or another Final Order of the Bankruptcy Court, (a) nothing contained in this Plan shall constitute a waiver or release by the Debtors, the Reorganized Debtors, the Distribution Trustee or the Distribution Trust of any right of setoff or recoupment that any of the foregoing Entities may have against any Entity, and (b) to the extent permitted by Applicable

Law, the Distribution Trustee or Reorganized Debtors, as applicable, may setoff or recoup (but shall not be required to do so) against any Claim (and any Interest) and the payments or other Distributions to be made under the Plan in respect of such Claim (or Interest), claims of any nature whatsoever that the Debtors may have against the Holder of such Claim or Interest.

7.10. De Minimis Distributions

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

7.11. Fractional Shares

No fractional shares or number of the Offered New Equity shall be issued or distributed under the Plan. The actual Distribution of shares or number of the Offered New Equity shall be rounded to the next higher or lower whole number as follows: (i) fractions less than one-half (½) shall be rounded to the next lower whole number and (ii) fractions equal to or greater than one-half (½) shall be rounded to the next higher whole number. The total amount of shares or number of Offered New Equity to be distributed hereunder shall be adjusted as necessary to account for such rounding. No consideration shall be provided in lieu of fractional shares or numbers that are rounded down.

7.12. No Interest

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

VIII. EXECUTORY CONTRACTS AND UNEXPIRED LEASES

8.1. Assumption of Executory Contracts

Unless otherwise specified herein, as of, and subject to, the occurrence of the Effective Date and the payment of any applicable Cure Amounts, all Executory Contracts and

Unexpired Leases to which either Debtor is a party, and which have not expired by their own terms on or prior to the Confirmation Date shall be deemed assumed except for any executory contract or unexpired lease that (a) previously has been assumed or rejected pursuant to a Final Order of the Bankruptcy Court, (b) is the subject of a separate motion for assumption or rejection under section 365 of the Bankruptcy Code filed by a Debtor before the Confirmation Date, (c) is designated as a contract or lease to be rejected on the Rejection Schedule, or (d) is the subject of a pending Assumption Dispute. Subject to the occurrence of the Effective Date, entry of the Confirmation Order by the Bankruptcy Court shall constitute approval of the assumptions and rejections provided for in the Plan pursuant to sections 365(a) and 1123 of the Bankruptcy Code. Each Executory Contract and Unexpired Lease assumed pursuant to the Plan shall vest in, and be fully enforceable by, the Reorganized Debtors in accordance with its terms, except as modified by the provisions of the Plan, and any order of the Bankruptcy Court authorizing and providing for its assumption or applicable law.

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

8.2. Rejection of Executory Contracts

On the Effective Date, all Executory Contracts identified on the Rejection Schedule shall be deemed rejected. The initial Rejection Schedule shall be filed with, and as a part of, the Plan Supplement, and, except as otherwise provided in the Stock Purchase Agreement, may be amended by the Purchaser at any time prior to the Effective Date. Entry of the Confirmation Order shall constitute, subject to the occurrence of the Effective Date, approval of the rejection of such Executory Contracts under sections 365 and 1123 of the Bankruptcy Code.

8.3. Determination of Assumption Disputes and Deemed Consent

(a) On or before the date that is at least twenty-one (21) calendar days prior to the Confirmation Objection Deadline (as defined in the Disclosure Statement Order), the Debtors shall file and serve on parties to Executory Contracts and Unexpired Leases to be assumed a notice reflecting the Debtors' intention to assume the contract or lease in connection with the Plan and setting forth the proposed Cure Amount (if any). Such notice shall not prejudice any of the defenses and counterclaims the Debtors, Reorganized Debtors or Distribution Trust may have with respect to any such Executory Contract or Unexpired Lease. If the counterparty believes any different Cure Amount is due in connection with the assumption or otherwise objects to the assumption, it must assert such Cure Amount or any other Assumption Dispute by filing an objection with the Bankruptcy Court and serving such objection on counsel for the notice parties identified in Section 12.11 hereof so as to be received by such parties by no later than twenty-one (21) calendar days after the date of service of such notice.

(b) Cure Amount disputes shall be resolved by the Debtors or Reorganized Debtors and the applicable counterparty in the ordinary course, and the agreed-upon amounts shall be paid by the Debtors or Reorganized Debtors in the ordinary course, with any such payments of Cure Amounts to be funded in accordance with Section 2.4(d) of the Stock Purchase Agreement. If there is an Assumption Dispute pertaining to assumption of an Executory Contract or Unexpired Lease, such dispute shall be heard by the Bankruptcy Court prior to such assumption being effective; *provided, however,* the Debtors or the Reorganized Debtors, as applicable, may settle any dispute regarding the Cure Amount or the Assumption Dispute without any further notice to any party or any action, order, or approval of the Bankruptcy Court. To the extent the Assumption Dispute is resolved or determined by a Final Order unfavorable to the Debtors or Reorganized Debtors, as applicable, the Debtors or Reorganized Debtors, as applicable, shall have fourteen (14) calendar days following entry of such Final Order to file a motion to reject such contract or lease.

(c) Any counterparty to an Executory Contract or Unexpired Lease that fails to object timely to the notice of the proposed assumption of such contract or lease within twenty-one (21) calendar days after the date of service thereof shall be deemed to have assented to (i) the proposed Cure Amount, and (ii) the assumption of the applicable contract or lease notwithstanding any provision thereof that purports to (A) prohibit, restrict, or condition the transfer or assignment of such contract or lease, (B) terminate or modify, or permit the termination or modification of, a contract or lease as a result of any direct or indirect transfer or assignment of the rights of a Debtor under such contract or lease or a change, if any, in the ownership or control of a Debtor, (C) increase, accelerate, or otherwise alter any obligations or liabilities of a Debtor under such Executory Contract or Unexpired Lease, or (D) create or impose a Lien upon any property or asset of a Debtor or a Reorganized Debtor. Each such provision shall be deemed to not apply to the assumption of such Executory Contract or Unexpired Lease pursuant to the Plan and counterparties to assumed Executory Contracts or Unexpired Leases that fail to object to the proposed assumption in accordance with the terms set forth in this Section 8.3(c) shall forever be barred and enjoined from objecting to the validity of such assumption or to the Cure Amount, and from taking any other action prohibited by the foregoing on account of transactions contemplated by the Plan.

8.4. Effect of Assumption of Contracts and Leases

Subject to resolution of any Assumption Dispute, all Cure Amounts shall be satisfied by the Purchaser (subject to the terms of Section 2.4(d) of the Stock Purchase Agreement) or the Reorganized Debtors, as the case may be, upon assumption of the applicable contracts and unexpired leases in the ordinary course. Assumption of any Executory Contract or Unexpired Lease pursuant to the Plan, or otherwise, subject to satisfaction of the Cure Amount, shall result in the full release and satisfaction of any Claims or defaults, whether monetary or nonmonetary, including defaults of provisions restricting the change in control or ownership interest composition or other bankruptcy-related defaults, arising under any assumed Executory Contract or Unexpired Lease at any time before the effective date of the assumption. On the

Effective Date (or with respect to any assumption of an Executory Contract or Unexpired Lease that becomes effective on a date after the Effective Date, the date such contract or lease assumption becomes effective), any proofs of Claim filed with respect to an Executory Contract or Unexpired Lease that has been assumed shall be deemed withdrawn without further notice to, action, order, or approval of the Bankruptcy Court or any other Entity.

8.5. Payment of Cure Amounts

Within thirty (30) days after the Effective Date, the Reorganized Debtors shall pay, in Cash (or as otherwise agreed or ordered by the Bankruptcy Court), all Cure Amounts related to Executory Contracts and Unexpired Leases that are assumed pursuant to this Article VIII of the Plan, other than Cure Amounts that are subject to an Assumption Dispute; *provided,* that the Reorganized Debtors shall pay all Cure Amounts that are subject to an Assumption Objection on the Effective Date within twenty-one (21) days after entry of an order by the Bankruptcy Court resolving the Assumption Dispute or approving an agreement between the parties concerning the Cure Amount. For the avoidance of doubt, funding of Cure Amounts shall be subject to sections 2.2(b), 2.3(f) and 2.4(e) of the Stock Purchase Agreement; in particular, the amount contributed by the Purchaser for payment of the Cure Amounts shall not exceed $100,000 and the Recapitalization Funding Payment shall be used by the Reorganized Debtors to pay any amounts in respect of the Cure Amounts in excess of $100,000.

(a) No Admission of Liability

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

(b) Reservation of Rights

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

(c) Rejection Claim Bar Date

Each Claim resulting from the rejection of an Executory Contract pursuant to Section 8.2 of the Plan shall be Filed with the Bankruptcy Court no later than the Rejection Claim Bar Date. Any Claim resulting from the rejection of an Executory Contract not Filed by the applicable deadline shall be discharged and forever barred, and shall not be entitled to any Distributions under the Plan. The Distribution Trustee shall have the right to object to any rejection damage Claim. All rejection damage Claims shall be treated in Class 5 or 7, respectively, and shall be paid out of the Distribution Trust.

(d) Continuing Obligations Owed to the Debtors

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

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

(e) Postpetition Contracts

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

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

9.1. Conditions to Confirmation

The Confirmation Order will not be effective unless the final version of the Plan, Plan Supplement, and any other documents, or schedules thereto, including the filed Confirmation Order, shall have been filed in form and substance acceptable to the Purchaser in its reasonable discretion, and the Restructuring Implementation Agreement shall not have been terminated and shall be in full force and effect.

9.2. Conditions to Effectiveness

Unless the following conditions (except with respect to the Distribution Trust Agreement and the Restructuring Implementation Agreement) are waived by the Purchaser, the Plan will not be effective unless: (a) the conditions to Confirmation above have either been satisfied, or (except with respect to the Restructuring Implementation Agreement) waived by the Purchaser; (b) the Confirmation Order has been entered by the Bankruptcy Court, is not subject to appeal, and no stay or injunction is in effect with respect thereto; (c) the Closing shall have occurred or shall occur simultaneously with the Effective Date; (d) the Purchaser shall acquire

the New Equity (subject to the New Equity Election), directly or indirectly, free and clear of all Liens, Claims, and Interests and in accordance with the Plan; (e) the Distribution Trust Agreement shall have been executed by all parties thereto; (f) the Restructuring Implementation Agreement shall not have been terminated and shall be in full force and effect; and (g) the Purchaser shall have demonstrated to the reasonable satisfaction of the Debtors and the Official Committee that all actions have occurred or will occur on or before the Effective Date necessary to fund the Plan Funding Payment to the Distribution Trust and the Recapitalization Funding Payment to Reorganized SALIC, each as provided in the Plan and the Stock Purchase Agreement; and (h) all governmental, judicial, and third party approvals and consents that are required in connection with the transactions contemplated by the Plan, including regulatory approvals of the transaction in Delaware by the Delaware DOI in accordance with Chapter 101 of Title 29 and Chapter 50 of Title 18 of the Delaware Code Annotated, the Cayman Islands, Bermuda and Ireland, shall have been obtained, not subject to unfulfilled conditions, and shall be in full force and effect.

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

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

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

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

approval of the Court, after the Effective Date, the Distribution Trustee may compromise and settle Claims against, and Interests in, the Debtors and their Estates and Causes of Action against other Entities.

10.2. Releases by the Debtors in Favor of Third Parties

As of the Effective Date, for good and valuable consideration, the adequacy of which is hereby confirmed, the Debtors, the Reorganized Debtors, and any Person or Entity seeking to exercise the rights of the Estates, including, without limitation the Distribution Trust, the Distribution Trustee, any successor to the Debtors or any Estate representative appointed or selected pursuant to section 1123(b)(3) of the Bankruptcy Code, hereby forever release, waive and discharge, and shall be deemed to forever release, waive, and discharge each of the Released Parties from any and all Claims, obligations, suits, judgments, damages, demands, debts, rights, causes of action, and liabilities whatsoever, whether liquidated or unliquidated, fixed or contingent, matured or unmatured, known or unknown, foreseen or unforeseen, then existing or thereafter arising, in law, at equity, or otherwise, that are based in whole or in part on any act, omission, transaction, event or other occurrence taking place on or prior to the Effective Date in any way relating to the Debtors, the conduct of the Debtors' business, the Chapter 11 Cases, the Disclosure Statement, the Plan, or other documents implementing the Plan, *provided, however,* that nothing in this Section 10.2 of the Plan shall be deemed to release, or otherwise to prohibit the Reorganized Debtors or the Distribution Trustee from asserting and enforcing, any Claims, obligations, suits, judgments, demands, debts, rights, causes of action, or liabilities any of them may hold related to, or arising out of, the Plan, the DT Post-Closing Rights, the SALIC Claims, the Admitted SALIC/SRGL Revolver Claim, the Retained Causes of Action (solely as to the Reorganized Debtors), Causes of Action that are Distribution Trust Assets (solely as to the Distribution Trustee), the Stock Purchase Agreement, the Restructuring Implementation Agreement, the Distribution Trust Agreement, and the other documents implementing the Plan, *provided, further,* that nothing in this Section 10.2 of the Plan; (i) shall be deemed to release, or otherwise to prohibit the Reorganized Debtors or the Distribution Trustee, or anyone claiming through them from enforcing any confidentiality or non-disclosure agreement or any Claim, right or cause of action related thereto, (ii) shall be deemed to release, impair, or otherwise affect any parties' rights or interests under any Executory Contract or Unexpired Lease that is assumed by the Reorganized Debtors, and all such rights and interests shall be unaffected by the Plan and this Section 10.2 (subject, however, to the effects of Section 8.3(a), (c), and (h) of the Plan); (iii) shall be deemed to release any Intercompany Claims; (iv) shall be deemed to release any Causes of Action specifically identified in this Plan as Distribution Trust Assets; (v) shall be deemed to release any Claims or liabilities arising out of or relating to any act or omission of a Released Party that constitutes willful misconduct, actual fraud, or gross negligence as determined by a Final Order; or (vi) shall be deemed to release any Person's rights under the Plan.

Entry of the Confirmation Order shall constitute the Court's approval, pursuant to Bankruptcy Rule 9019, of the Releases by the Debtors described in this Section

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

10.3. Releases by Holders of Claims and Interests

To the fullest extent permitted by law and except as otherwise specifically provided in the Plan, for good and valuable consideration, including the contributions of the Released Parties in facilitating the expeditious reorganization of the Debtors and the implementation of the restructuring contemplated by the Plan, effective as of the Effective Date, (i) Holders of Claims who vote to accept the Plan, (ii) Holders of Claims who are Unimpaired under the Plan, (iii) Holders of Claims entitled to vote on the Plan who do not submit a ballot and do not timely object to or opt-out of the releases, and (iv) each of the Purchaser, the Joint Liquidators, SRGL, and for each of the foregoing, their respective Representatives (other than with respect to SRGL, the SRGL Equity Holders), hereby release, waive and discharge, and shall be deemed to forever release, waive, and discharge the Released Parties of any and all Claims, obligations, suits, judgments, damages, demands, debts, rights, causes of action, and liabilities whatsoever in connection with or related to the Debtors, whether liquidated or unliquidated, fixed or contingent, matured or unmatured, known or unknown, foreseen or unforeseen, then existing or thereafter arising, in law, at equity, or otherwise, including those that any of the Debtors, the Reorganized Debtors, the Estates, or their Affiliates would have been legally entitled to assert in their own right (whether individually or collectively) or on behalf of the Holder of any Claim or Interest or other Entity based on or relating to, or in any manner arising from, in whole or in part, the Debtors, the conduct of the Debtors' business, the Chapter 11 Cases, the Disclosure Statement, the Plan or the documents implementing the Plan, and the negotiation, formulation, or preparation thereof, the solicitation of votes with respect to the Plan, the subject matter of, or the transactions or events giving rise to, any Claim or Interest that is treated in the Plan, the business or contractual arrangements between any of the Debtors and any Released Party, the restructuring of Claims and Interests prior to or in the Chapter 11 Cases, or upon any other act or omission, transaction, agreement, event or other occurrence taking place on or before the Effective Date, other than Claims or liabilities arising out of or relating to any act or omission of a Released Party that constitutes willful misconduct, actual fraud, or gross negligence as determined by a Final Order. Notwithstanding the foregoing, nothing in this Section 10.3, shall cause a release, waiver or discharge of SFL from any Claim against it under the SFLST I TruPS Documents.

Each Person or Entity providing releases under the Plan, including the Debtors, the Estates, and the Holders of Claims (regardless of whether such Holder is a

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

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

10.4. Discharge and Discharge Injunction

(a) Discharge of Claims

On and after the Effective Date: (a) the rights afforded in the Plan and the treatment of all Claims and Interests shall be in exchange for and in complete satisfaction, discharge, and release of all Claims and Interests of any nature whatsoever, including any interest accrued on such Claims from and after the Petition Date, against the Debtors, the Reorganized Debtors or any of their assets, property, or estate; (b) the Plan shall bind all Holders of Claims and Interests, notwithstanding whether any such Holders failed to vote to accept or reject the Plan or voted to reject the Plan; (c) all Claims and Interests shall be satisfied, discharged, and released, and the Debtors' and Reorganized Debtors' liability with respect thereto shall be extinguished completely, including any liability of the kind specified under Bankruptcy Code section 502(g); and (d) all entities shall be precluded from asserting against the Debtors, the Reorganized Debtors, the Estates, the Distribution Trust, the Distribution Trustee their successors and assigns, and their assets and properties any other Claims or Interests based upon any documents, instruments, or any act or omission, transaction, or other activity of any kind or nature that occurred prior to the Effective Date, provided, however, that the foregoing discharge shall not apply to ability of Holders of Allowed Claims to recover from the Distribution Trust on account of such Allowed Claims and/or Interests, all in accordance with the terms of the Plan and Distribution Trust Agreement.

(b) Discharge Injunction

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

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

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

10.5. Exculpation

To the fullest extent permitted by law and except as otherwise specifically provided in the Plan, each of the Exculpated Parties will not have or incur any liability for any act or omission in connection with, or arising out of, the formulation, negotiation, preparation, dissemination, implementation or pursuit of approval of the Plan, the Disclosure Statement, the Restructuring Implementation Agreement, the Stock Purchase Agreement, the Plan Supplement or any documents, instruments or agreements

implementing or related to the foregoing, or the solicitation of votes for or Confirmation of the Plan, or the consummation of the Plan, the Restructuring Implementation Agreement, the Stock Purchase Agreement, the Plan Supplement, or the transactions contemplated, implemented and effectuated thereby or the administration of the Plan or the property to be distributed under the Plan, or any other act or omission during the administration of the Debtors' Estates or in contemplation of the Chapter 11 Cases, except for willful misconduct, actual fraud or gross negligence as determined by a Final Order, and in all respects, will be entitled to rely upon the advice of counsel with respect to their duties and responsibilities under the Plan.

10.6. Post-Effective Date Indemnification

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

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

For a period of six (6) years from and after the Closing Date, to the extent that the Indemnified D&O Parties are not otherwise covered as insureds under an existing policy of directors' and officers' liability insurance in accordance with the requirements set forth in Section 5.8(b) of the Stock Purchase Agreement, Purchaser shall cause the SALIC Group Companies to maintain in effect policies of directors' and officers' liability insurance comparable to those maintained by the SALIC Group Companies or SRGL with respect to matters existing or occurring at or prior to the Closing Date; *provided,* that Purchaser or the SALIC Group Companies may substitute therefor policies of at least the same coverage containing terms and conditions that are not less advantageous than the existing policies (including with respect to the period covered); *provided, further,* that in lieu of maintaining the current policies of directors' and officers' liability insurance, Purchaser may (or may cause the SALIC Group Companies to) purchase "tail" coverage or otherwise replace such policies with coverage with a scope, policy limits and retained coverage not less favorable than the scope, policy limits and retained coverage currently provided. Notwithstanding the foregoing, at Purchaser's direction and in satisfaction of Purchaser's obligations under Section 5.8(b) of the Stock Purchase Agreement, SALIC shall obtain such "tail" coverage in respect of SALIC's existing policy of directors' and officers' liability insurance identified in Section 3.15 of the SALIC Disclosure Schedules (Policy No. ELU154535-18) on terms acceptable to Purchaser, to

be effective as of the Closing Date, provided that the cost of such coverage shall be funded from unrestricted Cash of SALIC and SHI.

XI. RETENTION OF JURISDICTION

11.1. Retention of Jurisdiction

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

11.2. Limitation on Jurisdiction

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

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

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

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

XII. MISCELLANEOUS PROVISIONS

12.1. Legally Binding Effect

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

12.2. Exemption from Transfer Taxes

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

12.3. Securities Exemption

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

12.4. Defects, Omissions and Amendments of the Plan

The Plan may be amended, modified, or supplemented by the Debtors, subject to the terms of the Stock Purchase Agreement and the Restructuring Implementation Agreement, in the manner provided for by section 1127 of the Bankruptcy Code or as otherwise permitted by law, without additional disclosure pursuant to section 1125 of the Bankruptcy Code, except as otherwise ordered by the Bankruptcy Court. In addition, after the Confirmation Date, so long as such action does not materially and adversely affect the treatment of Holders of Allowed Claims pursuant to the Plan, the Debtors, subject to the terms of the Stock Purchase Agreement and the Restructuring Implementation Agreement, may remedy any defect or omission or reconcile any inconsistencies in the Plan or the Confirmation Order with respect to such matters as may be

necessary to carry out the purposes or effects of the Plan, and any Holder of a Claim that has accepted the Plan shall be deemed to have accepted the Plan as amended, modified, or supplemented. Subject to the terms of the Stock Purchase Agreement and the Restructuring Implementation Agreement, prior to the Effective Date, the Debtors may make appropriate technical adjustments and modifications to the Plan without further order or approval of the Bankruptcy Court; *provided,* that such technical adjustments and modifications do not adversely affect in a material way the treatment of Holders of Claims under the Plan.

12.5. Due Authorization by Creditors

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

12.6. Filing of Additional Documentation

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

12.7. Dissolution of the Official Committee

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

12.8. Governing Law

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

12.9. Successors and Assigns

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

12.10. Transfer of Claims

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

12.11. Notices

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

(a) If to the Debtors, at:

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

with copies to:

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

lynn.holbert@hoganlovells.com
john.beck@hoganlovells.com

-and-

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

-and-

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

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

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

with a copy to:

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

(c) If to the Official Committee, at:

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

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

12.12. U.S. Trustee Fees and Reports

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

12.13. Implementation

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

12.14. No Admissions

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

12.15. SRGL Consent Rights Reserved

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

12.16. Substantial Consummation

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

12.17. Final Decree

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

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

Gregg Klingenberg
Gregg Klingenberg
Chief Executive Officer

Exhibit A

Glossary of Defined Terms

EXHIBIT A
Glossary of Defined Terms

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

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

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

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

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

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

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

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

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

1.7 "Assumption Dispute" Assumption Dispute means a pending objection relating to the assumption of an Executory Contract or Unexpired Lease pursuant to section 365 of the Bankruptcy Code, including, but not limited to, as to the Cure Amount.

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

1.9 "Ballantyne" means Ballantyne Re II plc.

1.10 "Ballot" has the meaning set forth in paragraph D of the Disclosure Statement Order.

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

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

1.13 "Bankruptcy Rules" means, when referenced generally, (i) the Federal Rules of Bankruptcy Procedure and the Official Bankruptcy Forms, as amended and promulgated under

section 2075 of title 28 of the United States Code, (ii) the applicable Federal Rules of Civil Procedure, as amended and promulgated under section 2072 of title 28 of the United States Code, (iii) the applicable Local Rules of Bankruptcy Practice and Procedure for the United States Bankruptcy Court for the District of Delaware, and (iv) any standing orders governing practice and procedure issued by the Bankruptcy Court, each as in effect on the Petition Date, together with all amendments and modifications thereto that were subsequently made applicable to the Chapter 11 Cases or proceedings therein, as the case may be; provided, however, when a specific Bankruptcy Rule is referenced (e.g., Bankruptcy Rule 9019), such reference shall be to such Rule under the Federal Rules of Bankruptcy Procedure.

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

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

1.16 "Beneficial Holder" means, with respect to any TruPS, the person or entity having "beneficial ownership" of such TruPS (as determined pursuant to Rule 13d-3 of the Securities Exchange Act of 1934). For the avoidance of doubt, the term Beneficial Holder includes SRGL with respect to its TruPS holdings.

1.17 "BNYM" means The Bank of New York Mellon Trust Company, N.A., as trustee.

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

1.19 "Cash" or "$" means legal tender of the United States of America or the equivalent thereof, including bank deposits, checks and cash equivalents.

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

1.21 "Causes of Action" means any and all Claims, causes of action, controversies, obligations, suits, judgments, damages, demands, debts, rights, preference actions, fraudulent conveyance actions and other claims or causes of action under sections 510, 544, 545, 546, 547, 548, 549, 550 and 553 of the Bankruptcy Code and other similar state law claims and causes of action, Liens, indemnities, guaranties, suits, liabilities, judgments, accounts, defenses, offsets, powers, privileges, licenses and franchises of any kind or character whatsoever, whether liquidated or unliquidated, fixed or contingent, matured or unmatured, known or unknown, foreseen or unforeseen, suspected or unsuspected, disputed or undisputed, secured or unsecured, assertable directly or derivatively, whether arising before, on, or after the Petition Date, in

contract or in tort, arising in law, equity or pursuant to any other theory of law. For the avoidance of doubt, Causes of Action also includes: (a) any right of setoff, counterclaim or recoupment and any claim on contracts or for breaches of duties imposed by law or in equity; (b) the right to object to Claims or Interests; (c) any claim pursuant to sections 362 or chapter 5 of the Bankruptcy Code; (d) any claim or defense including fraud, mistake, duress and usury, and any other defenses set forth in section 558 of the Bankruptcy Code; and (e) any state law fraudulent transfer claim.

1.22 "Cayman Islands Court" means the Grand Court of the Cayman Islands, Financial Services Division.

1.23 "Cayman Islands Winding Up Proceedings" means winding up proceedings of SRGL in the Cayman Islands Court.

1.24 "Cerberus" means Cerberus Capital Management, L.P., and SRGL Acquisition.

1.25 "Certificate" means any instrument evidencing a Claim or Interest.

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

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

1.28 "Claim" has same meaning as "claim" under section 101(5) of the Bankruptcy Code section.

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

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

1.31 "Closing" has the meaning as defined in the Stock Purchase Agreement.

1.32 "Closing Date" has the meaning as defined in the Stock Purchase Agreement.

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

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

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

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

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

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

1.39 "Contract Objection Deadline" has the meaning set forth in Section 8.3(b) of the Plan.

1.40 "Creditor" means any Holder of a Claim.

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

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

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

1.44 "Delaware DOI" means the Delaware Department of Insurance.

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

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

1.46 "Disallowed Claim" means a Claim, or any portion thereof, that is Disallowed.

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

1.48 "Disclosure Statement Order" means the order of the Bankruptcy Court approving the Disclosure Statement and solicitation procedures with respect to the Plan.

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

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

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

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

1.52 "Distribution" means any distribution pursuant to the Plan to the Holders of Allowed Claims or Interests.

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

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

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

1.56 "Distribution Trust Assets" means: (a) the Admitted SALIC/SRGL Revolver Claim; (b) all SALIC Group Services Claims incurred prior to the Petition Date; (c) any distributions or rights to distribution from SRGL or its estate that are made in connection with the Cayman Islands Winding Up Proceeding at any time on account of (i) the Admitted SALIC/SRGL Revolver Claim and/or (ii) any SALIC Group Services Claims incurred prior to the Petition Date; (d) all DT Post-Closing Rights; (e) the SFL Shares; and (f) any and all Causes of Action against the SRGL Equity Holders. For the avoidance of doubt, any SALIC Group Services Claims incurred on or after the Petition Date are not Distribution Trust Assets and, instead, shall re-vest in the Reorganized Debtors.

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

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

1.59 "Distribution Trust Reserves" means the Disputed Claims Reserve, the Professional Fee Reserve, the Trust Administration Reserve.

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

1.61 "DT Initial Distribution" means the Distribution set forth in section 6.3()(i).

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

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

1.64 "DT Subsequent Distribution Date" means any later date that a Distribution not made on the DT Initial Distribution Date is made.

1.65 "DT Post-Closing Rights" has meaning as defined in the Stock Purchase Agreement.

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

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

1.68 "Eligible SHI TruPS Claims" means all TruPS Claim against SHI arising from or relating to the SHST I TruPS or the SHST III TruPS.

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

1.70 "Estates" means the estates of the Debtors in the Chapter 11 Cases created pursuant to section 541 of the Bankruptcy Code.

1.71 "Exculpated Parties" means (a) the Debtors, (b) the Reorganized Debtors, (c) the Official Committee (including the current and former Official Committee members in their capacities as such); (d) the Voting Agent; and (e) for each of the foregoing, their respective Representatives, each to the extent that they held such office or capacity during the pendency of the Chapter 11 Cases; *provided, however,* that, the SRGL Equity Holders shall not be an Exculpated Party or a Representative of an Exculpated Party.

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

1.73 "Face Amount" means the outstanding amount of any Certificate or Claim.

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

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

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

1.77 "General Unsecured Creditor" means any Holder of a General Unsecured Claim.

1.78 "Governmental Unit" has the meaning of such term under Bankruptcy Code section 101(27).

