
**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**
Washington, D.C. 20549

Form 10-Q

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the Quarterly Period Ended March 31, 2015

OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the Transition Period From to

001-33289
Commission File Number

ENSTAR GROUP LIMITED

(Exact name of registrant as specified in its charter)

Bermuda
(State or other jurisdiction
of incorporation or organization)

N/A
(I.R.S. Employer
Identification No.)

P.O. Box HM 2267
Windsor Place, 3rd Floor
22 Queen Street
Hamilton HM JX
Bermuda
(Address of principal executive office, including zip code)

(441) 292-3645
(Registrant's telephone number, including area code)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	<input checked="" type="checkbox"/>	Accelerated filer	<input type="checkbox"/>
Non-accelerated filer	<input type="checkbox"/> (Do not check if a smaller reporting company)	Smaller reporting company	<input type="checkbox"/>

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes No

As of May 6, 2015, the registrant had outstanding 15,817,694 voting ordinary shares and 3,439,652 non-voting convertible ordinary shares, each par value \$1.00 per share.

TABLE OF CONTENTS

	Page
<u>PART I—FINANCIAL INFORMATION</u>	
Item 1.	Financial Statements:
	Condensed Consolidated Balance Sheets as of March 31, 2015 and December 31, 2014 (Unaudited) 2
	Condensed Consolidated Statements of Earnings for the Three Months Ended March 31, 2015 and 2014 (Unaudited) 3
	Condensed Consolidated Statements of Comprehensive Income for the Three Months Ended March 31, 2015 and 2014 (Unaudited) 4
	Condensed Consolidated Statements of Changes in Shareholders' Equity for the Three Months Ended March 31, 2015 and 2014 (Unaudited) 5
	Condensed Consolidated Statements of Cash Flows for the Three Months Ended March 31, 2015 and 2014 (Unaudited) 6
	Notes to the Condensed Consolidated Financial Statements (Unaudited) 7
	Report of Independent Registered Public Accounting Firm 52
Item 2.	Management's Discussion and Analysis of Financial Condition and Results of Operations 53
Item 3.	Quantitative and Qualitative Disclosures about Market Risk 91
Item 4.	Controls and Procedures 93
<u>PART II—OTHER INFORMATION</u>	
Item 1.	Legal Proceedings 94
Item 1A.	Risk Factors 94
Item 5.	Other Information 94
Item 6.	Exhibits 94
	Signature 95

PART I—FINANCIAL INFORMATION

Item 1. FINANCIAL STATEMENTS

ENSTAR GROUP LIMITED
UNAUDITED CONDENSED CONSOLIDATED BALANCE SHEETS
As of March 31, 2015 and December 31, 2014

	March 31, 2015	December 31, 2014
	(expressed in thousands of U.S. dollars, except share data)	
ASSETS		
Short-term investments, trading, at fair value	\$ 180,807	\$ 130,516
Fixed maturities, trading, at fair value	4,671,075	3,832,291
Fixed maturities, held-to-maturity, at amortized cost	805,298	813,233
Fixed maturities, available-for-sale, at fair value (amortized cost: 2015—\$215,183; 2014—\$244,110)	208,890	241,111
Equities, trading, at fair value	172,083	150,130
Other investments, at fair value	919,323	836,868
Total investments	6,957,476	6,004,149
Cash and cash equivalents	982,501	963,402
Restricted cash and cash equivalents	510,513	534,974
Accrued interest receivable	42,002	37,581
Accounts receivable	119,890	79,237
Premiums receivable	438,511	391,008
Income taxes recoverable	6,465	11,510
Deferred tax assets	51,577	50,506
Prepaid reinsurance premiums	160,208	114,197
Reinsurance balances recoverable	1,787,299	1,331,555
Funds held by reinsured companies	116,079	134,628
Deferred acquisition costs	97,347	61,706
Goodwill and intangible assets	199,809	201,150
Other assets	39,495	21,282
TOTAL ASSETS	\$ 11,509,172	\$ 9,936,885
LIABILITIES		
Losses and loss adjustment expenses	\$ 5,724,623	\$ 4,509,421
Policy benefits for life and annuity contracts	1,210,214	1,220,864
Unearned premiums	592,172	468,626
Insurance and reinsurance balances payable	287,521	276,723
Accounts payable and accrued liabilities	168,690	126,721
Income taxes payable	18,961	22,450
Deferred tax liabilities	41,058	43,958
Loans payable	429,998	320,041
Other liabilities	103,535	50,642
TOTAL LIABILITIES	8,576,772	7,039,446
COMMITMENTS AND CONTINGENCIES		
REDEEMABLE NONCONTROLLING INTEREST	383,186	374,619
SHAREHOLDERS' EQUITY		
Share capital		
Authorized, issued and fully paid, par value \$1 each (authorized 2015: 156,000,000; 2014: 156,000,000)		
Ordinary shares (issued and outstanding 2015: 15,811,196; 2014: 15,761,365)	15,811	15,761
Non-voting convertible ordinary shares:		
Series A (issued 2015: 2,972,892; 2014: 2,972,892)	2,973	2,973
Series C (issued and outstanding 2015: 2,725,637; 2014: 2,725,637)	2,726	2,726
Series E (issued and outstanding 2015: 714,015; 2014: 714,015)	714	714
Treasury shares at cost (Series A non-voting convertible ordinary shares 2015: 2,972,892; 2014: 2,972,892)	(421,559)	(421,559)
Additional paid-in capital	1,323,482	1,321,715
Accumulated other comprehensive income	(30,025)	(12,686)
Retained earnings	1,440,053	1,395,206
Total Enstar Group Limited Shareholders' Equity	2,334,175	2,304,850
Noncontrolling interest	215,039	217,970
TOTAL SHAREHOLDERS' EQUITY	2,549,214	2,522,820
TOTAL LIABILITIES, REDEEMABLE NONCONTROLLING INTEREST AND SHAREHOLDERS' EQUITY	\$ 11,509,172	\$ 9,936,885

See accompanying notes to the unaudited condensed consolidated financial statements

ENSTAR GROUP LIMITED
UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF EARNINGS
For the Three Months Ended March 31, 2015 and 2014

	Three Months Ended March 31,	
	2015	2014
	(expressed in thousands of U.S. dollars, except share and per share data)	
INCOME		
Net premiums earned	\$ 198,906	\$ 61,658
Fees and commission income	11,480	6,998
Net investment income	33,893	24,348
Net realized and unrealized gains	43,020	34,573
	<u>287,299</u>	<u>127,577</u>
EXPENSES		
Net increase (reduction) in ultimate losses and loss adjustment expense liabilities	70,136	(12,051)
Life and annuity policy benefits	22,847	26,809
Acquisition costs	34,550	13,161
Salaries and benefits	57,772	31,390
General and administrative expenses	38,826	22,250
Interest expense	4,003	3,734
Net foreign exchange (gains) losses	(5,071)	1,596
	<u>223,063</u>	<u>86,889</u>
EARNINGS BEFORE INCOME TAXES	64,236	40,688
INCOME TAXES	(10,744)	(7,276)
NET EARNINGS	53,492	33,412
Less: Net earnings attributable to noncontrolling interest	(8,645)	(3,825)
NET EARNINGS ATTRIBUTABLE TO ENSTAR GROUP LIMITED	<u>\$ 44,847</u>	<u>\$ 29,587</u>
EARNINGS PER SHARE—BASIC		
Net earnings per ordinary share attributable to Enstar Group Limited shareholders	<u>\$ 2.33</u>	<u>\$ 1.79</u>
EARNINGS PER SHARE—DILUTED		
Net earnings per ordinary share attributable to Enstar Group Limited shareholders	<u>\$ 2.32</u>	<u>\$ 1.77</u>
Weighted average ordinary shares outstanding—basic	19,237,461	16,564,083
Weighted average ordinary shares outstanding—diluted	19,334,637	16,705,324

See accompanying notes to the unaudited condensed consolidated financial statements

ENSTAR GROUP LIMITED
UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
For the Three Months Ended March 31, 2015 and 2014

	Three Months Ended March 31,	
	2015	2014
	(expressed in thousands of U.S. dollars)	
NET EARNINGS	\$ 53,492	\$ 33,412
Other comprehensive (loss) income, net of tax:		
Unrealized holding losses on investments arising during the period	(4,356)	(447)
Reclassification adjustment for net realized and unrealized (losses) gains included in net earnings	(106)	119
Unrealized losses arising during the period, net of reclassification adjustment	(4,462)	(328)
Currency translation adjustment	(15,886)	2,058
Total other comprehensive (loss) income	(20,348)	1,730
Comprehensive income	33,144	35,142
Less comprehensive income attributable to noncontrolling interest	(5,636)	(4,994)
COMPREHENSIVE INCOME ATTRIBUTABLE TO ENSTAR GROUP LIMITED	\$ 27,508	\$ 30,148

See accompanying notes to the unaudited condensed consolidated financial statements

ENSTAR GROUP LIMITED
UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
For the Three Months Ended March 31, 2015 and 2014

	Three Months Ended March 31,	
	2015	2014
	(expressed in thousands of U.S. dollars)	
Share Capital—Ordinary Shares		
Balance, beginning of period	\$ 15,761	\$ 13,803
Issue of shares	3	2
Share awards granted/vested	47	42
Balance, end of period	<u>\$ 15,811</u>	<u>\$ 13,847</u>
Share Capital—Series A Non-Voting Convertible Ordinary Shares		
Balance, beginning and end of period	<u>\$ 2,973</u>	<u>\$ 2,973</u>
Share Capital—Series C Non-Voting Convertible Ordinary Shares		
Balance, beginning and end of period	<u>\$ 2,726</u>	<u>\$ 2,726</u>
Share Capital—Series E Non-Voting Convertible Ordinary Shares		
Balance, beginning and end of period	<u>\$ 714</u>	<u>\$ —</u>
Treasury Shares		
Balance, beginning and end of period	<u>\$ (421,559)</u>	<u>\$ (421,559)</u>
Additional Paid-in Capital		
Balance, beginning of period	\$ 1,321,715	\$ 962,145
Issue of shares and warrants, net	449	155
Amortization of equity incentive plan	1,318	689
Balance, end of period	<u>\$ 1,323,482</u>	<u>\$ 962,989</u>
Accumulated Other Comprehensive Income Attributable to Enstar Group Limited		
Balance, beginning of period	\$ (12,686)	\$ 13,978
Currency translation adjustment		
Balance, beginning of period	(2,779)	14,264
Change in currency translation adjustment	(14,180)	748
Balance, end of period	(16,959)	15,012
Defined benefit pension liability		
Balance, beginning and end of period	(7,726)	(2,249)
Unrealized gain on investments		
Balance, beginning of period	(2,181)	1,963
Change in unrealized gain on investments, net of tax	(3,159)	(188)
Balance, end of period	(5,340)	1,775
Balance, end of period	<u>\$ (30,025)</u>	<u>\$ 14,538</u>
Retained Earnings		
Balance, beginning of period	\$ 1,395,206	\$ 1,181,457
Net earnings attributable to Enstar Group Limited	44,847	29,587
Balance, end of period	<u>\$ 1,440,053</u>	<u>\$ 1,211,044</u>
Noncontrolling Interest		
Balance, beginning of period	\$ 217,970	\$ 222,000
Reallocation to redeemable noncontrolling interest	—	1,028
Net (loss) earnings attributable to noncontrolling interest*	(920)	3,017
Foreign currency translation adjustments	(1,891)	1,309
Net movement in unrealized holding losses on investments	(120)	(34)
Balance, end of period	<u>\$ 215,039</u>	<u>\$ 227,320</u>

* Excludes net earnings attributable to redeemable noncontrolling interest. See Note 12 to the unaudited condensed consolidated financial statements.

See accompanying notes to the unaudited condensed consolidated financial statements

ENSTAR GROUP LIMITED
UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
For the Three Months Ended March 31, 2015 and 2014

	Three Months Ended March 31,	
	2015	2014
	(expressed in thousands of U.S. dollars)	
OPERATING ACTIVITIES:		
Net earnings	\$ 53,492	\$ 33,412
Adjustments to reconcile net earnings to cash flows provided by operating activities:		
Net realized and unrealized investment gains	(19,458)	(17,576)
Net realized and unrealized gains from other investments	(23,562)	(16,997)
Other items	2,773	(1,318)
Depreciation and amortization	1,421	211
Net amortization of premiums and discounts	12,603	12,462
Net movement of trading securities held on behalf of policyholders	1,580	(164)
Sales and maturities of trading securities	926,919	636,516
Purchases of trading securities	(1,187,652)	(558,633)
Changes in assets and liabilities:		
Reinsurance balances recoverable	36,691	107,994
Funds held by reinsured companies	18,552	36,167
Other assets	(93,123)	(18,970)
Losses and loss adjustment expenses	(34,221)	(180,986)
Policy benefits for life and annuity contracts	(9,603)	(17,836)
Insurance and reinsurance balances payable	20,555	(57,421)
Unearned premiums	38,041	—
Accounts payable and accrued liabilities	39,250	16,710
Other liabilities	(3,663)	(4,643)
Net cash flows used in operating activities	<u>(219,405)</u>	<u>(31,072)</u>
INVESTING ACTIVITIES:		
Acquisitions, net of cash acquired	\$ 140,458	\$ —
Sales and maturities of available-for-sale securities	49,241	59,238
Purchase of available-for-sale securities	(24,484)	(53,307)
Maturities of held-to-maturity securities	5,239	261
Movement in restricted cash and cash equivalents	39,740	(209,502)
Purchase of other investments	(78,895)	(63,217)
Redemption of other investments	13,882	2,983
Other investing activities	(233)	(235)
Net cash flows provided by (used in) investing activities	<u>144,948</u>	<u>(263,779)</u>
FINANCING ACTIVITIES:		
Contribution by redeemable noncontrolling interest	\$ —	\$ 260,800
Receipt of loans	109,000	70,000
Repayment of loans	—	(35,000)
Net cash flows provided by financing activities	<u>109,000</u>	<u>295,800</u>
EFFECT OF EXCHANGE RATE CHANGES ON FOREIGN CURRENCY CASH AND CASH EQUIVALENTS	<u>(15,444)</u>	<u>1,033</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	19,099	1,982
CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD	963,402	643,841
CASH AND CASH EQUIVALENTS, END OF PERIOD	<u>\$ 982,501</u>	<u>\$ 645,823</u>
Supplemental Cash Flow Information		
Net income taxes paid	\$ 11,715	\$ 13,725
Interest paid	\$ 4,003	\$ 5,929

See accompanying notes to the unaudited condensed consolidated financial statements

ENSTAR GROUP LIMITED
NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
March 31, 2015 and December 31, 2014
(Tabular information expressed in thousands of U.S. dollars except share and per share data)
(unaudited)

1. SIGNIFICANT ACCOUNTING POLICIES

Basis of Preparation and Consolidation

The Company's condensed consolidated financial statements have not been audited. These statements have been prepared in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP") for interim financial information and with the instructions to Form 10-Q and Article 10 of Regulation S-X. Accordingly, they do not include all of the information and footnotes required by U.S. GAAP for complete financial statements. In the opinion of management, these financial statements reflect all adjustments (consisting of normal recurring accruals) considered necessary for a fair presentation of the Company's financial position and results of operations as at the end of and for the periods presented. Results of operations for subsidiaries acquired are included from the dates of their acquisition by the Company. The results of operations for any interim period are not necessarily indicative of the results for a full year. Inter-company accounts and transactions have been eliminated. In these notes, the terms "we," "us," "our," or "the Company" refer to Enstar Group Limited and its direct and indirect subsidiaries.

The preparation of these unaudited condensed consolidated financial statements requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the unaudited condensed consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. While management believes that the amounts included in the unaudited condensed consolidated financial statements reflect its best estimates and assumptions, actual results could differ from those estimates. The Company's principal estimates include, but are not limited to:

- reserves for losses and loss adjustment expenses;
- policy benefits for life and annuity contracts;
- gross and net premiums written and net premiums earned;
- reinsurance balances recoverable, including the provisions for uncollectible amounts;
- other-than-temporary impairments in the carrying value of available-for-sale investment securities;
- valuation of certain other investments that are measured using significant unobservable inputs;
- valuation of goodwill and intangible assets; and
- fair value estimates associated with accounting for acquisitions.

The following information should be read in conjunction with the Company's Annual Report on Form 10-K for the year ended December 31, 2014.

New Accounting Standards Adopted in 2015

Accounting Standards Update ("ASU") 2015-01, Simplifying Income Statement Presentation by Eliminating the Concept of Extraordinary Items

In January 2015, the Financial Accounting Standards Board ("FASB") issued ASU No. 2015-01, which eliminates the concept of extraordinary items from U.S. GAAP as part of its simplification

ENSTAR GROUP LIMITED

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

1. SIGNIFICANT ACCOUNTING POLICIES—(Continued)

initiative. As a result, a registrant will no longer (1) segregate an extraordinary item from the results of ordinary operations; (2) separately present an extraordinary item on its income statement, net of tax, after income from continuing operations; and (3) disclose income taxes and earnings-per-share data applicable to an extraordinary item. However, the guidance does not affect the reporting and disclosure requirements for material items that are unusual in nature or infrequently occurring. The guidance is effective for interim and annual reporting periods beginning after December 15, 2015, with early adoption permitted if applied from the beginning of the fiscal year of adoption. Registrants may apply the guidance prospectively or retrospectively to all prior periods presented in the financial statements. The Company adopted the new guidance effective January 1, 2015 and its adoption did not have an impact on its consolidated financial statements and disclosures.

ASU 2014-08, Reporting Discontinued Operations and Disclosures of Disposals of Components of an Entity

In April 2014, the FASB issued ASU No. 2014-08, which changed the definition of discontinued operations as well as certain presentation and disclosure requirements. Under the new guidance, only those disposed components or components held-for-sale representing a strategic shift that have or will have a major impact on operations and financial results of a registrant, or that are businesses held-for-sale at acquisition will be reported in discontinued operations. In addition, under the new guidance, continuing involvement by the registrant will no longer preclude a disposal group from being presented as discontinued operations. However, the new guidance requires registrants to disclose the nature of any continuing involvement including cashflows to or from the discontinued operation, as long as the discontinued operation is included in the financial statements presented. Expanded disclosures about discontinued operations and disposals of individually significant components that do not qualify for discontinued operations presentation will however be required by the new guidance. The Company adopted this guidance effective January 1, 2015 and its adoption did not have a material impact on its consolidated financial statements and disclosures.

Recently Issued Accounting Pronouncements Not Yet Adopted

ASU 2015-03, Simplifying the Presentation of Debt Issuance Costs

In April 2015, the FASB issued ASU No. 2015-03, which changes the presentation of debt issuance costs in financial statements. Under the guidance, a registrant would present such costs in the balance sheet as a direct deduction from the related debt liability rather than as an asset. Amortization of the costs is reported as interest expense. The guidance is effective for interim and annual reporting periods beginning after December 15, 2015, with early adoption permitted. The Company is currently evaluating the impact of this guidance, however it does not expect the adoption of this guidance to have a material impact on its consolidated financial statements and disclosures.

ASU 2015-02, Amendments to the Consolidation Analysis

In February 2015, the FASB issued ASU No. 2015-02, which requires registrants to evaluate whether they should consolidate certain legal entities. The new consolidation guidance changes the way registrants evaluate whether (1) they should consolidate limited partnerships and similar entities; (2) fees paid to a decision maker or service provider are variable interests in a variable interest entity ("VIE"), and (3) variable interests in a VIE held by related parties of the registrant require the registrant to consolidate the VIE. The new guidance also eliminates the VIE consolidation model based on

ENSTAR GROUP LIMITED

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

1. SIGNIFICANT ACCOUNTING POLICIES—(Continued)

majority exposure to variability that applied to certain investment companies and similar entities. The ASU also significantly changes how to evaluate voting rights for entities that are not similar to limited partnerships when determining whether the entity is a VIE, which may affect entities for which decision making rights are conveyed through a contractual arrangement. The guidance is effective for interim and annual reporting periods beginning after December 15, 2015. The Company is currently evaluating the impact of the adoption of this guidance on its consolidated financial statements and disclosures.

2. ACQUISITIONS

Nationale Suisse Assurance S.A.

On February 5, 2015, the Company's wholly-owned subsidiary, Harper Holding SARL, entered into a definitive agreement with Nationale Suisse to acquire its Belgian subsidiary, Nationale Suisse Assurance S.A. ("NSA"). NSA is a Belgium-based insurance company writing non-life insurance (which the Company expects to operate in run-off as part of its non-life run-off segment) and life insurance (which the Company expects to operate in run-off as part of its life and annuities segment).

The total consideration for the transaction will be €33.7 million (approximately \$38.5 million) (subject to certain possible closing adjustments). The Company expects to finance the purchase price from cash on hand. Completion of the transaction is conditioned on, among other things, governmental and regulatory approvals and satisfaction of various customary closing conditions. The transaction is expected to close during the third quarter of 2015.

Wilton Re Life Settlements

On May 5, 2015, the Company, through its wholly owned subsidiary, Guillamene Holdings Limited, completed the acquisitions of two Delaware limited liability companies from subsidiaries of Wilton Re Limited that own interests in life insurance policies acquired in the secondary and tertiary markets and through collateralized lending transactions.

The total consideration for the transaction was \$173.0 million, which will be paid in two installments. The first installment of \$89.1 million was paid on closing and was financed by borrowings under the Company's revolving credit facility. The second installment of \$83.9 million, due on the first anniversary of closing, is expected to be funded from cash on hand.

