

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

In re

SCOTTISH HOLDINGS, INC., et al.,

Debtors.¹

Chapter 11

Case No. 18-10160 (LSS)

Jointly Administered

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

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Dated: April 18, 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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THIS IS NOT A SOLICITATION OF VOTES TO ACCEPT OR REJECT THE PLAN IN ACCORDANCE WITH SECTION 1125 OF THE BANKRUPTCY CODE AND WITHIN THE MEANING OF SECTION 1126 OF THE BANKRUPTCY CODE. 11 U.S.C. §§ 1125, 1126. A DISCLOSURE STATEMENT IS BEING SUBMITTED FOR APPROVAL BUT HAS NOT BEEN APPROVED BY THE BANKRUPTCY COURT. THE INFORMATION IN THE PLAN AND THE DISCLOSURE STATEMENT IS SUBJECT TO WITHDRAWAL, CHANGE AND SUPPLEMENT. THE FILINGS OF THE DISCLOSURE STATEMENT AND PLAN ARE WITHOUT PREJUDICE TO ANY CONSENT RIGHTS THAT THE PLAN SPONSOR MAY HAVE PURSUANT TO THE STOCK PURCHASE AGREEMENT AND THE PLAN SPONSORSHIP AGREEMENT AND ANY CONSENT RIGHTS THAT SRGL MAY HAVE UNDER THE TERMS OF THE RESTRUCTURING IMPLEMENTATION AGREEMENT OR THE RIA ORDER. THE PLAN AND THE DISCLOSURE STATEMENT ARE NOT AN OFFER TO SELL ANY SECURITIES AND ARE NOT SOLICITING AN OFFER TO BUY ANY SECURITIES.

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

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

I. SUMMARY OF THE PLAN

An overview of the Plan is set forth in the Disclosure Statement. Generally, the Plan provides for: (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 Plan Sponsor in the form of the Recapitalization Funding Payment; (2) the funding of distributions to the Debtors’ creditors through an additional new money contribution of \$12,500,000 by the Plan Sponsor in the form of the Plan Funding Payment; (3) in exchange for the foregoing consideration, the issuance or assignment to the Plan Sponsor of all of the equity interests of the Debtors; (4) the assumption of all or substantially all reinsurance treaties in which SALIC acts as reinsurer or retrocessionaire; and (5) the distribution to Holders of Allowed Claims of beneficial interests in a trust that will make distributions of Cash from the Plan Funding Payment and other assets that may be transferred to the Distribution Trust on such Allowed Claims in accordance with the priority scheme established by the Bankruptcy Code.

The reorganization of the Debtors and their estates described herein will be implemented by: (1) vesting the Plan Sponsor with 100% direct ownership of SALIC and indirect ownership of SHI and certain of the Debtors' non-debtor Affiliates, (2) creating 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 (3) funding the Distribution Trust with the Distribution Trust Assets, including the Plan Funding Payment (net of any Closing Date Plan Distributions).

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.

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	Impaired	Yes.
Class 7	SALIC General Unsecured Claims	Impaired	Yes.
Class 8	Subordinated Claims	Impaired	No (deemed to reject).
Class 9	SALIC Existing Equity Interests	Unimpaired	No (deemed to accept).
Class 10	SHI Existing Equity Interests	Impaired	No (deemed to reject).

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 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 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 Plan Sponsor, and the Distribution Trustee no later than the 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 Administrative Claims Bar Date shall be forever barred from asserting such Claims against the Debtors,

Reorganized Debtors, the Plan Sponsor, Distribution Trust or any of their property. Requests for payments of Administrative Claims included within a Proof of Claim are of no force and effect, and are 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 the following entities and their counsel, if any: the Debtors, the Reorganized Debtors, the Plan Sponsor, 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 following entities and their counsel, if any: the Debtors, the Reorganized Debtors, the Plan Sponsor, the Official Committee, the Distribution Trustee, the U.S. Trustee, and the Professional(s) to whose application(s) the objection is addressed. 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 from the Distribution Trust.

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.