1.79 "GPIC TruPS" has the meaning ascribed to such term in the definition of "TruPS".

1.80 "GPIC TruPS Debentures" has the meaning ascribed to such term in the definition of "TruPS Debentures".

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

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

1.83 "Impaired Class" means a Class of Claims or Interests that are Impaired.

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

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

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

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

1.88 "Indenture Trustee Fee Cap" means the cap on the aggregate amount of Indenture Trustee Fees incurred by Wilmington Trust Company, U.S. Bank, and Bank of New York Melon in connection with their respective roles as TruPS Indenture Trustees, which shall be allocated in specific amounts among the three TruPS Indenture Trustees and shall be set forth in the Plan Supplement.

1.89 "Insider" has the meaning set forth in section 101(31) of the Bankruptcy Code.

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

1.91 "Interest" means the legal, equitable, contractual interests, equity interests or ownership interests, or other rights of any Person in the Debtors including all capital stock, stock certificates, common stock, preferred stock, partnership interests, limited liability company or membership interests, rights, treasury stock, options, warrants, contingent warrants, convertible or exchangeable securities, investment securities, subscriptions or other agreements and contractual rights to acquire or obtain such an interest or share in the Debtors, partnership interests in the Debtors' stock appreciation rights, conversion rights, repurchase rights, redemption rights, dividend rights, preemptive rights, subscription rights and liquidation preferences, puts, calls, awards or commitments of any character whatsoever relating to any such equity, common stock, preferred stock, ownership interests or other shares of capital stock of the Debtors or obligating the Debtors to issue, transfer or sell any shares of capital stock whether or not certificated, transferable, voting or denominated "stock" or a similar security.

1.92 "IT Fee Notice Parties" means (a) for any notice to be provided or service to be made as of a date prior to the Effective Date, (i) the Debtors, (ii) the Official Committee, (iii) the Purchaser, and (iv) the U.S. Trustee, and (b) for any notice to be provided or service to be made as of a date on or after the Effective Date, (i) the Reorganized Debtors, (ii) the Distribution Trustee, (iii) the Purchaser, and (iv) the U.S. Trustee.

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

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

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

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

1.97 "Lien" means, with respect to any asset or property (or the rents, revenues, income, profits or proceeds therefrom), and in each case, whether the same is consensual or nonconsensual or arises by contract, operation of law, legal process or otherwise: (a) any and all mortgages or hypothecation to secure payment of a debt or performance of an obligation, liens, pledges, attachments, charges, leases evidencing a capitalizable lease obligation, conditional sale or other title retention agreement, or other security interest or encumbrance or other legally cognizable security devices of any kind in respect of any asset or property, or upon the rents,

revenues, income, profits or proceeds therefrom; or (b) any arrangement, express or implied, under which any asset or property is transferred, sequestered or otherwise identified for the purpose of subjecting or making available the same for the payment of debt or performance of any other obligation in priority to the payment of general unsecured Creditors.

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

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

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

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

1.102 "New Equity Eligible Beneficial Holder" means a Beneficial Holder of TruPS other than SRGL.

1.103 "New Equity Eligible Holders" means (i) all New Equity Eligible Beneficial Holders and (ii) the SFL Receiver with respect to the SFL Note Claim, the extent that the SFL Note Claim Allowance Conditions have been satisfied.

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

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

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

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

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

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

1.110 "Ordinary Shares" shall have the meaning ascribed to such term in the Stock Purchase Agreement.

1.111 "Orkney Re II" means Orkney Re II plc.

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

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

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

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

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

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

1.118 "Plan Supplement" means the supplement to the Plan to be Filed hereafter to supplement or clarify aspects of the Plan, and which shall include, among others: (a) the following documents, each of which shall be in form and substance acceptable to the Purchaser, (i) the Rejection Schedule, (ii) the New Corporate Governance Documents, (iii) the identity of any individual proposed to serve, after Confirmation of the Plan, as a director, officer, or voting trustee of the Reorganized Debtors, (iv) the identity of any insider that will be employed or retained by the Reorganized Debtors and the nature of any compensation for such insider, (v) a notice stating whether the New Equity will be issued by Reorganized SALIC or New Holdco, (vi) the Stockholders Agreement, and (vii) the Indenture Trustee Fee Cap; and (b) the Distribution Trust Agreement, which shall be in form and substance reasonably acceptable to the Debtors, the Official Committee and the Purchaser; and (c) the identity of the Distribution Trustee (who shall be a Person selected by the Official Committee that is reasonably acceptable to the Debtors and the Purchaser) and the material terms of the Distribution Trustee's proposed compensation if not already set forth in the Distribution Trust Agreement.

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

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

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

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

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

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

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

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

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

1.128 "Purchaser" means Hildene Re Holdings, LLC, and its permitted designees, successors and assigns.

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

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

1.131 "Rejection Schedule" means that certain schedule initially to be filed as part of the Plan Supplement and identifying any Executory Contract or Unexpired Lease to be rejected by the Debtors effective as of the Effective Date. Except as otherwise provided in the Stock Purchase Agreement, the Rejection Schedule may be modified at any time prior to the Effective Date, including to add or remove Executory Contracts or Unexpired Leases to be rejected by the Debtors.

1.132 "Rejection Claim Bar Date" means the date that is thirty (30) days after the Effective Date; *provided, however,* to the extent that the Bankruptcy Court grants a motion to reject an Executory Contract or Unexpired Lease filed after the Effective Date as permitted by Section 8.3(b) of the Plan, the Rejection Claim Bar Date for such contract or lease shall be thirty (30) days after the date of entry of the Bankruptcy Court's order granting the post-Effective Date rejection of such contract or lease.

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

1.134 "Reorganized Debtors" means Reorganized SALIC and Reorganized SHI, and for the avoidance of doubt, includes New Holdco.

1.135 "Reorganized SALIC" means SALIC as reorganized upon the Effective Date pursuant to the Plan.

1.136 "Reorganized SHI" means SHI as reorganized upon the Effective Date pursuant to the Plan.

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

1.138 "Restructuring Documents" has the meaning set forth in the Restructuring Implementation Agreement.

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

1.140 "Retained Causes of Action" shall have the meaning set forth in Section 6.5 of the Plan.

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

1.142 "SALIC" means Scottish Annuity & Life Insurance Company (Cayman) Ltd.

1.143 "SALIC Existing Equity Interests" means all issued and outstanding Ordinary Shares of SALIC existing prior to the Effective Date.

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

1.145 "SALIC Group Companies" means SALIC, SHI, SRD, SRUS and SRLB.

1.146 "SALIC Group Services Claims" has the meaning ascribed to such term in the Restructuring Implementation Agreement.

1.147 "SALIC Net Worth Maintenance Agreements" means (i) that certain Net Worth Maintenance Agreement, dated as of January 1, 2002, by and between SRD and SALIC, as amended from time to time, and (ii) that certain Net Worth Maintenance Agreement, restated as of February 1, 2002, by and between SRUS and SALIC, as amended from time to time.

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

1.149 "SALIC Claims" has the meaning as set forth in the Restructuring Implementation Agreement.

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

1.151 "Scottish Re" means the Debtors collectively with their non-debtor affiliates.

1.152 "Secured Claim" means a Claim that is secured by a Lien which is not subject to avoidance under the Bankruptcy Code or otherwise invalid under the Bankruptcy Code or applicable state law, on property in which the Estate has an interest, or a Claim that is subject to setoff under section 553 of the Bankruptcy Code; to the extent of the value of the Holder's interest in the Estate's interest in such property or to the extent of the amount subject to setoff, as applicable; as determined by a Final Order pursuant to section 506(a) of the Bankruptcy Code, or in the case of setoff, pursuant to section 553 of the Bankruptcy Code, or in either case as otherwise agreed upon in writing by the Debtors or the Reorganized Debtors and the Holder of such Claim. The amount of any Claim that exceeds the value of the Holder's interest in the Estate's interest in property or the amount subject to setoff shall be treated as an SHI General Unsecured Claim or SALIC General Unsecured Claim, as applicable.

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

1.154 "SFL Bankruptcy Administration Senior Cash Election" means election exercisable by the SFL Receiver on or before the Voting Deadline applicable to the SFL Note Claim to designate that a portion of the SFL Note Claim should receive its Distribution in the form of Cash. The SFL Bankruptcy Administration Senior Cash Election is made available to the SFL Receiver to ensure that the SFL Receiver, notwithstanding any inconsistent New Equity Election having been made by one or more of the SFLST I TruPS CDO Facility Holders, will have sufficient Cash available to fulfill the SFL Receiver's duties as the insolvency receiver for SFL in its bankruptcy proceeding in Luxembourg. Once the initial SFL Bankruptcy Administration Senior Cash Election has been made by the SFL Receiver, it may not thereafter be modified, except with the prior written consent of each of the SFLST I TruPS CDO Facility Holders.

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

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

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

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

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

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

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

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

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

1.164 "SFLST I TruPS CDO Facility Holders" means the Preferred Term Securities XVI, the Preferred Term Securities XVII (Cusip and the Preferred Term Securities XVIII collateraized debt obligation facilities, each as a Beneficial Holder of SFLST I TruPS, holding through BNYM, as nominee.

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

1.166 "SHI" means Scottish Holdings, Inc.

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

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

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

1.170 "SHST I TruPS" has the meaning ascribed to such term in the definition of "TruPS"

1.171 "SHST I TruPS Debentures" has the meaning ascribed to such term in the definition of "TruPS Debentures".

1.172 "SHST II TruPS" has the meaning ascribed to such term in the definition of "TruPS".

1.173 "SHST II TruPS Debentures" has the meaning ascribed to such term in the definition of "TruPS Debentures".

1.174 "SHST III TruPS" has the meaning ascribed to such term in the definition of "TruPS".

1.175 "SHST III TruPS Debentures" has the meaning ascribed to such term in the definition of "TruPS Debentures".

1.176 "SLD" means Security Life of Denver Insurance Company, a claimant in these Chapter 11 Cases.

1.177 "Specified Restructuring Documents" has the meaning set forth in the Restructuring Implementation Agreement.

1.178 "SRD" means Scottish Re (Dublin) dac.

1.179 "SRGL" means Scottish Re Group Limited.

1.180 "SRGL Consent Rights" has the meaning set forth in the Restructuring Implementation Agreement.

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

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

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

1.184 "SRGL Exclusively Held TruPS Claims" means all SRGL Exclusively Held SHI TruPS Claims and all SRGL Exclusively Held SALIC TruPS Claims.

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

1.186 "SRGL Revolver Facility" means the credit facility provided for under the SRGL Revolving Credit Agreement.

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

1.188 "SRGL TruPS Claims" has the meaning set forth in the Restructuring Implementation Agreement.

1.189 "SRLB" means Scottish Re Life (Bermuda) Limited.

1.190 "SRUS" means Scottish Re (U.S.), Inc.

1.191 "SRUS Retrocession Agreements" means all retrocession agreements to which SALIC and SRUS were party as of the Petition Date, including the following: (a) Coinsurance/Modified Coinsurance Reinsurance Agreement by and between SRUS (as retrocedent) and SALIC (assumed from SRD) (as retrocessionaire) and SRUS (as reinsurer), effective January 1, 2001; (b) Coinsurance Reinsurance Agreement by and between SRUS (as retrocedent) and SALIC (assumed from SRD) (as retrocessionaire), effective January 1, 2001; (c) Coinsurance Reinsurance Agreement by and between SRUS (as retrocedent) and SALIC (assumed from SRD) (as retrocessionaire), effective September 30, 2001; (d) Coinsurance Reinsurance Agreement by and between SRUS (as retrocedent) and SALIC (assumed from SRD) (as retrocessionaire), effective March 31, 2005; and (e) Modco Reinsurance Agreement by and between SRUS (as reinsurer) and SALIC (as retrocessionaire), as of December 31, 2015.

1.192 "Stalking Horse" means HSCM Bermuda Fund Ltd.

1.193 "Stock Purchase Agreement" means that certain Stock Purchase Agreement by and among SALIC, SHI and the Purchaser, dated as of June 11, 2018, and Filed with the Bankruptcy Court on June 11, 2018, at Docket No. 342, as such Stock Purchase Agreement may be amended from time to time. A copy of the Stock Purchase Agreement is annexed to the Plan as **Exhibit B**.

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

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

1.196 "Third-Party Reinsurance Agreements" means all reinsurance type agreements to which SALIC and any third-party unaffiliated insurer were party as of the Petition Date, including the following: (a) Coinsurance Agreement, dated as of July 28, 1999, by and between Highmark Life Insurance Co., as ceding company, and SALIC, as reinsurer; (b) Coinsurance Agreement, dated as of October 21, 1999, by and between Highmark Life Insurance Co., as ceding company, and SALIC, as reinsurer; (c) Coinsurance Agreement, dated as of April 1, 2000, by and between Investors Heritage Life Insurance Co., as ceding company, and SALIC, as reinsurer; (d) Coinsurance Agreement, dated as of April 1, 2000, by and between Lincoln Heritage Life Insurance Co., as ceding company, and SALIC, as reinsurer; (e) Modco Agreement, dated as of February 15, 2000, by and between Lincoln National Life Ins. Co., as ceding company, and SALIC, as reinsurer; and (f) Automatic Monthly Renewable Term Reinsurance Agreement, dated as of June 1, 2016, between C.M. Life Insurance Co. and Mass Mutual Life Insurance Co., each a ceding insurer, and SALIC, as reinsurer.

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

1.198 "TruPS" means:

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

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

from time to time of undivided beneficial interests in the assets of the issuer (the "SHST II TruPS");

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

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

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

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

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

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

the Allowed SFL Note Claim for which the New Equity Election has been made or has been deemed to have been made divided by the TruPS Claims Aggregate Amount.

1.202 "TruPS Debentures" means:

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

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

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

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

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

1.203 "TruPS Declarations" means:

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

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

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

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

Administrators, dated as of May 12, 2004 (the "SHST III Trust Declaration").

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

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

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

1.206 "TruPS/GUC Claims Cash Distribution Amount" means the pro rata amount of the Available Plan Distribution Funding Amount to be distributed to a Beneficial Holder, Holder of the SFL Note Claim or Holder of a General Unsecured Claim, as applicable, calculated based on: (i) with respect to a Beneficial Holder of TruPS, such Beneficial Holder's Allocated Portion of the Allowed TruPS Claim in respect of which it is a Beneficial Holder, divided by the TruPS/GUC Claims Aggregate Amount; (ii) with respect to the Allowed SFL Note Claim, the portion of such Holder's Allowed SFL Note Claim for which the Cash Election has been made (or deemed made), divided by the TruPS/GUC Claims Aggregate Amount; and (iii) with respect to an Allowed General Unsecured Claim, the Allowed amount of such General Unsecured Claim, divided by the TruPS/GUC Claims Aggregate Amount.

1.207 "TruPS Indentures" means:

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

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

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

(iv) with respect to the SHST III TruPS, that certain Indenture for the Floating

Rate Junior Subordinated Deferrable Interest Debentures, due 2034, between Scottish Holdings, Inc., as Issuer, and U.S. Bank National Association, as Trustee, dated as of May 12, 2004; and

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

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

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

1.210 "TruPS Parent Guarantees" means:

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

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

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

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

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

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

1.212 "TruPS Shares" means the Offered New Equity. Any reference to the TruPS Shares in the Stock Purchase Agreement shall mean the Offered New Equity.

1.213 "TruPS Sponsor Guarantees" means:

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

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

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

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

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

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

1.215 "Trust Agreements" means all trust agreements relating to Third-Party Reinsurance Agreements to which SALIC, as grantor, and any ceding company were party as of the Petition Date, including the following: (a) Trust Agreement dated as of July 8, 1999, by and among SALIC, as grantor, Highmark Life Insurance Company, as beneficiary, and The Bank of New York Mellon, as trustee; (b) Trust Agreement dated as of October 21, 1999, by and among SALIC, as grantor, Highmark Life Insurance Company, as beneficiary, and The Bank of New York Mellon, as trustee; (c) Trust Agreement dated as of April 1, 2000, by and among SALIC, as grantor, Investors Heritage Life Insurance Company, as beneficiary, and The Bank of New York Mellon, as trustee; (d) Trust Agreement dated as of April 1, 2000, by and among SALIC, as grantor, Lincoln Heritage Life Insurance Company, as beneficiary, and The Bank of New York Mellon, as trustee; (e) Trust Agreement dated as of July 12, 2016, by and among SALIC, as grantor, C.M. Life Insurance Company, as beneficiary, and The Bank of New York Mellon, as trustee; (f) Trust Agreement dated as of July 12, 2016, by and among SALIC, as grantor, Massachusetts Mutual Life Insurance Company, as beneficiary, and The Bank of New York Mellon, as trustee; and (g) Security Trust Agreement dated as of July 12, 2016, by and among SALIC, as grantor, Massachusetts Mutual Life Insurance Company and C.M. Life Insurance Company, each as beneficiary, and The Bank of New York Mellon, as trustee.

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

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

1.218 "Unimpaired Class" means a Class of Claims that are not impaired within the meaning of section 1124 of the Bankruptcy Code.

1.219 "U.S. Bank" means U.S. Bank National Association, as trustee.

1.220 "U.S. Trustee" means the Office of the United States Trustee for the District of Delaware.

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

1.222 "Voting Deadline" means [August 13], 2018 at 4:00 p.m. (Eastern Time), which date and time has been established by the Bankruptcy Court pursuant to the Disclosure Statement Order as the deadline by which all Ballots to accept or reject the Plan must be received in order to be counted for purposes of section 1126 of the Bankruptcy Code; *provided, however,* that the Voting Deadline for the SFL Receiver as the Holder of the SFL Note Claim shall be the later of (x) [August 13], 2018 at 4:00 p.m. (Eastern Time), and (y) two (2) Business Days after the Debtors or the Voting Agent has provided counsel for the SFL Receiver with notice in writing (which may take the form of an email to the SFL Receiver's counsel) of the outcome of voting on the Plan by the SFLST I TruPS CDO Facility Holders.

1.223 "WTC" means Wilmington Trust Company, as trustee.

Exhibit B

Stock Purchase Agreement

EXECUTION VERSION

STOCK PURCHASE AGREEMENT

BY AND AMONG

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

SCOTTISH HOLDINGS, INC.

AND

HILDENE RE HOLDINGS, LLC

DATED AS OF JUNE 11, 2018

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This STOCK PURCHASE AGREEMENT (this "Agreement") is dated as of June 11, 2018 (the "Agreement Date"), by and among Scottish Annuity & Life Insurance Company (Cayman) Ltd., an exempted company limited by shares organized and existing under the laws of the Cayman Islands ("SALIC"), Scottish Holdings, Inc., a corporation organized and existing under the laws of the state of Delaware ("SHI"), and Hildene Re Holdings, LLC, a Delaware limited liability company ("Purchaser").

RECITALS

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

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

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

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

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

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

WHEREAS, on January 30, 2018, the Bermuda Court entered a winding up Order for SRGL and expanded the powers of the Joint Provisional Liquidators under the Bermuda Act such that they became full powers liquidators in the Bermuda Winding Up Proceeding (the "Bermuda Full Powers Liquidators"), and on May 18, 2018 the Cayman Islands Court entered a winding up Order and appointed Mr. McKenna and Ms. Fisher as full powers liquidators in the Cayman Islands Winding Up Proceeding (the "Cayman Islands Full Powers Liquidators," and together with the Bermuda Full Powers Liquidators, the "Full Powers Liquidators");

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

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

WHEREAS, on January 28, 2018, SRGL, SHI and SALIC entered into the Restructuring Implementation Agreement (as defined below), pursuant to which, among other things, the parties thereto have agreed, subject in all respects to the terms and conditions set forth in the Restructuring Implementation Agreement, (a) that SRGL will provide SALIC with an irrevocable letter of surrender for all but one of the Ordinary Shares held by SRGL and (b) consent to the issuance of the Purchaser Shares to Purchaser upon the terms and subject to the conditions set forth in the Restructuring Implementation Agreement and this Agreement will be granted, and the Joint Provisional Liquidators have reviewed the Restructuring Implementation Agreement and support the actions thereunder as representing the best plan available in the best interests of SRGL's general body of unsecured creditors;

WHEREAS, on January 28, 2018, SALIC, SHI and HSCM Bermuda Fund Ltd. ("HSCM") entered into that certain Stock Purchase Agreement (the "Stalking Horse SPA") providing for, among other things, the purchase by HSCM of 19,999,999,999 Ordinary Shares of SALIC;

WHEREAS, on January 31, 2018 the Debtors filed with the Bankruptcy Court a motion seeking (a) the approval and assumption of the Restructuring Implementation Agreement pursuant to Section 365 of the Bankruptcy Code; (b) the approval and assumption of the Plan Sponsorship Agreement (as defined below) pursuant to Section 365 of the Bankruptcy Code; (c) the approval of the Bidding Procedures (including the Break-Up Fee and Expense Reimbursement Amount) (each, as defined below) and scheduling certain dates, deadlines and forms of notice in connection therewith; and (d) the grant of other related relief (the "Bidding Procedures Motion"), which motion was approved by Order of the Bankruptcy Court dated February 28, 2018 (the "Bidding Procedures Order");

WHEREAS, at the conclusion of the Auction (as defined below) held on May 30, 2018, the Debtors declared Purchaser to be the Winning Bidder (as defined below) and HSCM to be the Back-Up Bidder in accordance with the Bidding Procedures;

WHEREAS, Purchaser wishes to purchase, and SALIC wishes to issue and sell, that number of Ordinary Shares of SALIC equal to 19,999,999,999 Ordinary Shares less the TruPS Shares (as defined below) (the "Purchaser Shares"), upon the terms and conditions stated herein, in the Chapter 11 Plan (as defined below); and

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

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

ARTICLE I

DEFINITIONS AND TERMS

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

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

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

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

"Agreement" has the meaning set forth in the Preamble.

"Agreement Date" has the meaning set forth in the Preamble.

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

"Alternative Transaction" mean any transaction or transactions pursuant to which any Person or group of Persons other than Purchaser and its Affiliates acquire, directly or indirectly,

all or any part (directly or through a proposed investment in equity securities, debt securities or claims of creditors) of the business, assets or properties, capital stock or capital stock equivalents of SRGL or any SALIC Group Company, whether by merger, recapitalization, reinsurance, share exchange, stock purchase (including a rights offering with respect to such entity's securities), purchase of assets, tender offer, debt-for-equity exchange, distribution of securities for the benefit of the stockholders of such entity, consolidation or similar transaction, or Debt Financing; provided, however, that in no event shall an "Alternative Transaction" include any transaction (including any reinsurance or retrocession transaction) undertaken by any SALIC Group Company in the Ordinary Course of Business.

"Amended RIA Order" means an Order of the Bankruptcy Court granting such relief as is necessary for the Cayman Islands Full Powers Liquidators on behalf of SRGL to provide the RIA Winning Bidder Confirmation, in form and substance reasonably acceptable to Purchaser.

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

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

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

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

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

"Auction" has the meaning set forth in the Bidding Procedures.

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

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

"Bankruptcy Code" has the meaning set forth in the Recitals.

"Bankruptcy Court" has the meaning set forth in the Recitals.

"Bankruptcy Court Approvals" means the Amended RIA Order (if necessary pursuant to Section 6.1(c)), the Winning Bidder Order, the Disclosure Statement Order, the Sale Order and the Confirmation Order.

"Bankruptcy Rules" means the Federal Rules of Bankruptcy Procedure.

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

"Bermuda Act" has the meaning set forth in the Recitals.

"Bermuda Court" has the meaning set forth in the Recitals.

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

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

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

"Bidding Procedures" means the Bidding Procedures annexed as Exhibit A to the Bidding Procedures Order.

"Bidding Procedures Motion" has the meaning set forth in the Recitals.

"Bidding Procedures Order" has the meaning set forth in the Recitals.

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

"Break-Up Fee" has the meaning set forth in the Bidding Procedures Order.

"Burdensome Condition" has the meaning set forth in Section 5.3(d).

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

"Cayman Islands Court" has the meaning set forth in the Recitals.

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

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

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

"Chapter 11 Case" has the meaning set forth in the Recitals.

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

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

"Closing" means the closing of the purchase and sale of the Purchaser Shares.

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

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

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

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

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

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

"Confidentiality Agreement" means the Confidentiality Agreement, dated April 18, 2018, between SALIC and Hildene Opportunities Master Fund Ltd., as amended, modified or supplemented. Following the Auction, the parties may modify the Confidentiality Agreement as mutually agreed in order to appropriately reflect the receipt of confidential information by Purchaser in its capacity as such under this Agreement.

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

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

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

"Contract Information Deadline" has the meaning set forth in Section 2.3(a).

"Contracting Parties" has the meaning set forth in Section 9.14.

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

"Cure Amount Schedule" has the meaning set forth in Section 2.3(a).

"Cure Amounts" means all Closing Date Cure Amounts and Post-Closing Cure Amounts.

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

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

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

"Deposit Escrow Agent" means Citibank, N.A.

"Deposit Escrow Agreement" means that certain Escrow Agreement, dated as of May 25, 2018, by and among Purchaser, SALIC and the Deposit Escrow Agent, pursuant to which the Deposit Escrow Amount is escrowed.

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

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

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

"Disclosure Statement Motion" means the motion filed by the Debtors with the Bankruptcy Court on May 4, 2018 seeking entry of the Disclosure Statement Order, which motion (including any exhibits, appendices or related documents) shall be amended following the Agreement Date to reflect the transactions set forth in this Agreement and the Plan Term Sheet in form and substance reasonably acceptable to Purchaser and the SALIC Parties.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

"Exchange Act" means the Securities Exchange Act of 1934, as amended.

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

"Expense Reimbursement Amount" has the meaning set forth in the Bidding Procedures Order.

"Final Order" means an Order that has not been reversed, stayed, modified, vacated or amended and as to which the time to appeal or seek certiorari or move for a new trial, reargument, or rehearing has expired, and no appeal or petition for certiorari or other proceedings for a new trial, reargument, or rehearing has been timely taken, or as to which any appeal that has been taken or any petition for certiorari that has been timely filed has been withdrawn or resolved by the highest court to which the order or judgment was appealed or from which certiorari was sought or the new trial, reargument or rehearing has been denied or resulted in no modification of such order or judgment; provided, however, that the possibility that a motion under Rule 59 or Rule 60 of the Federal Rules of Civil Procedure, or any analogous rule under the Federal Rules of Bankruptcy Procedure or rules of procedure applicable in the court that made or issued the Order or that may review such Order, may be filed with respect to such Order, shall not cause such Order not to be a Final Order.

"Foreign Court Approvals" means (a) if required under law applicable to the Bermuda Winding Up Proceedings, the Order or Orders by the Bermuda Court sanctioning entry into and performance under the Restructuring Implementation Agreement and the actions by SRGL set forth in Section 7.2(c) of this Agreement, (b) if required under law applicable to the Cayman Islands Winding Up Proceedings, the Order or Orders by the Cayman Islands Court sanctioning entry into and performance under the Restructuring Implementation Agreement and the actions by SRGL set forth in Section 7.2(c) of this Agreement, and (c) if necessary pursuant to Section 6.1(c), the Supplemental Cayman Islands Court Order.

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

"Full Powers Liquidators" has the meaning set forth in the Recitals.

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

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

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

"HSCM" has the meaning set forth in the Recitals.

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

"In-force YRT Reinsurance Contract" has the meaning set forth in Section 5.11(b).

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

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

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

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

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

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

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

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

"IRS" means the United States Internal Revenue Service.

"Joint Provisional Liquidators" has the meaning set forth in the Recitals.

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

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

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

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

"Nonparty Affiliates" has the meaning set forth in Section 9.14.

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

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

"Ordinary Shares" has the meaning set forth in the Recitals.

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

"Other Secured Claims" means any prepetition secured Claims against a Debtor.

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

"Permitted Encumbrances" means (a) liens for Taxes, assessments and other governmental charges not yet due and payable or due and being contested in good faith and for which accruals or reserves have been established against the full amount of such liability in accordance with GAAP, SAP, IFRS or FRS 101, as applicable, (b) mechanics', workmen's, repairmen's, warehousemen's, carriers' or other like liens arising or incurred in the Ordinary Course of Business or pursuant to original purchase price conditional sales contracts and equipment leases with third parties entered into in the Ordinary Course of Business, (c) pledges or deposits made to comply with workers' compensation, unemployment insurance or other social security laws or regulations, (d) Encumbrances related to deposits to secure policyholders' obligations as required by the Insurance Regulatory Authorities, (e) Encumbrances described in Section 3.17(b) recorded against the leases described in Section 3.17(b), (f) statutory landlords' or lessors' liens under the leases, (g) any other imperfection of title or encumbrance that does not materially detract from the current value or materially interfere with the current use by the SALIC Group Companies of the assets, properties or rights affected thereby and (h) any Encumbrance set forth on Section 1.2 of the SALIC Disclosure Schedule.

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

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

"Plan Funding Payment" means an amount in cash equal to the difference of (a) twenty one million five hundred thousand dollars ($21,500,000) less (b) the TruPS Returned Cash.

"Plan Sponsorship Agreement" means the Plan Sponsorship Agreement, dated as of January 28, 2018, by and among HSCM and the SALIC Parties.