Sussex Property and Casualty Insurance Company (formerly known as Companion)

On January 27, 2015, the Company and Sussex Holdings, Inc. ("Sussex Holdings"), a wholly-owned subsidiary of the Company, completed the acquisition of Companion Property and Casualty Insurance Company ("Companion") from Blue Cross and Blue Shield of South Carolina, an independent licensee of the Blue Cross Blue Shield Association. Companion is a South Carolina-based insurance group writing property, casualty, specialty and workers compensation business, and has also provided fronting and third party administrative services.

The total consideration for the transaction was \$218.0 million in cash, which was financed 50% through borrowings under the previously announced Term Facility Agreement with National Australia Bank Limited and Barclays Bank PLC (the "Sussex Facility") and 50% from cash on hand.

ENSTAR GROUP LIMITED

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

2. ACQUISITIONS—(Continued)

Immediately following the acquisition, Companion was placed into run-off, and accordingly is no longer writing new insurance policies. Since its acquisition, Companion has renewed expiring insurance policies when it was obligated to do so.

The Company changed the name of Companion to Sussex Property and Casualty Insurance Company (“Sussex”) following the acquisition and is operating the company as part of its non-life run-off business.

Purchase price	<u>\$218,000</u>
Net assets acquired at fair value	<u>\$218,000</u>
Excess of purchase price over fair value of net assets acquired	<u>\$ —</u>

The purchase price was allocated to the acquired assets and liabilities of Sussex based on estimated fair values at the acquisition date.

The Company has not completed the process of determining the fair value of its losses and loss adjustment expense reserves acquired in the Sussex acquisition. The valuation will be completed within the measurement period, which cannot exceed 12 months from the acquisition date. As a result, the fair value recorded is a provisional estimate and may be subject to adjustment. Once completed, any adjustments resulting from the valuations may impact the individual amounts recorded for assets acquired and liabilities assumed.

Results related to Sussex are included within the Company’s non-life run-off segment.

ENSTAR GROUP LIMITED

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

2. ACQUISITIONS—(Continued)

The following table summarizes the provisional fair values of the assets acquired and liabilities assumed at the acquisition date.

	<u>Sussex</u>
ASSETS	
Short-term investments, trading, at fair value	\$ 85,309
Fixed maturities, trading, at fair value	523,227
Equities, trading, at fair value	31,439
Total investments	639,975
Cash and cash equivalents	358,458
Restricted cash and cash equivalents	15,279
Accrued interest receivable	3,984
Premiums receivable	35,279
Reinsurance balances recoverable	486,570
Prepaid reinsurance premiums	28,751
Other assets	47,143
TOTAL ASSETS	\$ 1,615,439
LIABILITIES	
Losses and loss adjustment expenses	\$ 1,255,040
Insurance and reinsurance balances payable	3,030
Unearned premiums	85,505
Funds withheld	42,090
Other liabilities	11,774
TOTAL LIABILITIES	1,397,439
NET ASSETS ACQUIRED AT FAIR VALUE	\$ 218,000

From the date of acquisition to March 31, 2015, the Company earned premiums of \$20.6 million, recorded net increase in ultimate losses and loss adjustment expense liabilities of \$18.5 million on those earned premiums, and recorded \$2.2 million in net losses attributable to Enstar Group Limited in its consolidated statement of earnings.

3. SIGNIFICANT NEW BUSINESS

Reciprocal of America

On January 15, 2015, the Company's wholly-owned subsidiary, Providence Washington Insurance Company, completed the previously announced loss portfolio transfer reinsurance transaction with Reciprocal of America (in Receivership) and its Deputy Receiver relating to a portfolio of workers compensation business in run-off. The total net insurance reserves assumed were approximately \$162.1 million, with an equivalent amount of cash and/or investments being received as consideration.

Shelbourne RITC Transaction

Effective January 1, 2015, Lloyd's Syndicate 2008, which is managed by the Company's wholly-owned subsidiary and Lloyd's managing agent, Shelbourne Syndicate Services Limited, entered into a reinsurance to close contract ("RITC") of the 2012 and prior underwriting years of account of another Lloyd's syndicate, under which Syndicate 2008 assumed total net insurance reserves of approximately £17.2 million (approximately \$26.9 million) for cash consideration of an equal amount.

ENSTAR GROUP LIMITED

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

4. INVESTMENTS

The Company holds: (i) trading portfolios of fixed maturity investments, short-term investments, equities and other investments; (ii) a held-to-maturity portfolio of fixed maturity investments; and (iii) available-for-sale portfolios of fixed maturity investments. The Company's trading and available-for-sale portfolios are recorded at fair value. The Company's held-to-maturity portfolio is recorded at amortized cost.

In the normal course of the Company's investing activities, it actively manages allocations to non-controlling tranches of structured securities issued by VIEs. These structured securities include residential mortgage-backed, commercial mortgage-backed and asset-backed securities and are included in the tables below.

The Company's other investments are comprised of private equity funds, fixed income funds, fixed income hedge funds, equity and real estate debt funds. The Company also holds both direct and indirect investments in collateralized loan obligation ("CLO") equity-tranched securities, which are all variable interests issued by VIEs. The indirect investments are in the form of CLO equity funds. For these variable interests, the Company does not have the power to direct the activities that are most significant to the economic performance of the VIEs and, accordingly, it is not the primary beneficiary for any of these VIEs. The Company's maximum exposure to loss on these interests is limited to the amount of its investment. The Company has not provided financial or other support with respect to these structured securities other than its original investment.

Trading

The estimated fair values of the Company's investments in fixed maturity investments, short-term investments and equities classified as trading securities were as follows:

	March 31, 2015	December 31, 2014
U.S. government and agency	\$ 723,375	\$ 744,660
Non-U.S. government	334,611	368,945
Corporate	2,495,393	1,986,873
Municipal	130,083	25,607
Residential mortgage-backed	409,006	308,621
Commercial mortgage-backed	171,270	139,907
Asset-backed	588,144	388,194
Total fixed maturity and short-term investments	4,851,882	3,962,807
Equities—U.S.	127,174	106,895
Equities—International	44,909	43,235
	<u>\$ 5,023,965</u>	<u>\$ 4,112,937</u>

Included within residential and commercial mortgage-backed securities as at March 31, 2015 were securities issued by U.S. governmental agencies with a fair value of \$363.1 million (as at December 31, 2014: \$263.4 million).

Included within corporate securities as at March 31, 2015 were senior secured loans of \$37.3 million (as at December 31, 2014: \$33.5 million).

The increase in the Company's investments classified as trading securities of \$911.0 million was due primarily to additional fixed maturity investments acquired in the Sussex acquisition.

ENSTAR GROUP LIMITED

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

4. INVESTMENTS—(Continued)

The contractual maturities of the Company's short-term and fixed maturity investments classified as trading are shown below. Actual maturities may differ from contractual maturities because borrowers may have the right to call or prepay obligations with or without call or prepayment penalties.

As at March 31, 2015	Amortized Cost	Fair Value	% of Total Fair Value
One year or less	\$ 808,208	\$ 790,275	16.3%
More than one year through two years	833,382	819,657	16.9%
More than two years through five years	1,458,942	1,463,838	30.2%
More than five years through ten years	454,522	456,041	9.4%
More than ten years	156,784	153,651	3.2%
	3,711,838	3,683,462	76.0%
Residential mortgage-backed	408,795	409,006	8.4%
Commercial mortgage-backed	170,851	171,270	3.5%
Asset-backed	589,503	588,144	12.1%
	<u>\$4,880,987</u>	<u>\$4,851,882</u>	<u>100.0%</u>
As at December 31, 2014	Amortized Cost	Fair Value	% of Total Fair Value
One year or less	\$ 837,557	\$ 829,644	20.9%
More than one year through two years	787,810	780,979	19.7%
More than two years through five years	1,161,708	1,159,917	29.3%
More than five years through ten years	289,359	289,911	7.3%
More than ten years	66,793	65,634	1.7%
	3,143,227	3,126,085	78.9%
Residential mortgage-backed	307,847	308,621	7.8%
Commercial mortgage-backed	139,984	139,907	3.5%
Asset-backed	389,529	388,194	9.8%
	<u>\$3,980,587</u>	<u>\$3,962,807</u>	<u>100.0%</u>

The following tables set forth certain information regarding the credit ratings (provided by major rating agencies) of the Company's fixed maturity and short-term investments classified as trading:

As at March 31, 2015	Fair Value	% of Total Fair Value
AAA	\$1,612,614	33.2%
AA	820,519	16.9%
A	1,662,483	34.3%
BBB	616,042	12.7%
Non-Investment Grade	131,941	2.7%
Not Rated	8,283	0.2%
	<u>\$4,851,882</u>	<u>100.0%</u>

ENSTAR GROUP LIMITED

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

4. INVESTMENTS—(Continued)

As at December 31, 2014	Fair Value	% of Total Fair Value
AAA	\$ 527,466	13.3%
AA	1,747,389	44.1%
A	1,164,604	29.4%
BBB	391,107	9.9%
Non-Investment Grade	111,777	2.8%
Not Rated	20,464	0.5%
	<u>\$3,962,807</u>	<u>100.0%</u>

Held-to-maturity

The Company holds a portfolio of held-to-maturity securities to support the annuity business acquired with Pavonia Holdings (US) Inc. (“Pavonia”). The amortized cost and estimated fair values of the Company’s fixed maturity investments classified as held-to-maturity were as follows:

As at March 31, 2015	Amortized Cost	Gross Unrealized Holding Gains	Gross Unrealized Holding Losses Non-OTTI	Fair Value
U.S. government and agency	\$ 20,166	\$ 523	\$ (6)	\$ 20,683
Non-U.S. government	38,454	883	(16)	39,321
Corporate	746,678	26,046	(499)	772,225
	<u>\$805,298</u>	<u>\$ 27,452</u>	<u>\$ (521)</u>	<u>\$832,229</u>

As at December 31, 2014	Amortized Cost	Gross Unrealized Holding Gains	Gross Unrealized Holding Losses Non-OTTI	Fair Value
U.S. government and agency	\$ 20,257	\$ 322	\$ (20)	\$ 20,559
Non-U.S. government	38,613	325	(249)	38,689
Corporate	754,363	16,182	(3,421)	767,124
	<u>\$813,233</u>	<u>\$ 16,829</u>	<u>\$ (3,690)</u>	<u>\$826,372</u>

As at March 31, 2015 and December 31, 2014, none of these securities were considered to be other than temporarily impaired.

ENSTAR GROUP LIMITED

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

4. INVESTMENTS—(Continued)

The contractual maturities of the Company's fixed maturity investments classified as held-to-maturity are shown below. Actual maturities may differ from contractual maturities because borrowers may have the right to call or prepay obligations with or without call or prepayment penalties.

	Amortized Cost	Fair Value	% of Total Fair Value
As at March 31, 2015			
One year or less	\$ 5,266	5,265	0.6%
More than one year through two years	20,989	21,046	2.5%
More than two years through five years	66,983	67,608	8.1%
More than five years through ten years	98,772	100,095	12.1%
More than ten years	<u>613,288</u>	<u>638,215</u>	<u>76.7%</u>
	<u>\$ 805,298</u>	<u>\$832,229</u>	<u>100.0%</u>
As at December 31, 2014			
One year or less	\$ 10,369	\$ 10,350	1.2%
More than one year through two years	19,939	19,957	2.4%
More than two years through five years	68,945	69,031	8.4%
More than five years through ten years	99,171	98,922	12.0%
More than ten years	<u>614,809</u>	<u>628,112</u>	<u>76.0%</u>
	<u>\$ 813,233</u>	<u>\$826,372</u>	<u>100.0%</u>

The following tables set forth certain information regarding the credit ratings (provided by major rating agencies) of the Company's fixed maturity investments classified as held-to-maturity:

	Amortized Cost	Fair Value	% of Total Fair Value
As at March 31, 2015			
AAA	\$ 65,697	\$ 67,871	8.2%
AA	164,440	168,402	20.2%
A	512,591	531,204	63.8%
BBB or lower	56,803	58,560	7.0%
Non-Investment Grade	5,451	5,875	0.7%
Not Rated	316	317	0.1%
	<u>\$ 805,298</u>	<u>\$832,229</u>	<u>100.0%</u>
As at December 31, 2014			
AAA	\$ 53,893	\$ 54,895	6.6%
AA	245,460	246,764	29.9%
A	466,317	476,642	57.7%
BBB	42,107	42,748	5.2%
Non-Investment Grade	<u>5,456</u>	<u>5,323</u>	<u>0.6%</u>
	<u>\$ 813,233</u>	<u>\$826,372</u>	<u>100.0%</u>

ENSTAR GROUP LIMITED

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

4. INVESTMENTS—(Continued)

Available-for-sale

The amortized cost and estimated fair values of the Company's fixed maturity investments classified as available-for-sale were as follows:

	Amortized Cost	Gross Unrealized Holding Gains	Gross Unrealized Holding Losses Non-OTTI	Fair Value
As at March 31, 2015				
U.S. government and agency	\$ 28,264	\$ 247	\$ (8)	\$ 28,503
Non-U.S. government	67,740	105	(4,867)	62,978
Corporate	101,856	1,222	(2,910)	100,168
Residential mortgage-backed	2,833	84	(198)	2,719
Asset-backed	14,490	33	(1)	14,522
	<u>\$215,183</u>	<u>\$ 1,691</u>	<u>\$ (7,984)</u>	<u>\$208,890</u>

	Amortized Cost	Gross Unrealized Holding Gains	Gross Unrealized Holding Losses Non-OTTI	Fair Value
As at December 31, 2014				
U.S. government and agency	\$ 24,167	\$ 182	(7)	\$ 24,342
Non-U.S. government	72,913	386	(2,805)	70,494
Corporate	101,745	964	(1,653)	101,056
Residential mortgage-backed	3,305	76	(138)	3,243
Asset-backed	41,980	15	(19)	41,976
	<u>\$244,110</u>	<u>\$ 1,623</u>	<u>\$ (4,622)</u>	<u>\$241,111</u>

Included within residential mortgage-backed securities as at March 31, 2015 were securities issued by U.S. governmental agencies with a fair value of \$1.0 million (as at December 31, 2014: \$1.1 million).

The following tables summarize the Company's fixed maturity investments classified as available-for-sale in an unrealized loss position as well as the aggregate fair value and gross unrealized loss by length of time the securities have continuously been in an unrealized loss position:

	12 Months or Greater		Less Than 12 Months		Total	
	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses
As at March 31, 2015						
U.S. government and agency	\$ 526	\$ (1)	\$ 4,844	\$ (7)	\$ 5,370	\$ (8)
Non-U.S. government	8,728	(1,707)	19,600	(3,160)	28,328	(4,867)
Corporate	8,161	(231)	23,364	(2,679)	31,525	(2,910)
Residential mortgage-backed	41	—	1,465	(198)	1,506	(198)
Asset-backed	1,020	(1)	255	—	1,275	(1)
	<u>\$18,476</u>	<u>\$ (1,940)</u>	<u>\$49,528</u>	<u>\$ (6,044)</u>	<u>\$68,004</u>	<u>\$ (7,984)</u>

ENSTAR GROUP LIMITED

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

4. INVESTMENTS—(Continued)

	12 Months or Greater		Less Than 12 Months		Total	
	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses
As at December 31, 2014						
U.S. government and agency	\$ 528	\$ —	\$ 3,678	\$ (6)	\$ 4,206	\$ (6)
Non-U.S. government	17,051	(1,534)	20,300	(1,271)	37,351	(2,805)
Corporate	39,964	(1,003)	40,072	(651)	80,036	(1,654)
Residential mortgage-backed	2,073	(138)	—	—	2,073	(138)
Asset-backed	11,215	(12)	14,720	(7)	25,935	(19)
	<u>\$70,831</u>	<u>\$ (2,687)</u>	<u>\$78,770</u>	<u>\$ (1,935)</u>	<u>\$149,601</u>	<u>\$ (4,622)</u>

As at March 31, 2015 and December 31, 2014, the number of securities classified as available-for-sale in an unrealized loss position was 126 and 212, respectively, with a fair value of \$68.0 million and \$149.6 million, respectively. Of these securities, the number of securities that had been in an unrealized loss position for twelve months or longer was 29 and 120, respectively. As of March 31, 2015, none of these securities were considered to be other than temporarily impaired.

The contractual maturities of the Company's fixed maturity investments classified as available-for-sale are shown below. Actual maturities may differ from contractual maturities because borrowers may have the right to call or prepay obligations with or without call or prepayment penalties.

	Amortized Cost	Fair Value	% of Total Fair Value
As at March 31, 2015			
One year or less	\$ 56,681	\$ 54,226	26.0%
More than one year through two years	55,516	53,140	25.4%
More than two years through five years	79,485	77,428	37.1%
More than five years through ten years	3,990	3,695	1.8%
More than ten years	2,188	3,160	1.5%
	197,860	191,649	91.8%
Residential mortgage-backed	2,833	2,719	1.3%
Asset-backed	14,490	14,522	6.9%
	<u>\$215,183</u>	<u>\$208,890</u>	<u>100.0%</u>

	Amortized Cost	Fair Value	% of Total Fair Value
As at December 31, 2014			
One year or less	\$ 54,491	\$ 53,496	22.2%
More than one year through two years	53,936	52,343	21.7%
More than two years through five years	86,157	84,970	35.2%
More than five years through ten years	1,890	1,858	0.8%
More than ten years	2,351	3,225	1.3%
	198,825	195,892	81.2%
Residential mortgage-backed	3,305	3,243	1.4%
Asset-backed	41,980	41,976	17.4%
	<u>\$244,110</u>	<u>\$241,111</u>	<u>100.0%</u>

ENSTAR GROUP LIMITED

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

4. INVESTMENTS—(Continued)

The following tables set forth certain information regarding the credit ratings (provided by major rating agencies) of the Company's fixed maturity investments classified as available-for-sale:

As at March 31, 2015	Amortized Cost	Fair Value	% of Total Fair Value
AAA	\$ 114,734	\$110,600	53.0%
AA	34,929	33,115	15.8%
A	46,748	46,564	22.3%
BBB	18,772	18,611	8.9%
	<u>\$ 215,183</u>	<u>\$208,890</u>	<u>100.0%</u>

As at December 31, 2014	Amortized Cost	Fair Value	% of Total Fair Value
AAA	\$ 117,866	\$115,691	48.0%
AA	62,707	61,970	25.7%
A	49,039	49,063	20.3%
BBB	14,498	14,387	6.0%
	<u>\$ 244,110</u>	<u>\$241,111</u>	<u>100.0%</u>

Other-Than-Temporary Impairment Process

The Company assesses whether declines in the fair value of its fixed maturity investments classified as available-for-sale and held-to-maturity represent impairment losses that are other-than-temporary and whether a credit loss exists in accordance with its accounting policies. In assessing whether it is more likely than not that the Company will be required to sell a fixed maturity investment before its anticipated recovery, the Company considers various factors including its future cash flow requirements, legal and regulatory requirements, the level of its cash, cash equivalents, short-term investments and fixed maturity investments available-for-sale in an unrealized gain position, and other relevant factors. For the three months ended March 31, 2015, the Company did not recognize any other-than-temporary impairment losses due to required sales. The Company determined that, as at March 31, 2015, no credit losses existed.

Other Investments

The estimated fair values of the Company's other investments were as follows:

	March 31, 2015	December 31, 2014
Private equity funds	\$214,540	\$ 197,269
Fixed income funds	333,986	335,026
Fixed income hedge funds	77,036	59,627
Equity funds	157,974	150,053
Real estate debt fund	74,658	33,902
CLO equities	43,249	41,271
CLO equity funds	16,217	16,022
Other	1,663	3,698
	<u>\$919,323</u>	<u>\$ 836,868</u>

ENSTAR GROUP LIMITED

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

4. INVESTMENTS—(Continued)

Private equity funds

This class comprises several private equity funds that invest primarily in the financial services industry. All of the Company's investments in private equity funds are subject to restrictions on redemptions and sales that are determined by the governing documents and limit the Company's ability to liquidate those investments. These restrictions have been in place since the dates the initial investments were made by the Company.

As of March 31, 2015 and December 31, 2014, the Company had \$214.5 million and \$197.3 million, respectively, of other investments recorded in private equity funds. Due to a lag in the valuations reported by the managers, the Company records changes in the investment value with up to a three-month lag. Management regularly reviews and discusses fund performance with the Company's fund managers to corroborate the reasonableness of the reported net asset values and to assess whether any events have occurred within the lag period that would affect the valuation of the investments.

Fixed income funds

This class comprises a number of positions in diversified fixed income funds that are managed by third party managers. Underlying investments vary from high grade corporate bonds to non-investment grade senior secured loans and bonds, but are generally invested in liquid fixed income markets. These funds have regularly published prices. The funds have liquidity terms that vary from daily up to quarterly.

Fixed income hedge funds

This class comprises hedge funds that invest in a diversified portfolio of debt securities. The hedge funds have imposed lock-up periods of three years from the time of the Company's initial investment. Once eligible, redemptions will be permitted quarterly with 90 days' notice.

Equity funds

This class comprises equity funds that invest in a diversified portfolio of international publicly-traded equity securities.

Real estate debt fund

This class comprises a real estate debt fund that invests primarily in U.S. commercial real estate loans and securities. A redemption request for this fund can be made 10 days after the date of any monthly valuation; the fund states that it will make commercially reasonable efforts to redeem the investment within the next monthly period.

