

Restructuring Transactions

In order to effectuate the Restructuring Transactions, the Company contemplates certain Exchange Offers and an SHL Preferred Proxy Solicitation as summarized below and described in the Offering Memorandum pursuant to which:

- Eligible holders of Existing SGI Surplus Notes that participate in the Exchange Offers will receive a pro rata portion of SHL Common Shares representing an aggregate 20% of the SHL Common Shares to be outstanding on a pro forma basis, giving effect to the completion of the Restructuring Transactions immediately following completion of the Restructuring Transactions in exchange for the return of the principal amount of the holder's Existing SGI Surplus Notes and any paid-in-kind interest thereon and the accrued and unapproved interest thereon, less such eligible holder's pro rata portion (taking into account all eligible holders that tender their Existing SGI Surplus Notes in the Exchange Offers, and all principal, paid-in-kind interest and accrued and unapproved interest thereon) of an aggregate \$70 million discount with such pro rata discount applied against principal, including paid-in-kind interest and accrued and unapproved interest on such principal and paid-in-kind interest, with such discount allocated pro rata among the Existing Short-Term Surplus Notes and the Existing Long-Term Surplus Notes tendered based on the amount of principal, including paid-in-kind interest and accrued and unapproved interest on such principal and paid-in-kind interest;
- All Existing SHL Preferred Shares (other than the Excluded Shares, which shall be cancelled upon the closing of the Exchange Offers) will be converted pursuant to the SHL Preferred Amendment into the right to receive a pro rata portion of SHL Common Shares representing an aggregate 15% of the SHL Common Shares to be outstanding on a pro forma basis, giving effect to the completion of the Restructuring Transactions immediately following completion of the Restructuring Transactions and a pro rata portion of \$40 million of aggregate principal, paid-in-kind interest and accrued and unapproved interest of Surplus Notes received in the exchange with holders of Surplus Notes described above;
- SGI will be required to obtain approval from NYDFS for a payment of at least \$58.9 million (which amount includes a payment of \$55 million on Existing SGI Surplus Notes owned by holders other than SGI) on the Existing SGI Surplus Notes, which payment will be made in connection with the consummation of the Restructuring Transactions and allocated between the Existing Short-Term Surplus Notes and the Existing Long-Term Surplus Notes pro rata based on the amount of outstanding principal (including any paid-in-kind interest thereon) and accrued and unapproved interest (the "Surplus Note Payment"); and
- We will amend the existing Tax Sharing Agreement among SHI, SGI, SCAI and certain of their domestic affiliates (the "Tax Sharing Agreement") to "unlock" the value of NOLs that exceed a specified amount ("Excess NOLs") and allow SHI and other members of the consolidated group to utilize the Excess NOLs without paying notional tax to SGI (generator of a majority of the NOLs) or SCAI. The amendment will also include protective measures which preclude SHI and other members of the group from taking certain actions that could impair SGI's or SCAI's remaining NOLs (such as triggering an ownership change or reattributing NOLs of SGI to SHI upon a deconsolidation event) (collectively, the "TSA Amendment").

Collectively, the Surplus Note Payment, the TSA Amendment, the Internal Restructuring Transactions, the SHL Conversion and the consummation of the Exchange Offers and the SHL Preferred Amendment are referred to herein as the "Restructuring Transactions."