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, and, if required, with the consent of the Plan Sponsor: (a) reinstatement of the Allowed Secured Claim as against any collateral or proceeds thereof held by the Distribution Trust; (b) 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 Claim, or (d) 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. For the avoidance of doubt, Intercompany Claims shall not receive a distribution of Distribution Trust Interests 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 9 – SALIC Existing Equity Interests**

i. Classification. Class 9 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 Plan Sponsorship Agreement, and the Restructuring Implementation Agreement, as provided in Section 6.1 of the Plan.

iii. Voting. Class 9 is Unimpaired and the Holders of Interests in Class 9 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 9 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. Treatment. Unless a Holder of an Allowed SHI TruPS Claim agrees to lesser treatment, on the Effective Date, or as soon as reasonably practicable thereafter, 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 Claim, a Pro Rata Share of Distribution Trust Interests. Each Holder of an Allowed SHI TruPS Claim shall be paid in Cash from the Distribution Trust on the Distribution Date for its Pro Rata Share of Distribution Trust Interests, after payment in full, or a reserve being established for, all Administrative Claims, Priority Claims, and Secured Claims, all in accordance with the Distribution Trust Agreement.

iii. 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. Unless a Holder of an Allowed SHI General Unsecured Claim agrees to lesser treatment, on the Effective Date, or as soon as reasonably practicable thereafter, each Holder of an Allowed SHI General Unsecured Claim will receive, in full and final satisfaction, compromise, settlement, release, and discharge of and in exchange for such Claim, a Pro Rata Share of Distribution Trust Interests. Each Holder of an Allowed SHI General Unsecured Claim shall be paid in Cash from the Distribution Trust on the Distribution Date for its Pro Rata Share of Distribution Trust Interests, after payment in full, or a reserve being established for, all Administrative Claims, Priority Claims, and Secured Claims, all in accordance with the Distribution Trust Agreement.

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

i. Classification. Class 6 consists of all SALIC TruPS Claims.

ii. Treatment. Unless a Holder of an Allowed SALIC TruPS Claim agrees to lesser treatment, on the Effective Date, or as soon as reasonably practicable thereafter, 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 Claim, a Pro Rata Share of Distribution Trust Interests. Each Holder of an Allowed SALIC TruPS Claim shall be paid in Cash from the Distribution Trust on the Distribution Date for its Pro Rata Share of Distribution Trust Interests, after payment in full, or a reserve being established for, all Administrative Claims, Priority Claims, and Secured Claims, all in accordance with the Distribution Trust Agreement.

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

(d) Class 7 – SALIC General Unsecured Claims

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

ii. Treatment. Unless a Holder of an Allowed SALIC General Unsecured Claim agrees to lesser treatment, on the Effective Date, or as soon as reasonably practicable thereafter, 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 Claim, a Pro Rata Share of Distribution Trust Interests. Each Holder of an Allowed

SALIC General Unsecured Claim shall be paid in Cash from the Distribution Trust on the Distribution Date for its Pro Rata Share of Distribution Trust Interests, after payment in full, or a reserve being established for, all Administrative Claims, Priority Claims, and Secured Claims, all in accordance with the Distribution Trust Agreement.

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 Allowed 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 or any Reorganized Debtor, and the obligations of the Debtors thereunder shall be forever discharged.

iii. Voting. Class 8 is Impaired, and each Holder of an Allowed Subordinated Claim will be conclusively deemed to have rejected the Plan pursuant to section 1126(g) of the Bankruptcy Code. Therefore, Holders of Allowed Subordinated Claims shall not be entitled to vote on the Plan.

(b) Class 10 – SHI Existing Equity Interests

i. Classification. Class 10 consists of all SHI Existing Equity Interests.