CLO equities

This class comprises investments in the equity tranches of term-financed securitizations of diversified pools of corporate bank loans. CLO equities denote direct investments by the Company in these securities.

ENSTAR GROUP LIMITED

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

4. INVESTMENTS—(Continued)

CLO equity funds

This class comprises two funds that invest primarily in the equity tranches of term-financed securitizations of diversified pools of corporate bank loans.

Other

As at March 31, 2015, this class primarily comprises a fund that provides loans to educational institutions throughout the U.S. and its territories. Through these investments, the Company participates in the performance of the underlying loan pools. This investment matures when the loans are paid down and cannot be redeemed before maturity. Previously included within this class was a catastrophe bond acquired as part of the Company's acquisition of Torus Insurance Holdings Limited and its subsidiaries ("Torus") on April 1, 2014. This catastrophe bond matured during the three months ended March 31, 2015.

Redemption restrictions on other investments

Certain funds included in other investments are subject to a lock-up period. A lock-up period refers to the initial amount of time an investor is contractually required to invest before having the ability to redeem the investment. Funds that do provide for periodic redemptions may, depending on the funds' governing documents, have the ability to deny or delay a redemption request, which is called a "gate." The fund may restrict redemptions because the aggregate amount of redemption requests as of a particular date exceeds a specified level. The gate is a method for executing an orderly redemption process that allows for redemption requests to be executed in a timely manner to reduce the possibility of adversely affecting the remaining investors in the fund. Typically, the imposition of a gate delays a portion of the requested redemption, with the remaining portion to be settled in cash sometime after the redemption date.

Certain funds included in other investments may be allowed to invest a portion of their assets in illiquid securities, such as private equity or convertible debt. In such cases, a common mechanism used is a "side-pocket," whereby the illiquid security is assigned to a separate memorandum capital account or designated account. Typically, the investor loses its redemption rights in the designated account. Only when the illiquid security is sold, or is otherwise deemed liquid by the fund, may investors redeem their interest in the side-pocket.

At March 31, 2015, the Company had \$12.5 million of investments subject to gates/side-pockets (\$13.0 million as of December 31, 2014). As of March 31, 2015, management has not made any adjustments to the fair value estimate reported by the fund managers for the side-pocketed investments.

ENSTAR GROUP LIMITED

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

4. INVESTMENTS—(Continued)

The following tables present the fair value, unfunded commitments and redemption frequency for the funds included within other investments. These investments are all valued at net asset value as at March 31, 2015 and December 31, 2014:

March 31, 2015	Total Fair Value	Gated/Side Pocket Investments	Investments without Gates or Side Pockets	Unfunded Commitments	Redemption Frequency
Private equity funds	\$214,540	\$ —	\$ 214,540	\$ 95,243	Not eligible
Fixed income funds	333,986	—	333,986	—	Daily, monthly and quarterly
Fixed income hedge funds	77,036	1,596	75,440	—	Quarterly after lock-up periods expire
Equity funds	157,974	—	157,974	—	Bi-monthly
Real estate debt fund	74,658	—	74,658	—	Monthly
CLO equity funds	16,217	10,925	5,292	—	Quarterly after lock-up periods expire
Other	1,332	—	1,332	655	Not eligible
	<u>\$875,743</u>	<u>\$ 12,521</u>	<u>\$ 863,222</u>	<u>\$ 95,898</u>	

December 31, 2014	Total Fair Value	Gated/Side Pocket Investments	Investments without Gates or Side Pockets	Unfunded Commitments	Redemption Frequency
Private equity funds	\$197,269	\$ —	\$ 197,269	\$ 99,885	Not eligible
Fixed income funds	335,026	—	335,026	—	Daily, monthly and quarterly
Fixed income hedge funds	59,627	1,958	57,669	—	Quarterly after lock-up periods expire
Equity funds	150,053	—	150,053	—	Bi-monthly
Real estate debt fund	33,902	—	33,902	—	Monthly
CLO equity funds	16,022	11,022	5,000	—	Quarterly after lock-up periods expire
Other	1,363	—	1,363	—	Not eligible
	<u>\$793,262</u>	<u>\$ 12,980</u>	<u>\$ 780,282</u>	<u>\$ 99,885</u>	

Fair Value of Financial Instruments

Fair value is defined as the price at which to sell an asset or transfer a liability (i.e. the “exit price”) in an orderly transaction between market participants. The Company uses a fair value hierarchy that gives the highest priority to quoted prices in active markets and the lowest priority to unobservable data. The hierarchy is broken down into three levels as follows:

- Level 1—Valuations based on unadjusted quoted prices in active markets for identical assets or liabilities that the Company has the ability to access. Valuation adjustments and block discounts are not applied to Level 1 instruments.
- Level 2—Valuations based on quoted prices in active markets for similar assets or liabilities, quoted prices for identical assets or liabilities in inactive markets, or for which significant inputs are observable (e.g. interest rates, yield curves, prepayment speeds, default rates, loss severities, etc.) or can be corroborated by observable market data.

ENSTAR GROUP LIMITED

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

4. INVESTMENTS—(Continued)

- Level 3—Valuations based on inputs that are unobservable and significant to the overall fair value measurement. The unobservable inputs reflect the Company's own judgment about assumptions that market participants might use.

The following is a summary of valuation techniques or models the Company uses to measure fair value by asset and liability classes.

Fixed Maturity Investments

The Company's fixed maturity investments portfolio is managed by the Company's Chief Investment Officer and outside investment advisors with oversight from the Company's Investment Committee. Fair values for all securities in the fixed maturity investments portfolio are independently provided by the investment custodians, investment accounting service providers and investment managers, each of which utilize internationally recognized independent pricing services. Interactive Data Corporation is, however, the main pricing service utilized to estimate the fair value measurements for the Company's fixed maturity investments. The Company records the unadjusted price provided by the investment custodians, investment accounting service providers or the investment managers and validates this price through a process that includes, but is not limited to: (i) comparison of prices against alternative pricing sources; (ii) quantitative analysis (e.g. comparing the quarterly return for each managed portfolio to its target benchmark); (iii) evaluation of methodologies used by external parties to estimate fair value, including a review of the inputs used for pricing; and (iv) comparing the price to the Company's knowledge of the current investment market. The Company's internal price validation procedures and review of fair value methodology documentation provided by independent pricing services have not historically resulted in adjustment in the prices obtained from the pricing service.

The independent pricing services used by the investment custodians, investment accounting service providers and investment managers obtain actual transaction prices for securities that have quoted prices in active markets. For determining the fair value of securities that are not actively traded, in general, pricing services use "matrix pricing" in which the independent pricing service uses observable market inputs including, but not limited to, reported trades, benchmark yields, broker-dealer quotes, interest rates, prepayment speeds, default rates and such other inputs as are available from market sources to determine a reasonable fair value. In addition, pricing services use valuation models, using observable data, such as an Option Adjusted Spread model, to develop prepayment and interest rate scenarios. The Option Adjusted Spread model is commonly used to estimate fair value for securities such as mortgage-backed and asset-backed securities.

The following describes the techniques generally used to determine the fair value of the Company's fixed maturity investments by asset class.

- U.S. government and agency securities consist of securities issued by the U.S. Treasury and mortgage pass-through agencies such as the Federal National Mortgage Association, the Federal Home Loan Mortgage Corporation and other agencies. The significant inputs used to determine the fair value of these securities include the spread above the risk-free yield curve, reported trades and broker-dealer quotes. These are considered to be observable market inputs and, therefore, the fair values of these securities are classified within Level 2.
- Non-U.S. government securities consist of bonds issued by non-U.S. governments and agencies along with supranational organizations. The significant inputs used to determine the

ENSTAR GROUP LIMITED

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

4. INVESTMENTS—(Continued)

fair value of these securities include the spread above the risk-free yield curve, reported trades and broker-dealer quotes. These are considered to be observable market inputs and, therefore, the fair values of these securities are classified within Level 2.

- Corporate securities consist primarily of investment-grade debt of a wide variety of corporate issuers and industries. The fair values of these securities are determined using the spread above the risk-free yield curve, reported trades, broker-dealer quotes, benchmark yields, and industry and market indicators. These are considered observable market inputs and, therefore, the fair values of these securities are classified within Level 2. Where pricing is unavailable from pricing services, the Company obtains non-binding quotes from broker-dealers. This is generally the case when there is a low volume of trading activity and current transactions are not orderly. In this event, securities are classified within Level 3. As at March 31, 2015, the Company had no corporate securities classified as Level 3.
- Municipal securities consist primarily of bonds issued by U.S.-domiciled state and municipal entities. The fair values of these securities are determined using the spread above the risk-free yield curve, reported trades, broker-dealer quotes and benchmark yields. These are considered observable market inputs and, therefore, the fair values of these securities are classified within Level 2.
- Asset-backed securities consist primarily of investment-grade bonds backed by pools of loans with a variety of underlying collateral. The significant inputs used to determine the fair value of these securities include the spread above the risk-free yield curve, reported trades, benchmark yields, broker-dealer quotes, prepayment speeds and default rates. These are considered observable market inputs and, therefore, the fair values of these securities are classified within Level 2.
- Residential and commercial mortgage-backed securities include both agency and non-agency originated securities. The significant inputs used to determine the fair value of these securities include the spread above the risk-free yield curve, reported trades, benchmark yields, broker-dealer quotes, prepayment speeds and default rates. These are considered observable market inputs and, therefore, the fair values of these securities are classified within Level 2. Where pricing is unavailable from pricing services, the Company obtains non-binding quotes from broker-dealers. This is generally the case when there is a low volume of trading activity and current transactions are not orderly. In this event, securities are classified within Level 3. As at both March 31, 2015 and December 31, 2014, the Company had no residential or commercial mortgage-backed securities classified as Level 3.

Equities

The Company's equities are predominantly traded on the major exchanges and are primarily managed by an external advisor. The Company uses Interactive Data Corporation, an internationally recognized pricing service, to estimate the fair value for all of its equities. The Company's equities are widely diversified and there is no significant concentration in any specific industry.

The Company has categorized all of its investments in equities other than preferred stock as Level 1 investments because the fair values of these investments are based on quoted prices in active markets for identical assets or liabilities. The fair value estimates of the Company's preferred stock is based on observable market data and, as a result, has been categorized as Level 2.

ENSTAR GROUP LIMITED

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

4. INVESTMENTS—(Continued)

Other investments

The Company has ongoing due diligence processes with respect to funds in which it invests and their managers. These processes are designed to assist the Company in assessing the quality of information provided by, or on behalf of, each fund and in determining whether such information continues to be reliable or whether further review is warranted. Certain funds do not provide full transparency of their underlying holdings; however, the Company obtains the audited financial statements for funds annually, and regularly reviews and discusses the fund performance with the fund managers to corroborate the reasonableness of the reported net asset values. The use of net asset value as an estimate of the fair value for investments in certain entities that calculate net asset value is a permitted practical expedient. While reported net asset value is the primary input to the review, when the net asset value is deemed not to be indicative of fair value, the Company may incorporate adjustments to the reported net asset value (and not use the permitted practical expedient) on an investment by investment basis. These adjustments may involve significant management judgment. As at March 31, 2015, there were no material adjustments made to the reported net asset value.

For its investments in private equity funds, the Company measures fair value by obtaining the most recently provided capital statement from the external fund manager or third-party administrator. The funds calculate net asset value on a fair value basis. For all publicly-traded companies within these funds, the Company adjusts the reported net asset value based on the latest share price as of the Company's reporting date. The Company has classified its investments in private equity funds as Level 3.

The fixed income funds and equity funds in which the Company invests have been classified as Level 2 investments because their fair value is estimated using the published net asset value and because the fixed income funds and equity funds are highly liquid.

For its investments in fixed income hedge funds, the Company measures fair value by obtaining the most recently published net asset value as advised by the external fund manager or third-party administrator. The investments in the funds are classified as Level 3.

The real estate debt fund in which the Company invests has been valued based on the most recent published net asset value. This investment has been classified as Level 3.

The Company measures the fair value of its direct investment in CLO equities based on valuations provided by the Company's external CLO equity manager. If the investment does not involve an external CLO equity manager, the fair value of the investment is valued based on valuations provided by the broker or lead underwriter of the investment (the "broker"). The Company's CLO equity investments have been classified as Level 3 due to the use of unobservable inputs in the valuation and the limited number of relevant trades in secondary markets.

In providing valuations, the CLO equity manager and brokers use observable and unobservable inputs. Of the significant unobservable market inputs used, the default and loss severity rates involve the most judgment and create the most sensitivity. A significant increase (or decrease) in either of these significant inputs in isolation would result in lower (or higher) fair value estimates for direct investments in the Company's CLO equities and, in general, a change in default rate assumptions will be accompanied by a directionally similar change in loss severity rate assumptions. Collateral spreads and estimated maturity dates are less judgmental inputs because they are based on the historical

ENSTAR GROUP LIMITED

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

4. INVESTMENTS—(Continued)

average of actual spreads and the weighted average life of the current underlying portfolios, respectively. A significant increase (or decrease) in either of these significant inputs in isolation would result in higher (or lower) fair value estimates for direct investments in the Company's CLO equities. In general, these inputs have no significant interrelationship with each other or with default and loss severity rates.

On a quarterly basis, the Company receives the valuation from the external CLO manager and brokers and then reviews the underlying cash flows and key assumptions used by the manager/broker. The Company reviews and updates the significant unobservable inputs based on information obtained from secondary markets. These inputs are the responsibility of the Company and the Company assesses the reasonableness of the inputs (and if necessary, updates the inputs) through communicating with industry participants, monitoring of the transactions in which the Company participates (for example, to evaluate default and loss severity rate trends), and reviewing market conditions, historical results, and emerging trends that may impact future cash flows.

If valuations from the external CLO equity manager or brokers were not available, the Company would use an income approach based on certain observable and unobservable inputs to value these investments. An income approach is also used to corroborate the reasonableness of the valuations provided by the external manager and brokers. Where an income approach is followed, the valuation is based on available trade information, such as expected cash flows and market assumptions on default and loss severity rates. Other inputs used in the valuation process include asset spreads, loan prepayment speeds, collateral spreads and estimated maturity dates.

For its investments in the CLO equity funds, the Company measures fair value by obtaining the most recently published net asset value as advised by the external fund manager. The Company uses an income approach to corroborate the reasonableness of reported net asset value. The CLO equity funds have been classified as Level 3 due to a lack of observable and relevant trades in secondary markets.

The Company's remaining other investments have been valued based on the latest available capital statements, and have all been classified as Level 3.

ENSTAR GROUP LIMITED

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

4. INVESTMENTS—(Continued)

Fair Value Measurements

In accordance with the provisions of the Fair Value Measurement and Disclosure topic of the FASB Accounting Standards Codification (“ASC”) 820, the Company has categorized its investments that are recorded at fair value among levels as follows:

	March 31, 2015			
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total Fair Value
U.S. government and agency	\$ —	\$ 751,878	\$ —	\$ 751,878
Non-U.S. government	—	397,589	—	397,589
Corporate	—	2,595,561	—	2,595,561
Municipal	—	130,083	—	130,083
Residential mortgage-backed	—	411,725	—	411,725
Commercial mortgage-backed	—	171,270	—	171,270
Asset-backed	—	602,666	—	602,666
Equities—U.S.	121,979	5,195	—	127,174
Equities—International	26,377	18,532	—	44,909
Other investments	—	491,961	427,362	919,323
Total investments	\$ 148,356	\$5,576,460	\$ 427,362	\$6,152,178

	December 31, 2014			
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total Fair Value
U.S. government and agency	\$ —	\$ 769,002	\$ —	\$ 769,002
Non-U.S. government	—	439,439	—	439,439
Corporate	—	2,087,329	600	2,087,929
Municipal	—	25,607	—	25,607
Residential mortgage-backed	—	311,864	—	311,864
Commercial mortgage-backed	—	139,907	—	139,907
Asset-backed	—	430,170	—	430,170
Equities—U.S.	96,842	5,203	4,850	106,895
Equities—International	24,365	18,870	—	43,235
Other investments	—	487,078	349,790	836,868
Total investments	\$ 121,207	\$4,714,469	\$ 355,240	\$5,190,916

ENSTAR GROUP LIMITED

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

4. INVESTMENTS—(Continued)

The following tables present the Company's fair value hierarchy for those assets classified as held-to-maturity in the consolidated balance sheet but for which disclosure of the fair value is required as of March 31, 2015 and December 31, 2014:

	March 31, 2015			Total Fair Value
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	
U.S. government and agency	\$ —	\$ 20,683	\$ —	\$ 20,683
Non-U.S. government	—	39,321	—	39,321
Corporate	—	772,225	—	772,225
Total investments	\$ —	\$ 832,229	\$ —	\$832,229

	December 31, 2014			Total Fair Value
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	
U.S. government and agency	\$ —	\$ 20,559	\$ —	\$ 20,559
Non-U.S. government	—	38,689	—	38,689
Corporate	—	767,124	—	767,124
Total investments	\$ —	\$ 826,372	\$ —	\$826,372

During the three months ended March 31, 2015 and year ended December 31, 2014, the Company had no transfers between Levels 1 and 2.

The following table presents a reconciliation of the beginning and ending balances for all investments measured at fair value on a recurring basis using Level 3 inputs during the three months ended March 31, 2015:

	Fixed Maturity Investments	Other Investments	Equity Securities	Total
Level 3 investments as of January 1, 2015	\$ 600	\$ 349,790	\$ 4,850	\$355,240
Purchases	—	81,978	—	81,978
Sales	(600)	(13,882)	(5,000)	(19,482)
Total realized and unrealized gains through earnings	—	9,476	150	9,626
Net transfers into and/or (out of) Level 3	—	—	—	—
Level 3 investments as of March 31, 2015	\$ —	\$ 427,362	\$ —	\$427,362

The amount of net gains for the three months ended March 31, 2015 included in earnings attributable to the fair value of changes in assets still held at March 31, 2015 was \$9.6 million. All of this amount was included in net realized and unrealized gains.

ENSTAR GROUP LIMITED

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

4. INVESTMENTS—(Continued)

The following table presents a reconciliation of the beginning and ending balances for all investments measured at fair value on a recurring basis using Level 3 inputs during the three months ended March 31, 2014.

	Fixed Maturity Investments	Other Investments	Equity Securities	Total
Level 3 investments as of January 1, 2014	\$ 609	\$ 265,569	\$ 4,725	\$270,903
Purchases	—	23,292	—	23,292
Sales	—	(2,983)	—	(2,983)
Total realized and unrealized gains through earnings	(2)	10,773	25	10,796
Net transfers into and/or (out of) Level 3	—	—	—	—
Level 3 investments as of March 31, 2014	<u>\$ 607</u>	<u>\$ 296,651</u>	<u>\$ 4,750</u>	<u>\$302,008</u>

The amount of net gains for the three months ended March 31, 2014 included in earnings attributable to the fair value of changes in assets still held at March 31, 2014 was \$10.8 million. All of this amount was included in net realized and unrealized gains.

Net Realized and Unrealized Gains

Components of net realized and unrealized gains for the three months ended March 31, 2015 and 2014 are as follows:

	Three Months Ended March 31,	
	2015	2014
Gross realized gains on available-for-sale securities	\$ 114	\$ 26
Gross realized losses on available-for-sale securities	(8)	(145)
Net realized gains on trading securities	12,583	5,917
Net unrealized gains on trading securities	6,769	11,778
Net realized and unrealized gains on other investments	23,562	16,997
Net realized and unrealized gains	<u>\$43,020</u>	<u>\$34,573</u>
Proceeds from sales and maturities of available-for-sale securities	<u>\$49,241</u>	<u>\$59,238</u>

ENSTAR GROUP LIMITED

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

4. INVESTMENTS—(Continued)

Net Investment Income

Major categories of net investment income for the three months ended March 31, 2015 and 2014 are summarized as follows:

	Three Months Ended March 31,	
	2015	2014
Interest from fixed maturity investments	\$ 38,852	\$ 34,206
Interest from cash and cash equivalents and short-term investments	2,719	1,625
Net amortization of bond premiums and discounts	(12,603)	(12,462)
Dividends from equities	1,681	1,404
Income from other investments	882	92
Interest on other receivables	281	226
Other income	2,903	22
Interest on deposits held with clients	480	730
Policy loan interest	293	311
Investment expenses	(1,595)	(1,806)
	<u>\$ 33,893</u>	<u>\$ 24,348</u>

Other investments includes interest distributions from the Company's direct investments in CLO equities.

Restricted Assets

The Company is required to maintain investments and cash and cash equivalents on deposit with various regulatory authorities to support its insurance and reinsurance operations. The investments and cash and cash equivalents on deposit are available to settle insurance and reinsurance liabilities. The Company also utilizes trust accounts to collateralize business with its insurance and reinsurance counterparties. These trust accounts generally take the place of letter of credit requirements. The assets in trusts as collateral are primarily highly rated fixed maturity securities. The carrying value of the Company's restricted assets, including restricted cash of \$510.5 million and \$535.0 million, as of March 31, 2015 and December 31, 2014, was as follows:

	March 31, 2015	December 31, 2014
Collateral in trust for third party agreements	\$2,738,471	\$ 2,630,259
Assets on deposit with regulatory authorities	1,094,838	653,192
Collateral for secured letter of credit facility	326,282	300,468
	<u>\$4,159,591</u>	<u>\$ 3,583,919</u>

The increase in restricted assets of \$575.7 million since December 31, 2014 is primarily as a result of the acquisition of Companion.