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

"Plan Term Sheet" means the SALIC and SHI Term Sheet for the Chapter 11 Plan, dated as of the Agreement Date, and attached hereto as Exhibit A.

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

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

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

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

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

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

"Purchaser" has the meaning set forth in the Preamble.

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

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

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

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

"Purchaser Shares" has the meaning set forth in the Recitals.

"Qualified Bid" has the meaning set forth in the Bidding Procedures.

"Recapitalization Funding Payment" means an amount equal to Twelve Million Five Hundred Thousand Dollars ($12,500,000) which shall be utilized by Reorganized SALIC to recapitalize the SALIC Group Companies after the Closing and in accordance with Section 2.4(k) and the proviso in Section 2.2(b) in respect of Cure Amounts in excess of $100,000.

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

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

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

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

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

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

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

"Resignations" has the meaning set forth in Section 5.6.

"Restructuring Documents" has the meaning set forth in Section 6.1(k).

"Restructuring Implementation Agreement" means that certain Restructuring Implementation Agreement, dated as of January 28, 2018, by and among SALIC, SRGL and SHI, as amended, modified or supplemented.

"RIA Order" means the Order of the Bankruptcy Court entered on March 19, 2018 granting the RIA/PSA Assumption Motion with respect to the Restructuring Implementation Agreement and authorizing the Debtors' assumption of the Restructuring Implementation Agreement.

"RIA/PSA Assumption Motion" means the motion filed by the Debtors with the Bankruptcy Court on January 31, 2018 seeking the assumption of the Restructuring Implementation Agreement and the Plan Sponsorship Agreement pursuant to Section 365 of the Bankruptcy Code.

"RIA Winning Bidder Confirmation" means confirmation in writing, in form and substance reasonably acceptable to Purchaser, from the Cayman Islands Full Powers Liquidators on behalf of SRGL that, after giving effect to this Agreement and the entry of the Winning

Bidder Order, (x) the Restructuring Implementation Agreement remains in full force and effect and enforceable against SRGL in accordance with its terms, (y) that Purchaser shall have the rights of HSCM under such agreement and (z) that Purchaser, and not HSCM, is an express third party beneficiary of the Restructuring Implementation Agreement as set forth therein.

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

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

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

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

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

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

"SALIC Group" means, collectively, SALIC and the SALIC Subsidiaries.

"SALIC Group Business" has the meaning set forth in the Recitals.

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

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

"SALIC Material Adverse Effect" means a material adverse effect (i) on the business, operations, assets, liabilities, results of operations or condition (financial or otherwise) of the SALIC Group Companies (taken as a whole), or (ii) on the ability of SALIC and SHI to consummate the Transactions; provided, however, that with respect to the preceding clause (i) none of the following, and with respect to the preceding clause (ii) nothing in the following clause (h), shall constitute or be deemed to constitute a SALIC Material Adverse Effect, and otherwise shall not be taken into account in determining whether a SALIC Material Adverse Effect has occurred or would reasonably be likely to occur: any adverse effect arising out of, resulting from or attributable to (a) any changes or proposed changes in Applicable Laws, GAAP, IFRS, FRS 101 or SAP or in the interpretation or enforcement thereof; (b) changes occurring after the date of this Agreement in economic conditions in the United States generally affecting participants in the industries in which the SALIC Group Companies operate; (c) changes in United States or global financial or securities markets or conditions, including changes in prevailing interest rates, currency exchange rates or price levels or trading volumes in the United States or foreign securities markets; (d) any changes in global or national political

conditions (including, arising out of any election or the outbreak or escalation of war, military action, sabotage or acts of terrorism) or changes due to any pandemic natural disaster or other act of nature; (e) the effects of the actions or omissions of SALIC under this Agreement which actions or omissions to act are expressly requested or consented to in writing by Purchaser; (f) the effects of any breach, violation or non-performance of any provision of this Agreement by Purchaser or any of its Affiliates; (g) the announcement to the public of this Agreement and the Transactions or the identity of or facts relating to Purchaser or its Affiliates or the effects of any action taken by Purchaser or its Affiliates, to the extent directly attributable thereto; (h) any reasonably anticipated effects of the filing, commencement, pendency or prosecution of the Chapter 11 Cases and/or the Winding Up Proceedings; (i) any increases in claims or reserves of the SALIC Group Companies following the date of this Agreement; or (j) any failure (in and of itself) of the SALIC Group Companies to meet any projections or forecasts of earnings, claims paid or loss reserves; provided, further, that (x) clauses (i) and (j) in the preceding proviso shall not by themselves exclude the underlying causes of any such change, and (y) with respect to clauses (a), (b), (c) and (d) in the preceding proviso, such change will be taken into account in determining whether a SALIC Material Adverse Effect has occurred or would reasonably be expected to occur to the extent such change disproportionately affects the SALIC Group Companies relative to other Persons engaged in the industries in which the SALIC Group Companies operate.

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

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

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

"SALIC/SRGL Claims" means all Claims that SALIC holds against SRGL, including all Claims that SALIC holds against SRGL under or in connection with the SRGL Revolver Facility or the SRGL Revolver Facility Documents for principal, interest, charges, fees and expenses of attorneys and other professionals, and any other obligations arising thereunder or in connection therewith. The "SALIC/SRGL Claims" further include all rights, claims, counterclaims and defenses SALIC may have against SRGL based on setoff, recoupment or similar doctrines under Applicable Law.

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

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

"Securities Act" means the Securities Act of 1933.

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

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

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

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

"SRE Marks" has the meaning set forth in Section 5.14.

"SRGL" has the meaning set forth in the Recitals.

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

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

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

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

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

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

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

"Stalking Horse Protection Payment" has the meaning set forth in Section 2.2(b).

"Stalking Horse SPA" has the meaning set forth in the Recitals.

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

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

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

"Subsidiary" means with respect to any entity, any other entity as to which it owns, directly or indirectly, or otherwise controls, directly or indirectly, an amount of the voting securities, other voting ownership or voting partnership interests of which is sufficient to elect at

least a majority of its board of directors or other governing body or more than fifty percent (50%) of the voting shares or other similar interests.

"Supplemental Cayman Islands Court Order" means an Order of the Cayman Islands Court granting such relief as is necessary for the Cayman Islands Full Powers Liquidators on behalf of SRGL to provide the RIA Winning Bidder Confirmation, in form and substance reasonably acceptable to Purchaser.

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

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

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

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

"Termination Date" has the meaning set forth in Section 8.1.

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

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

"Transactions" means the transactions between SALIC and Purchaser, as contemplated by this Agreement, the Restructuring Implementation Agreement, and all other Ancillary Agreements, including the surrender by SRGL of the SRGL Shares to SALIC, SALIC's cancellation of the SRGL Shares, SALIC's issuance of the TruPS Shares to the TruPS Holders and Purchaser's acquisition of the Purchaser Shares.

"TruPS" means:

(i) the undivided beneficial interests, having an aggregate liquidation amount of $17,500,000.00, in Scottish Holdings Statutory Trust I, a Connecticut statutory trust, 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;

(ii) the undivided beneficial interests, having an aggregate liquidation amount of $20,000,000.00, in Scottish Holdings, Inc. Statutory Trust II, a Connecticut statutory trust, 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;

(iii) the undivided preferred beneficial interests, having an aggregate liquidation amount of $10,000,000.00, in GPIC Holdings Inc. Statutory Trust, a Delaware statutory trust, 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;

(iv) the undivided beneficial interests, having an aggregate liquidation amount of $32,000,000.00, in Scottish Holdings, Inc. Statutory Trust III, a Connecticut statutory trust, 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; and

(v) the undivided beneficial interests, having an aggregate liquidation amount of $50,000,000.00, in SFL Statutory Trust I, a Delaware statutory trust, 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.

"TruPS Holders" means holders of TruPS.

"TruPS Returned Cash" has the meaning set forth in the Plan Term Sheet and as may be subsequently defined in the Chapter 11 Plan with the consent of the Purchaser.

"TruPS Shares" has the meaning set forth in the Plan Term Sheet and as may be subsequently defined in the Chapter 11 Plan with the consent of the Purchaser.

"TruPS Trustee Fees and Expenses" means the reasonable and documented fees and out-of-pocket expenses of the indenture trustees of the TruPS incurred through the Closing Date, which shall consist of reasonable and documented fees and expenses incurred during the period ending thirty (30) days prior to the Closing Date, as well as a good faith estimate of such expenses expected to be incurred during the thirty (30) day period prior to the Closing Date, in each case, subject to an aggregate cap to be mutually agreed by the Debtors and Purchaser.

"Winding Up Petitions" has the meaning set forth in the Recitals.

"Winding Up Proceedings" has the meaning set forth in the Recitals.

"Winning Bid" has the meaning set forth in the Bidding Procedures.

"Winning Bidder" has the meaning set forth in the Bidding Procedures.

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

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

Section 1.2 Interpretation.

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

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

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

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

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

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

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

(vii) To the "date of this Agreement," "the date hereof" and words of similar import refer to June 11, 2018.

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

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

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

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

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

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

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

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

(i) Any document, list or other item shall be deemed to have been "made available" to Purchaser for all purposes of this Agreement only if such document, list or other item was posted before the date hereof in the Electronic Data Rooms or was delivered in writing (including electronic mail) to Purchaser or an Affiliate thereof in response to Purchaser's due diligence requests.

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

ARTICLE II

ISSUANCE AND PURCHASE OF ORDINARY SHARES

Section 2.1 Deposit. On May 25, 2018, Purchaser deposited with the Deposit Escrow Agent an amount equal to two million six hundred seventy thousand dollars ($2,670,000) as an earnest money deposit (together with all interest earned thereon but net of any fees, costs or other charges of the Deposit Escrow Agent, the "Deposit Escrow Amount") in accordance with the Bidding Procedures, to be held by the Deposit Escrow Agent in accordance with the terms of the Deposit Escrow Agreement. SALIC shall be responsible for any fees due and payable to the Deposit Escrow Agent under the Deposit Escrow Agreement. At the Closing, the Deposit Escrow Amount shall be credited against, and reduce dollar-for-dollar, the Recapitalization Funding Payment as set forth in Section 2.4(c)(iv).

Section 2.2 Purchase of Ordinary Shares.

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

(b) The purchase price to be paid or made available by Purchaser to SALIC at the Closing as consideration for the Purchaser Shares shall be: (i) the Plan Funding Payment; (ii) the Recapitalization Funding Payment; (iii) an aggregate amount equal to the Expense Reimbursement Amount and the Break-Up Fee (up to a maximum aggregate amount of one million two hundred fifty thousand dollars ($1,250,000)) (the "Stalking Horse Protection Payment"); and (iv) all Cure Amounts (and together with the Plan Funding Payment, the Recapitalization Funding Payment and the Stalking Horse Protection Payment, collectively, the "Purchase Price"); provided, however, that the amount delivered by Purchaser at the Closing in respect of the Cure Amounts shall not exceed $100,000 and the Recapitalization Funding Payment shall be used by Reorganized SALIC and Reorganized SHI on behalf of Purchaser to pay any amounts required to be paid by Purchaser pursuant to this Agreement in respect of the Cure Amounts in excess of $100,000.

Section 2.3 Assumption of Contracts.

(a) The Debtors filed their Schedules of Assets and Liabilities on March 23, 2018 listing each Executory Contract on Schedule G and have previously delivered to HSCM the

schedule pursuant to Section 2.3(a) of the Stalking Horse SPA setting forth for each Executory Contract the amount the Debtors reasonably believe will be required to be paid in order to cure any defaults under any such Executory Contract pursuant to section 365(b)(l)(A) or (B) of the Bankruptcy Code (the "Cure Amount Schedule"). Within ten (10) Business Days after conclusion of the Auction ("Contract Information Deadline"), the Debtors shall deliver to Purchaser an update of the Cure Amount Schedule as of such date in order to assist Purchaser in making determinations as to assumption or rejection of such Executory Contracts.

(b) The applicable Debtor shall assume all Material Contracts identified on Section 3.16(a) of the SALIC Disclosure Schedule that are Executory Contracts to which one or both of the Debtors is a party, and any other Executory Contracts designated by Purchaser for assumption by the applicable Debtor pursuant to the Chapter 11 Plan, but excluding (i) any Contracts that are Terminating Intercompany Agreements, and (ii) any Executory Contracts identified on the Purchaser Rejection Schedule and any Contracts subject to Section 2.3(f). The Confirmation Order or Sale Order, as applicable, shall approve, among other things, the applicable Debtor's (i) assumption as of the Effective Date of the Assumed Contracts and (ii) rejection as of the Effective Date of the Executory Contracts that are not designated by Purchaser to be assumed pursuant to this Agreement or the Chapter 11 Plan, to the extent not previously rejected by an Order of the Bankruptcy Court at Purchaser's direction. The Debtors' obligations set forth in this Section 2.3(b) are subject to: (x) Purchaser's right to deliver a schedule (which schedule shall set forth any additional Assumed Contracts designated by Purchaser) on or before the date which is thirty (30) calendar days following the Contract Information Deadline; and (y) Debtors' obligation to reject any Executory Contracts identified on the Purchaser Rejection Schedule.

(c) On or before the date which is thirty (30) calendar days following the Contract Information Deadline, Purchaser shall deliver a schedule (the "Purchaser Rejection Schedule"), which shall be a schedule of the Executory Contracts to be rejected on the Effective Date. The Purchaser Rejection Schedule shall not include (i) any Reinsurance Contract or Reserve Financing Contract to which SALIC is a party, or (ii) any other material Contract comprising part of an excess reserve financing arrangement to which SHI is a party.

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

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

(f) On the Effective Date or as soon thereafter as is practicable, Purchaser shall pay, or Reorganized SALIC or Reorganized SHI shall pay on behalf of Purchaser in accordance with

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

Section 2.4 Closing.

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

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

(i) the executed certificate(s) described in Sections 7.2(a), (b) and (e);

(ii) a certificate representing the Purchaser Shares to be newly issued by SALIC in the name of Purchaser, and if applicable, duly endorsed in blank, or accompanied by stock powers duly executed in blank, in proper form for transfer on the stock transfer books of SALIC;

(iii) an executed cross-receipt for the Purchase Price paid by Purchaser at the Closing;

(iv) the duly tendered Resignations;

(v) employment agreements executed by each of Gregg Klingenberg and Thomas J. Keller and any other individual agreed upon by the parties (the "Employment Agreements"), in form and substance reasonably satisfactory to Purchaser and containing terms no less favorable to the employee than the terms of his or her employment package (including base salary, bonus potential, benefits and severance) in effect as of the date hereof;

(vi) certified copies of the Amended RIA Order and the Supplemental Cayman Islands Court Order (in each case, if applicable pursuant to Section 6.1(c)), the Sale Order, the Disclosure Statement Order, the Winning Bidder Order and the Confirmation Order; and

(vii) a certificate executed by a duly authorized officer of SALIC certifying that any required Foreign Court Approvals have been obtained and that the Orders granting the Foreign Court Approvals as of the Closing Date have not been modified, stayed, reversed, revoked or vacated.

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

(i) the executed certificate(s) described in Sections 7.3(a), (b) and (c);

(ii) the Plan Funding Payment by Wire Transfer;

(iii) the Deposit Escrow Amount by Wire Transfer from the Escrow Agent;

(iv) an amount equal to the difference of (x) the Recapitalization Funding Payment less (y) the Deposit Escrow Amount, by Wire Transfer;

(v) the Stalking Horse Protection Payment (which amount may be delivered directly by Purchaser to HSCM as contemplated by Section 2.4(i) below); and

(vi) an executed cross-receipt for the Purchaser Shares to be delivered at the Closing by SALIC.

(d) At the Closing, Purchaser shall deliver or cause to be delivered to the counter-parties of Assumed Contracts for which Closing Date Cure Amounts then exist, by Wire Transfer (or by check if Wire Transfer is not feasible), the Closing Date Cure Amounts; provided that the aggregate amount to be delivered by Purchaser pursuant to Sections 2.4(d) and 2.4(e) shall in no event be greater than $100,000 (it being understood that any Cure Amounts in excess of $100,000 shall be treated in accordance with the proviso in Section 2.2(b)).

(e) At the Closing, Purchaser shall deliver or cause to be delivered to the Post-Closing Cure Reserve, cash in an amount equal to the Post-Closing Cure Estimate; provided that the aggregate amount to be delivered by Purchaser pursuant to Sections 2.4(d) and 2.4(e) shall in no event be greater than $100,000 (it being understood that any Cure Amounts in excess of $100,000 shall be treated in accordance with the proviso in Section 2.2(b)).

(f) At the Closing, *first* from the unrestricted cash then available to SALIC and SHI and *thereafter*, to the extent that the unrestricted cash then available to SALIC and SHI is insufficient, from the Plan Funding Payment, SALIC shall make the Closing Date Plan Distributions to the holders of Allowed Other Secured Claims, Allowed Administrative Expense Claims, Allowed Priority Claims, Allowed Priority Tax Claims and TruPS Trustee Fees and Expenses entitled to receive such Closing Date Plan Distributions on the Effective Date in accordance with the terms of the Chapter 11 Plan.

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

(h) At the Closing, the following shall be contributed and transferred to the Distribution Trust and thereafter utilized or disbursed in accordance with the terms of the Chapter 11 Plan, the Confirmation Order and the Distribution Trust Agreement: (i) to the extent contemplated by the Confirmation Order, all capital stock or share capital of SFL held by any SALIC Group Company; (ii) all SALIC/SRGL Claims; and (iii) all DT Post-Closing Rights.

(i) At the Closing, SALIC shall pay (or SALIC shall direct Purchaser to pay directly on behalf of SALIC) the Stalking Horse Protection Payment to HSCM in accordance with the Stalking Horse SPA (it being understood that such payment shall be made from cash on hand resulting from the payment received at Closing from Purchaser pursuant to Section 2.4(c)(v) above, and shall not be paid from the Plan Funding Payment or the Recapitalization Funding Payment).

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

(k) For the avoidance of doubt, the Recapitalization Funding Payment (less Cure Amounts paid or deposited in accordance with the provisions of this Section 2.4 above) shall be retained by Reorganized SALIC and held or used in its operation of the SALIC Group Business and for other permissible business purposes after the Closing.

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

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

ARTICLE III

REPRESENTATIONS AND WARRANTIES OF SALIC

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

Section 3.1 Organization and Authority of SALIC. SALIC is an entity duly organized, validly existing and in good standing under the laws of the jurisdiction of its organization. SALIC has all requisite corporate power and authority to execute and deliver this Agreement, and, subject to obtaining the Required Approvals as contemplated by this Agreement, to perform its obligations hereunder and to consummate the Transactions. The execution, delivery and performance of this Agreement by SALIC and the consummation by SALIC of the Transactions have been duly authorized by all necessary corporate action on the part of SALIC and no additional corporate proceedings on the part of SALIC are necessary to approve or authorize this Agreement, the consummation by SALIC of the Transactions or the performance by SALIC of its obligations under this Agreement or the Transactions. SALIC (i) has all requisite corporate power and authority to own, lease, or otherwise hold its assets and to carry on its business as currently conducted and (ii) is qualified to do business in each jurisdiction where the ownership or operation of its assets or the conduct of its business requires such qualification, except where the failure to be so qualified would not, individually or in the aggregate, reasonably be likely to have a SALIC Material Adverse Effect.

Section 3.2 Binding Effect. Assuming the due authorization, execution and delivery by Purchaser, this Agreement constitutes the valid and binding obligation of SALIC, enforceable against SALIC in accordance with its terms, subject to applicable bankruptcy, insolvency, reorganization, moratorium, fraudulent transfer, preference and other similar laws affecting

creditors' rights generally, and by general principles of equity (regardless of whether enforcement is sought in equity or at law) (the "Bankruptcy and Equity Exceptions").

Section 3.3 Organization and Authority of the SALIC Subsidiaries.

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

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

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

(a) As of the Agreement Date, SALIC is authorized to issue 20,000,000,000 Ordinary Shares, of which 20,000,000,000 are issued and outstanding and held by SRGL (the "SRGL Shares"). Immediately prior to the Closing, after giving effect to the surrender and cancellation of all SRGL Shares other than the Remaining SRGL Share as contemplated by Sections 2.4(l) and 7.2(c), SALIC will be authorized to issue 20,000,000,000 Ordinary Shares and the Remaining SRGL Share will be the only Ordinary Share issued and outstanding, and the Remaining SRGL Share will be held by SRGL. Immediately following the Closing and the cancellation of the Remaining SRGL Share, the only Ordinary Shares of SALIC issued and outstanding will be the Purchaser Shares and the TruPS Shares. The authorized capital stock or share capital of each of the SALIC Group Companies, including the record owners of such capital stock or share capital, is set forth on Section 3.4(a) of SALIC Disclosure Schedule, and there are no other shares of capital stock or other equity securities of any of the SALIC Group Companies issued, reserved for issuance or outstanding. All of the outstanding shares of the SALIC Group Companies' capital stock or share capital have been duly authorized and validly issued, and are fully paid and nonassessable. Except as set forth above or in Section 3.4(a) of the SALIC Disclosure Schedule, there are no options, puts, tag-alongs, drag-alongs, warrants, rights, convertible securities or other agreements or commitments obligating a SALIC Group Company to issue, transfer or sell, or cause the issuance, transfer or sale of, any shares of capital stock or share capital of such SALIC Group Company or to make any payments in respect of the value of any shares of such SALIC Group Company. There are no outstanding arrangements, agreements, obligations, commitments or other rights or obligations of any of the SALIC Group Companies to repurchase, redeem, or otherwise acquire any capital stock, membership interests, partnership interests, joint venture interests or other equity interests of any of the SALIC Group Companies. There are no bonds, debentures, notes or other indebtedness of the SALIC Group Companies having voting rights (or convertible into securities having voting rights). There are no voting trusts, stockholder agreements, proxies or other rights or agreements in effect with

respect to the voting, transfer or dividend rights of the securities of the SALIC Group Companies. There are no capital appreciation rights, phantom stock plans, securities with participation rights or features or similar obligations or commitments of the SALIC Group Companies.

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

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

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

Section 3.7 Financial and Statutory Statements; No Undisclosed Liabilities.

(a) SALIC has made available to Purchaser in the Electronic Data Rooms as of the date hereof copies of (i) the audited consolidated balance sheets of SALIC and its Subsidiaries as of December 31, 2016 and December 31, 2015 and the related consolidated statements of operations, changes in stockholders' equity and cash flows for the fiscal years then ended, together with the report of SALIC's independent auditors thereon and all exhibits, schedules and

notes thereto (collectively, the "SALIC Audited Financial Statements"), and (ii) the unaudited consolidated balance sheets of SALIC and its Subsidiaries as of March 31, 2017, June 30, 2017, September 30, 2017, December 31, 2017 and March 31, 2018 and the related consolidated statements of operations and changes in stockholders' equity for the periods then ended (the "SALIC Unaudited Financial Statements" and, collectively with the SALIC Audited Financial Statements, the "SALIC Financial Statements"). The SALIC Financial Statements (A) were derived from and are consistent with the Books and Records, (B) were prepared in accordance with GAAP consistently applied during the periods presented (except as may be indicated in the notes thereto) and (C) present fairly, in all material respects, the consolidated financial position, results of operations, cash flows and changes in stockholders' equity of SALIC and its Subsidiaries as of the respective dates and for the respective periods referred to in the SALIC Financial Statements, subject, in the case of the SALIC Unaudited Financial Statements, to normal year-end adjustment and to the absence of footnotes. The Subsequent GAAP Financial Statements required to be delivered after the date hereof pursuant to Section 5.12(a) will (1) be derived from and be consistent with the Books and Records, (2) be prepared in accordance with GAAP consistently applied during the periods presented (except as may be indicated in the notes thereto) and (3) present fairly, in all material respects, the consolidated financial position, results of operations, cash flows and changes in stockholders' equity of SALIC and its Subsidiaries at and for the respective periods indicated (subject, in the case of interim financial statements, to normal year-end adjustments, and to the absence of footnotes).

(b) SALIC has made available to Purchaser in the Electronic Data Rooms as of the date hereof copies of the following statements, in each case together with the exhibits, schedules and notes thereto (the "Statutory Statements"): (i) the annual statement of SRUS, as filed with the Delaware Department of Insurance, as of and for the years ended December 31, 2017 and 2016; (ii) the audited statutory financial statements of SRUS, as filed with the Delaware Department of Insurance, as of and for the years ended December 31, 2017 and 2016; (iii) the quarterly financial statements of SRUS, as filed with the Delaware Department of Insurance, for the quarterly period ended March 31, 2018; (iv) the audited annual financial statements of SRD as of and for the years ended December 31, 2017 and 2016; and (v) the unaudited quarterly statements of SRD as of and for the quarterly period ended March 31, 2018. Such Statutory Statements (A) were derived from and consistent with the Books and Records, (B) were prepared, in all material respects, in accordance with all Applicable Laws and (x) in the case of the Statutory Statements of SRUS, SAP consistently applied during the periods presented and (y) in the case of the financial statements of SRD, FRS 101 consistently applied during the periods presented and (C) present fairly, in all material respects, the statutory financial position and the statutory results of operations, capital and surplus of such Scottish Insurance Company as of the respective dates and for the respective periods referred to in the Statutory Statements, subject in the case of any interim financial statements included in the Statutory Statements, to normal year-end adjustments and to the absence of footnotes). No material weakness or deficiency has been asserted by any Governmental Authority with respect to any of the Statutory Statements and there are no permitted practices utilized in the preparation of the Statutory Statements. No Governmental Authority has requested the refiling or amendment of any Statutory Statement. The Statutory Statements required to be delivered after the date hereof pursuant to Section 5.12(b) will (1) be prepared from, and be consistent with, the Books and Records, (2) be prepared in accordance with all Applicable Laws and with SAP (in the case of SRUS) or FRS

101 (in the case of SRD), applied on a consistent basis during the periods presented and (3) present fairly, in all material respects, the respective statutory financial position of the Scottish Insurance Companies at the respective dates thereof, and the statutory results of their operations and cash flows for the periods then ended (subject, in the case of any interim financial statements included in such Statutory Statements, to normal year-end adjustments and to the absence of footnotes).

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

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

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

Section 3.8 Absence of Certain Changes. Except to the extent arising out of or relating to the Transactions, since December 31, 2016, (a) the business of the SALIC Group has been operated in all material respects in the Ordinary Course of Business, (b) there has not occurred any event or events that, individually or in the aggregate, have had, or would reasonably be expected to have, a SALIC Material Adverse Effect, (c) other than as set forth in Section 3.8(c) of the SALIC Disclosure Schedule, there has not occurred any declaration, setting aside or payment of any dividend or other distribution (whether in cash, stock or property) with respect to any of SALIC's outstanding capital stock or the outstanding capital stock of the SALIC Group Companies other than regular dividend payments and (d) there has not occurred any change in accounting methods, principles or practices by any SALIC Group Company materially affecting its assets or liabilities, except insofar as may have been required by

Applicable Law or required or permitted by a change in applicable GAAP or SAP. Except with regard to Material Contracts (which are addressed in Section 3.16) and Reinsurance Contracts and Reserve Financing Contracts (which are addressed in Section 3.21), other than as set forth in Section 3.8(e) of the SALIC Disclosure Schedule, since December 31, 2016 to the date hereof, no SALIC Group Company has taken any action or omitted to take any action, which action or omission, if occurring after the date hereof without the consent of Purchaser, had Section 5.2 been in effect from December 31, 2016 to the date hereof, would constitute (x) a breach of clause (i) through (iv), (vii), (viii), (ix), (x), (xi), (xiii), (xv), (xvi), (xviii), (xix), (xx) or (xxi) (or clause (xxii) with respect to the foregoing clauses) of Section 5.2; or (y) a breach in any material respect of clause (v), (xii), (xiv), or (xvii) (or clause (xxii) thereof with respect to such other clauses) of Section 5.2.

Section 3.9 Litigation; Orders.

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

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

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

Section 3.10 Taxes.

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

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

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

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

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

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

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

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

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

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

(k) Other than as set forth on Section 3.10(k) of the SALIC Disclosure Schedule, (i) none of the SALIC Group Companies has unutilized net operating losses the use of which to offset U.S. federal income tax liability would be restricted or prohibited under Section 1503 of

the Code or Treasury Regulations thereunder, (ii) each Company Group of which any of the SALIC Group Companies is a member does not have and will not have on the Closing Date a consolidated Section 382 limitation (as determined under Treasury Regulation § 1.1502-93) and (iii) other than as a consequence of the Transactions, immediately after the Closing Date no limitation under Section 382 of the Code will apply to the utilization of any net operating loss (or alternative minimum tax net operating loss) carryover or capital loss carryover of any of the SALIC Group Companies carried from a period ending on or prior to the Closing Date.

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

Section 3.11 Employee Benefits.

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

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

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

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

(e) Other than as set forth in Section 3.11(e) of the SALIC Disclosure Schedule, there are no Actions pending or, to the Knowledge of SALIC, threatened involving any Benefit Plan (other than with respect to routine claims for benefits), by any Person covered thereby or otherwise, which would, individually or in the aggregate, reasonably be likely to have a SALIC Material Adverse Effect.