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

iii. Voting. Class 10 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 9 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 10 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 Plan Sponsorship Agreement, 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 Plan Sponsor, 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 Plan Sponsorship Agreement, 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) or 1129(a)(10) 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

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. Specifically, upon the Effective Date, the Plan Funding Payment shall be allocated as follows: (a) first, to fund all Closing Date Plan Distributions required to be made to Holders of Allowed Secured Claims, Allowed Administrative Claims, and Allowed Priority Claims on or as soon as practicable after the Effective Date to the extent that such Distributions are not otherwise fully funded from the unrestricted Cash then available to SALIC and SHI; (b) second, to fund a professional fee reserve in an amount that the Debtors estimate in good faith, after consultation with the relevant Professionals, to be necessary to pay in full all amounts then owing or that may later become owing to such Professionals for professional fees and expenses incurred through the Effective

Date (the “Professional Fee Reserve”); and (c) third, to fund a reserve in an amount estimated by the Debtors, after consultation with the Distribution Trustee and the Plan Sponsor, to be necessary to cover the costs of administration of the Distribution Trust (the “Trust Administration Reserve”). The portion of the Plan Funding Payment remaining after the Closing Date Plan Distributions, the Professional Fee Reserve and the Trust Administration Reserve each have been fully funded shall be placed into the Distribution Trust and distributed in accordance with the Distribution Trust Agreement.

Additionally, on the Effective Date, all SHI Existing Equity Interests shall be cancelled and reissued as New SHI Equity to the Plan Sponsor, or to another entity at the direction of the Plan Sponsor in its sole discretion; provided that, unless otherwise specified by the Plan Sponsor, the New SHI Equity shall be issued to Reorganized SALIC. 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.

6.2. Vesting of Estate Property

On the Effective Date, except as otherwise expressly provided in the Confirmation Order, the Distribution Trust Assets shall automatically vest in the Distribution Trust free and clear of all Claims, Liens and Interests.

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. 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, 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

The Distribution Trust shall consist of the Distribution Trust Assets. On the Effective Date, all of the Distribution Trust Assets shall transfer to and be vested in the Distribution Trust.

(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 identified 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 Distribution Trust Agreement shall control. All compensation for the Distribution Trustee and other costs of administration for the Distribution Trust shall be paid from the Distribution Trust Assets in accordance with 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 out-of-pocket expenses incurred by the Reorganized Debtors in connection therewith 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.

(f) 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.

(g) 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.

After payment in full (or reserving for payment in full) of all Administrative Claims, Priority Claims, and Secured Claims, each as and when Allowed, the Distribution Trustee shall distribute to the Holders of Allowed Claims in Classes 4, 5, 6, and 7 on account of their Distribution Trust Interests all Available Cash (including the Plan Funding Payment (less Closing Date Plan Distributions) and treating any permissible investment as Cash for this purpose), less such amounts that may be reasonably necessary to (a) meet contingent liabilities and to maintain the value of the Distribution Trust Assets during liquidation, (b) pay 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), or (c) satisfy other liabilities incurred or anticipated by such Distribution Trust in accordance with the Plan or Distribution Trust Agreement; provided, however, that the Distribution Trustee shall not be required to make a Distribution pursuant to this Section 6.3(g) 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.

(h) Distributions between the Debtors’ Estates and the Estate of SRGL

The Debtors, in consultation with the Committee and the Plan Sponsor, will agree with the Joint Liquidators on a mechanism that will insure that any distribution from the SRGL estate to the Distribution Trust in respect of the SALIC Claims will be distributed pro rata to all Holders of Allowed Claims in Classes 4, 5, 6, and 7 except SRGL in order to prevent an endless series of payments from the Distribution Trust to SRGL on account of SRGL’s TruPS claim and from SRGL back to the Distribution Trust in respect of the SALIC Claims. The Debtors will disclose the mechanism prior to or as a part of the Plan Supplement. For the avoidance of doubt, nothing in this Section 6.3(h) is intended to or shall prejudice any rights of SRGL, the Debtors or

any other Entity as to whether such a mechanism is necessary in connection with distributions to be made on account of SRGL's TruPS claim or what mechanism is appropriate.

(i) Treatment of TruPS Documents

Nothing in the Plan is intended to impair, nor shall the Plan impair, the right of any indenture trustee or institutional trustee from recovering from Plan Distributions made on account of TruPS Claims any valid fees and expenses under the TruPS Documents.