ENSTAR GROUP LIMITED

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

5. DERIVATIVE INSTRUMENTS

From time to time, the Company uses foreign currency forward contracts as part of its overall foreign currency risk management strategy or to obtain exposure to a particular financial market, as well as for yield enhancement. These derivatives are not designated as hedging investments.

The following table sets forth the changes in realized gains (losses) on derivative instruments recorded in net earnings for the periods ended March 31, 2015 and 2014, respectively:

Foreign Exchange Forward Contract	Contract Date	Settlement Date	Contract Amount	Settlement Amount	Net Foreign Exchange Gains (Losses)	
					March 31, 2015	March 31, 2014
Australian dollar	November 26, 2013	January 3, 2014	AU\$45,000	\$41,036	\$ —	\$ (130)
U.S. dollar	July 1, 2013	January 3, 2014	\$40,887	AU\$45,000	—	130

6. REINSURANCE BALANCES RECOVERABLE

The following table provides the total reinsurance balances recoverable as at March 31, 2015 and December 31, 2014:

	March 31, 2015					December 31, 2014				
	Non-life Run-off	Atrium	Torus	Life and Annuities	Total	Non-life Run-off	Atrium	Torus	Life and Annuities	Total
Recoverable from reinsurers on:										
Outstanding losses	\$ 728,386	\$ 7,381	\$151,986	\$ 24,119	\$ 911,872	\$568,386	\$ 9,582	\$181,067	\$ 25,125	\$ 784,160
Losses incurred but not reported	510,400	15,117	138,543	465	664,525	278,696	14,565	154,850	467	448,578
Fair value adjustments	(27,853)	4,131	(9,989)	—	(33,711)	(46,373)	4,131	(10,708)	—	(52,950)
Total reinsurance reserves recoverable	1,210,933	26,629	280,540	24,584	1,542,686	800,709	28,278	325,209	25,592	1,179,788
Paid losses recoverable	193,418	494	48,437	2,264	244,613	129,750	1,289	19,845	883	151,767
	<u>\$1,404,351</u>	<u>\$27,123</u>	<u>\$328,977</u>	<u>\$ 26,848</u>	<u>\$1,787,299</u>	<u>\$930,459</u>	<u>\$29,567</u>	<u>\$345,054</u>	<u>\$ 26,475</u>	<u>\$1,331,555</u>

The Company's acquired insurance and reinsurance run-off subsidiaries, prior to acquisition, used retrocessional agreements to reduce their exposure to the risk of insurance and reinsurance assumed. The Company's insurance and reinsurance subsidiaries remain liable to the extent that retrocessionaires do not meet their obligations under these agreements, and therefore, the Company evaluates and monitors concentration of credit risk among its reinsurers. Provisions are made for amounts considered potentially uncollectible.

On an annual basis, both Atrium Underwriting Group Limited and its subsidiaries ("Atrium") and Torus purchase a tailored outwards reinsurance program designed to manage their risk profiles. The majority of Atrium's total third party reinsurance cover is with Lloyd's Syndicates or other highly rated reinsurers. The majority of Torus' total third party reinsurance cover is with highly rated reinsurers or is collateralized by letters of credit.

ENSTAR GROUP LIMITED

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

6. REINSURANCE BALANCES RECOVERABLE—(Continued)

The fair value adjustments, determined on acquisition of insurance and reinsurance subsidiaries, are based on the estimated timing of loss and loss adjustment expense recoveries and an assumed interest rate equivalent to a risk free rate for securities with similar duration to the reinsurance recoverables acquired plus a spread to reflect credit risk, and are amortized over the estimated recovery period, as adjusted for accelerations in timing of payments as a result of commutation settlements.

As at March 31, 2015 and December 31, 2014, the Company had reinsurance balances recoverable of \$1.79 billion and \$1.33 billion, respectively. The increase of \$455.7 million in reinsurance balances recoverable was primarily a result of the Companion acquisition.

Top Ten Reinsurers

The following table shows, for each segment, the total reinsurance balances recoverable by reinsurer as at March 31, 2015 and December 31, 2014:

	As at March 31, 2015						As at December 31, 2014					
	Reinsurance Balances Recoverable						Reinsurance Balances Recoverable					
	Non-life run-off	Atrium	Torus	Life and annuities	Total	% of Total	Non-life run-off	Atrium	Torus	Life and annuities	Total	% of Total
Top 10 reinsurers	\$ 894,811	\$22,165	\$123,762	\$15,039	\$1,055,777	59.1%	\$667,325	\$23,635	\$158,117	\$15,089	\$ 864,166	64.9%
Other reinsurers' balances > \$1 million	495,363	4,496	202,217	10,419	712,495	39.9%	256,929	4,917	181,196	10,692	453,734	34.1%
Other reinsurers' balances < \$1 million	14,177	462	2,998	1,390	19,027	1.0%	6,205	1,015	5,741	694	13,655	1.0%
Total	<u>\$1,404,351</u>	<u>\$27,123</u>	<u>\$328,977</u>	<u>\$26,848</u>	<u>\$1,787,299</u>	<u>100.0%</u>	<u>\$930,459</u>	<u>\$29,567</u>	<u>\$345,054</u>	<u>\$26,475</u>	<u>\$1,331,555</u>	<u>100.0%</u>

At March 31, 2015 and December 31, 2014, the top ten reinsurers of the Company's business accounted for 59.1% and 64.9%, respectively, of total reinsurance balances recoverable (which includes total reinsurance reserves and paid losses recoverable) and included \$471.0 million and \$310.9 million, respectively, of incurred but not reported ("IBNR") reserves recoverable. With the exception of three non-rated reinsurers from which \$416.8 million was recoverable (December 31, 2014: \$175.2 million related to one reinsurer), the other top ten reinsurers, as at March 31, 2015 and December 31, 2014, were all rated A- or better.

As at March 31, 2015, there were no reinsurers which represented 10% or more of total reinsurance balances recoverable. At December 31, 2014, reinsurance balances recoverable with a carrying value of \$314.5 million were associated with two reinsurers, which represented 10% or more of total reinsurance balances recoverable.

ENSTAR GROUP LIMITED

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

6. REINSURANCE BALANCES RECOVERABLE—(Continued)

Provisions for Uncollectible Reinsurance Balances Recoverable

The following table shows the total reinsurance balances recoverable by rating of reinsurer along with the Company's provisions for uncollectible reinsurance balances recoverable ("provisions for bad debt") as at March 31, 2015 and December 31, 2014. The provisions for bad debt all relate to the non-life run-off segment.

	As at March 31, 2015			As at December 31, 2014		
	Reinsurance Balances Recoverable			Reinsurance Balances Recoverable		
	Gross	Provisions for Bad Debt	Net	Gross	Provisions for Bad Debt	Net
Reinsurers rated A - or above	\$1,247,567	\$ 52,494	\$1,195,073	\$1,126,944	\$ 80,995	\$1,045,949
Reinsurers rated below A -, secured (trust funds or letters of credit)	491,776	0	491,776	204,544	0	204,544
Reinsurers rated below A -, unsecured	305,951	205,501	100,450	289,976	208,914	81,062
Total	<u>\$2,045,294</u>	<u>\$257,995</u>	<u>\$1,787,299</u>	<u>\$1,621,464</u>	<u>\$289,909</u>	<u>\$1,331,555</u>
Provisions for bad debt as a percentage of gross reinsurance balances recoverable		12.6%			17.9%	

7. LOSSES AND LOSS ADJUSTMENT EXPENSES

The following table provides the total losses and loss adjustment expense liabilities as at March 31, 2015 and December 31, 2014:

	March 31, 2015				December 31, 2014			
	Non-life Run-off	Atrium	Torus	Total	Non-life Run-off	Atrium	Torus	Total
Outstanding	\$ 2,653,574	\$ 69,312	\$ 355,437	\$ 3,078,323	\$ 2,202,187	\$ 73,803	\$ 387,171	\$ 2,663,161
Incurred but not reported	2,192,144	107,902	475,509	2,775,555	1,406,420	113,149	477,264	1,996,833
Fair value adjustment	(152,456)	25,659	(2,458)	(129,255)	(173,597)	25,659	(2,635)	(150,573)
Total	<u>\$ 4,693,262</u>	<u>\$ 202,873</u>	<u>\$ 828,488</u>	<u>\$ 5,724,623</u>	<u>\$ 3,435,010</u>	<u>\$ 212,611</u>	<u>\$ 861,800</u>	<u>\$ 4,509,421</u>

The overall increase in losses and loss adjustment expense liabilities for the Company between December 31, 2014 and March 31, 2015 was primarily attributable to the Company's acquisition of Companion.

Refer to Note 8 to the consolidated financial statements contained in the Company's Annual Report on Form 10-K for the year ended December 31, 2014 for more information on establishing reserves for losses and loss adjustment expenses liabilities.

ENSTAR GROUP LIMITED

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

7. LOSSES AND LOSS ADJUSTMENT EXPENSES—(Continued)

The total net (reduction) increase in ultimate losses and loss adjustment expense liabilities in the Company's non-life run-off, Atrium and Torus segments for the three months ended March 31, 2015 and 2014 was as follows:

	Three Months Ended March 31,						
	2015			2014			
	Non-life Run-off	Atrium	Torus	Total	Non-life Run-off	Atrium	Total
Net losses paid	\$ 65,260	\$11,911	\$52,148	\$129,319	\$ 87,687	\$12,835	\$100,522
Net change in case and LAE reserves	(7,000)	(1,019)	(1,786)	(9,805)	(62,398)	775	(61,623)
Net change in IBNR reserves	(37,278)	(3,810)	25,739	(15,349)	(37,348)	3,469	(33,879)
Increase (reduction) in estimates of net ultimate losses	20,982	7,082	76,101	104,165	(12,059)	17,079	5,020
Reduction in provisions for bad debt	(19,814)	—	—	(19,814)	—	—	—
(Reduction) increase in provisions for unallocated loss adjustment expense liabilities	(13,975)	(62)	656	(13,381)	(13,359)	52	(13,307)
Amortization of fair value adjustments	(293)	—	(541)	(834)	(3,764)	—	(3,764)
Net (reduction) increase in ultimate losses and loss adjustment expense liabilities	<u>\$(13,100)</u>	<u>\$ 7,020</u>	<u>\$76,216</u>	<u>\$ 70,136</u>	<u>\$(29,182)</u>	<u>\$17,131</u>	<u>\$(12,051)</u>

ENSTAR GROUP LIMITED

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

7. LOSSES AND LOSS ADJUSTMENT EXPENSES—(Continued)

Non-Life Run-off Segment

The tables below provide a reconciliation of the beginning and ending reserves for losses and loss adjustment expenses for the three months ended March 31, 2015 and 2014 of the non-life run-off segment (losses incurred and paid are reflected net of reinsurance recoverables):

	Non-life Run-off	
	Three Months Ended	
	March 31,	
	2015	2014
Balance as at January 1	\$ 3,435,010	\$ 4,004,513
Less: total reinsurance reserves recoverable	800,709	1,121,533
	<u>2,634,301</u>	<u>2,882,980</u>
Net increase (reduction) in ultimate losses and loss adjustment expense liabilities:		
Current period	20,726	1,432
Prior periods	<u>(33,826)</u>	<u>(30,614)</u>
Total net reduction in ultimate losses and loss adjustment expense liabilities	<u>(13,100)</u>	<u>(29,182)</u>
Net losses paid:		
Current period	(4,571)	(532)
Prior periods	<u>(60,689)</u>	<u>(87,155)</u>
Total net losses paid	<u>(65,260)</u>	<u>(87,687)</u>
Effect of exchange rate movement	(38,238)	(1,025)
Acquired on purchase of subsidiaries	774,758	—
Assumed business	<u>189,868</u>	<u>28,630</u>
Net balance as at March 31	3,482,329	2,793,716
Plus: total reinsurance reserves recoverable	<u>1,210,933</u>	<u>1,028,162</u>
Balance as at March 31	<u>\$ 4,693,262</u>	<u>\$ 3,821,878</u>

ENSTAR GROUP LIMITED

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

7. LOSSES AND LOSS ADJUSTMENT EXPENSES—(Continued)

The net (reduction) increase in ultimate losses and loss adjustment expense liabilities in the non-life run-off segment for the three months ended March 31, 2015 and 2014 was as follows:

	Non-life Run-off					
	Three Months Ended March 31,					
	2015			2014		
	Prior Period	Current Period	Total	Prior Period	Current Period	Total
Net losses paid	\$ 60,689	\$ 4,571	\$ 65,260	\$ 87,155	\$ 532	\$ 87,687
Net change in case and LAE reserves	(9,994)	2,994	(7,000)	(63,249)	851	(62,398)
Net change in IBNR reserves	(50,439)	13,161	(37,278)	(37,397)	49	(37,348)
Increase (reduction) in estimates of net ultimate losses	256	20,726	20,982	(13,491)	1,432	(12,059)
Reduction in provisions for bad debt	(19,814)	—	(19,814)	—	—	—
Reduction in provisions for unallocated loss adjustment expense liabilities	(13,975)	—	(13,975)	(13,359)	—	(13,359)
Amortization of fair value adjustments	(293)	—	(293)	(3,764)	—	(3,764)
Net (reduction) increase in ultimate losses and loss adjustment expense liabilities	<u>\$ (33,826)</u>	<u>\$ 20,726</u>	<u>\$ (13,100)</u>	<u>\$ (30,614)</u>	<u>\$ 1,432</u>	<u>\$ (29,182)</u>

Net change in case and loss adjustment expense (“LAE”) reserves comprises the movement during the period in specific case reserve liabilities as a result of claims settlements or changes advised to the Company by its policyholders and attorneys, less changes in case reserves recoverable advised by the Company to its reinsurers as a result of the settlement or movement of assumed claims. Net change in IBNR reserves represents the change in the Company’s actuarial estimates of losses incurred but not reported, less amounts recoverable.

Three Months Ended March 31, 2015

The net reduction in ultimate losses and loss adjustment expense liabilities for the three months ended March 31, 2015 of \$13.1 million included current period incurred losses and loss adjustment expenses of \$20.7 million related to current period net earned premium of \$19.3 million primarily related to Sussex. Excluding current period net ultimate losses and loss adjustment expense liabilities of \$20.7 million, net ultimate losses and loss adjustment expense liabilities relating to prior periods were reduced by \$33.8 million, which was attributable to a reduction in provisions for bad debt of \$19.8 million and a reduction in provisions for unallocated loss adjustment expense liabilities of \$14.0 million, relating to 2015 run-off activity, and amortization of fair value adjustments over the estimated payout period relating to companies acquired amounting to \$0.3 million, partially offset by an increase in estimates of net ultimate losses of \$0.3 million.

ENSTAR GROUP LIMITED

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

7. LOSSES AND LOSS ADJUSTMENT EXPENSES—(Continued)

The reduction in provisions for bad debt of \$19.8 million for the three months ended March 31, 2015 resulted from the cash collection and commutation of certain reinsurance receivables against which bad debt provisions had been provided for in earlier periods.

Three Months Ended March 31, 2014

The net reduction in ultimate losses and loss adjustment expense liabilities for the three months ended March 31, 2014 of \$29.2 million included current period incurred losses and loss adjustment expenses of \$1.4 million related to current period net earned premiums of \$1.4 million related to SeaBright Holdings, Inc. ("SeaBright"). Excluding SeaBright's current period net ultimate losses and loss adjustment expense liabilities of \$1.4 million, net ultimate losses and loss adjustment expense liabilities relating to prior periods were reduced by \$30.6 million, which was attributable to a reduction in estimates of net ultimate losses of \$13.5 million and a reduction in provisions for unallocated loss adjustment expense liabilities of \$13.4 million, relating to 2014 run-off activity, and amortization of fair value adjustments over the estimated payout period relating to companies acquired amounting to \$3.8 million.

Excluding the impact of current period losses incurred of \$1.4 million relating to SeaBright, the reduction in estimates of net ultimate losses was \$13.5 million, which was primarily related to:

- (i) the Company's quarterly review of historic case reserves for which no updated advices had been received for a number of years. This review identified the redundancy of a number of advised case reserves with an estimated aggregate value of approximately \$6.8 million; and
- (ii) favorable claims settlements during the three months ended March 31, 2014 resulting in a reduction in estimates of net ultimate losses of approximately \$6.7 million.

ENSTAR GROUP LIMITED

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

7. LOSSES AND LOSS ADJUSTMENT EXPENSES—(Continued)

Atrium and Torus Segments

The tables below provide a reconciliation of the beginning and ending reserves for losses and loss adjustment expenses for the three months ended March 31, 2015 and 2014 for the Atrium segment and for the three months ended March 31, 2015 for the Torus segment (losses incurred and paid are reflected net of reinsurance recoverables):

	Three Months Ended March 31,		
	Atrium		Torus(1)
	2015	2014	2015
Balance as at January 1	\$ 212,611	\$ 215,392	\$ 861,800
Less: total reinsurance reserves recoverable	28,278	25,055	325,209
	184,333	190,337	536,591
Net increase (reduction) in ultimate losses and loss adjustment expense liabilities:			
Current period	14,878	21,314	77,410
Prior periods	(7,858)	(4,183)	(1,196)
Total net increase in ultimate losses and loss adjustment expense liabilities	7,020	17,131	76,216
Net losses paid:			
Current period	(2,870)	(4,684)	(3,723)
Prior periods	(9,041)	(8,151)	(48,425)
Total net losses paid	(11,911)	(12,835)	(52,148)
Effect of exchange rate movement	(3,198)	(7)	(12,710)
Net balance as at March 31	176,244	194,626	547,948
Plus: total reinsurance reserves recoverable	26,629	25,626	280,540
Balance as at March 31	\$ 202,873	\$ 220,252	\$ 828,488

(1) The Company began reporting with respect to its Torus segment following the acquisition of Torus in the second quarter of 2014.

ENSTAR GROUP LIMITED

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

7. LOSSES AND LOSS ADJUSTMENT EXPENSES—(Continued)

The net (reduction) increase in ultimate losses and loss adjustment expense liabilities for the Company's Atrium segment for the three months ended March 31, 2015 and 2014 and for the Torus segment for the three months ended March 31, 2015 were as follows:

	Three Months Ended March 31,								
	Atrium						Torus		
	2015			2014			2015		
	Prior Period	Current Period	Total	Prior Period	Current Period	Total	Prior Period	Current Period	Total
Net losses paid	\$ 9,041	\$ 2,870	\$11,911	\$ 8,151	\$ 4,684	\$12,835	\$ 48,425	\$ 3,723	\$52,148
Net change in case and LAE reserves	(3,711)	2,692	(1,019)	(3,985)	4,760	775	(10,331)	8,545	(1,786)
Net change in IBNR reserves	(12,993)	9,183	(3,810)	(8,401)	11,870	3,469	(37,677)	63,416	25,739
(Reduction) increase in estimates of net ultimate losses	(7,663)	14,745	7,082	(4,235)	21,314	17,079	417	75,684	76,101
(Reduction) increase in provisions for unallocated loss adjustment expense liabilities	(195)	133	(62)	52	—	52	(1,070)	1,726	656
Amortization of fair value adjustments	—	—	—	—	—	—	(541)	—	(541)
Net (reduction) increase in ultimate losses and loss adjustment expense liabilities	\$ (7,858)	\$14,878	\$ 7,020	\$ (4,183)	\$21,314	\$17,131	\$ (1,196)	\$77,410	\$76,216

8. POLICY BENEFITS FOR LIFE AND ANNUITY CONTRACTS

Policy benefits for life and annuity contracts as at March 31, 2015 and December 31, 2014 were as follows:

	March 31, 2015	December 31, 2014
Life	\$ 336,387	\$ 344,215
Annuities	933,292	938,121
	1,269,679	1,282,336
Fair value adjustments	(59,465)	(61,472)
	\$ 1,210,214	\$ 1,220,864

Refer to Note 9 to the consolidated financial statements contained in the Company's Annual Report on Form 10-K for the year ended December 31, 2014 for more information on establishing policy benefit reserves.

