

IN THE GRAND COURT OF THE CAYMAN ISLANDS

FINANCIAL SERVICES DIVISION

CAUSE NO: FSD 107 OF 2017

IN THE MATTER OF THE COMPANIES LAW (2016 REVISION)
AND IN THE MATTER OF SCOTTISH RE GROUP LIMITED



WINDING UP PETITION



To the Grand Court

The humble petition of Scottish Re Group Limited of Ugland House, South Church Street, Grand Cayman and Crown House, First Floor, 4 Par-la-Ville Road, Hamilton, Bermuda (the "Petitioner" or the "Company") shows that:

Background

- 1 The Company was incorporated under the name Scottish Annuity & Life Holdings, Ltd. on 12 May 1998 in the Cayman Islands as an exempted company limited by shares under the then revision of the Companies Law. Its registration number is 81632. The Company changed its name to Scottish Re Group Limited on 28 August 2003.
- 2 The Company was issued with a permit under the provisions of sections 134 and 136 of the Bermudian Companies Act 1981 on 30 May 2001.
- 3 The registered office of the Company is situated at PO Box 309, Ugland House, South Church Street, George Town, Grand Cayman. The Company's principal executive offices are situated at Crown House, First Floor, 4 Par-la-Ville Road, Hamilton, Bermuda.
- 4 The authorised share capital of the Company is US\$6.4 million divided into 590 million ordinary shares of par value US\$0.01 each and 50 million preferred shares of par value

US\$0.01 each. The Company has 218,383,370 ordinary shares issued and outstanding and 3,246,776 preferred shares (designated and issued as Non-Cumulative Perpetual Preferred Shares ("PPS")) issued and outstanding. The ordinary shareholders of the company are affiliates of Cerberus Capital Management, L.P. (66.33%), and affiliates of MassMutual Capital Partners LLC (36.67%).

- 5 The objects for which the Company was established are unrestricted and as more particularly set out in its Memorandum of Association.
- 6 The Company's principal business activity is acting as the holding company of an international group of companies whose primary operating subsidiaries are located in the United States (Delaware), the Cayman Islands and Ireland. The Group (as defined below) is engaged in the reinsurance of life insurance, annuities and annuity-type products. These products are written by life insurance companies and other financial institutions primarily located in the United States.
- 7 The Company's main asset is its shares in a wholly-owned subsidiary, Scottish Annuity & Life Insurance Company (Cayman) Ltd. ("**SALIC**"), a Cayman Islands incorporated company. SALIC is classified by the Cayman Islands Monetary Authority as a Class B(iii) insurer under The Insurance Law (2010 Revision).
- 8 SALIC in turn owns 100% of the shares of the following entities: (i) Scottish Holdings, Inc. ("**SHI**"), a corporation organized under the laws of the State of Delaware; (ii) Scottish Financial (Luxembourg) S.á.r.l. ("**SFL**"), société à responsabilité limitée organized under the laws of the Grand Duchy of Luxembourg; and (iii) Scottish Re (Dublin) dac, a designated activity company organized under the laws of the Republic of Ireland. SHI owns 100% of the shares of Scottish Re (U.S.), Inc. ("**SRUS**"), a corporation organized under the laws of the State of Delaware. SRUS owns 100% of the shares of Scottish Re Life (Bermuda) Limited, a company organized under the laws of Bermuda. SHI and SFL hold the common shares of certain United States business trusts organized under the laws of Delaware or Connecticut in connection with certain trust preferred securities transactions. The foregoing entities, with the Company, are referred to collectively as the "**Group**".

Financial Position of the Company

- 9 The Company is the borrower under a New York law governed Revolving Credit Agreement with SALIC, as lender, dated 20 September 2009 (as amended from time to time) (the "**Revolving Credit Agreement**"). The borrowing limit under the Revolving Credit Agreement is US\$90 million. Interest accrues at a rate equal to the interest rate on 10-Year U.S. Treasury Notes. As at the date of this Petition the Company is indebted to SALIC under the Revolving Credit Agreement in the amount of approximately US\$77 million, representing principal and accrued interest to 31 March 2017.
- 10 The Company is insolvent on a "fair value" basis as a result of its subsidiary, SALIC, having no significant value given its current obligations, and SALIC being the principal creditor of the Company under the Revolving Credit Agreement. This debt becomes due and payable on 19 September 2017. However, under the terms of the Revolving Credit Agreement the presentation of a petition to wind up the Company will entitle SALIC, as lender, to declare all indebtedness to be due and payable.
- 11 While the Company is in a position to meet its day to day operating expenses (e.g. payroll and rent) this is only sustainable long term as a result of its borrowing from SALIC.
- 12 On 16 May 2017, the voting shareholders unanimously resolved that the Company should apply to this Court, and to the Court of Bermuda, for a winding up order.
- 13 Further and in the alternative, it is otherwise just and equitable that the Company be wound up.

YOUR PETITIONER THEREFORE HUMBLY PRAYS THAT:

- (1) The Company be wound up in accordance with the Companies Law (2016 Revision).
- (2) John McKenna of Finance & Risk Services Ltd. of Suite 502, 26 Bermudiana Road, Hamilton HM 11, in the Islands of Bermuda and Eleanor Fisher of Kalo (Cayman) Limited of 38 Market Street, 2nd Floor, Suite 4208 Camana Bay, Grand Cayman KY1-9006 be appointed as joint official liquidators ("**JOLs**") of the Company with the power to act jointly and severally.
- (3) The JOLs shall not be required to give security for their appointment.

- (4) The JOLs' remuneration and expenses be paid out of the assets of the Company in accordance with Part III of the Insolvency Practitioner's Regulations 2008 (as amended) and Order 20 of the Companies Winding Up Rules, 2008 (as amended).
- (5) The JOLs be authorised to exercise the powers specified in Part I of the Third Schedule to the Companies Law (2016 Revision) as the Court may direct.
- (6) The JOLs may take any such action as may be necessary or desirable to obtain the recognition of their appointment in any other relevant jurisdictions and to make applications to the courts of such jurisdictions for that purpose and, for the avoidance of doubt, the powers of the JOLs may be exercised by them within and outside the Cayman Islands.
- (7) No disposition of the Company's property by or with the authority of the JOLs in carrying out their duties and functions and exercise of their powers under this Order shall be voided by virtue of section 99 of the Companies Law (2016 Revision).
- (8) The JOLs be at liberty to appoint counsel, attorneys, professional advisors, whether in the Cayman Islands or elsewhere as they may consider necessary to advise and assist them in the performance of their duties and on such terms as they may think fit and to remunerate them out of the assets of the Company.
- (9) The JOLs be at liberty to apply generally.
- (10) The costs of this Petition shall be paid out of the assets of the Company, as an expense of the liquidation, to be taxed if not agreed.
- (11) Such further or other relief be granted as the Court deems appropriate.

AND your Petitioner will ever pray etc.

Dated the 17th day of May 2017.

Maples and Calder

Maples and Calder

NOTICE OF HEARING

TAKE NOTICE THAT the hearing of this petition will take place at the Law Courts, George Town, Grand Cayman, on *8th September 2017* at *10.00 AM*

Any correspondence or communication with the Court relating to the hearing of this petition should be addressed to the Registrar of the Financial Services Division of the Grand Court at PO Box 495, Grand Cayman, KY1-1106, telephone 345 949 4296.