[The TruPS Indentures shall continue in effect solely for the purposes of (a) allowing Holders of Claims to receive the treatment as provided herein; (b) preserving any rights of the TruPS Indenture Trustees to indemnification or contribution from Holders of the Debentures under the TruPS Indentures or any direction provided by Holders of the Debentures under any of the TruPS Indentures, each as applicable; (c) permitting each of the TruPS Indenture Trustees to maintain or assert any right or Charging Lien it may have against distributions pursuant to the terms of the TruPS Indentures to recover unpaid fees and expenses (including the fees and expenses of their respective counsel, agents, and advisors) of the TruPS Indenture Trustees; (d) enforcing any rights and remedies as between Holders of the Debentures thereunder or as between any Holder of the Debentures and the applicable TruPS Indenture Trustee; (e) the payment from the Distribution Trust of reasonable and documented fees and expenses incurred by the TruPS Indenture Trustees; and (f) preserving all rights and obligations of parties, other than against the Debtors or Reorganized Debtors.]

[On and after the Effective Date, all duties and responsibilities of the TruPS Indenture Trustees under the applicable TruPS Indentures shall be discharged except to the extent required in order to effectuate the Plan.]

[For the avoidance of doubt, nothing contained in the Plan or the Confirmation Order shall in any way limit or affect the standing of the TruPS Indenture Trustees to appear and be heard in the Chapter 11 Cases on and after the Effective Date.]

[For the avoidance of doubt, any and all rights of the TruPS Indenture Trustees reserved or preserved under the Plan are reserved and preserved as against the Holders of the Debentures or Distribution Trust, and not the Reorganized Debtors.]

(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 to the Distribution Trust as (1) a transfer of Distribution Trust Assets (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 in exchange for the Distribution Trust Interests. 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 such Distribution Trust Assets as are 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.

(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. The tax book value of Distribution Trust Assets for purpose of this paragraph shall equal their fair market value on the date Distribution Trust 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 Distribution Trust Assets are transferred to the Distribution Trust, the Distribution Trustee shall make a good faith valuation of Distribution Trust Assets. 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 Assets 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, 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.

(1) 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 have been 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 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 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 Trust, 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 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 Plan Sponsor.

(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 Plan Sponsor. 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.

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, 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 Plan Sponsor 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 Plan Sponsor, 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 Plan Sponsor 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, 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, and the Reorganized Debtors shall retain and may enforce all rights to commence and pursue any and all retained causes of action, whether arising before or after the Petition Date, and the Reorganized Debtors’ 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. The Closing shall occur simultaneously with the Effective Date of the Plan.

6.7. 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. RESOLVING CONTINGENT, UNLIQUIDATED OR DISPUTED CLAIMS

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 TruPS Claim, SHI General Unsecured Claim, SALIC TruPS Claim, SALIC General Unsecured Claim, 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

The Distribution Trustee shall make all Distributions required to be made under the Plan, including Distributions from the Distribution Trust. Each Creditor 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 Only from Distribution Trust**

Distributions from the Distribution Trust shall be made only to the Holders of Allowed Claims. Until a Disputed Claim becomes an Allowed Claim, the Holder of that Disputed Claim shall not receive a Distribution. Allowed Claims shall not be entitled to distributions from any source other than the Plan Funding Payment or the Distribution Trust.

(c) Place and Manner of Payments of Distributions

Except as otherwise specified in the Plan, Distributions from Available Cash shall be made by mailing such Distribution to the Creditor at the address listed in any Proof of Claim filed by the Creditor or at such other address as such Creditor shall have specified for payment purposes in a written notice received by the Distribution Trustee at least twenty-one (21) days before a Distribution Date. If a Creditor has not filed a Proof of Claim or sent the Distribution Trustee a written notice of payment address, then the Distribution(s) for such Creditor will be mailed to the address identified in the Schedules. The Distribution Trustee shall distribute any Cash by wire, check, or such other method as it deems appropriate under the circumstances. Before receiving any Distributions, all Creditors, at the request of the Distribution Trustee, must provide written notification of their respective Federal Tax Identification Numbers or Social Security Numbers to the Distribution Trustee; otherwise, the Distribution Trustee may suspend Distributions to any Creditors who have not provided their Federal Tax Identification Numbers or Social Security Numbers.