ENSTAR GROUP LIMITED

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

9. PREMIUMS WRITTEN AND EARNED

The following tables provide a summary of net premiums written and earned in our non-life run-off, Atrium, Torus and life and annuities segments for the three month periods ended March 31, 2015 and 2014:

	Three Months Ended March 31,			
	2015		2014	
	Premiums Written	Premiums Earned	Premiums Written	Premiums Earned
<i>Non-life run-off</i>				
Gross	\$ 10,785	\$ 27,755	\$ 1,319	\$ 2,768
Ceded	2,762	(9,263)	(276)	(241)
Net	<u>\$ 13,547</u>	<u>\$ 18,492</u>	<u>\$ 1,043</u>	<u>\$ 2,527</u>
<i>Atrium</i>				
Gross	\$ 48,913	\$ 38,153	\$ 47,577	\$ 38,157
Ceded	(4,555)	(4,281)	(5,852)	(5,518)
Net	<u>\$ 44,358</u>	<u>\$ 33,872</u>	<u>\$ 41,725</u>	<u>\$ 32,639</u>
<i>Torus</i>				
Gross	\$190,697	\$168,532	\$ —	\$ —
Ceded	(65,874)	(44,910)	—	—
Net	<u>\$124,823</u>	<u>\$123,622</u>	<u>\$ —</u>	<u>\$ —</u>
<i>Life and annuities</i>				
Life	<u>\$ 22,733</u>	<u>\$ 22,920</u>	<u>\$ 25,996</u>	<u>\$ 26,492</u>
Total	<u>\$205,461</u>	<u>\$198,906</u>	<u>\$ 68,764</u>	<u>\$ 61,658</u>

10. GOODWILL AND INTANGIBLE ASSETS

The following table shows the Company's goodwill and intangible assets as at March 31, 2015 and December 31, 2014:

	Goodwill	Intangible assets with a definite life- Other	Intangible assets with an indefinite life	Total	Intangible assets with a definite life- FVA
Balance as at December 31, 2014	\$ 73,071	\$ 41,048	\$ 87,031	\$201,150	\$ 159,095
Acquired during the period	—	—	—	—	(2,760)
Intangible assets amortization	—	(1,341)	—	(1,341)	(1,326)
Balance as at March 31, 2015	<u>\$ 73,071</u>	<u>\$ 39,707</u>	<u>\$ 87,031</u>	<u>\$199,809</u>	<u>\$ 155,009</u>

Refer to Note 11 to the consolidated financial statements contained in the Company's Annual Report on Form 10-K for the year ended December 31, 2014 for more information on intangible assets with a definite and an indefinite life.

Intangible asset amortization for the three months ended March 31, 2015 and 2014 was \$2.7 million and \$1.5 million, respectively.

ENSTAR GROUP LIMITED

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

10. GOODWILL AND INTANGIBLE ASSETS—(Continued)

The gross carrying value, accumulated amortization and net carrying value of intangible assets by type at March 31, 2015 and December 31, 2014 were as follows:

	March 31, 2015			December 31, 2014		
	Gross Carrying Value	Accumulated Amortization	Net Carrying Value	Gross Carrying Value	Accumulated Amortization	Net Carrying Value
Intangible assets with a definite life:						
Fair value adjustments:						
Losses and loss adjustment expense	\$ 429,063	\$ (299,808)	\$129,255	\$ 449,986	\$ (299,413)	\$150,573
Reinsurance balances recoverable	(175,453)	141,742	(33,711)	(193,617)	140,667	(52,950)
Policy benefits for life and annuity contracts	86,332	(26,867)	59,465	86,332	(24,860)	61,472
Total	<u>\$ 339,942</u>	<u>\$ (184,933)</u>	<u>\$155,009</u>	<u>\$ 342,701</u>	<u>\$ (183,606)</u>	<u>\$159,095</u>
Other:						
Distribution channel	20,000	\$ (1,777)	18,223	20,000	(1,444)	18,556
Technology	15,000	(3,750)	11,250	15,000	(3,125)	11,875
Brand	12,000	(1,766)	10,234	12,000	(1,383)	10,617
Total	<u>\$ 47,000</u>	<u>\$ (7,293)</u>	<u>\$ 39,707</u>	<u>\$ 47,000</u>	<u>\$ (5,952)</u>	<u>\$ 41,048</u>
Intangible assets with an indefinite life:						
Lloyd's syndicate capacity	37,031	—	37,031	37,031	—	37,031
Licenses	19,900	—	19,900	19,900	—	19,900
Management contract	30,100	—	30,100	30,100	—	30,100
Total	<u>\$ 87,031</u>	<u>\$ —</u>	<u>\$ 87,031</u>	<u>\$ 87,031</u>	<u>\$ —</u>	<u>\$ 87,031</u>

As at March 31, 2015 and December 31, 2014, the allocation of the goodwill to the Company's non-life run-off, Atrium and Torus segments was \$21.2 million, \$38.9 million and \$13.0 million, respectively.

11. LOANS PAYABLE

The Company's long-term debt consists of its EGL Revolving Credit Facility, which can be used for permitted acquisitions and for general corporate purposes, and the Sussex Facility, an acquisition term loan facility used to partially finance the Company's acquisition of Companion on January 27, 2015.

The EGL Revolving Credit Facility was entered into on September 16, 2014. On February 27, 2015, the EGL Revolving Credit Facility was amended and restated primarily in order to: (1) increase the size of the facility from \$500 million to \$665 million; (2) add Lloyd's Bank plc as a new lender within the facility, and (3) reallocate the amounts provided by each of the four lenders under the facility such that each lender agreed to provide an equal amount of \$166.25 million, on and subject to the terms of the restated facility agreement.

ENSTAR GROUP LIMITED

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

11. LOANS PAYABLE—(Continued)

On December 24, 2014, Sussex Holdings, a wholly-owned subsidiary of the Company, as borrower and guarantor, entered into the Sussex Facility with National Australia Bank Limited and Barclays Bank PLC. The Sussex Facility provides for a four-year term loan facility pursuant to which Sussex Holdings was permitted to borrow up to an aggregate of \$109.0 million to fund 50% of the consideration payable for the acquisition of Companion. Sussex Holdings fully drew down on the Sussex Facility and completed the acquisition of Companion on January 27, 2015.

As of March 31, 2015, all of the covenants relating to the EGL Revolving Credit Facility and the Sussex Facility were met.

Amounts of loans payable outstanding, and accrued interest, as of March 31, 2015 and December 31, 2014 total \$430.0 million and \$320.0 million, respectively, and comprise:

Facility	Date of Facility	Facility Term	March 31, 2015	December 31, 2014
EGL Revolving Credit Facility	September 16, 2014	5 Years	\$319,550	\$ 319,550
Sussex Facility	December 24, 2014	4 Years	109,000	—
Total long-term bank debt			428,550	319,550
Accrued interest			1,448	491
Total loans payable			<u>\$429,998</u>	<u>\$ 320,041</u>

12. REDEEMABLE NONCONTROLLING INTEREST

Refer to Note 13 to the consolidated financial statements contained in the Company's Annual Report on Form 10-K for the year ended December 31, 2014 for more information on redeemable noncontrolling interest ("RNCI").

A reconciliation of the beginning and ending carrying amount of the equity attributable to the RNCI is as follows:

Redeemable noncontrolling interest	March 31, 2015	December 31, 2014
Balance as at beginning of period	\$374,619	\$ 100,859
Capital contributions	—	272,722
Net earnings attributable to RNCI	9,564	4,059
Accumulated other comprehensive income attributable to RNCI	(997)	(1,993)
Transfer of net loss from noncontrolling interest	—	(1,028)
Balance at end of period	<u>\$383,186</u>	<u>\$ 374,619</u>

ENSTAR GROUP LIMITED
NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

13. EARNINGS PER SHARE

The following table sets forth the comparison of basic and diluted earnings per share for the three months ended March 31, 2015 and 2014:

	Three Months Ended March 31,	
	2015	2014
Basic earnings per ordinary share:		
Net earnings attributable to Enstar Group Limited	\$ 44,847	\$ 29,587
Weighted average ordinary shares outstanding—basic	19,237,461	16,564,083
Net earnings per ordinary share attributable to Enstar Group Limited—basic	<u>\$ 2.33</u>	<u>\$ 1.79</u>
Diluted earnings per ordinary share:		
Net earnings attributable to Enstar Group Limited	\$ 44,847	\$ 29,587
Weighted average ordinary shares outstanding—basic	19,237,461	16,564,083
Share equivalents:		
Unvested shares	26,322	79,967
Restricted share units	10,424	20,475
Warrants	60,430	40,799
Weighted average ordinary shares outstanding—diluted	<u>19,334,637</u>	<u>16,705,324</u>
Net earnings per ordinary share attributable to Enstar Group Limited—diluted	<u>\$ 2.32</u>	<u>\$ 1.77</u>

14. EMPLOYEE BENEFITS

The Company's share-based compensation plans provide for the grant of various awards to its employees and to members of the Board of Directors. These are described in Note 16 to the consolidated financial statements contained in the Company's Annual Report on Form 10-K for the year ended December 31, 2014. The information below includes both the employee and director components of the Company's share based compensation.

2006 Equity Incentive Plan

The employee share awards for the three months ended March 31, 2015 and 2014 are summarized as follows:

	Three Months Ended March 31,			
	2015		2014	
	Number of Shares	Weighted Average Fair Value of the Award	Number of Shares	Weighted Average Fair Value of the Award
Nonvested—beginning of period	101,181	\$ 15,470	115,159	\$ 14,313
Granted	39,280	5,459	1,559	170
Forfeited	(2,932)	448	—	—
Vested	(50,588)	7,350	(44,112)	(5,920)
Nonvested—end of period	<u>86,941</u>	<u>\$ 12,333</u>	<u>72,606</u>	<u>\$ 9,897</u>

ENSTAR GROUP LIMITED

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

14. EMPLOYEE BENEFITS—(Continued)

The total unrecognized compensation cost related to the Company's non-vested share awards under the 2006 Equity Incentive Plan (the "Equity Plan") as at March 31, 2015 and 2014 was \$8.5 million and \$4.0 million, respectively. This cost is expected to be recognized over the next 1.9 years, which is the weighted average contractual life of the awards. Compensation costs of \$1.4 million and \$0.7 million relating to these share awards were recognized in the Company's statement of earnings for the three months ended March 31, 2015 and 2014, respectively.

For the three months ended March 31, 2015 and 2014, 39,280 and 1,559 shares, respectively, were awarded to non-executive officer employees under the Equity Plan.

Cash-Settled Stock Appreciation Rights

Refer to Note 16 to the consolidated financial statements contained in the Company's Annual Report on Form 10-K for the year ended December 31, 2014 for more information on cash-settled stock appreciation rights ("SARs").

During the three months ended March 31, 2015 and 2014, the Company granted 190,000 and nil SARs, respectively, to certain employees pursuant to the terms of the Equity Plan. Compensation costs of \$(0.1) million and \$nil relating to the outstanding SARs awards were recognized in the Company's statements of earnings for the three months ended March 31, 2015 and 2014, respectively.

The following table sets forth the assumptions used to estimate the fair value of the SARs using the Black-Scholes option valuation model as at March 31, 2015:

	As at March 31, 2015
Weighted average fair value of the SARs	\$ 27.36
Weighted average volatility	19.72
Weighted average risk-free interest rate	0.62%
Dividend yield	—

The following table summarizes SARs activity:

	March 31, 2015			
	Number of SARs	Weighted Average Exercise Price per SAR	Weighted Average Remaining Contractual Term (in years)	Aggregate Intrinsic Value (1)
Balance, beginning of period	1,068,001	\$ 140.53		\$ 13,199
Granted	190,000			
Forfeited	(12,480)			
Balance, end of period	<u>1,245,521</u>	\$ 140.47	2.24	\$ 2,387

(1) The aggregate intrinsic value is calculated as the pre-tax difference between the exercise price of the underlying share awards and the closing price per share of the Company's ordinary shares of \$152.89 at the beginning of the period, and \$141.86 at the end of the period.

ENSTAR GROUP LIMITED

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

14. EMPLOYEE BENEFITS—(Continued)

2011-2015 Annual Incentive Compensation Program

The accrued expense relating to the Enstar Group Limited 2011-2015 Annual Incentive Compensation Program for the three months ended March 31, 2015 and 2014, was \$7.9 million and \$5.2 million, respectively.

Enstar Group Limited Employee Share Purchase Plan

For each of the three months ended March 31, 2015 and 2014, compensation costs of less than \$0.1 million relating to the shares issued under the Amended and Restated Enstar Group Limited Employee Share Purchase Plan ("Share Plan") were recognized in the Company's statement of earnings. For the three months ended March 31, 2015 and 2014, 3,260 and 1,559 shares, respectively, were issued to employees under the Share Plan.

Northshore Incentive Plans

Northshore Holdings Limited, a holding company that owns Atrium and its subsidiaries and Arden ("Northshore"), has implemented long-term incentive plans that award time-based restricted shares of Northshore to certain Atrium employees. Shares generally vest over two to three years, although certain awards began vesting in 2014. These share awards have been classified by the Company as liability awards.

For the three months ended March 31, 2015 and 2014, compensation costs of \$1.5 million and \$nil relating to the long-term incentive plans were recorded as part of salaries and benefits within the Company's statement of earnings.

Deferred Compensation and Ordinary Share Plan for Non-Employee Directors

For the three months ended March 31, 2015 and 2014, 572 and 1,029 restricted share units, respectively, were credited to the accounts of non-employee directors under the Enstar Group Limited Deferred Compensation and Ordinary Share Plan for Non-Employee Directors (the "Deferred Compensation Plan"). The Company recorded expenses of \$0.1 million related to the restricted share units for each of the three month periods ended March 31, 2015 and 2014.

Following the resignation of Kenneth J. LeStrange from the Board of Directors, 1,560 restricted share units previously credited to his account under the Deferred Compensation Plan were converted into the same number of the Company's ordinary shares on January 2, 2015, with fractional shares paid in cash.

Pension Plan

The Company provides pension benefits to eligible employees through various plans sponsored by the Company. All pension plans, except for the noncontributory defined benefit pension plan acquired in the Providence Washington transaction in 2010 (the "PWAC Plan"), are structured as defined contribution plans.

Pension expense for the three months ended March 31, 2015 and 2014 were \$2.4 million and \$2.1 million, respectively. The increase for 2015 over 2014 was attributable to the increase in employee headcount (and associated additional defined contribution plan expense) as a result of the April 2014 acquisition of Torus and the January 2015 acquisition of Companion.

ENSTAR GROUP LIMITED

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

14. EMPLOYEE BENEFITS—(Continued)

The Company recorded pension expense relating to the PWAC Plan of \$0.2 million and \$0.1 million for the three months ended March 31, 2015 and 2014, respectively. The PWAC Plan is described in Note 16 to the consolidated financial statements contained in the Company's Annual Report on Form 10-K for the year ended December 31, 2014.

15. TAXATION

The Company accounts for income taxes using the estimated annual effective tax rate. The Company makes the best estimate of the annual effective tax rate expected to be applicable for the full fiscal year and applies the rate to the year-to-date income. Discrete tax adjustments are recorded in the quarter in which the event occurs.

Earnings before income taxes includes the following components:

	Three Months Ended March 31,	
	2015	2014
Domestic (Bermuda)	\$ (24,209)	\$ 7,010
Foreign	88,445	33,678
Total	<u>\$ 64,236</u>	<u>\$ 40,688</u>

Tax expense (benefit) for income taxes is comprised of:

	Three Months Ended March 31,	
	2015	2014
Current:		
Domestic (Bermuda)	\$ —	\$ —
Foreign	13,641	10,267
	<u>13,641</u>	<u>10,267</u>
Deferred:		
Domestic (Bermuda)	—	—
Foreign	(2,897)	(2,991)
	<u>(2,897)</u>	<u>(2,991)</u>
Total tax expense	<u>\$ 10,744</u>	<u>\$ 7,276</u>

Under current Bermuda law, the Company and its Bermuda subsidiaries are exempted from paying any taxes in Bermuda on their income or capital gains until March 2035.

The Company has operating subsidiaries and branch operations in the United Kingdom, Australia, the United States and Europe and is subject to federal, foreign, state and local taxes in those jurisdictions. In addition, certain distributions from some foreign sources may be subject to withholding taxes.

The expected income tax provision for the foreign operations computed on pre-tax income at the weighted-average tax rate has been calculated as the sum of the pre-tax income in each jurisdiction multiplied by that jurisdiction's applicable statutory tax rate.

ENSTAR GROUP LIMITED

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

15. TAXATION—(Continued)

The actual income tax rate differed from the amount computed by applying the effective rate of 0% under Bermuda law to earnings before income taxes as shown in the following reconciliation:

	Three Months Ended March 31,	
	2015	2014
Earnings before income tax	\$ 64,236	\$ 40,688
Expected tax rate	0.0%	0.0%
Foreign taxes at local expected rates	12.1%	17.3%
Change in uncertain tax positions	0.0%	(5.5)%
Change in valuation allowance	(2.4)%	5.7%
Prior year true-up	6.8%	0.0%
Other	0.2%	0.4%
Effective tax rate	16.7%	17.9%

The Company has estimated future taxable income of its foreign subsidiaries and has provided a valuation allowance in respect of those loss carryforwards where it does not expect to realize a benefit. The Company has considered all available evidence using a “more likely than not” standard in determining the amount of the valuation allowance.

The Company had no unrecognized tax benefits relating to uncertain tax positions as at both March 31, 2015 and December 31, 2014.

The Company’s operating subsidiaries in specific countries may be subject to audit by various tax authorities and may have different statutes of limitations expiration dates. With limited exceptions, the Company’s major subsidiaries that operate in the United States, United Kingdom and Australia are no longer subject to tax examinations for years before 2011, 2011 and 2008, respectively.

Because the Company operates in many jurisdictions, its net earnings are subject to risk due to changing tax laws and tax rates around the world. The current, rapidly changing economic environment may increase the likelihood of substantial changes to tax laws in the jurisdictions in which it operates. The Company cannot predict what, if any, legislation, will actually be proposed or enacted, or what the effect of any such legislation might be on the Company’s financial condition and results of operations.

16. RELATED PARTY TRANSACTIONS

Stone Point Capital LLC

Following several private transactions occurring from May 2012 to July 2012, Trident acquired 1,350,000 of the Company’s Voting Ordinary Shares (which now constitutes approximately 8.5% of the Company’s outstanding Voting Ordinary Shares). On November 6, 2013, the Company appointed James D. Carey to its Board of Directors. Mr. Carey is the sole member of an entity that is one of four general partners of the entities serving as general partners for Trident, is a member of the investment committees of such general partners, and is a member and senior principal of Stone Point Capital LLC, the manager of the Trident funds.

In addition, the Company has entered into certain agreements with Trident with respect to Trident’s co-investments in the Atrium, Arden, and Torus acquisitions. These include investors’ agreements and shareholders’ agreements, which provide for, among other things: (i) the Company’s right to redeem Trident’s equity interest in the Atrium/Arden and Torus transactions in cash at fair

ENSTAR GROUP LIMITED

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

16. RELATED PARTY TRANSACTIONS—(Continued)

market value within the 90 days following the fifth anniversary of the Arden and Torus closings, respectively, and at any time following the seventh anniversary of the Arden and Torus closings, respectively; and (ii) Trident's right to have its equity co-investment interests in the Atrium/Arden and Torus transactions redeemed by the Company at fair market value (which the Company may satisfy in either cash or its ordinary shares) following the seventh anniversaries of the Arden closing and Torus closing, respectively. As of March 31, 2015, the Company has included \$383.2 million (December 31, 2014: \$374.6 million) as redeemable noncontrolling interest on its balance sheet relating to these Trident co-investment transactions. Pursuant to the terms of the shareholders' agreements, Mr. Carey serves as a Trident representative on the boards of Torus and the holding companies established in connection with the Atrium/Arden and Torus co-investment transactions. Trident also has a second representative on these boards who is a Stone Point Capital LLC employee.

As at March 31, 2015, the Company has investments in four funds (carried within other investments) and a registered investment company affiliated with entities owned by Trident or otherwise affiliated with Stone Point Capital LLC. The fair value of the investments in the four funds was \$245.6 million and \$202.6 million as at March 31, 2015 and December 31, 2014, respectively, while the fair value of the Company's investment in the registered investment company was \$26.8 million and \$25.6 million as at March 31, 2015 and December 31, 2014, respectively. For the three months ended March 31, 2015 and 2014, the Company recognized \$2.3 million and \$1.2 million respectively, in net realized and unrealized gains in respect of these investments.

The Company also has separate accounts managed by Eagle Point Credit Management, which is an affiliate of entities owned by Trident, with respect to which the Company incurred approximately \$0.1 million and \$0.1 million in management fees for the three months ended March 31, 2015 and 2014, respectively.

In addition, the Company has invested in two funds managed by Sound Point Capital, an entity in which Mr. Carey has an indirect minority ownership interest and serves as director. The fair value of the Company's investments in Sound Point Capital funds was \$41.1 million and \$39.9 million as at March 31, 2015 and December 31, 2014, respectively. For the three months ended March 31, 2015 and 2014, the Company has recognized \$1.3 million and \$0.4 million, respectively, in net realized and unrealized gains in respect of Sound Point Capital investments.

Goldman Sachs & Co.

Affiliates of Goldman Sachs own approximately 4.2% of the Company's Voting Ordinary Shares and 100% of the Company's Series C Non-Voting Ordinary Shares. Sumit Rajpal, a managing director of Goldman Sachs, was appointed to the Board of Directors in connection with Goldman Sachs' investment in the Company. As of March 31, 2015 and December 31, 2014, the Company had investments in two funds (carried within other investments) affiliated with entities owned by Goldman Sachs, which had a fair value of \$36.5 million and \$36.3 million, respectively. As of March 31, 2015 and December 31, 2014, the Company had an indirect investment in non-voting interests of two companies affiliated with Hastings Insurance Group Limited which had a fair value of \$23.9 million and \$25.1 million respectively. Goldman Sachs affiliates have an approximately 50% interest in the Hastings companies, and Mr. Rajpal serves as a director of the entities in which the Company has invested. For the three months ended March 31, 2015 and 2014, the Company recognized \$(1.7) million and \$0.7 million, in net realized and unrealized losses and gains, respectively, in respect of the Goldman Sachs-affiliated investments.

ENSTAR GROUP LIMITED

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

16. RELATED PARTY TRANSACTIONS—(Continued)

During 2015, a Goldman Sachs affiliate began providing investment management services to one of the Company's subsidiaries pursuant to an arms-length agreement reflecting customary terms and conditions. The Company's interests are held in accounts managed by affiliates of Goldman Sachs, with respect to which the Company incurred approximately \$0.1 million and \$nil in management fees for the three months ended March 31, 2015 and 2014, respectively.