(f) Other than as set forth in Section 3.11(f) of the SALIC Disclosure Schedule, neither the execution and delivery of this Agreement nor the consummation of the Transactions, either alone or together with subsequent events, will (i) entitle any Employee, director or

independent contractor to any payments or benefits (including severance pay or any increase in severance pay or other compensation or benefits upon any termination of employment or service after the date hereof); (ii) accelerate the time of payment or vesting or result in any payment or funding (through a grantor trust or otherwise) of compensation or benefits under, increase the amount payable or result in any other material obligation pursuant to, any of the Benefit Plans; or (iii) result in payments or benefits under any of the Benefit Plans that would not be deductible under Section 280G of the Code, in each case, for which any SALIC Group Company or Purchaser would reasonably be expected to have any liability.

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

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

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

(c) No director or officer of any of the SALIC Group Companies, and to SALIC's Knowledge, no Employee or other employee or Representative of the SALIC Group Companies or any of their Affiliates acting for or on behalf of any SALIC Group Company has, directly or indirectly (i) used any funds for contributions, gifts, gratuities, entertainment or other expenses

related to political activity, in each case in violation of any Applicable Laws, (ii) made any payment in violation of any Applicable Laws or offered, promised or authorized the payment of anything of value, regardless of form, whether in money, property or services, to or for the benefit of any U.S. or non-U.S. government official or employee, any official or employee of a public international organization, or any political party or candidate for political office, in each case in violation of any Applicable Laws and for the purpose of influencing any act or decision of such individual or of any governmental body or public international organization, or securing any improper advantage, in order to obtain or retain business or direct business to any Person in violation of any Applicable Laws, (iii) made any other payment, regardless of form, whether in money, property or services which constitutes criminal bribery under any Applicable Laws, or (iv) violated any applicable export control, money laundering or anti-terrorism law or regulation, the U.S. Foreign Corrupt Practices Act of 1977, as amended, or any other applicable anti-bribery law or regulation, of any applicable jurisdiction, or any Applicable Laws of similar effect.

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

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

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

Section 3.13 Intellectual Property.

(a) Section 3.13(a) of the SALIC Disclosure Schedule sets forth, as of the date hereof, a list of issued or registered Intellectual Property owned by the SALIC Group Companies, including all Trademarks, copyrights and patents owned by any SALIC Group Company that is the subject of a registration or pending application.

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

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

Section 3.14 Actuarial Reports; Reserves.

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

(b) The policy reserves of the Scottish Insurance Companies recorded in the SALIC Financial Statements and the Statutory Statements, as of the date thereof: (a) have been computed in all material respects in accordance with presently accepted actuarial standards consistently applied and prepared in accordance with SAP (in the case of SRUS) and GAAP (in the case of SALIC and SRLB) and FRS 101 (in the case of SRD), consistently applied; (b) have been based on actuarial assumptions that are consistent in all material respects with applicable contract provisions; and (c) meet the requirements of applicable Insurance Laws and SAP in all material respects. Notwithstanding the foregoing provisions of this Section 3.14, SALIC is not

making any representations, express or implied, in or pursuant to this Agreement concerning the adequacy or sufficiency of reserves.

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

Section 3.16 Material Contracts.

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

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

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

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

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

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

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

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

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

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

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

(xi) is an investment management agreement;

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

(xiii) is entered into with any Governmental Authority;

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

(xv) contains change of control provisions;

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

(xvii) requires any of the SALIC Group Companies to maintain a minimum rating or has a ratings trigger;

(xviii) provides for any obligation to loan or contribute funds to, or make investments in, another Person;

(xix) is a SALIC Intercompany Agreement or a Terminating Intercompany Agreement;

(xx) is a mortgage, indenture, loan or credit agreement, security agreement or other agreement or instrument relating to the borrowing of money or extension of credit or the direct or indirect guarantee of any obligation for borrowed money of any Person or any other liability in respect of indebtedness for borrowed money of any Person, in each case, involving liabilities in excess of One Hundred Thousand Dollars ($100,000) or any direct or indirect guarantee of any obligation or liability in respect of a Benefit Plan;

(xxi) provides for a material operation or function of the business of the SALIC Group Companies to be outsourced to, or otherwise performed by, a third Person; or

(xxii) is an obligation to enter into any of the foregoing.

(b) Except as set forth on Section 3.16(b) of the SALIC Disclosure Schedule, with respect to each Material Contract, assuming the due authorization, execution and delivery thereof by the other party or parties thereto, (i) each Material Contract is a valid and binding obligation of the applicable SALIC Group Company and, to the Knowledge of SALIC, as of the date hereof, each other party or parties thereto, in accordance with its terms and is in full force and effect, subject to the Bankruptcy and Equity Exceptions, and is enforceable against the applicable SALIC Group Company and, to the Knowledge of SALIC, each other party thereto in accordance with its terms, subject to the Bankruptcy and Equity Exceptions, (ii) the applicable SALIC Group Company is not, and, to the Knowledge of SALIC, no other party thereto is, in default or breach in any material respect in the performance, observance or fulfillment of any obligation, covenant or condition contained in each of the Material Contracts, and (iii) to the Knowledge of SALIC, there does not exist any event, condition or omission that would constitute such a default or breach (with or without lapse of time or notice or both); provided, however, that this Section 3.16(b) does not apply to any Terminating Intercompany Agreement or any other Material Contract to be rejected or terminated pursuant to this Agreement.

(c) Prior to the date of this Agreement, copies of each Material Contract have been made available to Purchaser.

Section 3.17 Assets; Real Property.

(a) Except as disclosed in Section 3.17(a) of the SALIC Disclosure Schedule, each of SALIC and the SALIC Subsidiaries has good title to, or a valid leasehold interest in, each of its material assets reflected in the SALIC Financial Statements and the Statutory Statements, as applicable, free and clear of any Encumbrance, except for Permitted Encumbrances.

(b) Section 3.17(b) of the SALIC Disclosure Schedule contains a true, complete and correct list of all leases pursuant to which any SALIC Group Company leases real property as tenant.

(c) Section 3.17(c) of the SALIC Disclosure Schedule contains a true, complete and correct list of all subleases pursuant to which any SALIC Group Company subleases real property as subtenant.

(d) Except as set forth on Section 3.17(d) of the SALIC Disclosure Schedule, immediately following the Closing, neither SRGL nor any of its Affiliates will own or hold, directly or indirectly, an interest in any material asset, property or right of any kind or nature (real or personal, tangible or intangible, including Intellectual Property) necessary to enable the SALIC Group Companies to continue to operate their business as owned by Purchaser after the Closing in substantially the same manner as the business of the SALIC Group Companies has been conducted by the SALIC Group Companies prior to the Closing Date.

Section 3.18 Finders' Fees. Except as set forth on Section 3.18 of the SALIC Disclosure Schedule, there is no investment banker, broker, financial adviser, finder or other intermediary who is or might be entitled to any fee or commission in connection with the Transactions, based on arrangements made by or on behalf of any SALIC Group Company or any of their respective Affiliates.

Section 3.19 Investment Assets.

(a) SALIC has provided to Purchaser a true, complete and correct list of the Investment Assets as of March 31, 2018. The SALIC Group Companies hold valid title to all Investment Assets free and clear of all Encumbrances other than Permitted Encumbrances.

(b) Except as set forth on Section 3.19(b) of the SALIC Disclosure Schedule, to the Knowledge of SALIC, none of the SALIC Group Companies or any of their Affiliates (i) has received written notice that any of the Investment Assets is in default in any payment of principal, distributions, interest, dividends or any other material payment or performance obligation thereunder or (ii) is aware of any breach of, or default under, any covenants of any of the Investment Assets.

(c) Except as set forth on Section 3.19(c) of the SALIC Disclosure Schedule, none of the SALIC Group Companies has any material funding obligations of any kind, or material obligation to make any additional advances or investments (including any obligation relating to any currency or interest rate swap, hedge or similar arrangement), in respect of any of the Investment Assets. There are no material outstanding commitments, options, put agreements or other arrangements relating to the Investment Assets to which any of the SALIC Group Companies may be subject upon or after the Closing.

(d) SALIC has made available to Purchaser true, complete and correct copies of the investment guidelines and policies applicable to the SALIC Group Companies in effect as of the date hereof (the "Investment Guidelines and Policies"). No material changes have been made to such Investment Guidelines and Policies since December 31, 2016.

Section 3.20 Labor Matters.

(a) None of the SALIC Group Companies is a party to, or bound by, any agreement with respect to the Employees with any labor union or any other employee organization, group or association organized for purposes of collective bargaining. To the Knowledge of SALIC, there are, and since January 1, 2014 there have been, (i) no activities or proceedings of any labor union to organize any Employees or employees of SALIC dedicated to the business of the SALIC Group Companies.

(b) Section 3.20(b) of the SALIC Disclosure Schedule sets forth a true, complete, and correct list of each employee of the SALIC Group Companies and in the case of each such employee, the following information, if applicable, as of the date hereof: (i) title or position; (ii) date of hire; (iii) whether full-time or part-time and whether exempt or non-exempt; and (iv) whether absent from active employment or service and if so, the date such absence commenced, and the anticipated date of return to active employment or active service.

Section 3.21 Reinsurance. SALIC has provided or otherwise made available to Purchaser true, complete and correct copies of (a) each material reinsurance or retrocessional treaty, coinsurance, yearly or monthly renewable term, modified coinsurance, excess insurance, ceding of insurance, assumption of reinsurance or similar arrangements, placements or Contracts (together with all amendments, extensions, renewals, guaranties, modifications, waivers, supplements and other agreements, if any, related thereto) to which any Scottish Insurance Company are parties, whether as ceding company, retrocedent, reinsurer or retrocessionaire (the "Reinsurance Contracts") and (b) each material Contract, other than a Reinsurance Contract, comprising an excess reserve financing arrangement to which any of the Scottish Insurance Companies are parties (the "Reserve Financing Contracts"). Each of the Reinsurance Contracts and the Reserve Financing Contracts constitutes a valid and binding obligation of the Scottish Insurance Companies and, to the Knowledge of SALIC, each other party thereto, is enforceable against the Scottish Insurance Companies and, to the Knowledge of SALIC, each other party thereto in accordance with its terms (subject to the Bankruptcy and Equity Exceptions), and is in full force and effect, except for such failures to be valid and binding as are not, individually or in the aggregate, reasonably likely to result in a SALIC Material Adverse Effect. None of the applicable Scottish Insurance Companies or, to the Knowledge of SALIC, any counterparty to any Reinsurance Contract or Reserve Financing Contract is (with or without notice or lapse of time or both) in default or breach under the terms of such Reinsurance Contract or Reserve Financing Contract in any material respect. Except as set forth on Section 3.21(a) of the SALIC Disclosure Schedule, there are no pending or, to the Knowledge of SALIC, threatened Actions with respect to any Reinsurance Contract or Reserve Financing Contract. Except as set forth on Section 3.21(b) of the SALIC Disclosure Schedule, as of the date hereof, no party to any Reinsurance Contract or Reserve Financing Contract has given notice of termination (provisional or otherwise) in respect of any such Contract. Except as set forth on Section 3.21(c) of the SALIC Disclosure Schedule, since January 1, 2014, there has not been any dispute with respect to any material amounts recoverable or payable by any of the Scottish Insurance Companies pursuant to any Reinsurance Contract or Reserve Financing Contract and no reinsurer or ceding party has sought to deny or limit coverage or revoke, terminate, rescind or change, in accordance with the terms of any Reinsurance Contract, reinsurance premiums or expense allowances. Except as set forth on Section 3.21(d) of the SALIC Disclosure Schedule, no Reinsurance Contract or Reserve Financing Contract contains any provision providing that the other party

thereto may terminate or otherwise modify such Reinsurance Contract or Reserve Financing Contract by reason of the Transactions. No Reinsurance Contract or Reserve Financing Contract contains any provision which by its own terms would result in a modification in the operation of such Reinsurance Contract or Reserve Financing Contract by reason of the Transactions.

Section 3.22 Affiliate Transactions. Section 3.22 of the SALIC Disclosure Schedule sets forth a true, complete, and correct list, as of the date hereof, of all Contracts, agreements, leases, licenses and other instruments (whether or not reduced to writing) (i) between any of the SALIC Group Companies, on the one hand, and any other SALIC Group Companies, on the other hand (the "SALIC Intercompany Agreements") and (ii) between any SALIC Group Company, on the one hand, and any Affiliate thereof that is not a SALIC Group Company, on the other hand (the "Terminating Intercompany Agreements") and, with respect to such Terminating Intercompany Agreements, Section 3.22 of the SALIC Disclosure Schedule shall also set forth SALIC's good faith estimate of the settlement or termination amounts due and payable in connection with the termination thereof in accordance with Section 5.13.

Section 3.23 Environmental Matters. None of the SALIC Group Companies has received a written notice, request for information, claim or demand from any Governmental Authority or third party alleging liability in connection with the violation of any Environmental Law, there are no material judicial or administrative proceedings pending or threatened against the SALIC Group Companies arising under or relating to an Environmental Law, and each of the SALIC Group Companies is and has been in compliance in all material respects with any applicable Environmental Laws.

Section 3.24 Information Technology, Data Security and Privacy.

(a) The Information Technology (i) is in good repair and operating condition and is adequate and suitable (including with respect to working condition, security, performance and capacity) for the purposes for which it is being used or held for use and (ii) does not contain any Malware that would reasonably be expected to interfere with the conduct of the business of the SALIC Group Companies or present a material risk of unauthorized access, disclosure, use, corruption, destruction or loss of any personally identifiable information, data or non-public information.

(b) The SALIC Group Companies (i) have implemented, maintain, and comply with commercially reasonable written security, business continuity and backup and disaster recovery plans and procedures with respect to the Information Technology and (ii) have taken commercially reasonable steps to test such plans and procedures on no less than an annual basis, and such plans and procedures have been proven effective upon such testing in all material respects.

(c) The SALIC Group Companies have been and are in compliance with any such privacy statement (as applicable to any given set of personally identifiable information, data and non-public information collected by or on behalf of any of them) and with any and all Applicable Law, regulatory guidelines, PCI-DSS standards, contractual requirements and terms of use pertaining to such personally identifiable information, data and non-public information.

(d) Since January 1, 2014, the SALIC Group Companies have not, nor, to the Knowledge of SALIC or any of its Affiliates, has any third Person working on behalf of any of them, in each case with respect to the business of the SALIC Group Companies, received any written claims, notices or complaints regarding their information practices or the use of any personally identifiable information, data and non-public information of individuals, or alleging a violation of any individual's privacy, personal or confidentiality rights under any applicable privacy statement or otherwise from any Person.

Section 3.25 Third-Party Administrators. To the Knowledge of SALIC, from January 1, 2014 to the date hereof, each third-party administrator that managed or administered insurance business for the SALIC Group Companies, at the time such Person managed or administered such business, was duly licensed or registered as required by Applicable Law (for the type of business managed or administered on behalf of the Scottish Insurance Companies), and to the Knowledge of SALIC, no such third-party administrator is in violation (or with or without notice or lapse of time or both, would be in violation) of any term or provision of any Applicable Law related to the administration or management of insurance business for the Scottish Insurance Companies, except for such failures to be licensed or such violations which have been cured, resolved or settled through agreements with applicable Governmental Authorities or are barred by an applicable statute of limitations or, individually or in the aggregate, are not material.

Section 3.26 Orders. Prior to the date hereof, the Bermuda Court and/or the Cayman Court have approved SRGL's entry into the Restructuring Implementation Agreement to the extent such approvals are required in connection with the Winding Up Proceedings.

Section 3.27 NO OTHER REPRESENTATIONS OR WARRANTIES. EXCEPT FOR THE REPRESENTATIONS AND WARRANTIES CONTAINED IN THIS ARTICLE III AND IN ARTICLE VI, SALIC DOES NOT MAKE ANY OTHER EXPRESS OR IMPLIED REPRESENTATION OR WARRANTY WITH RESPECT TO SALIC, THE SALIC SUBSIDIARIES OR THE SALIC GROUP BUSINESS OR WITH RESPECT TO ANY OTHER MATTER OR ANY OTHER INFORMATION PROVIDED TO PURCHASER OR ITS REPRESENTATIVES OR AFFILIATES IN CONNECTION WITH THE TRANSACTIONS CONTEMPLATED HEREBY.

ARTICLE IV

REPRESENTATIONS AND WARRANTIES OF PURCHASER

Purchaser represents and warrants to SALIC, as of the date hereof and as of the Closing Date, as follows. Each such representation and warranty is qualified by and includes the disclosure set forth in the numbered or lettered sections or subsections of the Purchaser Disclosure Schedule that correspond to such representation and warranty and shall be deemed to be qualified by and include any disclosure in any other section or subsection of the Purchaser Disclosure Schedule to which the relevance of such disclosure to such representation and warranty is readily apparent.

Section 4.1 Organization and Authority. Purchaser is a limited liability company duly organized, validly existing and in good standing under the laws of Delaware. Purchaser has all

requisite corporate power and authority to execute and deliver this Agreement and to perform its obligations hereunder.

Section 4.2 Binding Effect. The execution and delivery of this Agreement by Purchaser, the performance of its obligations hereunder and the consummation of the Transactions have been duly and validly approved by all requisite corporate action on the part of Purchaser and no additional corporate proceedings on the part of Purchaser or any Affiliate thereof or any of their respective securityholders are necessary to approve or authorize, as applicable, this Agreement, the performance of Purchaser's obligations hereunder or the consummation of the Transactions. Assuming the due authorization, execution and delivery by SALIC, this Agreement constitutes the valid and binding obligation of Purchaser, enforceable against Purchaser in accordance with its terms, subject to the Bankruptcy and Equity Exceptions.

Section 4.3 Governmental Filings and Consents. No consents or approvals of, waivers from, or filings or registrations with, any Governmental Authority are required to be made or obtained at or prior to the Closing by Purchaser or any of its Affiliates in connection with the execution, delivery or performance by Purchaser of this Agreement or to consummate the Transactions, except for the consents, approvals, waivers, filings and registrations described in Section 4.3 of the Purchaser Disclosure Schedule, except as would not, individually or in the aggregate, reasonably be likely to have a Purchaser Material Adverse Effect.

Section 4.4 No Violations. Subject to the making of the filings and registrations and receipt of the consents, approvals and waivers referred to in Section 4.3 and the expiration of related waiting periods, the execution, delivery and performance of this Agreement by Purchaser and the consummation of the Transactions do not and will not (a) conflict with, constitute a breach or violation of, or a default under, or give rise to any Encumbrance (other than Permitted Encumbrances) or any acceleration of remedies, penalty, increase in benefit payable or right of termination, suspension, revocation or cancellation under, or forfeiture of, as applicable, any Applicable Law, Order or Governmental Authorization or Contract of Purchaser, except as would not, individually or in the aggregate, reasonably be likely to have a Purchaser Material Adverse Effect or (b) constitute a breach or violation of, or a default under, the organizational documents of Purchaser.

Section 4.5 Purchaser Impediments. As of the date hereof, there is no Action pending or, to the Knowledge of Purchaser, threatened, or any outstanding Order against Purchaser or any of its Affiliates which (a) would affect in any material respect the validity or enforceability of this Agreement, (b) seeks to enjoin or prohibit the consummation of the Transactions or (c) would (i) materially impair or materially delay the ability of Purchaser to obtain Required Approvals (other than the Bankruptcy Court Approvals and Foreign Court Approvals) or (ii) individually or in the aggregate, reasonably be likely to have a Purchaser Material Adverse Effect. As of the date hereof, to the Knowledge of Purchaser, there are no facts or circumstances involving Purchaser or its Affiliates (or involving any permitted assignee of the rights of Purchaser hereunder pursuant to Section 9.4) that would reasonably be expected to prohibit or materially delay the granting of any Required Approval (other than the Bankruptcy Court Approvals and Foreign Court Approvals).

Section 4.6 Finders' Fees. There is no investment banker, broker, financial advisor, finder or other intermediary who is or might be entitled to any fee or commission in connection with the Transactions, based on arrangements made by or on behalf of Purchaser or its Affiliates.

Section 4.7 Financial Capability. Purchaser has sufficient capital commitments, and will have at the Closing, sufficient funds to complete the Transactions on the terms and subject to the conditions set forth in this Agreement.

Section 4.8 Purchase for Own Account.

(a) Purchaser is an "accredited investor" as that term is defined in Rule 501(a) of Regulation D under the Securities Act.

(b) Purchaser is acquiring the Purchaser Shares for investment and not with a view toward, or for sale in connection with, any distribution thereof, nor with any present intention of distributing or selling the Purchaser Shares. Purchaser agrees that the Purchaser Shares may not be sold, transferred, offered for sale, pledged, hypothecated or otherwise disposed of without registration under the Securities Act and any applicable state securities laws, except pursuant to an exemption from such registration under such Applicable Laws.

(c) Purchaser is able to bear the economic risk of holding the Purchaser Shares for an indefinite period, including a complete loss of its investment in the Purchaser Shares, and has knowledge and experience in financial and business matters such that it is capable of evaluating the risks of an investment in the Purchaser Shares.

Section 4.9 NO OTHER REPRESENTATIONS OR WARRANTIES. EXCEPT FOR THE REPRESENTATIONS AND WARRANTIES CONTAINED IN THIS ARTICLE IV, NEITHER PURCHASER NOR ANY OTHER PERSON MAKES ANY OTHER EXPRESS OR IMPLIED REPRESENTATION OR WARRANTY WITH RESPECT TO PURCHASER OR ANY OF ITS AFFILIATES OR WITH RESPECT TO ANY OTHER MATTER OR ANY OTHER INFORMATION PROVIDED TO SALIC OR THE SALIC GROUP COMPANIES OR THEIR REPRESENTATIVES OR AFFILIATES IN CONNECTION WITH THE TRANSACTIONS CONTEMPLATED HEREBY.

ARTICLE V

COVENANTS

Section 5.1 Access; Confidentiality.

(a) Prior to the Closing, SALIC shall permit Purchaser and its representatives to have reasonable access, during regular business hours and upon reasonable advance notice to SALIC, to the Books and Records to the extent not prohibited by Applicable Law, for any reasonable business purpose relating to this Agreement, except that SALIC shall use reasonable best efforts to provide access to Books and Records maintained by any Person acting as a third party administrator for any SALIC Group Business; provided, that to the extent any Books and Records or other information that is subject to an attorney-client or other legal privilege or

obligation of confidentiality or non-disclosure, it shall not be made so accessible, it being understood that SALIC shall use its reasonable best efforts to make other arrangements (including redacting information or entering into joint defense agreements), in each case, that would enable any otherwise required disclosure to Purchaser to occur without so jeopardizing privilege or contravening such privilege or obligation. Such access shall be at Purchaser's sole cost and expense and may not unreasonably interfere with the conduct of the SALIC Group's or its Affiliates' businesses.

(b) Purchaser acknowledges that the information and access provided to it pursuant to Section 5.1(a) shall be subject to the terms and conditions of the Confidentiality Agreement.

(c) Following the Closing Date, to the extent not prohibited by Applicable Law, Purchaser shall (i) (A) permit the SRGL Group Companies, the Distribution Trustee and their respective Representatives, during regular business hours and upon reasonable advance notice to Purchaser, to examine and make copies of the Books and Records and (B) make the Employees available to the SRGL Group Companies and their respective representatives as the SRGL Companies and their representatives shall from time to time reasonably request, in each case, for any reasonable business purpose, including the preparing or examination of the SRGL Group Companies regulatory and Tax filings and financial statements and the conduct of any third party litigation or dispute resolution (not involving Purchaser or any of its Affiliates), or regulatory dispute, whether pending or threatened, concerning the business of the SALIC Group Companies prior to the Closing; and (ii) maintain the Books and Records for the foregoing examination and copying for a period of not less than six (6) years following the Closing Date or such longer period as may be required by Applicable Law. Such access to the Books and Records shall be at the sole cost and expense of the applicable SRGL Group Companies and may not unreasonably interfere with the conduct of Purchaser's or its Affiliates' businesses.

Section 5.2 Conduct of Business.

(a) Except (A) as required by the Bankruptcy Code, the Bankruptcy Rules, pursuant to an Order of the Bankruptcy Court, Applicable Bermuda Law or Applicable Cayman Islands Law, (B) as expressly required by this Agreement, (C) as set forth on Section 5.2(a)(C) of the SALIC Disclosure Schedule or (D) with the prior written consent of Purchaser (such consent not to be unreasonably withheld, conditioned or delayed), from the date of this Agreement until the Closing Date, SALIC shall cause the SALIC Group to be operated in the Ordinary Course of Business, and to the extent consistent therewith, use reasonable best efforts to preserve intact its current business organization and its material relationships, including by (x) preserving relationships with third parties (including agents, brokers, producers, Governmental Authorities, reinsurance and retrocession counterparties, suppliers and others having business dealings with them) and employees, consultants and agents (including by keeping available the services of officers and key employees) (y) maintaining the Assumed Contracts and Governmental Authorizations, and (z) complying with all obligations under all Material Contracts, Reinsurance Contracts, Reserve Financing Contracts, including providing any required notifications under such Contracts as a result of the Transactions, Chapter 11 Cases or otherwise. Without limiting the generality of the foregoing, from the date hereof until the Closing Date, SALIC shall not, and

shall cause the SALIC Subsidiaries not to, except as permitted by the preceding sentence, take any of the following actions:

(i) (A) issue, sell, transfer, pledge, grant, dispose of, encumber or deliver any equity securities of any class or any securities convertible into or exercisable or exchangeable for voting or equity securities of any class of stock of the SALIC Group Companies or grant options, warrants, calls or other rights to purchase or otherwise acquire equity securities of any class of stock of the SALIC Group Companies, (B) adjust, split, combine, recapitalize or reclassify any of its equity securities, in each case of any of the SALIC Group Companies or (C) declare, set aside or pay any dividend or other distribution (whether in cash, stock or property) with respect to any outstanding capital stock;

(ii) acquire (by merger, consolidation, acquisition of stock or assets, bulk reinsurance or otherwise) any corporation, partnership, joint venture, association or other business organization or division thereof, or substantially all of the assets of any of the foregoing except for acquisitions of investment assets in the Ordinary Course of Business, in accordance with the Investment Guidelines and Policies;

(iii) amend the organizational documents of any SALIC Group Company;

(iv) adopt a plan of complete or partial liquidation or rehabilitation or authorize or undertake a merger, dissolution, rehabilitation, consolidation, restructuring, recapitalization, or other reorganization;

(v) other than in the Ordinary Course of Business, sell, lease, transfer, assign or otherwise dispose of any material assets in any individual transaction in excess of One Hundred Thousand Dollars ($100,000) or in the aggregate in excess of Two Hundred Thousand Dollars ($200,000), or permit any such material assets to become subject to any Encumbrance other than Permitted Encumbrances;

(vi) amend (in any material respect), or terminate (other than at its stated expiry date) any Material Contract or Reinsurance Contract or commute or recapture any Reinsurance Contract or enter into any Contract which, if entered into prior to the date hereof, would have been a Material Contract or Reinsurance Contract;

(vii) except as required by GAAP, SAP, FRS 101 or by Applicable Law, change any of the accounting principles or practices used by any of the SALIC Group Companies;

(viii) prepare or file any income or other material Tax Return inconsistent with past practice, make, change or revoke any income or other material Tax election, change any annual Tax accounting period, adopt or change any accounting method with respect to income or other material Taxes, file any amended income or other material Tax Return, enter into any closing agreement with respect to income or other material Taxes, settle or compromise any proceeding with respect to any income or other material Tax claim or assessment relating to any of the SALIC Group Companies, surrender any right

to claim a material refund of Taxes, consent to any extension or waiver of the limitation period applicable to any income or other material Tax claim or assessment relating to any of the SALIC Group Companies, or request any ruling or similar guidance with respect to Taxes;

(ix) institute or promise to institute any new Benefit Plan for any Employee or increase or grant, accelerate, or promise to increase the annual level of compensation of any Employee, increase the coverage or benefits available under any Benefit Plan or otherwise modify or amend or terminate any such Benefit Plan, in each case, in any material respect and other than in the Ordinary Course of Business (including any merit increases awarded in accordance with past practice), as required by Applicable Law, or pursuant to the terms of an existing Contract or Benefit Plan;

(x) (A) terminate the employment relationship with any Key Employee other than for cause, enter into or amend in any material respect any employment contracts with Key Employees, (B) hire any Employee or promote any Employee other than in the Ordinary Course of Business, (C) increase or promise to increase the base salary or target bonus percentage or opportunity of any Employee except as required by the terms of any Benefit Plan as in effect on the date hereof, or in the Ordinary Course of Business;

(xi) subject any of the properties or assets (whether tangible or intangible) of the SALIC Group Companies to any Encumbrance (except for Permitted Encumbrances);

(xii) enter into any Contract for expenditures in excess of One Hundred Thousand Dollars ($100,000) for any individual Contract or Two Hundred Thousand Dollars ($200,000) for all Contracts and commitments in the aggregate;

(xiii) enter into any Contract or commitment which restrains, restricts, limits or impedes the ability of the SALIC Group Companies to compete with or conduct any business or line of business in any geographic area; and

(xiv) abandon, modify, waive, surrender, terminate or withdraw any Governmental Authorization, or change any Scottish Insurance Company's state of domicile;

(xv) make any material change to the Investment Guidelines and Policies or in the underwriting, claims administration, investment, reserving, hedging or financial accounting policies, practices or principles of the SALIC Group Companies, as applicable, in effect on the date hereof (other than any change required by GAAP, SAP or FRS 101), or fail to comply with the Investment Guidelines and Policies;

(xvi) incur any indebtedness to any Person for borrowed money (other than current trade accounts payable incurred in respect of property or services purchased in the Ordinary Course of Business) or assume, grant, guarantee or endorse, or otherwise as an accommodation become responsible for, the obligations of any Person, or make any loans or advances (other than, in each case, in respect of transactions in the Investment Assets,

in the Ordinary Course of Business and in accordance with the Investment Guidelines and Policies);

(xvii) settle any Action involving any SALIC Group Companies, other than any such settlement that is solely a monetary settlement that requires payment by any of the SALIC Group Companies of less than Two Hundred Thousand Dollars ($200,000); provided that none of the SALIC Group Companies admits a breach or violation of Applicable Law or any contractual obligation;

(xviii) modify the terms of, or default under, any indebtedness or, other than in the Ordinary Course of Business, cancel or compromise any material indebtedness or waive any material rights without receiving a realizable benefit of similar or greater value;

(xix) fail to pay or satisfy when due any material liability of any of the SALIC Group Companies (other than any such liability that is being contested in good faith);

(xx) enter into any new line of business, introduce any new products, or change in any material respect existing products;

(xxi) fail to timely file with Governmental Authorities all required annual and quarterly statutory financial statements and other material insurance regulatory filings;

(xxii) make any material change to any of the actuarial, investment, reserving, hedging, underwriting, claims administration, marketing or reinsurance policies, practices, guidelines or principles of any SALIC Group Companies, in each case, other than as required by GAAP or SAP; or

(xxiii) agree or commit to do, or resolve, authorize or approve any action to do, any of the foregoing.