(d) Undeliverable Distributions

If a Distribution made from Available Cash to any Creditor is returned as undeliverable, the Distribution Trustee shall use reasonable efforts to determine such Creditor's then current address. If the Distribution Trustee cannot determine, or is not notified of, a Creditor's then current address within six (6) months after the Effective Date, the Distribution reserved for such Creditor 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 entitled to a Distribution from Available Cash under the Plan has not been determined within six (6) months after the Effective Date or such Creditor has otherwise not been located, or if a Creditor 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 (i) shall no longer be a Creditor and (ii) shall be deemed to have released such Claim.

(f) 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) 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.

7.6. Procedures Regarding Distributions from the Distribution Trust

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

7.7. 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 to the principal amount (as determined for U.S. federal income tax purposes) of the Claim first, and then to accrued but unpaid interest.

VIII. EXECUTORY CONTRACTS AND UNEXPIRED LEASES**8.1. Assumption of Executory Contracts**

On the Effective Date, all Executory Contracts identified on the Assumption Schedule shall be deemed assumed by the applicable Reorganized Debtor. The Assumption Schedule shall be filed with, and as a part of, the Plan Supplement, and may be amended by the Plan Sponsor (i) to remove any Executory Contract no later than the Effective Date, and (ii) to

add any Executory Contract, with the consent of such counterparty, no later than the Effective Date. Entry of the Confirmation Order shall constitute approval of the assumption of such Executory Contracts under sections 365 and 1123 of the Bankruptcy Code.

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

8.2. Rejection of Executory Contracts

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

8.3. Procedures Related to Assumption of Executory Contracts

(a) Establishment of Cure Amounts

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

(b) Counterparty Objections

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

performance under the Executory Contract, identify with specificity what the counterparty believes is necessary to provide adequate assurance of future performance under the Executory Contract.

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

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

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

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

(d) Payment of Cure Amounts

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

(e) No Admission of Liability

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

(f) Reservation of Rights

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

(g) Rejection Claim Bar Date

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

(h) Continuing Obligations Owed to the Debtors

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

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

(i) Postpetition Contracts

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

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

9.1. Conditions to Confirmation

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

9.2. Conditions to Effectiveness

Unless the following conditions (except with respect to the Distribution Trust Agreement) are waived by the Plan Sponsor, the Plan will not be effective unless: (a) the conditions to Confirmation above have either been satisfied, or waived by the Plan Sponsor; (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 Plan Sponsor shall acquire the New SALIC Equity and the New SHI Equity free and clear of all Liens, Claims, and Interests; (e) the Distribution Trust Agreement shall have been executed by all parties thereto; and (f) all governmental, judicial, and third party approvals and consents that are required in connection with the transactions contemplated by the Plan shall have been obtained, not subject to unfulfilled conditions, and shall be in full force and effect.

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

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

As discussed in detail in the Disclosure Statement and as otherwise provided herein, pursuant to sections 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 Reorganized Debtors, 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 Retained Causes of Action, the Stock Purchase Agreement, the Restructuring Implementation Agreement, the Plan Sponsorship 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); or (iii) shall be deemed to release any Intercompany Claims.

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 Plan Sponsor, the Joint Liquidators, SRGL, and for each of the foregoing, their respective Representatives, hereby release, waive and discharge, and shall be deemed to forever release, waive, and discharge the Released Parties of any and all Claims, obligations, suits, judgments, damages, demands, debts, rights, causes of action, and liabilities whatsoever in connection with or related to the Debtors, whether liquidated or unliquidated, fixed or contingent, matured or unmatured, known or unknown, foreseen or unforeseen, then existing or thereafter arising, in law, at equity, or otherwise, including those that any of the Debtors, the Reorganized Debtors, the Estates, or their Affiliates would have been legally entitled to assert in their own right (whether individually or collectively) or on behalf of the Holder of any Claim or Interest or other Entity based on or relating to, or in any manner arising from, in whole or in part, the Debtors, the conduct of the Debtors' business, the Chapter 11 Cases, the Disclosure Statement, the Plan or the documents implementing the Plan, and the negotiation, formulation, or preparation thereof, the solicitation of votes with respect to the Plan, the subject matter of, or the transactions or events giving rise to, any