Affiliates of Goldman Sachs own approximately 22% of Global Atlantic Financial Group ("GAFG"), which owns entities that provide reinsurance to Arden. As at March 31, 2015 and December 31, 2014, the Company's total reinsurance recoverable from GAFG entities amounted to \$40.8 million and \$230.5 million, respectively. As at December 31, 2014, reinsurance balances recoverable from a particular non-rated GAFG entity with a carrying value of \$175.2 million represented 10% or more of the Company's total reinsurance balances recoverable. The \$175.2 million recoverable from that GAFG entity at December 31, 2014 was secured by a trust fund. The balance of \$40.8 million and \$55.3 million as at March 31, 2015 and December 31, 2014 respectively, was recoverable from GAFG entities rated A- and higher.

17. COMMITMENTS AND CONTINGENCIES***Concentration of Credit Risk***

The Company's portfolio of cash and fixed maturity investments is managed pursuant to guidelines that follow what it believes are prudent standards of diversification. The guidelines limit the allowable holdings of a single issue and issuers, and as a result the Company does not believe that there are any significant concentrations of credit risk associated with its portfolio of cash and fixed maturity investments.

The Company's portfolio of other investments is managed pursuant to guidelines that emphasize diversification and liquidity. Pursuant to these guidelines, the Company manages and monitors risk across a variety of investment funds and vehicles, markets and counterparties. The Company believes that there are no significant concentrations of credit risk associated with its other investments.

As of March 31, 2015, the Company's investments are held by 29 different custodians. These custodians are all large financial institutions that are highly regulated. The largest concentration of fixed maturity investments, by fair value, at a single custodian was \$4.2 billion and \$3.6 billion as of March 31, 2015 and December 31, 2014, respectively.

Investments

The following table provides a summary of the Company's outstanding unfunded investment commitments as of March 31, 2015 and December 31, 2014:

	March 31, 2015		December 31, 2014			
	Original Commitments	Commitments		Original Commitments	Commitments	
		Funded	Unfunded		Funded	Unfunded
	\$286,000	\$190,102	\$ 95,898	\$ 311,000	\$211,115	\$ 99,885

Guarantees

As at March 31, 2015 and December 31, 2014, the Company had, in total, parental guarantees supporting a subsidiary's insurance obligations in the amount of \$249.2 million and \$238.6 million, respectively.

ENSTAR GROUP LIMITED

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

17. COMMITMENTS AND CONTINGENCIES—(Continued)

Acquisitions and Significant New Business

As of March 31, 2015, the Company has entered into a definitive agreement with respect to the purchase of NSA, which is expected to close in the third quarter of 2015. The NSA acquisition agreement is described in Note 2—"Acquisitions."

Legal Proceedings

The Company is, from time to time, involved in various legal proceedings in the ordinary course of business, including litigation and arbitration regarding claims. In addition to claims litigation, the Company may be subject to other lawsuits and regulatory actions in the normal course of business, which may involve, among other things, allegations of underwriting errors or omissions, employment claims or regulatory activity. The Company does not believe that the resolution of any currently pending legal proceedings, either individually or taken as a whole, will have a material effect on its business, results of operations or financial condition. The Company anticipates that, similar to the rest of the insurance and reinsurance industry, it will continue to be subject to litigation and arbitration proceedings in the ordinary course of business, including litigation generally related to the scope of coverage with respect to asbestos and environmental and other claims.

18. SEGMENT INFORMATION

The Company monitors and reports its results of operations in four segments: non-life run-off, Atrium, Torus and life and annuities. These segments are described in Note 1 and Note 21 to the consolidated financial statements contained in the Company's Annual Report on Form 10-K for the year ended December 31, 2014.

The Company's total assets by segment were as follows (the elimination items include the elimination of intersegment assets):

	<u>March 31, 2015</u>	<u>December 31, 2014</u>
Total assets:		
Non-life run-off	\$ 7,560,657	\$ 5,936,187
Atrium	739,914	598,037
Torus	2,631,091	2,876,734
Life and annuities	1,373,107	1,344,593
Less:		
Eliminations	<u>(795,597)</u>	<u>(818,666)</u>
	<u>\$ 11,509,172</u>	<u>\$ 9,936,885</u>

ENSTAR GROUP LIMITED

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

18. SEGMENT INFORMATION—(Continued)

The following tables set forth selected and unaudited condensed consolidated statement of earnings results by segment for the three months ended March 31, 2015 and 2014 (the elimination items include the elimination of intersegment revenues and expenses):

	Three Months Ended March 31, 2015					
	Non-life run-off	Atrium	Torus	Life and annuities	Eliminations	Consolidated
INCOME						
Net premiums earned	\$ 18,492	\$33,872	\$123,622	\$22,920	\$ —	\$ 198,906
Fees and commission income	4,837	9,528	14	—	(2,899)	11,480
Net investment income	21,904	585	2,194	9,370	(160)	33,893
Net realized and unrealized gains	34,660	91	4,702	3,567	—	43,020
	<u>79,893</u>	<u>44,076</u>	<u>130,532</u>	<u>35,857</u>	<u>(3,059)</u>	<u>287,299</u>
EXPENSES						
Net (reduction) increase in ultimate losses and loss adjustment expense liabilities	(13,100)	7,020	76,216	—	—	70,136
Life and annuity policy benefits	—	—	—	22,847	—	22,847
Acquisition costs	(1,705)	9,406	24,143	2,706	—	34,550
Salaries and benefits	32,044	8,169	15,420	2,139	—	57,772
General and administrative expenses	22,947	3,454	14,793	531	(2,899)	38,826
Interest expense	2,520	1,483	—	160	(160)	4,003
Net foreign exchange losses (gains)	5,138	(2,515)	(6,380)	(1,314)	—	(5,071)
	<u>47,844</u>	<u>27,017</u>	<u>124,192</u>	<u>27,069</u>	<u>(3,059)</u>	<u>223,063</u>
EARNINGS BEFORE INCOME TAXES	32,049	17,059	6,340	8,788	—	64,236
INCOME TAXES	(5,107)	(1,884)	(682)	(3,071)	—	(10,744)
NET EARNINGS	26,942	15,175	5,658	5,717	—	53,492
Less: Net loss (earnings) attributable to noncontrolling interest	404	(6,728)	(2,321)	—	—	(8,645)
NET EARNINGS ATTRIBUTABLE TO ENSTAR GROUP LIMITED	<u>\$ 27,346</u>	<u>\$ 8,447</u>	<u>\$ 3,337</u>	<u>\$ 5,717</u>	<u>\$ —</u>	<u>\$ 44,847</u>

ENSTAR GROUP LIMITED

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

18. SEGMENT INFORMATION—(Continued)

	Three Months Ended March 31, 2014					Consolidated
	Non-life run-off	Atrium	Torus	Life and annuities	Eliminations	
INCOME						
Net premiums earned	\$ 2,527	\$32,639	\$ —	\$ 26,492	\$ —	\$ 61,658
Fees and commission income	2,955	4,821	—	21	(799)	6,998
Net investment income	14,333	480	—	9,989	(454)	24,348
Net realized and unrealized gains (losses)	29,629	(107)	—	5,051	—	34,573
	<u>49,444</u>	<u>37,833</u>	<u>—</u>	<u>41,553</u>	<u>(1,253)</u>	<u>127,577</u>
EXPENSES						
Net (reduction) increase in ultimate losses and loss adjustment expense liabilities	(29,182)	17,131	—	—	—	(12,051)
Life and annuity policy benefits	—	—	—	26,809	—	26,809
Acquisition costs	—	9,561	—	3,600	—	13,161
Salaries and benefits	25,846	3,533	—	2,011	—	31,390
General and administrative expenses	15,763	4,041	893	2,352	(799)	22,250
Interest expense	2,561	1,173	—	454	(454)	3,734
Net foreign exchange losses (gains)	2,130	(551)	6	11	—	1,596
	<u>17,118</u>	<u>34,888</u>	<u>899</u>	<u>35,237</u>	<u>(1,253)</u>	<u>86,889</u>
EARNINGS BEFORE INCOME TAXES	32,326	2,945	(899)	6,316	—	40,688
INCOME TAXES	(3,651)	(1,339)	—	(2,286)	—	(7,276)
NET EARNINGS	28,675	1,606	(899)	4,030	—	33,412
Less: Net earnings attributable to noncontrolling interest	(3,075)	(1,110)	360	—	—	(3,825)
NET EARNINGS (LOSS) ATTRIBUTABLE TO ENSTAR GROUP LIMITED	<u>\$ 25,600</u>	<u>\$ 496</u>	<u>\$(539)</u>	<u>\$ 4,030</u>	<u>\$ —</u>	<u>\$ 29,587</u>

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Shareholders of
Enstar Group Limited:

We have reviewed the accompanying condensed consolidated balance sheet of Enstar Group Limited and subsidiaries as of March 31, 2015, the related condensed consolidated statements of earnings and comprehensive income for the three-month periods ended March 31, 2015 and 2014, and the related condensed consolidated statements of changes in shareholders' equity and cash flows for the three-month periods ended March 31, 2015 and 2014. These condensed consolidated financial statements are the responsibility of the Company's management.

We conducted our review in accordance with the standards of the Public Company Accounting Oversight Board (United States). A review of interim financial information consists principally of applying analytical procedures and making inquiries of persons responsible for financial and accounting matters. It is substantially less in scope than an audit conducted in accordance with the standards of the Public Company Accounting Oversight Board (United States), the objective of which is the expression of an opinion regarding the financial statements taken as a whole. Accordingly, we do not express such an opinion.

Based on our review, we are not aware of any material modifications that should be made to the condensed consolidated financial statements referred to above for them to be in conformity with U.S. generally accepted accounting principles.

We have previously audited, in accordance with standards of the Public Company Accounting Oversight Board (United States), the consolidated balance sheet of Enstar Group Limited and subsidiaries as of December 31, 2014, and the related consolidated statements of earnings, comprehensive income, changes in shareholders' equity and cash flows for the year then ended; and in our report dated March 2, 2015, we expressed an unqualified opinion on those consolidated financial statements. In our opinion, the information set forth in the accompanying condensed consolidated balance sheet as of December 31, 2014, is fairly stated, in all material respects, in relation to the consolidated balance sheet from which it has been derived.

/s/ KPMG Audit Limited

Hamilton, Bermuda
May 11, 2015

[Table of Contents](#)

Item 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Table of Contents:

Section	Page
Business Overview	53
Key Performance Indicator	54
Recent Developments	54
Acquisitions	55
Significant New Business	55
Consolidated Results of Operations—for the Three Months Ended March 31, 2015 and 2014	56
Results of Operations by Segment—for the Three Months Ended March 31, 2015 and 2014	58
Non-life Run-off Segment	58
Atrium Segment	65
Torus Segment	71
Life and Annuities Segment	75
Liquidity and Capital Resources	78
Reinsurance Balances Recoverable	79
Cash Flows	81
Investments	82
Loans Payable	87
Aggregate Contractual Obligations	88
Commitments and Contingencies	88
Critical Accounting Policies	89
Off-Balance Sheet and Special Purpose Entity Arrangements	89
Cautionary Statement Regarding Forward-Looking Statements	89

The following discussion and analysis of our financial condition and results of operations for the three months ended March 31, 2015 and 2014 should be read in conjunction with the attached unaudited condensed consolidated financial statements and notes thereto and the audited consolidated financial statements and notes thereto contained in our Annual Report on Form 10-K for the fiscal year ended December 31, 2014.

Business Overview

Enstar Group Limited, or Enstar, is a Bermuda-based holding company that was formed in 2001 and became publicly traded in 2007. We are listed on the NASDAQ Global Select Market under the ticker symbol "ESGR." We and our operating subsidiaries acquire and manage diversified insurance businesses through a network of service companies in Bermuda, the United States, the United Kingdom, Continental Europe, Australia, and other international locations.

Our core focus is acquiring and managing insurance and reinsurance companies in run-off and portfolios of insurance and reinsurance business in run-off, and providing management, consulting and other services to the insurance and reinsurance industry. Since our formation, we have completed the acquisition of over 65 insurance and reinsurance companies and portfolios of insurance and reinsurance business. We also operate active underwriting businesses, including Atrium Underwriting Group Limited and subsidiaries, or Atrium, which manage and underwrite specialist insurance and reinsurance business for Lloyd's Syndicate 609, and Torus Insurance Holdings Limited and subsidiaries, or Torus, an A-rated global specialty insurance group with multiple global underwriting platforms. We partnered with the Trident V funds in the Atrium and Torus acquisitions, with Enstar owning an approximate 59.0% interest and Trident V owning an approximate 39.3% interest in the acquired companies (and Dowling Capital Partners owning a 1.7% interest). In addition, we operate closed life and annuities businesses.

[Table of Contents](#)

The substantial majority of our acquisitions have been in the non-life run-off business, which for us generally includes property and casualty, workers' compensation, asbestos and environmental, construction defect, marine, aviation and transit, and other closed business. While our core focus remains the acquisition and management of non-life run-off business, in recent years, we expanded our business by entering into the active underwriting business. We believe that our active underwriting businesses provide an additional earnings stream, and also enhance our ability to compete for acquisition targets by providing opportunities for us, primarily through Torus, to acquire renewal rights or provide loss portfolio reinsurance in connection with such acquisitions, which may be attractive to certain vendors or may present alternative ways in which proposed transactions can be structured.

Overall, Enstar has four segments of business that are each managed, operated and reported on differently: (i) non-life run-off; (ii) Atrium; (iii) Torus; and (iv) life and annuities. For the three months ended March 31, 2014, we monitored and reported our results of operations in three segments (non-life run-off, active underwriting, and life and annuities). The active underwriting segment included the results of operations of Atrium and Arden Reinsurance Company Ltd., or Arden, as well as holding company expenses for Bayshore Holdings Limited, or Bayshore, that preceded the acquisition of Torus. Following the acquisition of Torus on April 1, 2014, we began reporting and monitoring our results on operations in our four current segments.

The table below summarizes the total number of employees we had as at March 31, 2015 and December 31, 2014 by operating segment:

	March 31, 2015	December 31, 2014
Non-life run-off	643	521
Atrium	160	157
Torus	477	474
Life and annuities	48	49
Total	1,328	1,201

The increase in head count for our non-life run-off segment was primarily attributable to the staff we assumed on completion of the acquisition of Companion Property and Casualty Insurance Company, or Companion.

Key Performance Indicator

Our primary corporate objective is growing our net book value per share. We believe this is driven primarily by growth in our net earnings, which is in turn driven in large part by successfully completing new acquisitions, effectively managing companies and portfolios of business that we have acquired, and executing on our active underwriting strategies. We increased our book value per share on a fully diluted basis by \$1.42 from \$119.22 per share as at December 31, 2014 to \$120.64 as at March 31, 2015. The increase was due to net earnings for the three months ended March 31, 2015 partially offset by changes in accumulated other comprehensive income over the same period.

Recent Developments

Our transactions take the form of either acquisitions of companies or portfolio transfers, where a reinsurance contract transfers risk from the insurance or reinsurance company to one of our companies. Acquisitions and portfolio transfers (also referred to as "significant new business") completed or signed since the beginning of 2015 are outlined below.

[Table of Contents](#)

Acquisitions

Nationale Suisse Assurance

On February 5, 2015, our wholly-owned subsidiary, Harper Holding SARL, entered into a definitive agreement with Nationale Suisse to acquire its Belgian subsidiary, Nationale Suisse Assurance S.A., or NSA. NSA is a Belgium-based insurance company writing non-life insurance (which we expect to operate in run-off as part of our non-life run-off segment) and life insurance (which we expect to operate in run-off as part of our life and annuities segment). The total consideration for the transaction will be €33.7 million (approximately \$38.5 million) (subject to certain possible closing adjustments). We expect to finance the purchase price from cash on hand. As part of the agreement, Torus has agreed to acquire NSA's two specialty underwriting agencies, Vander Haeghen & Co and Arena. Torus is renewing certain business currently underwritten by NSA, including the business placed by these agencies, as well as other select lines. Completion of the transaction is conditioned on, among other things, governmental and regulatory approvals and satisfaction of various customary closing conditions. The transaction is expected to close during the third quarter of 2015.

Wilton Re Life Settlements

On May 5, 2015, we, through our wholly-owned subsidiary Guillamene Holdings Limited, completed the acquisitions of two Delaware limited liability companies from subsidiaries of Wilton Re Limited that own interests in life insurance policies acquired in the secondary and tertiary markets and through collateralized lending transactions.

The total consideration for the transaction was \$173.0 million, which will be paid in two installments. The first installment of \$89.1 million was paid on closing and was financed by borrowings under our revolving credit facility. The second installment of \$83.9 million, due on the first anniversary of closing, is expected to be funded from cash on hand.

Sussex Property and Casualty Insurance Company (formerly known as Companion)

On January 27, 2015, we and our wholly-owned subsidiary Sussex Holdings, Inc., or Sussex Holdings, completed the acquisition of Companion from Blue Cross Blue Shield of South Carolina, an independent licensee of the Blue Cross Blue Shield Association. Companion is a South Carolina-based insurance group writing property, casualty, specialty and workers compensation business, and has also provided fronting and third-party administrative services. The total consideration for the transaction was \$218.0 million in cash, which was financed 50% through borrowings under a term loan facility and 50% from cash on hand. We changed the name of Companion to Sussex Property and Casualty Insurance Company, or Sussex, following the acquisition and are operating the company as part of our non-life run-off business. In addition, Torus is renewing certain business from Companion.

Significant New Business

Reciprocal of America

On January 15, 2015, our wholly-owned subsidiary, Providence Washington Insurance Company, completed a loss portfolio transfer reinsurance transaction with Reciprocal of America (in Receivership) and its Deputy Receiver relating to a portfolio of workers compensation business that has been in run-off since 2003. The total net insurance reserves assumed were approximately \$162.1 million, with an equivalent amount of cash and/or investments being received as consideration.

Shelbourne RITC Transaction

Effective January 1, 2015, Lloyd's Syndicate 2008, which is managed by our wholly-owned subsidiary and Lloyd's managing agent, Shelbourne Syndicate Services Limited, entered into a

[Table of Contents](#)

reinsurance to close (or RITC) contract of the 2012 and prior underwriting years of account of another Lloyd's syndicate. In the RITC transaction, Syndicate 2008 assumed total net insurance reserves of approximately £17.2 million (approximately \$26.9 million) for cash consideration of an equal amount.

Consolidated Results of Operations — For the Three Months Ended March 31, 2015 and 2014

The following table sets forth our consolidated statements of earnings data for each of the periods indicated:

	Three Months Ended March 31,	
	2015	2014
(expressed in thousands of U.S. dollars)		
INCOME		
Net premiums earned	\$ 198,906	\$ 61,658
Fees and commission income	11,480	6,998
Net investment income	33,893	24,348
Net realized and unrealized gains	43,020	34,573
	<u>287,299</u>	<u>127,577</u>
EXPENSES		
Net increase (reduction) in ultimate losses and loss adjustment expense liabilities:	70,136	(12,051)
Life and annuity policy benefits	22,847	26,809
Acquisition costs	34,550	13,161
Salaries and benefits	57,772	31,390
General and administrative expenses	38,826	22,250
Interest expense	4,003	3,734
Net foreign exchange (gains) losses	(5,071)	1,596
	<u>223,063</u>	<u>86,889</u>
EARNINGS BEFORE INCOME TAXES	64,236	40,688
INCOME TAXES	(10,744)	(7,276)
NET EARNINGS	53,492	33,412
Less: Net earnings attributable to noncontrolling interest	(8,645)	(3,825)
NET EARNINGS ATTRIBUTABLE TO ENSTAR GROUP LIMITED	<u>\$ 44,847</u>	<u>\$ 29,587</u>

The following table provides a split by operating segment of the net earnings attributable to Enstar Group Limited:

	Three Months Ended March 31,	
	2015	2014
(in thousands of U.S. dollars)		
Segment split of earnings (losses) attributable to Enstar Group Limited:		
Non-life run-off	\$ 27,346	\$ 25,600
Atrium	8,447	496
Torus	3,337	(539)
Life and annuities	5,717	4,030
Net earnings attributable to Enstar Group Limited	<u>\$ 44,847</u>	<u>\$ 29,587</u>

The following discussion and analysis of our financial condition and results of operations should be read in conjunction with our unaudited condensed consolidated financial statements and the related footnotes. Some of the information contained in this discussion and analysis includes forward-looking

[Table of Contents](#)

statements that involve risks, uncertainties and assumptions. Our actual results and the timing of events could differ materially from those anticipated by these forward-looking statements as a result of many factors, including those discussed under “Cautionary Statement Regarding Forward-Looking Statements” included in Item 2 of this Quarterly Report on Form 10-Q and in “Risk Factors” included in Item 1A of our Annual Report on Form 10-K for the year ended December 31, 2014.

We reported consolidated net earnings, before net earnings attributable to noncontrolling interest, of approximately \$53.5 million and \$33.4 million for the three months ended March 31, 2015 and 2014, respectively. Our comparative results were impacted by our 2014 and 2015 acquisitions, among other factors. Subsequent to March 31, 2014, we completed the acquisitions of Torus (on April 1, 2014) and Companion (on January 27, 2015), which we renamed Sussex. The change in consolidated net earnings for the three month periods ended March 31, 2015 and 2014 is more specifically attributable to the following:

Net premiums earned – Combined net premiums earned for our four operating segments were \$198.9 million and \$61.7 million for the three months ended March 31, 2015 and 2014, respectively. The significant increase in 2015 was due primarily to the net premiums earned by Torus and Sussex as described in greater detail in the segment discussions below.