(b) From the date hereof until the Closing, SALIC shall deliver to Purchaser copies of any material correspondence received by any of the SALIC Group Companies from any Governmental Authority (other than routine administrative matters), including any such correspondence that contains any assertion of any failure of any of the SALIC Group Companies to comply with Applicable Law in any material respect, notice of any pending audit, examination or investigation, or any findings or conclusions arising out of any such audit, examination or investigation, and copies of any material correspondence sent by any of the SALIC Group Companies to any Governmental Authority relating to any such matters; provided that all such correspondence provided to Purchaser pursuant to this Section 5.2(b) shall be subject to the terms and conditions of the Confidentiality Agreement.

Section 5.3 Reasonable Best Efforts; Regulatory Matters; Third-Party Consents.

(a) Subject to the terms and conditions of this Agreement, each party agrees to use its reasonable best efforts to take, or cause to be taken, all actions, and to do, or cause to be done, all things necessary, proper or advisable to consummate and make effective, as soon as practicable

after the date of this Agreement, the Transactions, including using reasonable best efforts to (i) lift or rescind any injunction or restraining order or other Order adversely affecting the ability of the parties to consummate the Transactions, and (ii) prevent the initiation of any Action seeking to enjoin, prevent or delay the consummation of the Transactions. Each party shall use its reasonable best efforts, and shall cooperate fully with each other, (i) to comply as promptly as practicable with all requirements of Government Authorities applicable to the Transactions and (ii) to obtain as promptly as practicable all necessary permits, Orders or other consents, approvals or Governmental Authorizations and consents or waivers of all other third parties necessary in connection with the consummation of the Transactions (including those set forth in Section 3.5 of the SALIC Disclosure Schedule or Section 4.3 of the Purchaser Disclosure Schedule), subject, in the case of third party consents, to the last sentence of this Section 5.3(a). In connection therewith, subject to the terms and conditions of this Agreement, SALIC and Purchaser each shall make and shall cause its Affiliates to make all legally required filings as promptly as practicable in order to facilitate prompt consummation of the Transactions, shall provide and shall cause their respective Affiliates to provide such information and communications to Governmental Authorities as such Governmental Authorities may request to the extent permitted by Applicable Law, and shall consent to and comply with any condition imposed by any Governmental Authority on its grant of any such permit, Order, consent, approval or authorization. The SALIC Parties shall use commercially reasonable efforts (taking into account their status as Debtors) to obtain the consent or waiver of any Person that is a counter-party to any Material Contract, Reinsurance Contract or Reserve Financing Contract to extent such Contract contains an automatic termination or such Person has a right to take an action adverse to any SALIC Group Company or Purchaser as a result of the Transactions or Chapter 11 Cases ("Third Party Consent Contracts"), it being understood that no such consent or waiver shall be a condition to the Closing. If the SALIC Parties fail to obtain the consent or waiver of any Person that is a counter-party to a Third Party Consent Contract, the SALIC Parties shall use commercially reasonable efforts and shall work with Purchaser in good faith to procure a replacement Contract having substantially equivalent terms and conditions.

(b) No later than ten (10) Business Days after the issuance of the Winning Bidder Order (but subject to the proviso below), each party shall, and shall cause its Affiliates to, make all filings and notifications with all Governmental Authorities that may be or may become reasonably necessary, proper or advisable under this Agreement and Applicable Law to consummate and make effective the Transactions, including: (i) Purchaser causing a "Form A" or a similar change of control application to be filed in each jurisdiction where required by applicable Insurance Laws with respect to the Transactions; (ii) Purchaser causing "Form E" or similar market share notifications to be filed in each jurisdiction where required by applicable Insurance Laws with respect to the Transactions; (iii) each party making any other filing that may be required under any other antitrust or competition laws or by any Governmental Authority with jurisdiction over enforcement of any applicable antitrust or competition laws; and (iv) each party making any other filing that may be required under any insurance, financial services or other Applicable Law or by any Governmental Authority with jurisdiction over enforcement of any such Applicable Law; provided that (A) with respect to the filings to be made by Purchaser and its Affiliates pursuant to this Section 5.3(b), Purchaser and its Affiliates shall use their reasonable best efforts to submit such filings no later than ten (10) Business Days after the issuance of the Winning Bidder Order and in any case shall submit such filings no later than

fifteen (15) Business Days after issuance of the Winning Bidder Order, (B) with respect to the filings to be made by SALIC and its Affiliates listed in Section 3.5(a)(1) the SALIC Disclosure Schedule, SALIC and its Affiliates shall make such filings no later than five (5) Business Days after the date on which Purchaser and its Affiliates submit the filings described in clause (i) above, and (C) with respect to the filings to be made by SALIC and its Affiliates listed in Section 3.5(a)(3) of the SALIC Disclosure Schedule, SALIC and its Affiliates shall make such filings no later than five (5) Business Days after the date on which Purchaser and its Affiliates submit the filings to be made by Purchaser and its Affiliates listed in Section 4.3(3) of the Purchaser Disclosure Schedule. Each party shall promptly supply any additional information and documentary material that may be requested by any Governmental Authority pursuant to Applicable Law. Notwithstanding anything to the contrary in this Agreement, Purchaser shall have responsibility for the filing and other fees associated with its "Form A" or similar change of control applications and its "Form E" or similar market share notifications, and SALIC and Purchaser shall have responsibility for their other respective filing fees associated with any other filings required to be made in connection with the Transactions.

(c) Subject to Applicable Law relating to the sharing of information, each party shall promptly notify the other parties of any communication it or any of its Affiliates receives from any Governmental Authority relating to the matters that are the subject of this Agreement, and shall permit counsel for the other parties to review in advance, and consider in good faith the views of the other parties in connection with, any proposed written communication to any Governmental Authority relating to the Transactions, and provide each other party with copies of all correspondence, filings or communications between such party or any of its Representatives, on the one hand, and any Governmental Authority or members of the staff of any Governmental Authority, on the other hand, subject to Section 5.1; provided that no party shall be required to share with or disclose to the other any of its or its Affiliates' confidential competitive information or any personal identifiable information of their respective officers, directors or other applicable individuals. Neither SALIC nor Purchaser may participate or agree to participate in any meeting with any Governmental Authority relating to the matters that are the subject of this Agreement (other than telephone calls initiated by such Governmental Authority and not scheduled in advance or ministerial telephone calls not expected to involve a substantive discussion of the Transactions) unless it consults with the other party in advance and, to the extent permitted by such Governmental Authority, gives the other party a reasonable opportunity to attend and participate at such meeting. Subject to the Confidentiality Agreement and Section 5.1, each party shall coordinate and cooperate fully with each other party in exchanging such information and providing such assistance as such other party may reasonably request in connection with the foregoing; provided, however, that the foregoing shall not require either party or any of their Affiliates to (i) disclose any information that in the reasonable judgment of such party or its Affiliates, as the case may be, would result in the disclosure of any trade secrets of third parties or violate any of its contractual obligations or obligations with respect to confidentiality or (ii) disclose any privileged information or confidential competitive information of such party or its Affiliates, or personally identifiable information of their respective officers, directors or other applicable individuals. Further, no party shall be required to comply with any of the foregoing provisions of this Section 5.3(c) to the extent that such compliance would be prohibited by Applicable Law. The parties further covenant and agree not to extend any waiting period associated with any Governmental Authorization or enter into any agreement with any

Governmental Authority not to consummate the Transactions, except with the prior written consent of the other party.

(d) Notwithstanding anything herein to the contrary, in connection with any Required Approval (other than the Bankruptcy Court Approvals and Foreign Court Approvals), Purchaser shall not be obligated to take or refrain from taking or to agree to it or its Affiliates taking or refraining from taking, any action or to permit or suffer to exist any restriction, condition, limitation or requirement imposed by a Governmental Authority that, individually or in the aggregate with any other actions, conditions, limitations, restrictions or requirements imposed by Governmental Authorities, would or would reasonably be likely to result in a Burdensome Condition. A "Burdensome Condition" means: (i) a material negative effect on the business or the assets, liabilities, properties, operations, results of operations or condition (financial or otherwise) of any of the SALIC Group Companies or Purchaser or any of their respective Affiliates; (ii) any requirement to sell, divest, operate in a specified manner, hold separate or discontinue or limit, before or after the Closing Date, any material assets, liabilities, businesses, operations, or interest in any assets or businesses of Purchaser, any SALIC Group Company or any of their respective Affiliates; or (iii) any requirement relating to contribution of capital, keep-well or capital maintenance arrangements or maintaining risk based capital level or any restrictions on dividends or distributions; provided, however, that neither (x) any requirement to allocate all or any portion of the Recapitalization Funding Payment to one or more particular SALIC Group Companies, nor (y) any restriction, condition, limitation or requirement imposed by a Governmental Authority, in effect as of the date hereof and listed in Section 5.3(d) of the SALIC Disclosure Schedule, shall be considered a Burdensome Condition. Without the prior written consent of Purchaser, SALIC shall not, and shall cause its Affiliates not to, take or refrain from or to agree to the taking or refraining from any action or to permit or suffer to exist any restriction, condition, limitation or requirement that would or would reasonably be expected to result, individually or in the aggregate, in a Burdensome Condition being imposed by a Governmental Authority.

(e) Except as set forth in Section 5.3(a), each party shall use its commercially reasonable efforts to obtain, as promptly as practicable after the date hereof, all consents and approvals, including any Governmental Authorization contemplated by this Section 5.3, and to make any notifications, in each case that may be required by or of it in connection with the Transactions, including consenting to and complying with any condition imposed by any Governmental Authority on its grant of any such Governmental Authorization; provided that no SALIC Group Company shall be required to compensate any third party, commence or participate in litigation or offer or grant any accommodation (financial or otherwise) to any third party to obtain any such consent or approval; and provided, further, that for purposes of this Section 5.3(e), SALIC shall not be required to take any action with respect to any third party unless the taking of such action is required in order to satisfy any of the conditions set forth in Section 7.1 or 7.2 and such condition has not been waived by Purchaser.

Section 5.4 Employee Matters.On the Closing and for the remainder of 2018, Purchaser shall not take any action directly prohibiting the SALIC Group Companies' ability to provide to each Employee while in the employ of a SALIC Group Company (i) base compensation and annual bonus potential and (ii) Benefit Plans (other than severance benefits,

which are addressed in Section 5.4(b)), which are no less favorable in the aggregate, in a material manner, than that which was provided to such Employee immediately prior to the Closing.

(b) Purchaser shall not take any action directly prohibiting the SALIC Group Companies' ability to provide any Employee whose employment is terminated for any reason, other than for cause, within twenty-four (24) months after the Closing a severance benefit package substantially similar to the severance benefit package that would be provided under the applicable severance plan for the SALIC Group Companies or any other contractual severance obligations as in effect for such Employee immediately prior to the Closing and disclosed in Section 5.4(b) of the SALIC Disclosure Letter.

(c) From and after the Closing, Purchaser shall not take any action directly prohibiting the SALIC Group Company's ability to honor, pay, perform and satisfy any and all liabilities, obligations and responsibilities to or in respect of each Employee or former Employee under the terms of each employment or service agreement, retention plan and each other arrangement between such SALIC Group Company and any such Employee or former Employee, in each case as in effect or existing immediately prior to the Closing and disclosed in Section 5.4(c) of the SALIC Disclosure Letter.

(d) Prior to Closing, Purchaser shall consult with, and seek the recommendations of, the Chief Executive Officer and Chief Financial Officer of SALIC, with respect to (i) a plan for the retention, following the Closing, of Employees and (ii) the terms and conditions of the employment packages and employee benefits to be made available to Employees the Purchaser elects to retain.

(e) Notwithstanding the foregoing, this Section 5.4 is not intended to and shall not give any third party, including any Employee or any agent or representative thereof any right to (i) enforce the provisions of this Section 5.4, (ii) require Purchaser or the SALIC Group Companies to continue to employ any Employee, or (iii) require Purchaser or the SALIC Group Companies to continue any Benefit Plan beyond the time when it otherwise lawfully could be terminated or modified.

(f) Notwithstanding the foregoing, each of the parties acknowledges and agrees that nothing in this Section 5.4 is intended to or shall (i) without limiting Purchaser's obligations above, limit Purchaser's ability to manage the SALIC Group Companies, in consultation with management of the SALIC Group Companies, in Purchaser's sole discretion on and after the Closing, or (ii) require Purchaser to contribute any funds to any of the SALIC Group Companies or incur any liability in satisfaction of the obligations set forth in this Section 5.4.

Section 5.5 Further Assurances. The parties shall, subject to the terms and conditions of this Agreement (a) execute and deliver, or shall cause to be executed and delivered, such documents, certificates, agreements and other writings and shall take, or shall cause to be taken, such further actions as may be reasonably required or requested by either party to carry out the provisions of this Agreement and consummate or implement expeditiously the Transactions, and (b) shall refrain from taking any actions that could reasonably be expected to impair, delay or impede the Closing.

Section 5.6 Resignations. SALIC shall cause the directors and, to the extent specified in writing by Purchaser at least thirty (30) calendar days prior to the Closing Date, other officers, of each of the SALIC Group Companies, to resign such position or positions, effective as of the Closing (the "Resignations"). Any such resignation that is not furthered by a reappointment to the same or similar position shall be deemed an involuntary resignation for purposes of severance and employment agreement terms.

Section 5.7 Insurance Prior to the Closing, SALIC shall obtain a replacement to SALIC's existing policy of directors' and officers' liability insurance identified in Section 3.15 of the SALIC Disclosure Schedules (Policy No. ELU154535-18) on terms reasonably acceptable to Purchaser, to be effective as of the Closing Date and providing coverage to the directors and officers of each of the SALIC Group Companies immediately following the Closing.

Section 5.8 D&O Liabilities.

(a) From and after the Closing Date, to the extent permitted by Applicable Law, the certificate of incorporation, certificate of formation, bylaws or limited liability company operating agreement (or similar organizational documents) of each SALIC Group Company shall continue to contain provisions no less favorable with respect to indemnification, advancement of expenses and exculpation of each present and former director and officer of each of the SALIC Group Companies (collectively, the "Indemnified D&O Parties") than are set forth in the organizational documents of the SALIC Group Companies as of the date hereof, which provisions shall not be amended, repealed or otherwise modified for a period of six (6) years after the Closing Date in any manner that would adversely affect the rights thereunder of any such individual.

(b) For a period of six (6) years from and after the Closing Date, to the extent that the Indemnified D&O Parties are not otherwise covered as insureds under an existing policy of directors' and officers' liability insurance in accordance with the requirements set forth in this Section 5.8(b), Purchaser shall cause the SALIC Group Companies to maintain in effect policies of directors' and officers' liability insurance comparable to those maintained by the SALIC Group Companies or SRGL with respect to matters existing or occurring at or prior to the Closing Date; provided, that Purchaser or the SALIC Group Companies may substitute therefor policies of at least the same coverage containing terms and conditions that are not less advantageous than the existing policies (including with respect to the period covered); provided, further, that in lieu of maintaining the current policies of directors' and officers' liability insurance, Purchaser may cause the SALIC Group Companies to purchase "tail" coverage or otherwise replace such policies with coverage with a scope, policy limits and retained coverage not less favorable than the scope, policy limits and retained coverage currently provided. Notwithstanding the foregoing, at Purchaser's direction and in satisfaction of Purchaser's obligations under this Section 5.8(b), SALIC shall obtain such "tail" coverage in respect of SALIC's existing policy of directors' and officers' liability insurance identified in Section 3.15 of the SALIC Disclosure Schedules (Policy No. ELU154535-18) on terms reasonably acceptable to Purchaser, to be effective as of the Closing Date.

Section 5.9 Orkney Re II. Purchaser and SALIC shall cooperate in good faith to complete with Assured Guaranty (UK) Ltd., prior to Closing, the winding up, restructuring or other termination relating to the Orkney Re II facility on terms and conditions reasonably acceptable to Purchaser (it being understood that such winding up, restructuring or other termination shall not be a condition to the Closing).

Section 5.10 Abandonment of SFL Capital Stock SALIC shall use commercially reasonable efforts to cause any capital stock or share capital of SFL held by any SALIC Group Company to no longer be held by any SALIC Group Company as of a date no later than the Closing Date. Purchaser acknowledges and agrees that the transfer of any capital stock or share capital of SFL held by any SALIC Group Company to the Distribution Trust on or prior to the Closing Date with the approval of the Bankruptcy Court pursuant to the Confirmation Order or another Final Order will satisfy the SALIC Parties' obligations as set forth in this Section 5.10.

Section 5.11 Notification of Certain Matters.

(a) From the date hereof until the Closing, to the extent the SALIC Parties have such Knowledge, the SALIC Parties shall promptly notify Purchaser in writing of: (i) any circumstance, event or action the existence, occurrence or taking of which (a) has had or could reasonably be expected to have, individually or in the aggregate, a SALIC Material Adverse Effect, (b) has resulted in or could reasonably be expected to result in any representation or warranty made by SALIC hereunder or under any other Ancillary Agreement not being true and correct or (c) could reasonably be expected to result in the failure of any of the conditions set forth in Article VII to be satisfied; (ii) any notice or other communication from any Person alleging that the consent of such Person is or may be required in connection with the Transactions, provided that, if the SALIC Parties are restricted by any confidentiality or non-disclosure obligation that would prevent the SALIC Parties from providing such notice, the SALIC Parties will provide Purchaser with sufficient information, including, the nature of the confidentiality or non-disclosure obligation, the nature of such consent, the type of transaction to which such consent relates, the nature of the counterparty alleging to have such consent right, and any other information reasonably necessary for Purchaser to evaluate such Person's alleged consent right; (iii) any notice or other communication from any Governmental Authority in connection with the Transactions; and (iv) any Actions commenced or threatened against, relating to or involving or otherwise affecting any SALIC Group Company that, if pending on the date of this Agreement, would have been required to have been disclosed pursuant to Section 3.9 or that relates to the consummation of the Transactions. Purchaser's receipt of information pursuant to this Section 5.11(a) or otherwise shall not operate as a waiver or otherwise affect any representation, warranty, covenant or agreement given or made by SALIC in this Agreement or the other Ancillary Agreement.

(b) With respect to any periodic reporting period, but no less frequently than monthly, the applicable SALIC Group Company shall, as promptly as practicable after such reporting period, notify Purchaser in writing if both (i) loss development under an In-force YRT Reinsurance Contract for such period was adverse and (ii) such adverse development was, in the reasonable judgment of the SALIC Group Company, caused in part or in whole by higher-than-expected mortality for such period for such In-force YRT Reinsurance Contract. Purchaser's

receipt of information pursuant to this Section 5.11(b) or otherwise shall not operate as a waiver or otherwise affect any representation, warranty, covenant or agreement given or made by SALIC in this Agreement or the other Ancillary Agreement. For purposes of this Section 5.11(b), an "In-force YRT Reinsurance Contract" means a Contract of yearly renewable term reinsurance assumed from an unrelated third-party ceding company by any SALIC Group Company that is in force at any time between the date hereof and the Closing.

Section 5.12 Subsequent Financial Statements.

(a) SALIC shall prepare and deliver to Purchaser as soon as reasonably practicable audited consolidated financial statements of SALIC and its Subsidiaries at and for the 12-month periods ended December 31, 2018, 2017 and 2016, together with the report of the independent auditor of SALIC thereon, including a balance sheet and the related statements of operations, cash flows and changes in stockholders' equity (the "Subsequent Audited GAAP Financial Statements"), and if the report of the independent auditor of SALIC on the Subsequent Audited GAAP Financial Statements identifies any material weakness, SALIC shall remedy or resolve such material weakness to the reasonable satisfaction of Purchaser prior to the Closing. From the date hereof until the Closing, SALIC shall deliver to Buyer, as soon as reasonably practicable after the end of the applicable quarter, unaudited quarterly financial statements of the type and scope described in Section 3.7(a) (together with the Subsequent Audited GAAP Financial Statements, the "Subsequent GAAP Financial Statements").

(b) From the date hereof until the Closing, SALIC shall deliver to Purchaser reasonably promptly following the filing thereof, all Statutory Statements, in each case prepared and/or filed after the date hereof and prior to the Closing Date.

(c) From the date hereof until the Closing, SALIC shall, and shall cause each of the SALIC Subsidiaries to, (i) provide to Purchaser, as soon as reasonably practicable after the end of each fiscal month, a monthly management report in scope and detail consistent with those monthly management reports that have been historically prepared by such SALIC Group Company and delivered to SALIC or SRGL, as applicable, and (ii) prepare, and deliver to Purchaser, as soon as reasonably practicable after the end of each fiscal month, a monthly balance sheet as of the last day of such month, in scope and detail consistent with the monthly balance sheets that have been historically prepared by such SALIC Group Company.

Section 5.13 Terminating Intercompany Agreements. Subject to the right of the SALIC Parties to reject pursuant to section 365 of the Bankruptcy Code those Terminating Intercompany Agreements to which a Debtor is a party and that are Executory Contracts, the SALIC Parties shall, and shall cause the SALIC Group Companies, as applicable, to terminate any Terminating Intercompany Agreement to which any SALIC Group Company is a party on or prior to Closing. Notwithstanding anything to the contrary contained herein, Purchaser may determine prior to the Closing to have that certain Investment Management Agreement between SRGL and Barings LLC (f/k/a Babson Capital Management LLC), dated October 14, 2009, remain in place at the Closing and not be terminated as a Terminating Intercompany Agreement on or prior to the Closing pursuant to this Section 5.13.

Section 5.14 Scottish Re Trademarks. Between the date hereof and the Closing Date, SALIC shall use reasonable best efforts to obtain from SRGL in writing, and effective as of the Closing, the commitment of SRGL to provide a license at the Closing to SALIC (and/or another SALIC Group Company as identified by SALIC) in respect of, the marks "Scottish Re" (US Registration Nos. 3263875 and 3254382 and any corresponding marks throughout the world, including the European Union) (collectively, the "SRE Marks"), in form and on terms reasonably acceptable to Purchaser.

ARTICLE VI

BANKRUPTCY MATTERS

Section 6.1 Bankruptcy Court Filings and Approvals.

(a) The Debtors shall use reasonable best efforts to cause the Bankruptcy Court to enter the Winning Bidder Order on or prior to June 12, 2018, in form and substance reasonably acceptable to the Debtors and Purchaser.

(b) Prior to or concurrent with the entry of the Winning Bidder Order, the Debtors shall terminate the Plan Sponsorship Agreement in accordance with its terms and take all other actions reasonably necessary in connection with the Chapter 11 Cases to effectuate such termination, and deliver to Purchaser evidence of such termination in form and substance reasonably acceptable to Purchaser.

(c) On or prior to the date that is ten (10) calendar days after the date of entry of the Winning Bidder Order, the Debtors shall use reasonable best efforts to obtain the RIA Winning Bidder Confirmation and provide same to Purchaser; provided that in the event the Debtors are unable to obtain the RIA Winning Bidder Confirmation within such ten (10) calendar day period due to the requirement of the Cayman Islands Court and/or the Bankruptcy Court to direct or permit the Cayman Islands Full Powers Liquidators on behalf of SRGL to provide the RIA Winning Bidder Confirmation, then the Debtors shall use reasonable best efforts to (i) cause the Cayman Islands Court to make the Supplemental Cayman Islands Court Order, if applicable, (ii) cause the Bankruptcy Court to enter the Amended RIA Order, if applicable and (iii) promptly thereafter, obtain the RIA Winning Bidder Confirmation and provide same to Purchaser, in each case on or prior to the date that is the earlier of (x) thirty-five (35) calendar days from the entry of the Winning Bidder Order and (y) the date of entry of the Disclosure Statement Order.

(d) The Debtors shall amend the Chapter 11 Plan and the Disclosure Statement to reflect this Agreement and the Plan Term Sheet, in each case in form and substance reasonably acceptable to the Debtors and Purchaser on or prior to the date that is fifteen (15) Business Days from the conclusion of the Auction.

(e) The Debtors shall use reasonable best efforts to cause the Bankruptcy Court to enter the Disclosure Statement Order (pursuant to an amendment to the Disclosure Statement Motion reflecting the transactions set forth in this Agreement and the Plan Term Sheet in form and substance reasonably acceptable to the Debtors and Purchaser) in form and substance reasonably acceptable to the Debtors and Purchaser on or prior to the date that is thirty (30)

calendar days from the conclusion of the Auction; provided that if the Debtors or SRGL (at the Debtors' request) are seeking the Supplemental Cayman Islands Court Order pursuant to the proviso in Section 6.1(c), such deadline shall be extended to such date that is thirty-five (35) calendar days from the entry of the Winning Bidder Order.

(f) The Debtors shall use reasonable best efforts to cause the Bankruptcy Court to enter the Confirmation Order in form and substance reasonably acceptable to the Debtors and Purchaser on or prior to the date that is sixty (60) days following the entry of the Disclosure Statement Order.

(g) The Debtors shall give notice under the Bankruptcy Code of the request for the relief specified in the Bidding Procedures Motion, the RIA/PSA Assumption Motion, the Disclosure Statement Motion, of the Confirmation Hearing and the Effective Date, any request to assume or reject all Contracts, and any bar date motions, to all creditors and parties in interest entitled to notice thereof pursuant to the Bankruptcy Code, the Bankruptcy Rules, the local rules of the Bankruptcy Court, and Orders of the Bankruptcy Court, including all Persons that have asserted Encumbrances against each of either Debtor's assets, and all non-debtor parties to the Assumed Contracts.

(h) Each of the SALIC Parties and Purchaser agrees that it will promptly take such actions as are reasonably requested by the other parties to assist in obtaining (i) the RIA Winning Bidder Confirmation from SRGL, (ii) if necessary pursuant to Section 6.1(c), entry of the Amended RIA Order and the Supplemental Cayman Islands Court Order, and (iii) the Winning Bidder Order, the Disclosure Statement Order, the Sale Order and the Confirmation Order, in each case, within the applicable period referenced in Section 8.1.

(i) The SALIC Parties and Purchaser acknowledge that this Agreement and the Transactions are subject to Bankruptcy Court approval.

(j) SALIC agrees that from the conclusion of the Auction through the Closing Date, neither it nor any of its Affiliates nor any of their respective Representatives shall, and that it shall direct its and their respective key employees and Representatives (including any investment banker, attorney or accountant retained by it or any of its Affiliates) not to, directly or indirectly, initiate, solicit, entertain, encourage, negotiate, accept or discuss any proposal or offer of an Alternative Transaction from any Person or group of Persons other than Purchaser and its Affiliates, or provided any non-public or other information to any third party in connection therewith, or enter into any agreement, arrangement or understanding requiring it to abandon, terminate, delay or fail to consummate the Transactions. Immediately upon the execution of this Agreement, SALIC and its Affiliates, and any of their Representatives shall, and SALIC shall direct its and their respective key employees and Representatives (including any investment banker, attorney or accountant retained by it or any of its Affiliates) to, suspend any and all existing discussions or negotiations with any Person or group of Persons regarding an Alternative Transaction, in each case except as permitted by the immediately preceding sentence. Additionally, SALIC represents and warrants to Purchaser that it is not party to or bound by any agreement with respect to an Alternative Transaction as of the date hereof, other than the Stalking Horse SPA. The SALIC Parties shall, within two (2) Business Days of receipt by the

SALIC Parties or their Affiliates of an Alternative Transaction, provide Purchaser with the material terms and conditions of any such Alternative Transaction. Following entry of the Bidding Procedures Order, any such contacts, solicitations or encouragements shall be in accordance with the terms of the Bidding Procedures Order.