Claim or Interest that is treated in the Plan, the business or contractual arrangements between any of the Debtors and any Released Party, the restructuring of Claims and Interests prior to or in the Chapter 11 Cases, or upon any other act or omission, transaction, agreement, event or other occurrence taking place on or before the Effective Date, other than Claims or liabilities arising out of or relating to any act or omission of a Released Party that constitutes willful misconduct, actual fraud, or gross negligence as determined by a Final Order.

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

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

10.4. Discharge and Discharge Injunction

(a) Discharge of Claims

On and after the Effective Date: (a) the rights afforded in the Plan and the treatment of all Claims and Interests shall be in exchange for and in complete satisfaction, discharge, and release of all Claims and Interests of any nature whatsoever, including any interest accrued on such Claims from and after the Petition Date, against the Debtors 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 the Retained Causes of Action and shall not apply to ability of Holders of Allowed Claims to recover from the Distribution Trust on account of such Allowed Claims and/or Distribution Trust 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 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.

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 Sponsorship 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 Sponsorship 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; provided, however, that the foregoing exculpation shall not apply to the Retained Causes of Action.

10.6. Post-Effective Date Indemnification

Indemnification Obligations of the Debtors that are owed to directors, officers, agents and employees of the Debtors (or the Estates) who served or were employed by the Debtors at any time after the Petition Date and prior to the Effective Date 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 Effective 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 Petition Date, which provisions shall not be amended, repealed or otherwise modified for a period of six (6) years after the Effective 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 Effective Date, to the extent that the Indemnified D&O Parties are not otherwise covered as beneficiaries under an existing policy of directors' and officers' liability insurance in accordance with the requirements set forth in section 5.8(b) of the Stock Purchase Agreement, the Plan Sponsor 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 Effective Date; provided, that Plan Sponsor 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, the Plan Sponsor 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.

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, 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 wrongfully 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 SALIC Equity and the New SHI Equity or the Distribution Trust Interests, and the offering and issuance thereof by any party, including without limitation the Debtors or the Estates, 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 SALIC Equity and the New SHI Equity does not qualify for an exemption under section 1145 of the Bankruptcy Code, the New SALIC 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, 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 Plan Sponsorship Agreement, 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 Plan Sponsorship Agreement, 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 Plan Sponsorship Agreement, 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 [_____] days prior to the Voting Deadline, subject to the terms of the Plan Sponsorship Agreement, the Stock Purchase Agreement, and the Restructuring Implementation Agreement, 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 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 Plan Sponsor, 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 Plan Sponsor or the Reorganized Debtors, at:

HSCM Bermuda Fund Ltd.
c/o Hudson Structured Capital Management Ltd.

One Dock Street, Suite 404
Stamford, Connecticut 06902
Attn: Ajay Mehra, General Counsel
Email: ajay.mehra@hscm.com

with a copy to:

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

(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 Trust, at:

[TBD]

with a copy to:

[TBD]

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 Plan Sponsor, 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.

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
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, for any Administrative Claim, 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.

1.3 “Affiliate” means “affiliate” as defined in section 101(2) of the Bankruptcy Code.

1.4 “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.

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

1.6 “Available Cash” means all of the Cash held by the Distribution Trust, including the Plan Funding Payment disbursed from or on behalf of the Plan Sponsor or the Debtors to the Distribution Trust on the Effective Date, and any proceeds of any Distribution Trust Assets.

1.7 “Ballantyne” means Ballantyne Re II plc.

1.8 “Ballot” means each of the ballot forms distributed to each Holder of a Claim or Interest entitled to vote to accept or reject the Plan.

1.9 “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.

1.10 “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.

1.11 “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.

1.12 “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.

1.13 “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.

1.14 “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.