Net investment income – Net investment income was \$33.9 million and \$24.3 million for the three months ended March 31, 2015 and 2014, respectively. The increase was largely attributable to the net investment income earned on a larger base of cash and fixed maturity investments as a result of the Torus and Sussex transactions, although this was partially offset by lower reinvestment yields on new purchases of fixed maturity investments.

Net realized and unrealized gains – Net realized and unrealized gains were \$43.0 million and \$34.6 million for the three months ended March 31, 2015 and 2014, respectively. The increase was attributable primarily to an increase in realized and unrealized gains on our fixed maturity and other investments and decreases in U.S. investment yields during the first quarter of 2015 (particularly in longer dated fixed maturity investments) as compared to marginal decreases in treasury yields for the same period in 2014.

Net increase (reduction) in ultimate losses and loss adjustment expense liabilities – For the three months ended March 31, 2015, net ultimate losses and loss adjustment expense liabilities increased by \$70.1 million, compared to a reduction of \$12.1 million in the three months ended March 31, 2014. The total increase of \$82.2 million for the three months ended March 31, 2015 compared to the comparative period in 2014 was due primarily to increases in current period net ultimate losses and loss adjustment expense liabilities of \$90.3 million, which largely consisted of current period loss development related to the issuance of new insurance policies, partially offset by a reduction in prior period net ultimate losses and loss adjustment expense liabilities.

Life and annuity policy benefits – Life and annuity policy benefits were \$22.8 million and \$26.8 million for the three months ended March 31, 2015 and 2014, respectively. The movements for the three month periods ended March 31, 2015 and 2014 related entirely to our life and annuities segment and are described in greater detail in the segment discussion below.

Acquisition costs – Acquisition costs were \$34.6 million and \$13.2 million for the three months ended March 31, 2015 and 2014, respectively. The increase for 2015 was due to the acquisition costs associated with the net premiums earned by Torus.

Salaries and benefits – Salaries and benefits were \$57.8 million and \$31.4 million for the three months ended March 31, 2015 and 2014, respectively. This increase in 2015 was due predominantly to the salaries and benefits costs associated with our increased head count relating to the Torus and

[Table of Contents](#)

Sussex acquisitions, in addition to an increase in our bonus accrual amount for the three months ended 2015 due to higher net earnings.

General and administrative expenses – General and administrative expenses for the three months ended March 31, 2015 and 2014 were \$38.8 million and \$22.3 million, respectively. The increase for 2015 was due principally to general and administrative expenses associated with the Torus and Sussex acquisitions.

Net foreign exchange gains (losses) – Net foreign exchange gains (losses) for the three months ended March 31, 2015 and 2014 were \$5.1 million and \$(1.6) million, respectively. The net foreign exchange gains for the three months ended March 31, 2015 were primarily attributable to our holding surplus Euro and British pound liabilities at a time when the U.S. dollar was strengthening against these currencies.

Income tax expense – Income tax expenses were \$10.7 million and \$7.3 million for the three months ended March 31, 2015 and 2014, respectively. The effective tax rate was 16.7% for the three months ended March 31, 2015 compared with 17.9% for the same period in 2014. Income tax expense is generated through our foreign operations outside of Bermuda, principally in the United States, U.K and Australia. Our income tax expense may fluctuate significantly from period to period depending on the geographic distribution of pre-tax earnings or loss in any given period between different jurisdictions with different tax rates.

Noncontrolling interest – Net earnings attributable to noncontrolling interest for the three months ended March 31, 2015 increased by \$4.8 million to \$8.6 million. The increase in 2015 was primarily attributable to increased earnings during the period associated with our Torus and Atrium segments (in which there are redeemable noncontrolling interests and noncontrolling interests).

Overall, net earnings attributable to Enstar Group Limited increased \$15.3 million, or 51.6%, from \$29.6 million for the three months ended March 31, 2014, to \$44.8 million for the three months ended March 31, 2015.

Results of Operations by Segment – For the Three Months Ended March 31, 2015 and 2014

Non-life Run-off Segment

Our non-life run-off segment comprises the operations of our subsidiaries that are running off their property and casualty and other non-life lines of business, including the run-off businesses of Arden and Torus. It also includes our smaller management business, in which we manage the run-off portfolios of third parties through our service companies.

[Table of Contents](#)

The following is a discussion and analysis of our results of operations for our non-life run-off segment for the three months ended March 31, 2015 and 2014:

	Three Months Ended March 31,	
	2015	2014
	(in thousands of U.S. dollars)	
INCOME		
Net premiums earned	\$ 18,492	\$ 2,527
Fees and commission income	4,837	2,955
Net investment income	21,904	14,333
Net realized and unrealized gains	34,660	29,629
	<u>79,893</u>	<u>49,444</u>
EXPENSES		
Net reduction in ultimate losses and loss adjustment expense liabilities	(13,100)	(29,182)
Acquisition costs	(1,705)	—
Salaries and benefits	32,044	25,846
General and administrative expenses	22,947	15,763
Interest expense	2,520	2,561
Net foreign exchange losses	5,138	2,130
	<u>47,844</u>	<u>17,118</u>
EARNINGS BEFORE INCOME TAXES	<u>32,049</u>	<u>32,326</u>
INCOME TAXES	<u>(5,107)</u>	<u>(3,651)</u>
NET EARNINGS	<u>26,942</u>	<u>28,675</u>
Less: Net losses (earnings) attributable to noncontrolling interest	404	(3,075)
NET EARNINGS ATTRIBUTABLE TO ENSTAR GROUP LIMITED	<u>\$ 27,346</u>	<u>\$ 25,600</u>

Summary Comparison of the Three Months Ended March 31, 2015 and 2014

In our non-life run-off segment, we reported consolidated net earnings, before net losses (earnings) attributable to noncontrolling interest, of approximately \$26.9 million and \$28.7 million for the three months ended March 31, 2015 and 2014, respectively.

The decrease in earnings of \$1.8 million was attributable primarily to the following:

- (i) an increase in salaries and benefits of \$6.2 million;
- (ii) an increase in general and administrative expenses of \$7.2 million; and
- (iii) an increase in net foreign exchange losses of \$3.0 million; partially offset by
- (iv) an increase in net investment income of \$7.6 million;
- (v) an increase in net realized and unrealized gains of \$5.0 million; and
- (vi) an increase of \$3.2 million in net reduction in ultimate losses and loss adjustment expense liabilities related to prior periods.

Occasionally we write premium in our non-life run-off segment even though we do not actively seek to issue new policies in this segment. This written premium relates to the obligatory renewal of certain policies that we are in the process of placing into run-off, and the related earned premium tends to be largely or entirely offset by increases in net ultimate losses and loss adjustment expense liabilities related to these current period premiums. For the three months ended March 31, 2015 the total of: (i) net premiums earned of \$18.5 million, less (ii) current period increase in net ultimate

[Table of Contents](#)

losses and loss adjustment expense liabilities of \$20.7 million, plus (iii) acquisition costs of \$1.7 million amounted to \$(0.5) million and primarily related to the Sussex. For the three months ended March 31, 2014, the total of: (i) net premiums earned of \$2.5 million, less (ii) current period increase in net ultimate losses and loss adjustment expense liabilities of \$1.4 million, amounted to \$1.1 million and related to SeaBright Holdings Inc., or SeaBright.

Noncontrolling interest in earnings for the non-life run-off segment decreased by \$3.5 million to \$(0.4) million for the three months ended March 31, 2015 as a result of lower earnings in those companies in which there are noncontrolling interests.

Net earnings for the non-life run-off segment attributable to Enstar Group Limited increased by \$1.7 million from \$25.6 million for the three months ended March 31, 2014 to \$27.3 million for the three months ended March 31, 2015.

Net Premiums Earned:

	Three Months Ended March 31,		
	2015	Variance	2014
	(in thousands of U.S. dollars)		
Gross premiums written	\$10,785		\$1,319
Ceded reinsurance premiums written	2,762		(276)
Net premiums written	<u>13,547</u>	\$12,504	<u>1,043</u>
Gross premiums earned	27,755		2,768
Ceded reinsurance premiums earned	(9,263)		(241)
Net premiums earned	<u>\$18,492</u>	\$15,965	<u>\$2,527</u>

Premiums Written

Gross non-life run-off premiums written for the three months ended March 31, 2015 consisted of direct premiums written and premiums assumed primarily by Sussex. Sussex was placed into run-off immediately following the acquisition, but it is renewing expiring insurance policies where it is obligated to do so by applicable regulations. In future periods, we would expect to have declining levels of gross and net premiums written relating to the Sussex run-off business.

Premiums Earned

Gross non-life run-off premiums earned for the three months ended March 31, 2015 and 2014, totaled \$27.8 million and \$2.8 million, respectively. Ceded reinsurance premiums earned for the three months ended March 31, 2015 and 2014 totaled \$9.3 million and \$0.2 million, respectively. Accordingly, net premiums earned for the three months ended March 31, 2015 and 2014 totaled \$18.5 million and \$2.5 million, respectively. Premiums written and earned in 2015 primarily relate to Sussex whereas premiums written and earned in 2014 related to SeaBright.

With our expectation that premiums written by Sussex will decrease significantly over time, we believe that there will be a similar reduction in premiums earned as policies non-renew. As noted above, net premiums earned in our non-life run-off segment are largely or entirely offset by increases in net ultimate losses and loss adjustment expense liabilities related to policies issued in the current period. See also our discussion of "Net Reduction in Ultimate Losses and Loss Adjustment Expense Liabilities" below.

[Table of Contents](#)

Net Investment Income and Net Realized and Unrealized Gains:

	Three Months Ended March 31,					
	Net Investment Income			Net Realized and Unrealized Gains		
	2015	Variance	2014	2015	Variance	2014
	(in thousands of U.S. dollars)					
Total	\$21,904	\$ 7,571	\$14,333	\$ 34,660	\$ 5,031	\$ 29,629

Net investment income for the non-life run-off segment for the three months ended March 31, 2015 increased by \$7.6 million to \$21.9 million, as compared to \$14.3 million for the three months ended March 31, 2014. The increase was a result of the following:

- (i) an increase of \$0.8 million in investment income from equities and other investments;
- (ii) an increase of \$2.9 million in other investment income related primarily to recoveries received in excess of their cost on acquired insolvent debts; and
- (iii) an increase in investment income of \$3.9 million that arose primarily as a result of increased investment balances on our cash and fixed maturity portfolios as compared to those in 2014 due to our acquisition of Companion.

Net realized and unrealized gains for the non-life run-off segment for the three months ended March 31, 2015 and 2014 were \$34.7 million and \$29.6 million, respectively. The increase of \$5.0 million was primarily attributable to:

- (i) an increase of \$4.9 million in net realized and unrealized gains in our private equity and other investment holdings attributable to:
 - an increase in net realized and unrealized gains on equity funds in 2015 due to higher global equity returns in underlying portfolios as compared to those earned in 2014;
 - an increase in income earned on our private equity funds in 2015, due to higher returns earned in 2015 as compared to those earned in 2014; and
 - higher returns on our senior secured loan fund investments.
- (ii) an increase of \$1.3 million related to fixed maturity securities largely due to a decrease in treasury yields; partially offset by
- (iii) a decrease of \$1.2 million in net realized and unrealized gains on our equity portfolio. The decrease between 2015 and 2014 was due mostly to lower gains in our U.S. large capitalization equity exposure for the three months ended March 31, 2015 as compared to the same period in 2014.

Annualized Returns

The below table presents the annualized investment returns (inclusive of net investment income and net realized and unrealized gains (losses)) earned by the non-life run-off segment on its cash and investments for the three months ended March 31, 2015 and 2014:

	Three Months Ended March 31,			
	Annualized Return		Average Cash and Investment Balances	
	2015	2014	2015	2014
	(in thousands of U.S. dollars)			
Cash and fixed maturity investments	2.65%	2.14%	\$ 3,844,998	\$ 4,025,517
Other investments and equities	13.78%	11.81%	901,587	764,879
Combined overall	4.77%	3.67%	4,746,585	4,790,396

[Table of Contents](#)

The average credit ratings by fair value of our fixed maturity investments for our non-life run-off segment as at March 31, 2015 and 2014 were A+.

Net Reduction in Ultimate Losses and Loss Adjustment Expense Liabilities:

The following table shows the components of the movement in the net reduction in ultimate losses and loss adjustment expense liabilities for the non-life run-off segment for the three months ended March 31, 2015 and 2014:

	Three Months Ended March 31,					
	2015			2014		
	Prior Periods	Current Period	Total	Prior Periods	Current Period	Total
	(in thousands of U.S. dollars)					
Net losses paid	\$ 60,689	\$ 4,571	\$ 65,260	\$ 87,155	\$ 532	\$ 87,687
Net change in case and LAE reserves	(9,994)	2,994	(7,000)	(63,249)	851	(62,398)
Net change in IBNR reserves	(50,439)	13,161	(37,278)	(37,397)	49	(37,348)
Increase (reduction) in estimates of net ultimate losses	256	20,726	20,982	(13,491)	1,432	(12,059)
Reduction in provisions for bad debt	(19,814)	—	(19,814)	—	—	—
Reduction in provisions for unallocated loss adjustment expense liabilities	(13,975)	—	(13,975)	(13,359)	—	(13,359)
Amortization of fair value adjustments	(293)	—	(293)	(3,764)	—	(3,764)
Net (reduction) increase in ultimate losses and loss adjustment expense liabilities	<u>\$(33,826)</u>	<u>\$20,726</u>	<u>\$(13,100)</u>	<u>\$(30,614)</u>	<u>\$1,432</u>	<u>\$(29,182)</u>

Net change in case and loss adjustment expense, or LAE, reserves comprise the movement during the period in specific case reserve liabilities as a result of claims settlements or changes advised to us by our policyholders and attorneys, less changes in case reserves recoverable advised by us to our reinsurers as a result of the settlement or movement of assumed claims. Net change in incurred but not reported, or IBNR, reserves represents the change in our actuarial estimates of losses incurred but not reported, less amounts recoverable.

Three Months Ended March 31, 2015

The net reduction in ultimate losses and loss adjustment expense liabilities for the three months ended March 31, 2015 of \$13.1 million included current period incurred losses and loss adjustment expenses of \$20.7 million related to current period net earned premium of \$19.3 million, primarily related to Sussex. Excluding current period net ultimate losses and loss adjustment expense liabilities of \$20.7 million, net ultimate losses and loss adjustment expense liabilities relating to prior periods were reduced by \$33.8 million, which was attributable to a reduction in provisions for bad debt of \$19.8 million and a reduction in provisions for unallocated loss adjustment expense liabilities of \$14.0 million, relating to 2015 run-off activity, and amortization of fair value adjustments over the estimated payout period relating to companies acquired amounting to \$0.3 million, partially offset by an increase in estimates of net ultimate losses of \$0.3 million.

The reduction in provisions for bad debt of \$19.8 million for the three months ended March 31, 2015 resulted from the cash collection and commutation of certain reinsurance receivables against which bad debt provisions had been provided for in earlier periods.

[Table of Contents](#)

Three Months Ended March 31, 2014

The net reduction in ultimate losses and loss adjustment expense liabilities for the three months ended March 31, 2014 of \$29.2 million included current period incurred losses and loss adjustment expense liabilities of \$1.4 million related to current period net earned premiums of \$1.4 million related to SeaBright. Excluding SeaBright's current period net ultimate losses and loss adjustment expense liabilities of \$1.4 million, net ultimate losses and loss adjustment expense liabilities relating to prior periods were reduced by \$30.6 million, which was attributable to a reduction in estimates of net ultimate losses of \$13.5 million and a reduction in provisions for unallocated loss adjustment expense liabilities of \$13.4 million, relating to 2014 run-off activity, and amortization of fair value adjustments over the estimated payout period relating to companies acquired amounting to \$3.8 million.

Excluding the impact of current period losses incurred of \$1.4 million relating to SeaBright, the reduction in estimates of net ultimate losses was \$13.5 million, which was primarily related to:

- (i) our quarterly review of historic case reserves for which no updated advices had been received for a number of years. This review identified the redundancy of a number of advised case reserves with an estimate aggregate value of approximately \$6.8 million; and
- (ii) favorable claim settlements for the three months ended March 31, 2014 resulting in a reduction in estimates of net ultimate losses of approximately \$6.7 million.

Salaries and Benefits:

	Three Months Ended March 31,		
	2015	Variance	2014
	(in thousands of U.S. dollars)		
Total	\$32,044	\$ (6,198)	\$25,846

Salaries and benefits for the non-life run-off segment, which include expenses relating to our discretionary bonus and employee share plans, were \$32.0 million and \$25.8 million for the three months ended March 31, 2015 and 2014, respectively. The increase in salaries and benefits was related primarily to:

- (i) an increase in the discretionary bonus provision of approximately \$2.3 million due to the increase in net earnings for the three months ended March 31, 2015 as compared to 2014. Expenses relating to our discretionary bonus plan will be variable and are dependent on our overall profitability; and
- (ii) an increase in our average head count in our non-life run-off segment from approximately 524 for the three months ended March 31, 2014 to approximately 582 for the three months ended March 31, 2015 primarily as a result of the Sussex acquisition.

General and Administrative Expenses:

	Three Months Ended March 31,		
	2015	Variance	2014
	(in thousands of U.S. dollars)		
Total	\$22,947	\$ (7,184)	\$15,763

General and administrative expenses increased by \$7.2 million to \$22.9 million for the three months ended March 31, 2015, as compared to \$15.7 million for the three months ended March 31, 2014. Included within the expenses for the three months ended March 31, 2015 are \$6.2 million

[Table of Contents](#)

related to Sussex (of which \$2.6 million related to acquisition-specific expenses). Excluding the Sussex-related expenses, general and administrative expenses increased by \$1.0 million primarily due to an increase in professional fees, computer and office-related expenses.

Net Foreign Exchange Losses:

	Three Months Ended March 31,		
	2015	Variance	2014
	(in thousands of U.S. dollars)		
Total	<u>\$ 5,138</u>	\$ (3,008)	<u>\$2,130</u>

We recorded net foreign exchange losses for the non-life run-off segment of \$5.1 million and \$2.1 million for the three months ended March 31, 2015 and 2014, respectively. The increase in net foreign exchange losses for the three months ended March 31, 2015 arose primarily as a result of holding surplus Euro and British pound assets at a time when the U.S. dollar was appreciating against the Euro and British pound; partially offset by net foreign exchange gains as a result of holding surplus U.S. dollar assets in one of our subsidiaries whose functional currency is Australian dollars at a time when the Australian dollar depreciated against the U.S. dollar.

In addition to the net foreign exchange losses recorded in our consolidated statement of earnings, we recorded in our unaudited condensed consolidated statement of comprehensive income currency translation adjustment (losses) gains, net of noncontrolling interest, related to our non-life run-off segment of \$(4.1) million and \$3.2 million for the three months ended March 31, 2015 and 2014, respectively. For the three months ended March 31, 2015 and 2014, the currency translation adjustments related primarily to our Australian-based subsidiaries.

Income Tax Expense:

	Three Months Ended March 31,		
	2015	Variance	2014
	(in thousands of U.S. dollars)		
Total	<u>\$ 5,107</u>	\$ (1,456)	<u>\$3,651</u>

We recorded income tax expense for the non-life run-off segment of \$5.1 million and \$3.7 million for the three months ended March 31, 2015 and 2014, respectively.

Income tax expense is generated primarily through our foreign operations outside of Bermuda, principally in the United States, Europe and Australia. The effective tax rate, which is calculated as income tax expense or benefit divided by income before tax, is driven primarily by the geographic distribution of pre-tax net income between jurisdictions with comparatively higher tax rates and those with comparatively lower income tax rates and as a result may fluctuate significantly from period to period.

The effective tax rate was 15.9% for the three months ended March 31, 2015 compared with 11.3% for same period in 2014, associated primarily with us having proportionately higher net income in our tax paying subsidiaries than in the same period for 2014.

Noncontrolling Interest:

	Three Months Ended March 31,		
	2015	Variance	2014
	(in thousands of U.S. dollars)		
Total	<u>\$ (404)</u>	\$ 3,479	<u>\$3,075</u>

[Table of Contents](#)

We recorded a noncontrolling interest in earnings of the non-life run-off segment of \$(0.4) million and \$3.1 million for the three months ended March 31, 2015 and 2014, respectively. The decrease for the three months ended March 31, 2015 was due primarily to the decrease in earnings for those companies in our non-life run-off segment where there exists a noncontrolling interest.

Atrium Segment

Our Atrium segment is comprised of the active underwriting operations and financial results of Northshore Holdings Limited, or Northshore, a holding company that owns Atrium and its subsidiaries and Arden. We acquired our interests in Atrium on November 25, 2013 and Arden on September 9, 2013.

Atrium's wholly-owned subsidiary, Atrium Underwriters Ltd, or AUL, manages and underwrites specialist insurance and reinsurance business for Lloyd's Syndicate 609. Atrium's wholly-owned subsidiary, Atrium 5 Ltd., or Atrium 5, provides approximately 25% of the underwriting capacity and capital to Syndicate 609, with the balance provided by traditional Lloyd's Names. Arden provides reinsurance to Atrium 5 Ltd. through an approximate 65% quota share reinsurance arrangement (which is eliminated upon consolidation) and is currently in the process of running off certain other portfolios of run-off business. Results related to Arden's discontinued business are included within our non-life run-off segment.