(k) The SALIC Parties shall use reasonable best efforts to give Purchaser at least three (3) Business Days advance notice of proposed drafts of all pleadings, motions, Orders, other papers, hearings, and other proceedings relating to this Agreement and the Transactions (collectively, "Restructuring Documents") (other than the Chapter 11 Plan, Disclosure Statement, Confirmation Order, Supplemental Cayman Islands Court Order, Amended RIA Order and Plan Supplement, each of which shall be provided by the SALIC Parties to Purchaser within a reasonable period of time prior to the deadline for its submission but in each case, no less than five (5) Business Days prior to the deadline for its submission), and each such Restructuring Document shall be consistent with this Agreement and the Transactions and subject to the consent of the Purchaser, not to be unreasonably withheld, conditioned or delayed.

(l) After entry of the Sale Order, neither the Debtors nor Purchaser shall take any action which is intended to, or fail to take any action the intent of which failure to act is to, result in the reversal, voiding, modification or staying of the Sale Order.

(m) After entry of the Confirmation Order, neither the Debtors nor Purchaser shall take any action which is intended to, or fail to take any action the intent of which failure to act is to, result in the reversal, voiding, modification or staying of the Confirmation Order.

(n) In the event an appeal is taken or a stay pending appeal is requested from any Bankruptcy Court Approval or Foreign Court Approval, Debtors shall immediately notify Purchaser of such appeal or stay request. Debtors agree to take all action as may be reasonable and appropriate to defend against any such appeal or stay request, and Purchaser agrees to cooperate with, and support such efforts by, the Debtors. Additionally, the Debtors and Purchaser agree to use their reasonable efforts to obtain an expedited resolution of such appeal or stay request. For the avoidance of doubt, nothing herein shall preclude the parties hereto from consummating the Transactions if the Confirmation Order and Sale Order shall have been entered and have not been stayed and the applicable Debtor and Purchaser, each acting in their respective sole and absolute discretion, waive in writing the condition that the Confirmation Order and Sale Order be a Final Order.

(o) The SALIC Parties agree that, from the date hereof until the Closing Date, unless otherwise consented to in advance in writing by Purchaser, the SALIC Parties shall:

(i) Convene conference calls, on reasonable advance notice, with Purchaser and its Representatives, which calls will include the management and the legal advisors of the SALIC Parties;

(ii) 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

and the Restructuring Implementation Agreement and participating in the planning and implementation aspects of the Transaction;

(iii) 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 Purchaser at least two (2) Business Days in advance of filing, to the extent reasonably practicable):

(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, this Agreement, the Restructuring Implementation Agreement or other Restructuring Document; and

(iv) Not dispute that the giving of notice of termination by any party pursuant to this 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).

ARTICLE VII

CONDITIONS TO CLOSING

Section 7.1 Conditions to the Obligations of Purchaser and SALIC. The obligations of SALIC and Purchaser to effect the Closing are subject to the satisfaction (or written waiver by each party hereto) as of the Closing of the following conditions:

(a) No Injunction or Prohibition. No Governmental Authority of competent jurisdiction shall have enacted, enforced or entered any Applicable Law or Order that is in effect on the Closing Date and prohibits the consummation of the Transactions, and no Action by any Governmental Authority seeking the imposition of any such Order shall be pending or threatened in writing by any Governmental Authority.

(b) Entry of the Confirmation Order. The Confirmation Order shall have been entered by the Bankruptcy Court in form and substance reasonably acceptable to the Debtors and Purchaser and shall be a Final Order.

(c) Entry of the Sale Order. The Sale Order shall have been entered by the Bankruptcy Court in form and substance reasonably acceptable to the Debtors and Purchaser and shall be a Final Order.

(d) Receipt of the RIA Winning Bidder Confirmation. The RIA Winning Bidder Confirmation shall have been received from SRGL in form and substance reasonably acceptable to Purchaser.

(e) Entry of the Disclosure Statement Order. The Disclosure Statement Order shall have been entered by the Bankruptcy Court in form and substance reasonably acceptable to the Debtors and Purchaser.

(f) Entry of the Winning Bidder Order. The Winning Bidder Order shall have been entered by the Bankruptcy Court in form and substance reasonably acceptable to the Debtors and Purchaser.

(g) Foreign Court Approvals. All Foreign Court Approvals shall have been obtained in form and substance reasonably acceptable to SALIC and Purchaser and any Orders granting the Foreign Court Approvals shall not have been modified, stayed, reversed, revoked or vacated by the court which made such Order or any court with jurisdiction to grant such relief.

(h) Required Approvals. All Required Approvals (other than the Bankruptcy Court Approvals and Foreign Court Approvals) shall have been obtained and be in full force and effect (or any waiting period applicable thereto shall have been terminated or otherwise expired), in each case without the imposition of a Burdensome Condition.

Section 7.2 Conditions to the Obligations of Purchaser. The obligation of Purchaser to effect the Closing is subject to the satisfaction (or written waiver by Purchaser) as of the Closing of the following conditions:

(a) Warranties True as of the Closing Date. Except for the representations and warranties set forth in Sections 3.1, 3.2, 3.3(a), 3.4, 3.18 and 3.26 (the "SALIC Fundamental Reps"), each of the representations and warranties of SALIC contained in Article III shall be true and correct (without giving effect to any limitations as to materiality or SALIC Material Adverse Effect) as of the date hereof and as of the Closing Date as if made anew as of such date (except to the extent such representations and warranties expressly relate to an earlier date (in which case, as of such earlier date)), except for such failures of the representations and warranties to be true and correct as do not and would not reasonably be expected to have, in the aggregate, a SALIC Material Adverse Effect. The SALIC Fundamental Reps shall be true and correct (without giving effect to any limitations as to materiality or SALIC Material Adverse Effect) as of the date hereof and as of the Closing Date as if made anew as of such date (except to the extent such representations and warranties expressly relate to an earlier date (in which case, as of such earlier date)). Purchaser shall have received a certificate to such effect dated the Closing Date and executed by a duly authorized officer of SALIC.

(b) Compliance with Agreements and Covenants. (i) SALIC shall have performed and complied with all of the covenants, obligations and agreements contained in this Agreement to be performed and complied with by it on or prior to the Closing Date, in all material respects and (ii) SHI shall have performed and complied with all of the covenants, obligations and agreements of SHI contained in this Agreement and any other Ancillary Agreement to be performed and complied with by it on or prior to the Closing Date, in all material respects.

Purchaser shall have received a certificate to such effect dated the Closing Date and executed by a duly authorized officer of SALIC.

(c) SRGL Shares. SRGL shall have surrendered to SALIC for cancellation all SRGL Shares and all such SRGL Shares so surrendered shall have been cancelled, except for one such SRGL Share (the "Remaining SRGL Share"), which shall not be surrendered for cancellation or otherwise cancelled until immediately following the Closing as contemplated by Section 2.4(l).

(d) SALIC Material Adverse Effect. There shall not have occurred a SALIC Material Adverse Effect which has not been cured within fifteen (15) Business Days after SALIC's receipt of written notice thereof from Purchaser.

(e) Secretary's Certificate. A certificate of the secretary, assistant secretary or equivalent Person of SALIC, dated the Closing Date, certifying resolutions of the board of directors of SALIC approving and authorizing the execution, delivery and performance of this Agreement and the consummation of the Transactions (together with an incumbency and signature certificate regarding the officer(s) signing on behalf of SALIC).

(f) Removal of SFL. The Confirmation Order shall provide for all capital stock or share capital of SFL held by any SALIC Group Company to be transferred to the Distribution Trust upon the occurrence of the Effective Date.

(g) Employment Agreements. The Employment Agreements shall have been executed and delivered by the parties thereto and shall be valid and in full force and effect as of the Closing.

(h) Closing Date Plan Distributions. The Closing Date Plan Distributions shall not exceed the Plan Funding Payment.

(i) Restructuring Implementation Agreement Amendment. The Restructuring Implementation Agreement shall have been amended in form and substance reasonably acceptable to Purchaser.

(j) Termination of Plan Sponsorship Agreement. The Plan Sponsorship Agreement shall have been terminated in accordance with its terms, and Purchaser shall have received evidence of such termination in form and substance reasonably acceptable to Purchaser.

(k) Amendment of Chapter 11 Plan and Disclosure Statement. The Chapter 11 Plan and the Disclosure Statement shall have been amended to reflect this Agreement and the Plan Term Sheet, in each case in form and substance reasonably acceptable to Purchaser.

(l) Stalking Horse SPA. The SALIC Parties have terminated the Stalking Horse SPA in accordance with its terms and delivered to Purchaser evidence of such termination in form and substance reasonably acceptable to Purchaser.

(m) SRGL Matters. SRGL shall have confirmed in writing its intention not to take any action that could cause the "tail" coverage obtained by SRGL in respect of SRGL's three (3)

policies of directors' and officers' liability insurance identified in Section 3.15 of the SALIC Disclosure Schedules to terminate prior to the end of its term, in form and substance reasonably acceptable to Purchaser.

Section 7.3 Conditions to the Obligations of SALIC. The obligations of SALIC to effect the Closing are subject to the satisfaction (or written waiver by SALIC) as of the Closing of the following conditions:

(a) Warranties True as of the Closing Date. Except for the representations and warranties set forth in Sections 4.1, 4.2, and 4.7 (the "Purchaser Fundamental Reps"), each of the representations and warranties of Purchaser contained in Article IV shall be true and correct (without giving effect to any limitations as to materiality or Purchaser Material Adverse Effect) as of the date hereof and as of the Closing Date as if made anew as of such date (except to the extent such representations and warranties expressly relate to an earlier date (in which case, as of such earlier date)), except for such failures of the representations and warranties to be true and correct as do not and would not reasonably be expected to have, in the aggregate, a Purchaser Material Adverse Effect. The Purchaser Fundamental Reps shall be true and correct (without giving effect to any limitation as to materiality or Purchaser Material Adverse Effect) as of the date hereof and as of the Closing Date as if made anew as of such date (except to the extent such representations and warranties expressly relate to an earlier date (in which case, as of such earlier date)). SALIC shall have received a certificate to such effect dated the Closing Date and executed by a duly authorized officer of Purchaser.

(b) Covenants. Purchaser shall have performed and complied with all of its covenants, obligations and agreements contained in this Agreement to be performed and complied with by it on or prior to the Closing Date, in all material respects. SALIC shall have received a certificate to such effect dated the Closing Date and executed by a duly authorized officer of Purchaser.

(c) Secretary's Certificate. A certificate of the secretary, assistant secretary or equivalent Person of Purchaser, dated the Closing Date, certifying resolutions of the members of Purchaser approving and authorizing the execution, delivery and performance of this Agreement and the consummation of the Transactions (together with an incumbency and signature certificate regarding the officer(s) signing on behalf of Purchaser).

ARTICLE VIII

TERMINATION

Section 8.1 Termination. This Agreement may be terminated at any time prior to the Closing (the date on which this Agreement terminates in accordance with its terms, the "Termination Date"):

(a) with the mutual written consent of Purchaser and SALIC;

(b) by either the SALIC Parties or Purchaser:

(i) if the Closing shall not have occurred on or before the one hundred eightieth (180th) calendar day after the entry of the Winning Bidder Order (the "Outside Closing Date"); provided, that if, as of the Outside Closing Date, all conditions to this Agreement shall have been satisfied or waived (other than those that are satisfied by action taken at the Closing) other than the conditions set forth in Section 7.1(h), then Purchaser, by written notice to the SALIC Parties, may extend the Outside Closing Date to a date no later than sixty (60) calendar days after the initial Outside Closing Date; provided further, that the right to terminate this Agreement under this Section 8.1(b)(i) shall not be available to any party whose failure to fulfill any obligation under this Agreement has been the cause of, or resulted in, the failure of the Closing to occur on or before the Outside Closing Date or such later date;

(ii) if any Governmental Authority shall have issued an Order, decree or ruling or taken any other action (and such Order, decree, ruling or other action shall have become final and nonappealable), or if any Applicable Law shall have been enacted, that permanently restrains, enjoins or otherwise prohibits the Transactions; provided, however, that the right to terminate this Agreement under this Section 8.1(b)(ii) shall not be available to any party whose failure to comply with Section 5.3 has caused or resulted in such action or inaction;

(iii) upon entry of the Winning Bidder Order, if at the end of the Auction Purchaser was not determined to be the Winning Bidder or Back-Up Bidder;

(iv) upon termination of the Restructuring Implementation Agreement; provided, however, that the right to terminate this Agreement under this Section 8.1(b)(iv) shall not be available to the SALIC Parties if either SALIC Party breached its obligations under the Restructuring Implementation Agreement and such breach caused or resulted in the termination of the Restructuring Implementation Agreement;

(v) if either Chapter 11 Case is dismissed or converted to a case under Chapter 7 of the Bankruptcy Code, and neither such dismissal nor conversion expressly contemplates the Transactions provided for in this Agreement; or

(vi) if a Governmental Authority shall have commenced a DDOI Proceeding against SRUS;

(c) by the SALIC Parties, if:

(i) Purchaser shall have breached or failed to perform any of its representations, warranties, covenants or other agreements contained in this Agreement, which breach or failure to perform (A) would give rise to the failure of a condition set forth in Article VII and (B) has not been or is incapable of being cured by Purchaser within ten (10) calendar days after its receipt of written notice thereof from the SALIC Parties; or

(ii) (A) all of the conditions set forth in Article VII (other than conditions that by their terms are to be satisfied at the Closing) have been satisfied or waived (it being agreed that any conditions that are not so satisfied due to a breach by Purchaser of any representation, warranty or covenant contained in this Agreement shall be deemed to be satisfied for purposes of this clause (A)), (B) Purchaser fails to consummate the Closing within three (3) Business Days after the date on which the Closing is required to occur pursuant to Section 2.4 (assuming the satisfaction of conditions deemed satisfied in accordance with the immediately preceding clause (A)) and (C) the SALIC Parties have notified Purchaser in writing that the SALIC Parties are ready, willing and able to consummate the Closing;

(d) by Purchaser, if:

(i) SALIC shall have breached or failed to perform any of its representations, warranties, covenants or other agreements contained in this Agreement, which breach or failure to perform (A) would give rise to the failure of a condition set forth in Article VII and (B) has not been or is incapable of being cured by SALIC within ten (10) calendar days after its receipt of written notice thereof from Purchaser;

(ii) The Bankruptcy Court shall not have entered the Winning Bidder Order on or prior to June 12, 2018;

(iii) The RIA Winning Bidder Confirmation shall not have been received by Purchaser within ten (10) calendar days after the date of entry of the Winning Bidder Order; provided that if the Debtors or SRGL (at the Debtors' request) are seeking the Supplemental Cayman Islands Court Order and/or Amended RIA Order pursuant to the proviso in Section 6.1(c), such ten (10) calendar day period shall be extended to such date that is the earlier of (x) thirty-five (35) calendar days from the entry of the Winning Bidder Order and (y) the date of entry of the Disclosure Statement Order;

(iv) The Bankruptcy Court shall not have entered the Disclosure Statement Order on or prior to the date that is thirty (30) calendar days after the conclusion of the Auction; provided that if the Debtors or SRGL (at the Debtors' request) are seeking the Supplemental Cayman Islands Court Order pursuant to the proviso in Section 6.1(c), such deadline shall be extended to such date that is thirty-five (35) calendar days from the entry of the Winning Bidder Order;

(v) The Bankruptcy Court has not entered the Confirmation Order and the Sale Order on or prior to the date that is sixty (60) days after the entry of the Disclosure Statement Order;

(vi) A trustee or examiner with expanded powers is appointed in either of the Chapter 11 Cases;

(vii) The Debtors withdraw, or modify in any respect that is materially adverse to Purchaser's rights under this Agreement or the Chapter 11 Plan without the consent of Purchaser; or

(viii) There shall have occurred any event, occurrence, condition or change that, individually or in the aggregate, has had or would reasonably be expected to have a SALIC Material Adverse Effect.

(e) The party seeking to terminate this Agreement pursuant to this Section 8.1 (other than Section 8.1(a)) shall give prompt written notice of such termination to the other party hereto.

Section 8.2 Effect of Termination.

(a) If this Agreement is terminated pursuant to Section 8.1, this Agreement shall become void and of no effect with no liability on the part of any party hereto; provided, however, that if (i) Purchaser shall have terminated this Agreement and shall have suffered loss as a result of a material breach of this Agreement by SALIC or SHI and (ii) such loss is the result of a third party claim against Purchaser, then such termination shall not relieve SALIC or SHI of liability for such breach of this Agreement with respect to such third party claim.

(b) To the extent permitted by Applicable Law, no party hereto shall assert, and each party hereto waives, any Claim against any party hereto, such party's Affiliates or any Representatives of such party or such party's Affiliate (solely in such capacity) on any theory of liability, for special, indirect, consequential or punitive damages (as opposed to direct or actual damages) arising out of, in connection with, or as a result of, this Agreement, the Ancillary Agreements, the Transactions or any agreement or instrument contemplated by any of the foregoing.

(c) Notwithstanding Section 8.2(a), if this Agreement is terminated pursuant to Section 8.1, then:

(i) each party will return or destroy all documents, workpapers and other material of any other party relating to the Transactions, whether so obtained before or after the execution of this Agreement, to the party furnishing the same;

(ii) if this Agreement is terminated (i) jointly by Purchaser and SALIC pursuant to Section 8.l(a), (ii) by Purchaser or the SALIC Parties pursuant to Sections 8.1(b), or (iii) by Purchaser pursuant to Sections 8.l(d), then Purchaser shall be entitled to receive, and, to the extent necessary the SALIC Parties shall cause the Deposit Escrow Agent to return to Purchaser, the Deposit Escrow Amount within five (5) Business Days of the Termination Date; and

(iii) if this Agreement is terminated by the SALIC Parties pursuant to Section 8.1(c), then SALIC shall be entitled to receive, and, to the extent necessary, Purchaser shall cause the Deposit Escrow Agent to deliver to SALIC, the Deposit Escrow Amount within five (5) Business Days of the Termination Date, and receipt of the Deposit Escrow Amount shall be the sole and exclusive remedy of the SALIC Parties and their Affiliates, on the one hand, against Purchaser and its Affiliates, on the other hand, for any loss suffered as a result of any breach by Purchaser or any of its Affiliates of any

representation, warranty, covenant or agreement in this Agreement, the Ancillary Agreements or the transactions contemplated hereby or thereby.

Section 8.3 Fees and Expenses. Except as otherwise expressly provided in this Agreement whether or not the Transactions are consummated, all direct and indirect costs and expenses incurred in connection with this Agreement and the Transactions shall be borne by the party incurring such expenses; provided, however, that Purchaser shall bear the costs described in Section 5.3(b).

MISCELLANEOUS

Section 9.1 No Survival of Representations and Warranties. Except as otherwise provided in this Agreement, the representations, warranties, covenants and agreements of SALIC and Purchaser contained in or made pursuant to this Agreement or in any certificate furnished pursuant to this Agreement (other than those covenants and agreements contained herein that by their terms apply or are to be performed in whole or in part after the Closing Date, which shall survive in accordance with their terms) shall terminate at, and be of no further force and effect following, the Closing.

Section 9.2 Notices. All notices, requests, claims, demands or other communications hereunder shall be deemed to have been duly given and made if in writing and (a) at the time personally delivered if served by personal delivery upon the party for whom it is intended, (b) at the time received if delivered by registered or certified mail (postage prepaid, return receipt requested) or by a national courier service (delivery of which is confirmed), or (c) upon confirmation of receipt if sent by facsimile or email; in each case to the Person at the address set forth below, or such other address as may be designated in writing hereafter, in the same manner, by such Person:

To SALIC or SHI:

Post Office Box HM 2939
Hamilton HM MX, Bermuda
Telephone: (441) 298-4375
Facsimile: (441) 295-7576
Email: Gregg.Klingenberg@scottishre.com
Attention: Gregg Klingenberg

with copies (which shall not constitute notice to SALIC for the purposes of this Section 9.2) to:

Mayer Brown LLP
1221 Avenue of the Americas
New York, New York 10020
Telephone: (212) 506-2227
Facsimile: (212) 262-1910
Email: fmonaco@mayerbrown.com

srooney@mayerbrown.com
Attention: Stephen G. Rooney, Esq.
Francis R. Monaco, Esq.

Hogan Lovells US LLP
875 Third Avenue
New York, New York 10022
Telephone: (212) 918-5560
Facsimile: (212) 918-3100
Email: peter.ivanick@hoganlovells.com
Attention: Peter Ivanick, Esq.

Morris, Nichols, Arsht & Tunnell LLP
1201 North Market Street, 16th Floor
P.O. Box 1347
Wilmington, Delaware 19899-1347
Telephone: (302) 351-9229
Facsimile: (302) 425-4663
Email: eschwartz@MNAT.com
gwerkheiser@MNAT.com
Attention: Eric D. Schwartz, Esq.
Gregory W. Werkheiser, Esq.

To Purchaser:

Hildene Re Holdings, LLC
c/o Hildene Capital Management, LLC
700 Canal Street, Suite 12C
Stamford, CT 06902
Telephone: (203) 517-2500
Email: dhoffman@hildenecap.com
jnam@hildenecap.com
Attention: David Hoffman, General Counsel
Jennifer Nam, Deputy General Counsel

with a copy (which shall not constitute notice to Purchaser for the purposes of this Section 9.2) to:

Kramer Levin Naftalis & Frankel LLP
1177 Avenue of the Americas
New York, New York 10036
Telephone: (212) 715-9100
Facsimile: (212) 715-8000
Email: szide@kramerlevin.com
ewechsler@kramerlevin.com

ayerramalli@kramerlevin.com
smerl@kramerlevin.com
Attention: Stephen Zide, Esq.
Ernest S. Wechsler, Esq.
Anupama Yerramalli, Esq.
Seth R. Merl, Esq.

Section 9.3 Amendment; Modification and Waiver. Any provision of this Agreement may be amended, modified or waived if, and only if, such amendment, modification or waiver is in writing and signed, in the case of an amendment, by the parties, or in the case of a waiver, by the party hereto against whom the waiver is to be effective. No failure or delay by 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 9.4 Assignment. Neither this Agreement nor any of the rights, interests or obligations under it may be directly or indirectly assigned, delegated, sublicensed or transferred by any of the parties, in whole or in part, to any other Person (including any bankruptcy trustee) by operation of law or otherwise, whether voluntarily or involuntarily, without the prior written consent of the other party, and any attempted or purported assignment in violation of this Section 9.4 will be null and void. Notwithstanding the foregoing, (a) Purchaser may assign all or any portion of its rights hereunder to an Affiliate of Purchaser (including the equityholders of Purchaser or their Affiliates) without the prior written consent of SALIC or SHI, including transactions prior to the Closing pursuant to which Purchaser redomiciles or reorganizes in another jurisdiction and (b) Purchaser may assign its rights hereunder by way of security in connection with any financing obtained by Purchaser or its Affiliates in connection with the Transactions and such secured party may assign such rights by way of exercise of remedies, in each case, without the prior written consent of SALIC or SHI, provided that no such assignment will relieve Purchaser of its obligations hereunder. Subject to the two immediately preceding sentences, this Agreement will be binding upon, inure to the benefit of, and be enforceable by the parties and their respective heirs, executors, administrators, successors, legal representatives and permitted assigns. Notwithstanding anything to the contrary contained herein or in the Plan Term Sheet, it is understood that in the event Purchaser determines prior to the Closing to have SALIC owned one hundred percent (100%) by a newly formed holding company immediately following the Closing as contemplated by footnote 6 of the Plan Term Sheet, all Ordinary Shares of SALIC to be issued in connection with the Closing in respect of the Purchaser Shares and the TruPS Shares as contemplated by Sections 2.4(b)(ii) and the Chapter 11 Plan shall be issued at Closing to such newly formed holding company, as assignee of Purchaser under this Section 9.4, and all applicable TruPS Holders shall receive their respective TruPS Shares directly from such newly formed holding company in accordance with the Chapter 11 Plan. All rights of the Debtors and Purchaser are reserved with respect to the specific terms and conditions relating to any contemplated issuance of the TruPS Shares by a newly formed holding company instead of Reorganized SALIC.

Section 9.5 Entire Agreement. This Agreement, the Ancillary Agreements, along with the Schedules and Exhibits hereto and thereto, constitute the entire agreement between the

parties with respect to the subject matter hereof and supersedes all prior agreements and understandings, oral or written, with respect to such matters, except for the Confidentiality Agreement which will remain in full force and effect until the Closing at which point it shall automatically terminate.

Section 9.6 No Third Party Beneficiaries. Other than the parties, the Distribution Trustee and the Distribution Trust (as to the Distribution Trustee and the Distribution Trust, solely as to the DT Post-Closing Rights), and the Indemnified D&O Parties (as to such Indemnified D&O Parties solely as to Section 5.12 hereof), and their respective heirs, executors, administrators, successors, legal representatives and permitted assigns, nothing expressed or implied in this Agreement is intended to confer any rights, benefits, remedies, obligations or liabilities upon any Person.

Section 9.7 Public Disclosure. The parties shall agree in writing on the form and content of any initial press release and, except with the prior written consent of the other party hereto (which consent shall not be unreasonably withheld, delayed or conditioned), shall not issue any other press release or other public statement or communication with respect to this Agreement or the Transactions other than filings made in the Bankruptcy Court, Bermuda Court or Cayman Islands Court; provided that each party hereto may, without the prior written consent of the other party hereto, issue such communication or make such public statement as may be required by Applicable Law or stock exchange rules, in which case the party required to make the communication or statement shall allow the other party reasonable time to comment on such release or announcement in advance of such issuance.

Section 9.8 Disclosure Schedules. Disclosures on the Purchaser Disclosure Schedule or the SALIC Disclosure Schedule shall be arranged in sections corresponding to the numbered and lettered sections of this Agreement, and any disclosure set forth on any section of a Disclosure Schedule shall be deemed to be disclosed by the party hereto delivering such Disclosure Schedule for all sections of this Agreement and all other sections of such Disclosure Schedule to the extent that it is readily apparent that such disclosure is applicable to such other sections of this Agreement or such other sections of such Disclosure Schedule; provided, however, that no disclosure shall qualify any SALIC Fundamental Rep or Purchaser Fundamental Rep unless it is set forth in the specific Disclosure Schedule, or the section or subsection of the Disclosure Schedule, corresponding to such SALIC Fundamental Rep or Purchaser Fundamental Rep. The headings contained in a Disclosure Schedule are for convenience of reference only and shall not be deemed to modify or influence the interpretation of the information contained in such Disclosure Schedule or this Agreement. The inclusion of any information in any section of a Disclosure Schedule shall not be deemed to be an admission or acknowledgment by the party hereto delivering such Disclosure Schedule or otherwise imply that such information is required to be listed in any section of such Disclosure Schedule or that any such matter rises to a SALIC Material Adverse Effect or Purchaser Material Adverse Effect, as applicable, or is material to or outside the Ordinary Course of Business. Matters reflected in a Disclosure Schedule are not necessarily limited to matters required by this Agreement to be reflected in such Disclosure Schedule. Such additional matters are set forth for informational purposes and do not necessarily include other matters of a similar nature. All references in a Disclosure Schedule to the enforceability of agreements with third parties, the existence or non-

existence of third-party rights, the absence of breaches or defaults by third parties, or similar matters or statements, are intended only to allocate rights and risks between Purchaser and SALIC and were not intended to be admissions against interests, give rise to any inference or proof of accuracy, be admissible against either party to this Agreement by any Person who is not a party to this Agreement, or give rise to any claim or benefit to any Person who is not a party to this Agreement. The disclosure in a Disclosure Schedule of any allegation, threat, notice or other communication shall not be deemed to include disclosure of the truth of the matter communicated. In addition, the disclosure of any matter in a Disclosure Schedule is not to be deemed an admission that such matter actually constitutes noncompliance with, or a violation of Applicable Law, any Order or Governmental Authorization or Contract or other topic to which such disclosure is applicable. In no event shall the disclosure of matters disclosed in a Disclosure Schedule or, in the case of SALIC, the Electronic Data Rooms, be deemed or interpreted to constitute or broaden a representation, warranty, obligation, covenant, condition or agreement of the party hereto delivering such Disclosure Schedule except to the extent provided in this Agreement.

Section 9.9 Governing Applicable Law and Jurisdiction.

(a) Except to the extent governed by the Bankruptcy Code, this Agreement shall be governed by, and construed and enforced in accordance with, the laws of the State of Delaware, without regard to any choice or conflict of law provision or rule (whether of the State of Delaware or any other jurisdiction) that would cause the application of the laws of any jurisdiction other than the State of Delaware.