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

1.16 “Causes of Action” means any and all actions, causes of action, Claims, rights, defenses, liabilities, obligations, executions, choses in action, controversies, rights (including rights to legal remedies, rights to equitable remedies, rights to payment), suits, debts, damages, judgments, remedies, demands, setoffs, defenses, recoupments, crossclaims, counterclaims, third-party claims, indemnity claims, contribution claims or any other claims whatsoever, whether known or unknown, reduced to judgment or not reduced to judgment, liquidated or unliquidated, fixed or contingent, matured or unmatured, disputed or undisputed, secured or unsecured, choate or inchoate, existing or hereafter arising, suspected or unsuspected, foreseen or unforeseen, and whether asserted or assertable directly, indirectly or derivatively, at law, in equity or otherwise, based on whole or in part upon any act or omission or other event occurring prior to the Petition Date or during the course of the Chapter 11 Cases, including through the Effective Date.

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

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

1.19 “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.

1.20 “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.

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

1.22 “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.

1.23 “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.

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

1.25 “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.

1.26 “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.

1.27 “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.

1.28 “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.

1.29 “Confirmation Order” means the order of the Bankruptcy Court confirming the Plan pursuant to, among others, section 1129 of the Bankruptcy Code.

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

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

1.32 “Creditor” means any Holder of a Claim.

1.33 “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.

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

1.35 “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 Note”);

(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”).

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

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

1.38 “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.

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

1.40 “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.

1.41 “Disputed” means, with respect to any Claim 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 Debtord or Reorganized Debtord 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.

1.42 "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.

1.43 "Distribution" means any distribution pursuant to the Plan to the Holders of Allowed Claims or Interests.

1.44 "Distribution Date" means, when used with respect to an Allowed Claim or an Allowed Interest, any date after the Effective Date upon which a Distribution is made by the Distribution Trustee in accordance with the Plan.

1.45 "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.

1.46 "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.

1.47 "Distribution Trust Assets" means (a) the Plan Funding Payment (less Closing Date Plan Distributions), (b) the SALIC/SRGL Claims; (c) all DT Post-Closing Rights; and (d) to the extent not previously abandoned by order of the Bankruptcy Court, the SFL Shares.

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

1.49 “Distribution Trust Interests” means the non-certificated beneficial interests of the Distribution Trust allocable to Holders of Claims in Classes 4, 5, 6, and 7 in accordance with the terms and conditions of the Distribution Trust Agreement, which shall not be transferable.

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

1.51 “Distribution Trustee” the Person appointed under the Plan and Distribution Trust Agreement to administer the Distribution Trust, which Person shall be reasonably acceptable to the Plan Sponsor; *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.

1.52 “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 has been satisfied or waived.

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

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

1.55 “Exculpated Parties” means (a) the Debtors, (b) the Reorganized Debtors, (c) the Official Committee (including Official Committee members in their capacities as such); (d) the Plan Sponsor; (e) the Joint Liquidators; (f) SRGL; and (g) for each of the foregoing, all officers, directors, employees, members, attorneys, actuaries, financial advisors, accountants, investment bankers, agents, professionals, and representatives, each to the extent that they held such office or capacity during the pendency of the Chapter 11 Cases.

1.56 “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.

1.57 “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.

1.58 “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.

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

1.60 “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).

1.61 “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.

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

1.63 “Indemnified D&O Parties” has the meaning set forth in Section 10.5 of the Plan.

1.64 “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.

1.65 “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.

1.66 “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.

1.67 “Joint Liquidators” has the meaning set forth in the Restructuring Implementation Agreement.

1.68 “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.

1.69 “New Corporate Governance Documents” means the corporate governance documents for the Reorganized Debtors, including charters, bylaws, memoranda and article of association, operating agreements, or other organization or formation documents, as applicable. For the avoidance of doubt, all New Corporate Governance Documents shall be in form and substance acceptable to the Plan Sponsor in the Plan Sponsor’s sole discretion.

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

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

1.72 “New SALIC Shares Issuance Documents” has the meaning as set forth in the Restructuring Implementation Agreement.

1.73 “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.

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

1.75 “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.

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

1.77 “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.

1.78 “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.

1.79 “Plan Funding Payment” means an amount equal to twelve million five hundred thousand dollars (\$12,500,000) which shall be funded into the Distribution Trust at Closing and shall constitute Distribution Trust Assets.

1.80 “Plan Sponsor” means HSCM Bermuda Fund Ltd., a Bermuda limited company, and its designees, successors and assigns.

1.81 “Plan Sponsorship Agreement” means that certain Plan Sponsorship Agreement among the Plan Sponsor 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, as such Plan Sponsorship Agreement may be amended from time to time.

1.82 “Plan Supplement” means the supplement to the Plan to be Filed hereafter to supplement or clarify aspects of the Plan.

1.83 “Priority Claims” means any and all Priority Tax Claims and Priority Non-Tax Claims.

1.84 “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.

1.85 “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.

1.86 “Professional” means any professional employed in these Chapter 11 Cases pursuant to Bankruptcy Code sections 327, 328, or 1103.

1.87 “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.

1.88 “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.

1.89 “Pro Rata Share” means, with respect to any Allowed Claim in Classes 4, 5, 6, and 7, the ratio (expressed as a percentage) of the amount of such Allowed Claim to the aggregate amount of all Allowed Claims in Classes 4, 5, 6, and 7, plus the Disputed Claim Amount of all other Disputed Claims to be satisfied by the Distribution Trust.

1.90 “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 Plan Sponsor in excess of \$100,000 in accordance with Section 2.2(b) of the Stock Purchase Agreement.

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

1.92 “Released Parties” means: (a) the Debtors; (b) the Reorganized Debtors; (c) the Official Committee (including Official Committee members in their capacities as such); (d) the Plan Sponsor; (e) the Joint Liquidators; (f) SRGL; and (g) for each of the foregoing, all of their respective Representatives.

1.93 “Reorganized Debtors” means Reorganized SALIC and Reorganized SHI.

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

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

1.96 “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.

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

1.98 “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. A copy of the Restructuring Implementation Agreement is annexed to the Plan as **Exhibit C**.

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

1.100 “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.

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

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

1.103 “SALIC General Unsecured Claim” means any Claim against SALIC that is not an Administrative Claim, Secured Claim, Priority Claim, Intercompany Claim, SALIC TruPS Claim, or Subordinated Claim. For the avoidance of doubt, the SFL Note shall constitute a SALIC General Unsecured Claim.

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

1.105 “SALIC TruPS Claim” means, other than any Subordinated Claim, any and all TruPS Claims related to the TruPS Parent Guarantees.

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

1.107 “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.

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

1.109 “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.

1.110 “SFL” means Scottish Financial (Luxembourg) S.á r.l.

1.111 “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.

1.112 “SFL Shares” means the 47,046 shares of SFL, representing all of the issued and outstanding equity interest in SFL.

1.113 “Share Surrender Documents” has the meaning set forth in the Restructuring Implementation Agreement.

1.114 “SHI” means Scottish Holdings, Inc.

1.115 “SHI Existing Equity Interests” means all issued and outstanding common shares of SHI existing prior to the Effective Date.

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

1.117 “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

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

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

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

1.121 “SRGL” means Scottish Re Group Limited.

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

1.123 “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.

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

1.125 “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.

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

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

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

1.129 “Stock Purchase Agreement” means that certain Stock Purchase Agreement by and among SALIC, SHI and the Plan Sponsor, dated as of January 28, 2018, and Filed with the Bankruptcy Court on January 31, 2018, at Docket No. 27-2, 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**.

1.130 “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.

1.131 “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”).

1.132 “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.

1.133 “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 [T]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 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.

1.134 “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.

1.135 “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.

1.136 “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.

1.137 “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.

1.138 “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.

1.139 “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.

1.140 “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.

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

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

1.143 “Voting Deadline” means [], 2018 at 5:00 p.m. (Eastern Time), which date and time has been established by the Bankruptcy Court [Docket No.] 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.

Exhibit B

Stock Purchase Agreement

[Intentionally Omitted]

Exhibit C

Restructuring Implementation Agreement

[Intentionally Omitted]