(b) Each of the parties hereto hereby irrevocably and unconditionally submits, for itself and its property, to the exclusive jurisdiction of the Bankruptcy Court and any appellate court thereof, in any action or proceeding arising out of or relating to this Agreement or the Ancillary Agreements, or for recognition or enforcement of any judgment, and each of the parties hereto hereby irrevocably and unconditionally agrees that all Claims in respect of any such action or proceeding may be heard and determined in such court(s); provided that if the Bankruptcy Court does not have (or abstains from exercising) jurisdiction, then the courts of the State of Delaware, sitting in New Castle County, and of the United States District Court for the District of Delaware, and any appellate court from any thereof shall have exclusive jurisdiction with respect to any of the foregoing and each of the parties hereto irrevocably and unconditionally submits to the jurisdiction of such courts and agrees that all claims in respect of any such action, litigation or proceeding may be heard and determined in such Delaware state court or, to the fullest extent permitted by applicable law, in such Delaware venued federal court. In addition, each of the parties hereto (i) agrees that it will not attempt to deny or defeat such personal jurisdiction by motion or other request for leave from any such court; (ii) agrees that it will not bring any Proceeding relating to this Agreement in any court other than the above-named courts; and (iii) agrees that it will not seek to assert by way of motion, as a defense or otherwise, that any such Proceeding (A) is brought in an inconvenient forum, (B) should be transferred or removed to any court other than one of the above-named courts, (C) should be stayed by reason of the pendency of some other proceeding in any court other than one of the above-named court, or (D) that this Agreement or the subject matter hereof may not be enforced

in or by the above-named courts. Each party hereto agrees that service of process upon such party in any such Proceeding shall be effective if notice is given in accordance with Section 9.2.

Section 9.10 WAIVER OF JURY TRIAL. EACH PARTY HERETO ACKNOWLEDGES AND AGREES THAT ANY CONTROVERSY WHICH MAY ARISE UNDER THIS AGREEMENT IS LIKELY TO INVOLVE COMPLICATED AND DIFFICULT ISSUES AND, THEREFORE, EACH SUCH PARTY HEREBY IRREVOCABLY AND UNCONDITIONALLY WAIVES ANY RIGHT SUCH PARTY MAY HAVE TO A TRIAL BY JURY FOR ANY DISPUTE ARISING OUT OF OR RELATING TO THIS AGREEMENT OR THE BREACH, TERMINATION OR VALIDITY THEREOF OR ANY TRANSACTIONS CONTEMPLATED BY THIS AGREEMENT. EACH PARTY HERETO CERTIFIES AND ACKNOWLEDGES THAT (A) NEITHER THE OTHER PARTY HERETO NOR ITS REPRESENTATIVES, AGENTS OR ATTORNEYS HAVE REPRESENTED, EXPRESSLY OR OTHERWISE, THAT SUCH OTHER PARTY WOULD NOT, IN THE EVENT OF LITIGATION, SEEK TO ENFORCE THE FOREGOING WAIVER, (B) EACH PARTY HERETO UNDERSTANDS AND HAS CONSIDERED THE IMPLICATIONS OF THIS WAIVER, (C) EACH PARTY HERETO MAKES THIS WAIVER VOLUNTARILY AND (D) EACH PARTY HERETO HAS BEEN INDUCED TO ENTER INTO THIS AGREEMENT BY, AMONG OTHER THINGS, THE MUTUAL WAIVERS AND CERTIFICATIONS OF THIS SECTION 9.10. ANY PARTY HERETO MAY FILE AN ORIGINAL COUNTERPART OR A COPY OF THIS AGREEMENT WITH ANY COURT AS WRITTEN EVIDENCE OF THE CONSENT OF THE PARTIES TO THE WAIVER OF THEIR RIGHT TO TRIAL BY JURY.

Section 9.11 Counterparts. This Agreement may be executed in one or more counterparts, each of which will be deemed to constitute an original, but all of which shall constitute one and the same agreement, and may be delivered by facsimile or other electronic means intended to preserve the original graphic or pictorial appearance of a document.

Section 9.12 Severability. If any term or other provision of this Agreement is invalid, illegal or incapable of being enforced under any Applicable Law, all other conditions and provisions of this Agreement shall nevertheless remain in full force and effect so long as the economic or legal substance of the Transactions is not affected in any manner materially adverse to any party. Upon such determination that any term or other provision is invalid, illegal or incapable of being enforced, the parties to this Agreement shall negotiate in good faith to modify this Agreement so as to effect the original intent of the parties as closely as possible in a mutually acceptable manner in order that the Transactions be consummated as originally contemplated to the greatest extent possible.

Section 9.13 Specific Performance. The parties agree that irreparable harm would occur and that the parties would not have an adequate remedy at law if any of the provisions of this Agreement were not performed in accordance with their specific terms on a timely basis or were otherwise breached. It is accordingly agreed that, without posting bond or other undertaking, the parties shall be entitled to injunctive or other equitable relief to prevent breaches of this Agreement and to enforce specifically the terms and provisions of this Agreement in any court of competent jurisdiction, this being in addition to any other remedy to which they are entitled at law or in equity. If any such action is brought in equity to enforce the provisions of

this Agreement, no party hereto will allege, and each party hereto hereby waives the defense or counterclaim, that there is an adequate remedy at law. The parties further agree that (a) by seeking any remedy provided for in this Section 9.13, a party hereto shall not in any respect waive its right to seek any other form of relief that may be available to such party hereto under this Agreement and (b) nothing contained in this Section 9.13 shall require any party hereto to institute any action for (or limit such party's right to institute any action for) specific performance under this Section 9.13 before exercising any other right under this Agreement.

Section 9.14 Non-Recourse. Except to the extent otherwise expressly set forth in the Ancillary Agreements, all claims, obligations, liabilities, or causes of action (whether in Contract or in tort, in law or in equity, or granted by statute) that may be based upon, in respect of, arise under, out or by reason of, be connected with, or relate in any manner to this Agreement, or the negotiation, execution or performance of this Agreement (including any representation or warranty made in, in connection with, or as an inducement to, this Agreement), may be made only against (and such representations and warranties are those solely of) the Persons that are expressly identified as parties in the preamble to this Agreement (the "Contracting Parties"). No Person who is not a Contracting Party, including any current, former or future director, officer, employee, incorporator, member, partner, manager, stockholder, Affiliate, agent, attorney, other Representative or assignee of, and any financial advisor or lender to, any Contracting Party, or any current, former or future director, officer, employee, incorporator, member, partner, manager, stockholder, Affiliate, agent, attorney, other Representative or assignee of, and any financial advisor or lender to, any of the foregoing (collectively, the "Nonparty Affiliates"), shall have any liability (whether in Contract or in tort, in law or in equity, or granted by statute) for any claims, causes of action, obligations or liabilities arising under, out of, in connection with, or related in any manner to this Agreement or based on, in respect of, or by reason of this Agreement or its negotiation, execution, performance or breach (other than as expressly set forth in the Ancillary Agreements), and, to the maximum extent permitted by law, each Contracting Party hereby waives and releases all such liabilities, claims, causes of action and obligations against any such Nonparty Affiliates. For the avoidance of doubt, nothing in this Section 9.14 or elsewhere in this Agreement shall limit any rights of any party to this Agreement in the case of fraud.

(The remainder of this page is intentionally left blank.)

IN WITNESS WHEREOF, the parties have executed this Agreement as of the date first written above.

SCOTTISH ANNUITY & LIFE INSURANCE COMPANY (CAYMAN) LTD.

By: _____
Name: Gregg Klingenberg
Title: Chief Executive Officer

SCOTTISH HOLDINGS, INC.

By: Thomas J Kelly
Name: Thomas J. Keller
Title: Executive Vice President, Chief Financial Officer

HILDENE RE HOLDINGS, LLC

By: _____
Name: Brett Jefferson
Title: President

EXHIBIT A

Plan Term Sheet

See attached.

IN RE SCOTTISH HOLDINGS, INC., *et al*.
18-10160 (LSS)

CHAPTER 11 PLAN TERM SHEET

This Plan Term Sheet (together with the exhibits and schedules attached hereto, as each may be amended, restated, supplemented, or otherwise modified from time to time, the "Term Sheet") describes a proposed chapter 11 plan of reorganization("Plan") for Scottish Holdings, Inc. ("SHI") and Scottish Annuity & Life Insurance Company (Cayman) Ltd. ("SALIC"), and together with SHI, the "Debtors"). This term sheet should be read in conjunction with the proposed bid submitted by Hildene Re Holdings, LLC, a Delaware Limited Liability Company (the "Purchaser"), which contains that certain stock purchase agreement (together with all exhibits, schedules, and other ancillary documents, as each may be amended, restated, supplemented, or otherwise modified from time to time, in accordance with the terms thereof, the "Stock Purchase Agreement"), to which this term sheet is an exhibit. This term sheet uses the proposed chapter 11 plan found at docket number 213 ("Filed Plan") as a basis to describe the transactions proposed in this Term Sheet and such Filed Plan will have to be modified to reflect the terms of this Term Sheet or as otherwise agreed to between the Parties. Capitalized terms used herein but not defined are ascribed the meanings set forth in the Filed Plan.

THIS TERM SHEET SHALL NOT CONSTITUTE AN ADMISSION BY ANY PERSON OR ENTITY, AND IS NOT INTENDED TO AND DOES NOT CREATE ANY LEGAL OR EQUITABLE OBLIGATIONS ON ANY PARTY. THIS TERM SHEET HAS BEEN PRODUCED IN CONNECTION WITH SETTLEMENT DISCUSSIONS AND IS SUBJECT TO THE PROVISIONS OF RULE 408 OF THE FEDERAL RULES OF EVIDENCE AND OTHER SIMILAR APPLICABLE STATE AND FEDERAL RULES.

THIS TERM SHEET IS NOT AN OFFER OR A SOLICITATION WITH RESPECT TO ANY SECURITIES OF ANY PARTY OR WITH RESPECT TO A CHAPTER 11 PLAN OF THE DEBTORS. ANY SUCH OFFER OR SOLICITATION SHALL COMPLY WITH ALL APPLICABLE SECURITIES LAWS AND/OR PROVISIONS OF THE BANKRUPTCY CODE AND WILL BE SUBJECT TO THE FINALIZATION OF A CHAPTER 11 PLAN AND ACCOMPANYING DISCLOSURE STATEMENT.

CHAPTER 11 PLAN TERM SHEET OVERVIEW	
Party Definitions:	"Debtors" has the meaning ascribed to such term in the Preamble to this Term Sheet. "Joint Liquidators" means the duly appointed liquidators in the winding up proceeding SRGL has commenced before the Supreme Court of Bermuda and/or any liquidators that may be duly appointed for SRGL in the parallel winding up proceeding SRGL has commenced before Grand Court of the Cayman Islands, Financial Services Division. "Purchaser" has the meaning ascribed to such term in the Preamble to this Term Sheet. "SALIC" has the meaning ascribed to such term in the Preamble to this Term Sheet. "SALIC Non-Debtor Subsidiaries" means SFL and SALIC Subsidiaries (other than SHI). "SHI" has the meaning ascribed to such term in the Preamble to this Term Sheet. "SRGL" has the meaning ascribed to such term in the Preamble to this Term Sheet.
Overview of Alternative Transaction:[1]	As contemplated by the Bidding Procedures Order, the proposed Alternative Transaction (as such term is defined in the Bidding Procedures Order) embodied in the Stock Purchase Agreement and the Term Sheet provides the following: (a) Hildene Re Holdings, LLC shall receive at least 70% of the equity of the Reorganized SALIC; (b) holders of Allowed TruPS Claims can elect to receive their Pro Rata share of either (i) 30% of the equity of the Reorganized SALIC (the "TruPS Offered Shares" and such amount of TruPS Offered Shares to be distributed to all holders of Allowed TruPS Claims electing for TruPS Offered Shares, the "TruPS Shares") or (ii) the Plan Funding Payment available for distribution to unsecured creditors (the "TruPS Offered Cash" and such amount of cash to be distributed to all holders of Allowed TruPS Claims electing for TruPS Offered Cash, the "TruPS Cash")[2].

[1] This Term Sheet outlines the proposed chapter 11 plan to implement the transaction embodied in the Stock Purchase Agreement and the Filed Plan shall be modified to implement the transaction set forth therein and herein. The Term Sheet does not include a description of all of the terms, conditions, and other provisions that are to be contained in the definitive documentation governing the Alternative Transaction (e.g. the Plan Supplement), which remain subject to further discussion and negotiation.

[2] The default election for the holders of TruPS will be determined by the Purchaser prior to filing the amended chapter 11 plan.

	As set forth herein, (a) any TruPS Offered Shares not distributed to the holders of TruPS shall be Purchaser Shares and shall be distributed to the Purchaser and (b) any TruPS Offered Cash not distributed to holders of the TruPS shall reduce the Plan Funding Payment (the "TruPS Returned Cash").
Parties:	• The Debtors and their non-debtor subsidiaries; • Certain fund(s) managed by Hildene Capital Management, LLC ("Hildene"); and • Hildene Re Holdings, LLC (the "Purchaser").
Additional Definitions:	Capitalized terms not otherwise defined in this Term Sheet (including its Preamble and Annex 1) have the meanings ascribed to such terms in the Stock Purchase Agreement or, if not defined therein, the Restructuring Implementation Agreement or the Filed Plan.
CLASSIFICATION AND TREATMENT OF CLAIMS AND INTERESTS	
Administrative Expense Claims, Priority Tax Claims and Priority Claims:	Same treatment as the Filed Plan.
Other Secured Claims:	Same treatment as the Filed Plan.
SHI TruPS and General Unsecured Claims:	SHI TruPS Claims[3]: Unless a holder of an Allowed SHI TruPS Claim agrees to a lesser treatment, on or as soon as reasonably practicable following the Effective Date, each holder of an Allowed SHI TruPS Claim will receive, in full and final satisfaction, compromise, settlement, release, and discharge of and in exchange for such Allowed SHI TruPS Claim, (a) its Pro Rata share (calculated based on the aggregate amount of Allowed SHI TruPS Claims and Allowed SHI General Unsecured Claims) of either the TruPS Shares or the TruPS Cash and (b) its Pro Rata share of Distribution Trust Interests.
	SHI General Unsecured Claims: Unless a holder of an Allowed SHI General Unsecured Claim agrees to a lesser treatment, on or as soon as reasonably practicable following the Effective Date, each holder of an Allowed SHI General Unsecured Claim will receive, in full and final satisfaction, compromise, settlement, release, and discharge of and in

[3] The SHI TruPS Claims shall include the TruPS held by SRGL against SHI. The Joint Liquidators have confirmed in writing that they will elect cash, thus, SRGL will only be able to receive cash on account of the TruPS held by SRGL against SHI, unless the Purchaser and SRGL agree otherwise pursuant to mutually agreeable terms to be included in the Plan.

In addition, the SHI TruPS Claims shall not include the fees and expenses of indenture trustees or other agents. The Charging Lien of the Indenture Trustees shall be satisfied through the TruPS Trustee Fees and Expenses (as such term is defined in the Stock Purchase Agreement).

	exchange for such Allowed SHI General Unsecured Claim, (a) its Pro Rata share of the Plan Funding Payment available for distribution to unsecured creditors and (b) its Pro Rata share of Distribution Trust Interests.
	Classification: To the extent permissible under the Bankruptcy Code and reasonably determined by the Debtors and the Purchaser to be conducive to obtaining confirmation of the Chapter 11 Plan, the Chapter 11 Plan should provide for separate classification of SHI TruPS Claims and any SHI General Unsecured Claims.
SALIC TruPS and General Unsecured Claims:	SALIC TruPS Claims[4]: Unless a holder of an Allowed SALIC TruPS Claim agrees to a lesser treatment, on or as soon as reasonably practicable following the Effective Date, each holder of an Allowed SALIC TruPS Claim will receive, in full and final satisfaction, compromise, settlement, release, and discharge of and in exchange for such Allowed SALIC TruPS Claim, (a) its Pro Rata share of either the TruPS Shares or the TruPS Cash and (b) its Pro Rata share of Distribution Trust Interests.
	SALIC General Unsecured Claims: Unless a holder of an Allowed SALIC General Unsecured Claim agrees to a lesser treatment, on or as soon as reasonably practicable following the Effective Date, each holder of an Allowed SALIC General Unsecured Claim will receive, in full and final satisfaction, compromise, settlement, release, and discharge of and in exchange for such Allowed SALIC General Unsecured Claim, (a) its Pro Rata share of the Plan Funding Payment available for distribution to unsecured creditors and (b) its Pro Rata share of Distribution Trust Interests.
	Classification: To the extent permissible under the Bankruptcy Code and reasonably determined by the Debtors and the Purchaser to be conducive to obtaining confirmation of the Chapter 11 Plan, the Chapter 11 Plan should provide for separate classification of SALIC TruPS Claims and any SALIC General Unsecured Claims.
Inter-Debtor Claims:	Same treatment as Filed Plan.

[4] The SALIC TruPS Claims include the TruPS held by SRGL against SALIC. The Joint Liquidators have confirmed in writing that they will elect cash, thus, SRGL will only be able to receive cash on account of the TruPS held by SRGL against SALIC, unless the Purchaser and SRGL agree otherwise pursuant to mutually agreeable terms to be included in the Plan.

The classification and treatment of any claims held by SFL against SALIC is subject to further discussion among the Debtors, the Purchaser and SFL. Any such classification and treatment of SFL's claims shall be consistent with this Plan Term Sheet and the Stock Purchase Agreement and on terms acceptable to Purchaser.

Further, the SALIC TruPS Claims shall not include the fees and expenses of the indenture trustees or other agents. The Charging Lien of the Indenture Trustees shall be satisfied through the TruPS Trustee Fees and Expenses (as such term is defined in the Stock Purchase Agreement).

Intercompany Non-Debtor Claims:	Same treatment as Filed Plan.
SHI Existing Equity Interests:	Same treatment as Filed Plan.
SALIC Existing Equity Interests:	Same treatment as Filed Plan.[5]
GENERAL PLAN PROVISIONS	
Sale of Reorganized SALIC Equity Interests:	Pursuant to the Chapter 11 Plan and the Stock Purchase Agreement, on the Effective Date, Reorganized SALIC will issue to the Purchaser 70% of 19,999,999,999 shares of US$0.001 par value New SALIC Shares, which shall be deemed fully paid and non-assessable upon issuance. The remaining 30% of the equity of the Reorganized SALIC shall be issued to either the Purchaser or the holders of TruPS (as applicable) in accordance with the Chapter 11 Plan.[6] Pursuant to and subject to the terms and conditions set forth in the Stock Purchase Agreement, in consideration of its contemplated receipt of the New SALIC Shares and other good and valuable consideration, the Purchaser will pay, on the Effective Date, the Purchase Price (as defined in the Stock Purchase Agreement). The Chapter 11 Plan and the Confirmation Order shall each provide that the issuance of any equity securities in connection therewith, including the New SALIC Shares, will be exempt from securities laws to the fullest extent permitted by section 1145 of the Bankruptcy Code.
Plan Distribution	Pursuant to the Chapter 11 Plan and a liquidation trust agreement (the

[5] Purchaser reserves the right to amend the treatment based upon applicable Cayman law.

[6] Notwithstanding anything to the contrary in this Plan Term Sheet or the Stock Purchase Agreement to the contrary, in connection with any assignment by Purchaser of its rights under the Stock Purchase Agreement (including any transaction prior to the Closing pursuant to which Purchaser redomiciles or reorganizes in another jurisdiction) pursuant to Section 9.4 of the Stock Purchase Agreement, Purchaser may determine to have the TruPS Shares issued by a newly formed holding company organized for the purpose of directly or indirectly holding all of the issued and outstanding Ordinary Shares of SALIC immediately following the Closing, through which newly formed holding company Purchaser and the TruPS Holders who receive TruPS Shares at the Closing in accordance with the Chapter 11 Plan indirectly hold their equity interests in Reorganized SALIC (it being understood that if Purchaser determines to modify the Plan Term Sheet and/or the Chapter 11 Plan in accordance with the foregoing, in all instances, Reorganized SALIC will be a directly or indirectly wholly-owned subsidiary of such newly formed holding company through which Purchaser and such TruPS Holders hold their equity interests in Reorganized SALIC). Capitalized terms in this footnote shall have the meaning ascribed to them in the Stock Purchase Agreement. For the avoidance of doubt, although this footnote sets forth the agreement in concept of the Debtors and Purchaser that Purchaser may determine to have the TruPS Shares issues by a newly formed holding company as set forth above, all rights of the Debtors and the Purchaser are reserved with respect to the specific terms and conditions relating to any contemplated issuance of the TruPS Shares by a newly formed holding company instead of Reorganized SALIC.

Trust and Application of the Plan Funding Payment:	terms of which are to be determined, but which shall be acceptable to the Debtors and reasonably acceptable to the Purchaser), on the Effective Date, a liquidating trust (the "Distribution Trust") will be established on terms and conditions intended to qualify and be treated as a grantor trust for U.S. federal income tax purposes pursuant to Sections 671 through 677 of the Internal Revenue Code of 1986. The Debtors shall appoint the initial trustee of the Distribution Trust (the "Distribution Trustee"), which person or entity shall be reasonably acceptable to the Purchaser. The beneficiaries of the Distribution Trust shall be (i) the holders of Other Secured Claims, Administrative Expense Claims, Priority Claims and Priority Tax Claims that have not received through the Closing Date Plan Distributions made on account of such Claims all distributions to which the holders of such Claims are entitled under the Chapter 11 Plan, and (ii) the holders of Allowed SHI TruPS Claims, Allowed SHI General Unsecured Claims, Allowed SALIC TruPS Claims and Allowed SALIC General Unsecured Claims. Upon the Effective Date, the Plan Funding Payment shall be allocated as follows: (a) First, to fund all Closing Date Plan Distributions to the extent that such Closing Date Plan Distributions are not fully funded from the unrestricted Cash available to SALIC and SHI; (b) Second, to fund the Professional Fee Reserve; (c) Third, to fund the Trustee Administration Reserve; (d) Fourth, to fund the TruPS Trustee Fees and Expenses; (e) Fifth, to fund the Disputed Claims Reserve. (f) Sixth, to fund distributions Pro Rata to Allowed SHI General Unsecured Claims, Allowed SALIC General Unsecured Claims, Allowed SHI TruPS Claims (that elect to receive TruPS Cash) Allowed SALIC TruPS Claims (that elect to receive TruPS Cash). For the avoidance of doubt, any Plan Funding Payment not allocated to the Distribution Trust on account of the distributions to be made to Allowed SHI TruPS Claim and Allowed SALIC TruPS Claims electing to receive equity shall reduce the Plan Funding Payment made by Purchaser. In addition, upon the Effective Date, the following shall be contributed and transferred to the Distribution Trust: (i) to the extent contemplated by the Confirmation Order, all capital stock or share capital of SFL held by any SALIC Group Company; (ii) all SALIC/SRGL Claims; (iii) all DT Post-Closing Rights and (iv) causes of action against the equity holders of SRGL. For the avoidance of doubt, these assets

	transferred to the Distribution Trust shall solely be for the benefit of all holders of Allowed SHI TruPS Claims, Allowed SHI General Unsecured Claims, Allowed SALIC TruPS Claims, and Allowed SALIC General Unsecured Claims; provided, that to the extent the Closing Date Plan Distributions are not satisfied in full, then such assets described in this paragraph may be used to fulfill such Closing Date Plan Distributions.
Tax Matters:	To the extent possible, the Restructuring contemplated by this Term Sheet shall be structured so as to obtain the most beneficial tax structure for the Reorganized Debtors and the holders of the Reorganized SALIC Equity Interests as reasonably determined by the Debtors and the Purchaser.
Claims Resolution Matters:	Other than as set forth in the Restructuring Implementation Agreement, prior to the Effective Date of the Chapter 11 Plan, the Debtors shall not enter into any agreements with holders of Claims or Equity Interests relating to the allowance, estimation, validity, extent or priority of such Claims or Equity Interests, or the classification and treatment of such Claims or Equity Interests under the Chapter 11 Plan, without the consent of the Purchaser (such consent not to be unreasonably withheld), except for (i) claims which the Debtors are authorized to pay pursuant to an applicable first day order, (ii) undisputed Administrative Expense Claims arising postpetition in the ordinary course of business, and (iii) Claims for which the allowed amount is less than US$100,000. For the avoidance of doubt, on and after the Effective Date, the Distribution Trustee may enter into any such agreements with holders of Claims and Equity Interests without the consent of the Purchaser.
Executory Contracts:	Except as otherwise ordered by the Bankruptcy Court, on the Effective Date, the Debtors: (a) will assume all Executory Contracts required or otherwise designated by the Purchaser to be assumed pursuant to the Stock Purchase Agreement; and (b) will reject all Executory Contracts required or otherwise designated by the Purchaser to be rejected pursuant to the Stock Purchase Agreement.
Board of Reorganized SALIC:	The initial board of directors of Reorganized SALIC shall be selected by the Purchaser in its sole discretion.
Other Governance Matters/Reporting Obligations:	Pursuant to the Chapter 11 Plan, all corporate governance documents related to each of the Reorganized Debtors, including, but not limited to, the charter, bylaws and/or other organizational documents, shall be in form and substance acceptable to the Purchaser in its sole discretion.
Retained Causes of Action:	The Chapter 11 Plan shall contain customary provisions regarding revesting in the Reorganized Debtors of all causes of action, other than those expressly released pursuant to the Chapter 11 Plan, subject to the consent of the Purchaser. Any causes of action against Released Parties shall not be transferred or assigned to the Distribution Trust.

Releases and Exculpation:	The Chapter 11 Plan shall include, to the extent permitted by law, customary release and exculpation provisions in favor of (i) the Debtors, (ii) Hildene, (iii) the Purchaser, (iv) the trustees of the trusts established pursuant to the TruPS Declarations, (v) the indenture trustees under the TruPS Indentures, (vi) the Joint Liquidators and SRGL, (vii) any official committee of creditors appointed by the United States Trustee in the Chapter 11 Cases and the members thereof (in such capacity only), (viii) the Plan Sponsor (as such term is defined in the Filed Plan), and (ix) for each of the entities identified in the preceding clauses (i) through (viii), each entity's respective current and former affiliates, current and former officers, managers, directors, equity holders (regardless of whether such interests are held directly or indirectly), predecessors, successors, assigns, subsidiaries, principals, members, employees, agents, independent contractors, managed accounts or funds, management companies, fund advisors, advisory board members, financial advisors, partners, attorneys, accountants, investment bankers, consultants, representatives, and other professionals, each in their capacity as such in their capacities as such; provided, however, that, the equity holders of SRGL shall not be a Released Party or a Representative of a Released Party (as such terms are defined in the Filed Plan).
Injunction/Discharge:	The Chapter 11 Plan and Confirmation Order shall contain discharge and injunction provisions that are satisfactory to the Debtors and the Purchaser.
Conditional Transfer of SFL Equity Interests to Distribution Trust:	On the Effective Date, to the extent not previously abandoned by order of the Bankruptcy Court, all Equity Interests held by SALIC in SFL shall be contributed to the Distribution Trust.
Conditions to Confirmation and Effectiveness:	The Chapter 11 Plan shall contain and be subject to usual and customary conditions to confirmation and effectiveness (as applicable), as well as such other conditions that are reasonably satisfactory to the Debtors and the Purchaser, including the following: • The satisfaction or waiver in accordance with the Stock Purchase Agreement of all conditions to closing of the Stock Purchase Agreement. • The Bankruptcy Court shall have entered a Disclosure Statement Order in form and substance reasonably acceptable to the Debtors and the Purchaser. • Except as provided in the immediately succeeding bullet, the Chapter 11 Plan and all documents contained in any Plan Supplement (which will include the management agreement with AlesiaRe), including any exhibits, schedules, amendments, modifications or supplements thereto, and all other Restructuring Documents shall have been negotiated,

	executed, delivered and filed with the Bankruptcy Court in substantially final form and in form and substance reasonably acceptable to the Debtors and Purchaser. • With respect to the amended Restructuring Implementation Agreement, (i) the amended RIA Order shall have been entered by the Bankruptcy Court and be a Final Order, (ii) all necessary Foreign Court Approvals shall have been obtained and remain in full force and effect, and (iii) the amended Restructuring Implementation Agreement shall not have been terminated and shall be in full force and effect. • The Bankruptcy Court shall have entered a Confirmation Order in form and substance reasonably acceptable to the Debtors and the Purchaser and the Confirmation Order shall be a Final Order. • The Debtors and Purchaser shall have obtained all authorizations, consents, regulatory approvals, rulings, waivers or other documents that are necessary to implement and effectuate the Chapter 11 Plan and Stock Purchase Agreement. • SRGL's winding up proceedings before the Supreme Court of Bermuda and its parallel winding up proceeding before the Grand Court of the Cayman Islands, Financial Services Division shall not have been dismissed without the consent of the Debtors and the Purchaser. • SRUS shall not have become the subject of a pending DDOI Proceeding.
OTHER PROVISIONS	
Director and Officer Indemnification:	To be treated in accordance with the Stock Purchase Agreement.
Definitive Documents:	As soon as reasonably practicable, the Debtors and Purchaser will execute definitive documentation implementing the Restructuring in form and substance materially consistent with this Term Sheet.

Term Sheet Annex 1

Additional Definitions

"Entity" means an "entity" as defined in section 101(15) of the Bankruptcy Code.

"Equity Interest" means all outstanding ownership interests in an Entity, including any interest evidenced by common or preferred stock, a limited liability company or other membership or partnership interest or unit, a warrant, an option, or any other right to acquire or otherwise receive any ownership interest in such Entity, or any right to payment or compensation based upon any such interest, whether or not such interest is owned by the holder of such right to payment or compensation.

"Professionals" means (a) any Entity employed in the Chapter 11 Cases pursuant to section 327, 328, 363 or 1103 of the Bankruptcy Code or otherwise and (b) any Entity seeking compensation or reimbursement of expenses in connection with the Chapter 11 Cases pursuant to section 503(b)(4) of the Bankruptcy Code.

"Reorganized" means, in reference to a Debtor, such Debtor from and after the Effective Date.

"Restructuring Implementation Agreement" has the meaning ascribed to such term in the Preamble to this Term Sheet.

"SALIC General Unsecured Claim" means any Claim against SALIC that is not an Other Secured Claim, Administrative Expense Claim, Priority Tax Claim, Priority Claim, Inter-Debtor Claim or Intercompany Non-Debtor Claim.

"SALIC Share Subdivision" means the subdivision by SALIC of each US$1.00 par value Existing SALIC Share into 1,000 US$0.001 par value shares. The SALIC Share Subdivision was made on January 19, 2018, pursuant to a duly authorized written shareholder resolution from SRGL.

"SALIC TruPS Claim" means any TruPS Claim against SALIC.

"SHI General Unsecured Claim" means any Claim against SHI that is not an Other Secured Claim, Administrative Expense Claim, Priority Tax Claim, Priority Claim, Inter-Debtor Claim or Intercompany Non-Debtor Claim.

"SHI TruPS Claim" means any TruPS Claim against SHI.

"Stock Purchase Agreement" has the meaning ascribed to such term in the Preamble to the Term Sheet.

Exhibit C

Restructuring Implementation Agreement

IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE

	Chapter 11
In re	Case No. 18-10160 (LSS)
SCOTTISH HOLDINGS, INC., *et al.*,	Jointly Administered
Debtors.[1]	**Re: D.I. 29**

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. 29] (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 relief requested in the Motion (the "Hearing"); and upon consideration of the First Day Declaration, the supplemental declaration of Gregg Klingenberg in support of, among other

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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.

things, the Motion [D.I. 28], the record of the Hearing and all proceedings had before the Court; the Parties (as defined in the RIA) having determined that it may be in their best interest to seek a stay of the Bermuda Winding Up Proceeding (as defined in the RIA) (the "Bermuda Stay"); 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, resolved as set forth in this Order or on the record at the Hearing, 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, as modified by this Order, 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, as modified by this Order, shall be binding and specifically enforceable against the parties thereto in accordance with its terms.

4. 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, as modified by this Order.

5. Section 9 (Limitations) of the RIA shall be stricken in its entirety and replaced with the language set forth in the insert attached hereto as **Exhibit 2**.

6. Section 3.2(a) of the RIA is amended by replacing "either Winding Up Proceeding" with "the Cayman Islands Winding Up Proceeding."

7. Section 10.2(b) of the RIA is amended by replacing "either Winding Up Proceeding" with "the Cayman Islands Winding Up Proceeding."

8. Notwithstanding anything set forth in the RIA, including Section 5.4(c) of the RIA, nothing in the RIA or this Order obligates the Debtors or SRGL to pursue releases for insiders and affiliates, other than SRGL and the Joint Liquidators (to the extent that they are deemed insiders or affiliates). For the avoidance of doubt, this Order and the relief granted hereunder are without prejudice to the ability of any party in interest, including the Committee, to object to the granting of any releases, including those contemplated by Section 5.4(c) of the RIA.

9. Unless and until the RIA is terminated in accordance with Article 10 of the RIA as modified by this Order and except only as provided in Section 10.5(a)(iii) of the RIA with respect to a termination that occurs following the New SALIC Share Issuance, (a) the acknowledgements and stipulations (collectively, the "SRGL TruPS Claims Stipulations") set forth in the RIA relating to the SRGL TruPS Claims, including those in Section 7.1 of the RIA, are binding upon the Debtors and their estates, effective immediately upon the entry of this Order in accordance with the RIA and (b) the SRGL TruPS Claims are deemed allowed unsecured, nonpriority claims against the Debtors, without duplication, in accordance with the SRGL TruPS Claims Stipulations.

10. For the avoidance of doubt, nothing in the RIA or this Order entitles SRGL to collect duplicate distributions on account of the allowed SRGL TruPS Claim (for example, through a direct distribution on account of the allowed SRGL TruPS Claim and a distribution made through any institutional trustee or indenture trustee relating to the SHST II TruPS, the

GPIC TruPS or the SHST III TruPS, as applicable) that would allow SRGL a greater pro rata recovery on account of the SRGL TruPS Claims than afforded to Other TruPS Claims, whether under a Chapter 11 Plan or otherwise.

11. Section 6.1(a) of the RIA shall be and hereby is amended by adding the following after the words "January 1, 2018" at the end of the existing provision: "(the "Admitted SALIC/SRGL Revolver Claim"), and the Admitted SALIC/SRGL Revolver Claim is allowed and admitted in full in the Winding Up Proceedings;".

12. For the avoidance of doubt, except as provided in Section 10.5(a)(iii) of the RIA with respect to a termination that occurs following the New SALIC Share Issuance, if the RIA is terminated in accordance with Article 10, as modified by this Order: (a) (i) the SRGL TruPS Claims Stipulations, including the provisions set forth in Article 7 of the RIA (*SRGL TruPS Claims and Holdings; Distributions on Account Thereof in Chapter 11 Cases*), shall not be binding upon the estates and (ii) the allowance of SRGL TruPS Claims as unsecured, nonpriority claims against the Debtors in accordance with the SRGL TruPS Claims Stipulations pursuant Paragraph 9, clause (b) of this Order shall no longer be effective and the SRGL TruPS Claims shall be fully subject to allowance or disallowance in these Chapter 11 Cases in accordance with the law applicable in these Chapter 11 Cases; and (b)(i) Article 6 (*SALIC Claims; Distributions on Account Thereof in Winding Up Proceedings*) of the RIA shall not be binding upon SRGL, and (ii) notwithstanding Section 6.1(a) of the RIA as modified by this Order, the Admitted SALIC/SRGL Revolver Claim shall cease to have the status of a finally admitted and allowed claim against SRGL in connection with Winding Up Proceedings and shall be fully subject to allowance or disallowance in the Winding Up Proceedings in accordance with the law applicable in such Winding Up Proceedings.

13. Section 10.2 of the RIA is hereby deemed amended to add thereto a new Section 10.2(h) that provides: "(h) the Restructuring Transactions with the Purchaser are not consummated and a chapter 11 plan of reorganization for SALIC and SHI is confirmed and becomes effective that does not require SRGL's surrender of Existing SALIC Shares."

14. If (x) the Restructuring Transactions with the Purchaser are not consummated and (y) a chapter 11 plan of reorganization for the Debtors is confirmed and becomes effective that does not require SRGL's surrender of Existing SALIC Shares, then, unless otherwise agreed in writing by the Committee (which may be by email from the Committee's counsel of record in the Chapter 11 Cases) and unless the RIA has been previously terminated in accordance with the terms thereof, the SALIC Parties shall deliver a Termination Notice pursuant to section 10.2(h) of the RIA, as modified by this Order, in accordance with the terms of the RIA. Upon termination of the RIA in accordance with its terms, all parties' rights and defenses are reserved regarding the allowance of or any objections to the SRGL TruPS Claims and the SRGL/SALIC Revolver Claims with respect to any proposed chapter 11 plan that does not require SRGL's surrender of Existing SALIC Shares.

15. Section 10.2(g) of the RIA is hereby deemed amended by adding immediately prior to the period at the end thereof: "and that requires SRGL's surrender of Existing SALIC Shares."

16. Reference is made to the definitions of "SALIC/SRGL Claims," "Chapter 11 Plan" and "Distribution Trust" in Section 1.1 of the Stock Purchase Agreement and Section 2.4(h) of the Stock Purchase Agreement concerning assets to be contributed and transferred to the Distribution Trust at the Closing of the Stock Purchase Agreement (each a "SALIC/SRGL Claims-Related SPA Provision"). Notwithstanding anything to the contrary set forth in the RIA, the Plan Sponsorship Agreement, or the Stock Purchase Agreement, without the prior written

consent of the Committee (which may be by email from the Committee's counsel of record in the Chapter 11 Cases), (a) the Debtors shall not amend, modify or waive enforcement of any SALIC/SRGL Claims-Related SPA Provision insofar as any such SALIC/SRGL Claims-Related Provision concerns the contribution or transfer of the SALIC/SRGL Claims (including the SALIC/SRGL Revolver Claim and any right to a distribution on account of the Admitted SALIC/SRGL Revolver Claim), and (b) the Debtors shall not enter into any agreement for an Alternative Transaction that does not similarly preserve such SALIC/SRGL Claims for the benefit of the Debtors' creditors under a confirmed and effective plan of reorganization.

17. For the avoidance of doubt, nothing in this Order or the RIA is intended to adjudicate whether or to what extent the SRGL TruPS Claims would be counted for purposes of determining, pursuant to section 1129(a)(10) of the Bankruptcy Code, whether at least one class of claims that is impaired under the Chapter 11 Plan has accepted the Chapter 11 Plan.

18. Subject to Paragraph 16 of this Order, the Debtors, after consultation with the Committee and the Purchaser, 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, including to facilitate the Bermuda Stay, subject to the terms and conditions set forth in the RIA and without further order of the Court, *provided, however,* that any such amendment, modification or waiver shall be effective only upon further order of the Court if such amendment, modification or waiver (a) is or reasonably should be anticipated by the Debtors to have a material adverse effect on the Debtors' estates, or (b) is an amendment to or modification or waiver of Section 9 (Limitations) or Section 10.2 of the RIA, as modified by this Order. Within two (2) Business Days of the effective date of each such amendment, modification or waiver for which a further order of the Court is not required, the Debtors will file a notice attaching a copy of any such amendment, modification or waiver with the Court.

19. 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.

20. 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.

21. Except for the rights of the Joint Liquidators and, as applicable, the Purchaser or other Plan Sponsor, 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 or their respective successors (including any trustee appointed in these bankruptcy cases) shall have any right to seek or enforce specific performance under the RIA agreement.

22. For the avoidance of doubt, no prior consent of the Purchaser is required for the SALIC Parties to deliver a Termination Notice on the basis of the SALIC Parties' conclusion in accordance with Section 10.2(d) that continued performance under the RIA is inconsistent with the Limitations set forth in Article 9 of the RIA as modified by this Order, even if the facts and circumstances giving rise to such conclusion involve SRGL's material breach of the RIA in a way that gives rise to a termination right under Section 10.2(e); provided, that this provision does not affect Purchaser's right to notice under Section 10.2(d) or its separate consent rights under Section 10.2(e).

23. 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.

24. The RIA and this Order are not intended to, and do not, foreclose bidders from making and the Debtors from accepting bids for Alternative Restructuring Transactions as defined in the Bid Procedures Order (D.I. 119).

25. Notwithstanding the possible applicability of Bankruptcy Rules 6004(h), 7062, 9014 or otherwise, this Order shall be immediately effective and enforceable upon its entry.

26. The Debtors are authorized to take all actions necessary to effectuate the relief granted pursuant to this Order.

27. The Debtors are directed to file, within three (3) days after entry of this Order, the RIA as conformed to reflect the modifications made pursuant to this Order.

28. The Court retains jurisdiction with respect to all matters arising from or related to the interpretation or implementation of this Order. For the avoidance of doubt, nothing in the RIA or this Order cedes or limits in any way (a) the jurisdiction of this Court over any claims scheduled, filed, asserted or otherwise made against either Debtor in the Chapter 11 Cases, including, but not limited to the SRGL TruPS Claims, or (b) the jurisdiction of the Cayman Islands Court over any claims filed, asserted or otherwise made against SRGL in the Winding Up Proceedings, including, but not limited to, the SALIC/SRGL Revolver Claims.

Date: March 19, 2018

THE HONORABLE LAURIE SELBER SILVERSTEIN
UNITED STATES BANKRUPTCY JUDGE

Exhibit 1

[RIA]

EXECUTION VERSION

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: Thomas J. Keller
Name: Thomas J. Keller
Title: EVP, Chief Financial Officer

Exhibit A

Plan Sponsorship Agreement

[*Intentionally Omitted*]

Exhibit B

Stock Purchase Agreement

[*Intentionally Omitted*]

Exhibit 2

[Insert – Text of Revised Section 9 of RIA]

9 LIMITATIONS

9.1 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):

(a) any Applicable Law;

(b) 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;

(c) any Order, judgment or direction of any relevant court or Governmental Authority; or

(d) any fiduciary duties owed by a Party (or such Party's officers, directors or managers) or Joint Liquidator under Applicable Law.

9.2 Without limiting the foregoing and notwithstanding anything to the contrary in this Agreement, (a) nothing in this Agreement shall require any Party, any directors or officers of any Party (in such person's capacity as a director or officer of a Party) or any Joint Liquidator to take any action, or to refrain from taking any action, to the extent such action or forbearance violates its or their fiduciary obligations under applicable law, as determined after consultation with its or their legal advisors, and (b) in the event any Party, any Party's board of directors (or equivalent decision making body) or the Joint Liquidators reasonably determine, or the Bankruptcy Court orders, consistent with its or their fiduciary obligations and in consultation with their legal advisors, that any condition to effectiveness of the Restructuring cannot be satisfied or proceeding with any of the terms or conditions of the Restructuring would violate their fiduciary duties, they may terminate this Agreement without incurring any liability to any Party under this Agreement or to the Joint Liquidators.

9.3 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 and 9.2 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.

Exhibit 2

Liquidation Analysis

HYPOTHETICAL CHAPTER 7 LIQUIDATION ANALYSIS

A. Introduction

Section 1129(a)(7) of the Bankruptcy Code[8] requires that each holder of an impaired Allowed Claim or Equity Interest either (i) accept the Plan or (ii) receive or retain under the Plan property of a value, as of the Effective Date, that is not less than the value such Holder would receive or retain if the Debtors were liquidated under chapter 7 of the Bankruptcy Code on the Effective Date of the Plan. To demonstrate that the Plan satisfies this standard, the Debtors, in consultation with their legal advisors, have prepared this Liquidation Analysis, which (a) estimates the realizable value of the Debtors (the "Liquidating Debtors") under a hypothetical chapter 7 liquidation (the "Liquidation") and (b) estimates the distribution to creditors resulting from such Liquidation.

The Debtors have prepared this Liquidation Analysis based on a hypothetical liquidation under chapter 7 of the Bankruptcy Code. It is assumed, among other things, that the Liquidation would commence under the direction of a Court-appointed trustee, employ a forced sale process to monetize assets, and any cash proceeds, net of liquidation-related costs, would then be distributed to creditors in accordance with the Bankruptcy Code and other Applicable Law.

The determination of the costs of, and proceeds from, a hypothetical liquidation of the Debtors' assets in a chapter 7 case is an uncertain process involving the extensive use of estimates and assumptions that, although considered reasonable by the Debtors, are subject to significant economic, competitive and operational uncertainties and contingencies. Further, Allowed Claims against the Liquidating Debtors' estates could vary materially from the estimates set forth in the Liquidation Analysis. Accordingly, while the information contained in the Liquidation Analysis is presented with numerical specificity, the Debtors and their advisors make no assurances that the asset values and Claim amounts presented in the Liquidation Analysis will not vary materially from actual amounts in the event of an actual chapter 7 liquidation.

The Liquidation Analysis is a hypothetical exercise that has been prepared for the sole purpose of generating a reasonable, good-faith estimate of the proceeds that would be realized if the Debtors were liquidated in accordance with chapter 7 of the Bankruptcy Code.

THE LIQUIDATION ANALYSIS IS NOT INTENDED TO, AND SHOULD NOT BE, USED FOR ANY OTHER PURPOSE. THE LIQUIDATION ANALYSIS DOES NOT PURPORT TO BE A VALUATION OF THE DEBTORS' ASSETS AS A GOING CONCERN, AND THERE MAY BE A SIGNIFICANT DIFFERENCE BETWEEN THE LIQUIDATION ANALYSIS AND THE VALUES THAT MAY BE REALIZED IN AN ACTUAL LIQUIDATION. THIS ANALYSIS ASSUMES "LIQUIDATION VALUES" BASED ON THE DEBTORS' BUSINESS JUDGMENT.

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[8] Capitalized terms used but not otherwise defined herein have the meanings ascribed to such terms in Exhibit A to the *Second Amended Joint Chapter 11 Plan of Reorganization of Scottish Holdings, Inc., and Scottish Annuity & Life Insurance Company (Cayman) Ltd.* (D.I.___) (the "Plan").

B. General Assumptions

Following is a summary of certain assumptions used in the Liquidation Analysis. The assumptions and notes to the Liquidation Analysis provide additional assumptions and should be read in conjunction with the Liquidation Analysis.

The Liquidation Analysis assumes the conversion of the Debtors' Chapter 11 Cases to chapter 7 cases on September 30, 2018 (the "Conversion Date"). On the Conversion Date, it is assumed that the Bankruptcy Court would appoint a chapter 7 trustee (the "Trustee") to oversee the Liquidation, which would be completed over several years (the "Liquidation Period"). Although, as noted below at Part D, Note 7, the liquidation of the Debtors' assets is not expected to require substantial time, the claims reconciliation and administration process is expected to require substantial time and expense.

The Liquidation Analysis includes expenses expected to be incurred during the Liquidation Period, including those related to Trustee fees, receiver fees, legal fees and other professional fees and operating and wind-down expenses.

C. Basis of Preparation

The Liquidation Analysis sets forth only the assets and liabilities of SALIC. Assets and liabilities of SHI are not represented because SHI is not expected to have material assets to distribute to its Creditors in a Liquidation. The principal asset of SHI is its ownership of all equity interests in SRUS, a Delaware reinsurance company subject to regulation and oversight by the Delaware DOI as more fully described in Article III, Section A, Article VIII and other relevant parts of the Disclosure Statement. As a domestic reinsurance company, SRUS is not eligible to be and is not a debtor in these Chapter 11 Cases.

This Liquidation Analysis assumes that as a consequence of a hypothetical Liquidation of SALIC, SRUS's "risk based capital" ("RBC") would fall below "mandatory control level" RBC, thereby triggering a mandatory control level event. The occurrence of such a mandatory control level event would almost certainly result in the Delaware DOI seizing SRUS for the purpose of rehabilitation or liquidation.[9] These events are assumed to occur in connection with SALIC's Liquidation because to satisfy capital requirements imposed upon it pursuant to relevant insurance laws and regulations, SRUS relies, in part, on its ability to retrocede a significant portion of its business to SALIC. In a Liquidation scenario in which SALIC is no longer able to

[9] As described more fully in Article VIII of the Disclosure Statement, the Delaware Insurance Code and Delaware insurance regulations require that insurers maintain adequate capital and surplus, and as a monitoring tool, require that these insurers calculate and report RBC levels to the Delaware DOI. If the SRUS Retrocession Agreements with SALIC were rejected, as would be the case in a Liquidation, it is anticipated that SRUS's RBC would fall below "mandatory control level" RBC, which is 70% or less of authorized control level RBC (defined as a "mandatory control level event"). Upon the occurrence of such mandatory control level event, the Delaware DOI is statutorily required to seize SRUS for purposes of rehabilitation or liquidation.

honor its obligations with respect to SRUS's retroceded business, SRUS would be forced to recapture the business previously retroceded to SALIC. This recapture by SRUS, in turn, would cause the capital requirements imposed on SRUS by relevant insurance laws and regulations to increase dramatically. This cascade of events flowing from a hypothetical SALIC Liquidation is almost certain to result in SRUS's insolvency. Accordingly, in such a Liquidation scenario, SHI's ownership interest in SRUS would have no value.

Additionally, although SHI's Schedules identify certain other assets, such other assets are assumed for this Liquidation Analysis to have no material independent value in a Liquidation of SHI. For example, in SHI's Schedule A/B, line 15, SHI identifies its common beneficial interests in various TruPS Trusts, to which an aggregate cost basis valuation of $2,461,000 has been ascribed. However, pursuant to the applicable TruPS Documents, such common beneficial interests are deeply subordinated to the repayment in full of the TruPS Debentures and the TruPS themselves. Because in a Liquidation, the TruPS Debentures (and by extension the TruPS) would not receive repayment in full, the common beneficial interests in the TruPS Trusts would have no value. Similarly, in SHI's Schedule A/B, line 72, SHI identifies unused federal net operating losses as assets of its Estate, to which an aggregate value of $49,096,858 is ascribed. Such net operating losses, however, are assumed to have no value to SHI in a Liquidation because SHI's business would not continue.

Given that SHI is assumed to have no assets of material value to distribute to its creditors in a Liquidation, Claims against SHI are not reflected in the Liquidation Analysis. Several examples are highlighted in this paragraph. First, Security Life of Denver Insurance Company ("SLD") has filed a proof of claim against SHI (but not one against SALIC), in which it asserts an unsecured Claim in the amount of $15,382,566.69. Second, in a Liquidation it is anticipated that SHI (but not SALIC) would incur Claims arising from its failure to continue supplying maintenance and reporting services in connection with the Orkney Re II and Ballantyne Re securitization structures. Third, SHI issued and is obligated for the SHST I TruPS Debentures, the SHST II TruPS Debentures, the GPIC TruPS Debentures and the SHST III TruPS Debentures.

D. Notes to Liquidation Analysis

Note 1 — Cash and Securities

The amount shown for cash and securities is an estimate of the Debtors' Cash and unencumbered securities holdings as of the Conversion Date. Cash comprises Cash and cash equivalents. Securities represent marketable securities comprising primarily corporate bonds or bond-like securities.

Note 2 — Accounts Receivable

The Debtors' Accounts Receivable are amounts due from ceding companies, including SRUS, for premiums due to SALIC, net of amounts due from SALIC to each ceding company, including SRUS. SALIC Reinsurance Treaties allow recoupment of amounts due to SALIC against amounts due from SALIC to the relevant ceding company. These contracts typically provide for monthly accounting and for quarterly settlement of amounts due to or from SALIC. In a

Liquidation of the Debtors, these Reinsurance Treaties would terminate, and provide for a terminal settlement and payment of the net amount due to or from SALIC. It is likely that the amount owed to SALIC would be recouped or offset against amounts owed to ceding companies upon termination, reducing the amount owed to SALIC to zero on a net basis.

Note 3 — Prepaid Expenses and Deposits

The amount shown for prepaid expenses and deposits is an estimate of the value of the Debtors' prepaid expense and deposits as of the Conversion Date. The prepaid expenses and deposits include primarily retainers and advances paid to the Debtors' attorneys and other retained professionals.

Note 4 — Liquidation of SALIC's Foreign Non-Debtor Subsidiaries

SALIC's only non-Cash and non-securities assets of value are attributable to its ownership interest in one or more foreign non-Debtor subsidiaries. Management has assigned an aggregate value of $3.3 million to such assets as of March 31, 2018. Although the Conversion Date for this Liquidation Analysis is assumed to be September 30, 2018, the date of March 31, 2018 has been used to value such assets because March 31, 2018 is the most recent date for which the Debtors have reliable data upon which to make a determination of the value of such assets.

Note 5 — Other Assets

The amount shown for Other Assets is an estimate of the value of the Debtors' other assets as of the Conversion Date. In a chapter 7 Liquidation, the Debtors' Other Assets are expect to have no value, except with respect to one or more of SALIC's non-Debtor subsidiaries, as described below.

Note 6 — Chapter 11 Administrative Fees and Expenses

Allowed but unpaid fees and expenses incurred during the Debtors' Chapter 11 cases are administrative expenses pursuant to Bankruptcy Code section 503(b) and, in a Liquidation, must be paid in full before unsecured creditors are entitled to any distribution of the Debtors' assets. *See* 11 U.S.C. § 742(a)(1).

Note 7 — Chapter 7 Liquidation Costs

Liquidation and wind-down costs (other than professional fees) for the disposition of assets are estimated to be *de minimis* because the Debtors' assets are largely comprised of cash and marketable securities.

Wind-down expenses are based on projected corporate administrative and professional costs during the Liquidation Period to determine amounts due to and from the Debtors in connection with the settlement of terminal amounts due in respect of Reinsurance Treaties and to evaluate claims made against SALIC under the SALIC Net Worth Maintenance Agreements. These expenses are expected to include costs of attorneys, accountants and actuaries, and other miscellaneous expenses. Given the size and complexities of expected claims, as well as the time

involved in reconciling the claims, the Debtors expect that attorneys' fees and other expenses associated with claims reconciliation would be substantial.

Note 8 — Chapter 7 Trustee Fees

Trustee fees include those fees associated with the appointment of a chapter 7 trustee in accordance with section 326 of the Bankruptcy Code. Trustee fees are estimated based on the requirements of the Bankruptcy Code and experience in other similar cases and are calculated at 3.0% of the Debtors' total liquidation value.

Note 9 — Other Unsecured Claims at SALIC

Other Unsecured Claims include claims in the following categories:

(a) *General accounts payable.* Other Unsecured Claims include general accounts payable incurred in connection with the operation of the Debtors' business and estimated to be owing as of the Conversion Date. Unsecured claims herein do not give effect to other claims (e.g., contract rejection damages and claims under the SRUS/ SALIC Net Worth Maintenance Agreement) that could arise in a chapter 7 process.

(b) *SFL Note Claim.* Other Unsecured Claims presented in the Liquidation Analysis include the SFL Note Claim. Although the Plan contemplates that the SFL Note Claim would be an Allowed Class 6 Claim under certain circumstances, in a hypothetical Liquidation, the SFL Note Claim will not have been Allowed and will remain subject to objection by a chapter 7 trustee.

(c) *Claims arising from rejection/breach of obligations to SRUS relating to retroceded business and direct reinsurance obligations to third-party ceding insurers.* In regard to contract rejection damages and resulting claims, liquidation would result in rejection and breach by SALIC of its reinsurance obligations to ceding companies, including SRUS. The Debtors anticipate that rejection of SALIC's Reinsurance Treaties would result in a recapture of the business currently ceded to SALIC which would result in a large increase in regulatory capital requirements as well as a difficult to quantify increase in required reserves. Upon the recapture and without the addition of new capital, SRUS would be seized by the DDOI, increasing the amount of claims against SALIC under the SALICSRUS Net Worth Maintenance Agreement.

These Claims would further include Claims by ceding companies against SALIC for business that is assumed directly from third parties. Certain of the ceding companies are beneficiaries of Reserve Credit Trusts created to support SALIC's reinsurance obligations under its Reinsurance Treaties with those ceding companies. These ceding companies are entitled to draw from those Reserve Credit Trusts the amount of trust assets required to pay SALIC's obligations under the relevant Reinsurance Treaty.

Other of the ceding companies, including SRUS, hold Funds Withheld to support SALIC's obligations under its Reinsurance Agreement(s) with those ceding companies. Ceding companies holding Funds Withheld are entitled to retain the amount of Funds Withheld necessary to satisfy SALIC's obligations under those Reinsurance Treaties.

To the extent that SALIC's obligations to a ceding company exceeds the value of the assets held in a Reserve Credit Trust, or as Funds Withheld, as the case may be, such ceding company's claim to the deficiency in trust assets or Funds Withheld will be a general, unsecured claim.

Note 10 — TruPS Debenture Obligations

Through the TruPS Parent Guarantees, SALIC is liable for the TruPS Debentures issued in connection each of the five TruPS Transactions sponsored by SHI or non-debtor SFL. As explained in Part C above, SHI's liability for the TruPS Debentures it issued is not separately represented in the Liquidation Analysis.

E. Note Regarding Nature and Amount of Claims

The nature and amounts of claims set forth in the Liquidation Analysis are good faith estimates based on, among other things, the Debtors' Schedules, filed and asserted claims, and the Debtors' best estimates regarding claims that could be asserted in Liquidation, including, without limitation, claims asserted against SALIC directly by ceding companies and by SRUS and ceding companies under the SALIC/SRUS Net Worth Maintenance Agreement. Nothing in the Liquidation Analysis is intended to be, nor shall it be construed as, an admission of liability or admission as to the nature, amount, priority, or allowance of any claim. The Debtors reserve and preserve all rights and defenses with respect to all claims.

In re Scottish Holdings, Inc., et al. Case No. 18-10160 (LSS)
Hypothetical Chapter 7 Liquidation Analysis

		Low Claims Estimate	High Claims Estimate
	ASSETS		
(1)	Cash and securities	7,161,603	7,161,603
(2)	Accounts receivable	-	-
(3)	Prepaid expenses and deposits	835,000	835,000
(4)	Liquidation of non US subsidiaries	3,306,155	3,306,155
(5)	Other assets	-	-
	Total Assets	**11,302,758**	**11,302,758**
	LIABILITIES		
	Administrative claims		
(6)	Chapter 11 professional fees and administrative expen	586,881	586,881
(7)	Chapter 7 costs and administrative expenses	3,390,827	3,955,965
(8)	Chapter 7 Trustee fees @ 3% of total assets	339,083	339,083
	Total Administrative Claims	**4,316,791**	**4,881,929**
	Unsecured claims		
(9)	Other Unsecured Claims	222,015,683	452,872,464
(10)	Trust Preferred Principal and Interest	166,703,131	166,703,131
	Total Unsecured Claims	**388,718,814**	**619,575,595**
	Distribution Analysis		
	Total Assets	11,302,758	11,302,758
	Less Total administrative claims	(4,316,791)	(4,881,929)
	Equals available assets for distribution	**6,985,967**	**6,420,829**
	Per Dollar pay out amount	**1.8%**	**1.0%**