[Table of Contents](#)

The following is a discussion and analysis of our results of operations for the Atrium segment for the three months ended March 31, 2015 and 2014. The results of Atrium 5 represent its proportionate share of the results of Syndicate 609 (in the Atrium 5 column). The results of AUL (in the AUL column) largely represent fees charged to Syndicate 609 and a 20% profit commission on the results of the syndicate less salaries and general and administrative expenses incurred in managing the syndicate. AUL also includes other Atrium Group non-syndicate fee income and associated expenses. Elimination items represent Atrium 5's share of fees and commissions paid to AUL. The results of Northshore relate primarily to amortization of intangible assets (in the Holding Companies column) and Enstar's acquisition financing costs (in the Enstar Specific Expenses column).

Three Months Ended March 31, 2015							
Atrium 5	AUL	Elimination	Total Atrium	Holding Companies	Enstar Specific Expenses	Total	
(in thousands of U.S. dollars)							
INCOME							
Net premiums earned	\$33,872	\$ —	\$ —	\$33,872	\$ —	\$ —	\$33,872
Fees and commission income	—	12,403	(2,875)	9,528	—	—	9,528
Net investment income	500	85	—	585	—	—	585
Net realized and unrealized gains	91	—	—	91	—	—	91
	<u>34,463</u>	<u>12,488</u>	<u>(2,875)</u>	<u>44,076</u>	<u>—</u>	<u>—</u>	<u>44,076</u>
EXPENSES							
Net increase in ultimate losses and loss adjustment expense liabilities	7,020	—	—	7,020	—	—	7,020
Acquisition costs	9,406	—	—	9,406	—	—	9,406
Salaries and benefits	—	8,169	—	8,169	—	—	8,169
General and administrative expenses	5,039	643	(2,875)	2,807	647	—	3,454
Interest expense	—	—	—	—	—	1,483	1,483
Net foreign exchange (gains) losses	(3,175)	660	—	(2,515)	—	—	(2,515)
	<u>18,290</u>	<u>9,472</u>	<u>(2,875)</u>	<u>24,887</u>	<u>647</u>	<u>1,483</u>	<u>27,017</u>
EARNINGS (LOSS) BEFORE INCOME TAXES	16,173	3,016	—	19,189	(647)	(1,483)	17,059
INCOME TAXES	(1,428)	(456)	—	(1,884)	—	—	(1,884)
NET EARNINGS (LOSS)	14,745	2,560	—	17,305	(647)	(1,483)	15,175
Less: Net (earnings) loss attributable to noncontrolling interest	(5,956)	(1,034)	—	(6,990)	262	—	(6,728)
NET EARNINGS (LOSS) ATTRIBUTABLE TO ENSTAR GROUP LIMITED	\$ 8,789	\$ 1,526	\$ —	\$10,315	\$ (385)	\$ (1,483)	\$ 8,447
Loss ratio (1)	20.7%						
Acquisition cost ratio (2)	27.8%						
Other operating expense ratio (3)	14.9%						
Combined ratio (4)	63.4%						

* See footnotes 1-4 on the next page for information on how we calculate our ratios, some of which include non-GAAP financial measures.

[Table of Contents](#)

Three Months Ended March 31, 2014

	Atrium 5	AUL	Elimination	Total Atrium	Holding Companies	Enstar Specific Expenses	Total
(in thousands of U.S. dollars)							
INCOME							
Net premiums earned	\$32,639	\$ —	\$ —	\$32,639	\$ —	\$ —	\$32,639
Fees and commission income	—	6,203	(1,382)	4,821	—	—	4,821
Net investment income	319	134	—	453	27	—	480
Net realized and unrealized gains	—	(12)	—	(12)	(95)	—	(107)
	<u>32,958</u>	<u>6,325</u>	<u>(1,382)</u>	<u>37,901</u>	<u>(68)</u>	<u>—</u>	<u>37,833</u>
EXPENSES							
Net increase in ultimate losses and loss adjustment expense liabilities	17,131	—	—	17,131	—	—	17,131
Acquisition costs	9,561	—	—	9,561	—	—	9,561
Salaries and benefits	—	3,533	—	3,533	—	—	3,533
General and administrative expenses	3,407	847	(1,382)	2,872	1,169	—	4,041
Interest expense	—	6	—	6	—	1,167	1,173
Net foreign exchange gains	(272)	(279)	—	(551)	—	—	(551)
	<u>29,827</u>	<u>4,107</u>	<u>(1,382)</u>	<u>32,552</u>	<u>1,169</u>	<u>1,167</u>	<u>34,888</u>
EARNINGS (LOSS) BEFORE INCOME TAXES	3,131	2,218	—	5,349	(1,237)	(1,167)	2,945
INCOME TAXES	(680)	(659)	—	(1,339)	—	—	(1,339)
NET EARNINGS (LOSS)	2,451	1,559	—	4,010	(1,237)	(1,167)	1,606
Less: Net (earnings) loss attributable to noncontrolling interest	(981)	(624)	—	(1,605)	495	—	(1,110)
NET EARNING (LOSS) ATTRIBUTABLE TO ENSTAR GROUP LIMITED	\$ 1,470	\$ 935	\$ —	\$ 2,405	\$ (742)	\$ (1,167)	\$ 496
Loss ratio (1)	52.5%						
Acquisition cost ratio (2)	29.3%						
Other operating expense ratio (3)	10.4%						
Combined ratio (4)	92.2%						

- (1) Loss ratio is obtained by dividing net increase in ultimate losses and loss adjustment expense liabilities by net premiums earned by Atrium 5.
- (2) Acquisition cost ratio is obtained by dividing acquisition costs by net premiums earned by Atrium 5.
- (3) Other operating expense ratio is obtained by dividing general and administrative expenses attributable to Atrium 5 by net premiums earned by Atrium 5. Other operating expense ratio is a non-GAAP financial measure because it excludes the general and administrative expenses and salaries and benefits of AUL (including those eliminated) and Atrium holding companies. The most directly comparable GAAP financial measure would be to include these AUL and Atrium holding company expenses (including AUL expenses eliminated), which would result in a ratio of 34.3% and 23.2% for the three months ended March 31, 2015 and 2014, respectively.
- (4) Our combined ratio is the sum of: (i) our loss ratio; (ii) our acquisition cost ratio; and (iii) our other operating expense ratio. The combined ratio is a non-GAAP financial measure because of the exclusions from the other operating expense ratio described in footnote (3). The most directly comparable GAAP financial measure would be to include the holding company and AUL expenses excluded from the other operating expense ratio, which would result in a ratio of 82.8% and 105.0% for the three months ended March 31, 2015 and 2014, respectively. Our historical combined ratio may not be indicative of future underwriting performance.

[Table of Contents](#)

Non-GAAP Financial Measures

We provide loss ratio, acquisition cost ratio, other operating expense ratio, and the combined ratio in our discussions of the results for the Atrium segment in order to provide more complete information regarding our underwriting results. The ratios are calculated by dividing the related expense by net earned premiums, and the combined ratio is the sum of these ratios. Our other operating expense and combined ratios are considered to be “non-GAAP” financial measures, which may be defined or calculated differently by other companies.

The Atrium other operating expense ratios exclude expenses related to the holding companies, which we believe is the most meaningful presentation because these expenses are not incremental and/or directly related to the individual underwriting operations at Atrium. In the other operating expense ratio, the excluded holding company general and administrative expenses relate to amortization of the definite-lived intangible assets.

The excluded AUL general and administrative expenses relate to expenses incurred in managing the syndicate, and eliminated items represent Atrium 5's share of the fees and commissions paid to AUL. The excluded AUL salaries and benefits expenses relate to salaries, benefits, bonuses expenses, and current year share grant costs for AUL managing agency employees. We believe it is a more meaningful presentation to exclude these costs because they are principally funded by the profit commission fees earned from Syndicate 609.

Summary Comparison of the Three Months Ended March 31, 2015 and 2014

For the Atrium segment, we reported net earnings, before net earnings attributable to noncontrolling interest, of approximately \$15.2 million and \$1.6 million for the three months ended March 31, 2015 and 2014, respectively.

The increase of earnings of \$13.6 million was attributable primarily to the following:

- (i) an increase in net underwriting result of \$11.5 million principally related to an increase in net premiums earned of \$1.3 million and a reduction of \$10.1 million in net increase in ultimate losses and loss adjustment expense liabilities, which were largely due to lower losses on current period earned premium and favorable prior period reserve development;
- (ii) an increase in fees and commission income of \$4.7 million; and
- (iii) an increase in net foreign exchange gains of \$2.0 million; partially offset by
- (iv) an increase in salaries and benefits of \$4.7 million.

Net earnings attributable to the noncontrolling interest of the Atrium segment increased by \$5.6 million to \$6.7 million for the three months ended March 31, 2015 as a result of increased earnings during the period associated with the Atrium segment. Net earnings for the Atrium segment attributable to Enstar Group Limited increased by \$8.0 million from \$0.5 million for the three months ended March 31, 2014 to \$8.4 million for the three months ended March 31, 2015. The noncontrolling interests' share of earnings is greater than their 40.39% share of the Atrium segment's net earnings primarily due to interest expense in respect of borrowings under our revolving credit facility that are recorded within the Atrium segment and 100% attributable to us.

[Table of Contents](#)

Gross Premiums Written:

The following table provides gross premiums written by line of business for the Atrium segment for the three months ended March 31, 2015 and 2014:

	Gross Premiums Written		Gross Premiums Written	
	Three Months Ended March 31, 2015	% of Total Gross Premiums Written	Three Months Ended March 31, 2014	% of Total Gross Premiums Written
	(in thousands of U.S. dollars)			
Marine Property	\$ 7,117	14.6%	\$ 8,032	16.9%
Property and Casualty Binding Authorities	8,313	17.0%	7,243	15.2%
Upstream Energy	4,910	10.0%	6,232	13.1%
Reinsurance	8,212	16.8%	5,811	12.2%
Accident and Health	4,895	10.0%	5,716	12.0%
Non-Marine Direct and Facultative	3,833	7.8%	3,904	8.2%
Liability	5,263	10.8%	4,135	8.7%
Aviation	3,363	6.9%	3,895	8.2%
War and Terrorism	3,007	6.1%	2,609	5.5%
Total	<u>\$ 48,913</u>	<u>100.0%</u>	<u>\$ 47,577</u>	<u>100.0%</u>

Gross premiums written were \$48.9 million and \$47.6 million for the three months ended March 31, 2015 and 2014, respectively.

Net Premiums Earned:

The following table provides net premiums earned by line of business for the three months ended March 31, 2015 and 2014:

	Net Premiums Earned			
	Three Months Ended March 31, 2015	% of Total Net Premiums Earned	Three Months Ended March 31, 2014	% of Total Net Premiums Earned
	(in thousands of U.S. dollars)			
Marine Property	\$ 5,185	15.3%	\$ 5,265	16.1%
Property and Casualty Binding Authorities	6,982	20.5%	5,508	16.9%
Upstream Energy	3,743	11.1%	5,015	15.4%
Reinsurance	3,111	9.2%	3,009	9.2%
Accident and Health	3,215	9.5%	3,942	12.1%
Non-Marine Direct and Facultative	3,626	10.7%	3,656	11.2%
Liability	4,388	13.0%	3,001	9.2%
Aviation	1,769	5.2%	1,766	5.4%
War and Terrorism	1,853	5.5%	1,477	4.5%
Total	<u>\$ 33,872</u>	<u>100.0%</u>	<u>\$ 32,639</u>	<u>100.0%</u>

Net premiums earned were \$33.9 million and \$32.6 million for the three months ended March 31, 2015 and 2014 respectively.

Fees and Commission Income:

	Three Months Ended March 31,		
	2015	Variance	2014
	(in thousands of U.S. dollars)		
Total	<u>\$ 9,528</u>	<u>4,707</u>	<u>\$ 4,821</u>

[Table of Contents](#)

The Atrium segment earned fees and commission income of approximately \$9.5 million and \$4.8 million for the three months ended March 31, 2015 and 2014, respectively. The fees represent management and profit commission fees earned by us in relation to Atrium's management of Syndicate 609. Atrium's fees and commission income increased by \$4.7 million as a result of the increase in net earnings for Syndicate 609 during the three months ended March 31, 2015 as compared to the same period in 2014.

Net Investment Income and Net Realized and Unrealized Gains (Losses):

	Three Months Ended March 31,					
	Net Investment Income			Net Realized and Unrealized Gains (Losses)		
	2015	Variance	2014	2015	Variance	2014
	(in thousands of U.S. dollars)					
Total	\$585	\$ 105	\$480	\$ 91	\$ 198	\$(107)

Net investment income for the Atrium segment for the three months ended March 31, 2015 increased by \$0.1 million to \$0.6 million, as compared to \$0.5 million for the three months ended March 31, 2014. Atrium's investment portfolio returned 0.82% as the investment portfolio was allocated to cash and short-duration fixed maturity investments. Fixed income yields in U.S. Dollars, Euros and British pounds remained low in 2015, which had a significant impact on the Atrium portfolio.

Net Increase in Ultimate Losses and Loss Adjustment Expenses Liabilities:

For the three months ended March 31, 2015, we recorded an overall net increase in ultimate losses and loss adjustment expense liabilities for the Atrium segment of \$7.0 million, including net favorable prior period reserve development of \$7.9 million principally due to claims improvement and reserve releases related to our Upstream Energy, Aviation, Marine and Property lines of business. A net increase in ultimate losses and loss adjustment expense liabilities for the current period of \$14.9 million has been recorded based on expected loss ratios on current period earned premium.

For the three months ended March 31, 2014, we recorded an overall net increase in ultimate losses and loss adjustment expense liabilities for the Atrium segment of \$17.1 million, including net favorable prior period reserve development of \$4.2 million principally due to claims improvement and reserve releases related to our Upstream Energy, Accident and Health and Marine and Property lines of business. A net increase in ultimate losses and loss adjustment expense liabilities for the 2014 current period of \$21.3 million was recorded based on expected loss ratios on current period earned premium.

There is no assurance that conditions or trends that have affected the development of our reserves in the past will continue, and prior period development may not be indicative of development in future periods.

Salaries and Benefits:

	Three Months Ended March 31,		
	2015	Variance	2014
	(in thousands of U.S. dollars)		
Total	\$ 8,169	(4,636)	\$3,533

Salaries and benefits for the Atrium segment were \$8.2 million and \$3.5 million for the three months ended March 31, 2015 and 2014, respectively. The increase in salaries and benefits of

[Table of Contents](#)

\$4.6 million was attributable to an increase in share grant costs of \$1.5 million related to the Atrium employee equity awards which were established subsequent to April 1, 2014 and an increase of \$3.1 million in expenses related to the discretionary bonus plan. Expenses relating to the discretionary bonus plan will be variable and dependent on Atrium's overall profitability.

General and Administrative Expenses:

	Three Months Ended March 31,		
	2015	Variance	2014
	(in thousands of U.S. dollars)		
Total	\$ 3,454	587	\$4,041

General and administrative expenses for the Atrium segment were \$3.5 million and \$4.0 million for the three months ended March 31, 2015 and 2014, respectively. This was comprised of \$2.8 million related to AUL's direct expenses and Atrium's share of the syndicate expenses for both the three month periods ended March 31, 2015 and 2014, and related primarily to office expenses and professional fees. In addition, expenses of \$0.5 million and \$0.6 million for the three months ended March 31, 2015 and 2014, respectively, related to the amortization of the definite-lived intangible assets in the Atrium segment holding companies.

Net Foreign Exchange Gains:

	Three Months Ended March 31,		
	2015	Variance	2014
	(in thousands of U.S. dollars)		
Total	\$ 2,516	1,965	\$551

Net foreign exchange gains for the Atrium segment of \$2.5 million and \$0.5 million were recorded for the three months ended March 31, 2015 and 2014, respectively. The increase in net foreign exchange gains for the three months ended March 31, 2015 was attributable to the holding of surplus British pound liabilities at a time when the British pound depreciated against the U.S. dollar.

Torus Segment

Our Torus segment is comprised of the active underwriting operations and financial results of Bayshore Holdings Limited, or Bayshore, a holding company that owns Torus and its subsidiaries. We acquired our interest in Torus on April 1, 2014.

Torus is an A- rated global specialty insurer with multiple global underwriting platforms, including Lloyd's Syndicate 1301. Torus offers a diverse range of property, casualty and specialty insurance through its operations in the U.K., Continental Europe, the U.S. and Bermuda. Results relating to Torus' run-off lines of business are included within our non-life run-off segment.

[Table of Contents](#)

The following is a discussion and analysis of our results of operations for the Torus segment for the three months ended March 31, 2015 and 2014. These results reflect both the results of Torus Insurance Holdings Limited and its subsidiaries (in the Torus column) and the expenses related to Enstar management fees, the amortization of intangible assets, and acquisition-related expenses, each as incurred by Bayshore (in the Holding Companies column).

	Three Months Ended March 31, 2015			Three Months Ended March 31, 2014		
	Torus	Holding Companies	Total	Torus	Holding Companies	Total
(in thousands of U.S. dollars)						
INCOME						
Net premiums earned	\$125,673	\$ (2,051)	\$123,622	\$—	\$ —	\$ —
Fees and commission income	14	—	14	—	—	—
Net investment income	2,194	—	2,194	—	—	—
Net realized and unrealized gains	4,702	—	4,702	—	—	—
	<u>132,583</u>	<u>(2,051)</u>	<u>130,532</u>	<u>—</u>	<u>—</u>	<u>—</u>
EXPENSES						
Net increase (reduction) in ultimate losses and loss adjustment expense liabilities	76,758	(542)	76,216	—	—	—
Acquisition costs	24,143	—	24,143	—	—	—
Salaries and benefits	15,386	34	15,420	—	—	—
General and administrative expenses	13,439	1,354	14,793	—	893	893
Net foreign exchange (gains) losses	(6,127)	(253)	(6,380)	—	6	6
	<u>123,599</u>	<u>593</u>	<u>124,192</u>	<u>—</u>	<u>899</u>	<u>899</u>
EARNINGS (LOSS) BEFORE INCOME TAXES	8,984	(2,644)	6,340	—	(899)	(899)
INCOME TAXES	(682)	—	(682)	—	—	—
NET EARNINGS (LOSS)	8,302	(2,644)	5,658	—	(899)	(899)
Less: Net (earnings) loss attributable to noncontrolling interest	(3,405)	1,084	(2,321)	—	360	360
NET EARNINGS (LOSS) ATTRIBUTABLE TO ENSTAR GROUP LIMITED	<u>\$ 4,897</u>	<u>\$ (1,560)</u>	<u>\$ 3,337</u>	<u>\$—</u>	<u>\$ (539)</u>	<u>\$(539)</u>
Loss ratio (1)	61.1%					
Acquisition cost ratio (2)	19.2%					
Other operating expense ratio (3)	22.9%					
Combined Ratio	<u>103.2%</u>					

(1) Loss ratio is obtained by dividing net increase in ultimate losses and loss adjustment expense liabilities by net premiums earned attributable to Torus. Loss ratio is a non-GAAP financial measure because it excludes the net increase in ultimate losses and loss adjustment expense liabilities and net premiums earned by the Torus holding companies. The most directly comparable GAAP financial measure would be to include these holding company expenses, which would result in a ratio of 61.7% for the three months ended March 31, 2015.

(2) Acquisition cost ratio is obtained by dividing acquisition costs by net premiums earned by Torus. Acquisition cost ratio is a non-GAAP financial measure because it excludes the net premiums earned by the Torus holding companies. The most directly comparable GAAP financial measure would be to include this holding company expense, which would result in a ratio of 19.5% for the three months ended March 31, 2015.

[Table of Contents](#)

- (3) Other operating expense ratio is obtained by dividing the sum of general and administrative expenses and salaries and benefits attributable to Torus by net premiums earned by Torus. Other operating expense ratio is a non-GAAP financial measure because it excludes the general and administrative expenses, salaries and benefits and the net premiums earned by the Torus holding companies. The most directly comparable GAAP financial measure would be to include these holding company expenses, which would result in a ratio of 24.4% for the three months ended March 31, 2015.
- (4) Our combined ratio is the sum of: (i) our loss ratio, (ii) our acquisition cost ratio and (iii) our other operating expense ratio. The combined ratio is a non-GAAP financial measure because of the exclusions described in footnotes (1), (2) and (3). The most directly comparable GAAP financial measure would be to include these holding company expenses, which would result in a ratio of 105.6% for the three months ended March 31, 2015. Our historical combined ratio may not be indicative of future underwriting performance.

Non-GAAP Financial Measures

We provide loss ratio, acquisition cost ratio, other operating expense ratio, and the combined ratio in our discussions of the results for the Torus segment in order to provide more complete information regarding our underwriting results. The ratios are calculated by dividing the related expense by net earned premiums, and the combined ratio is the sum of these ratios. Our ratios are considered to be “non-GAAP” financial measures, which may be defined or calculated differently by other companies.

The Torus ratios exclude expenses related to the holding companies, which we believe is the most meaningful presentation because these expenses are not incremental and/or directly related to the individual underwriting operations at Torus. In the loss ratio, the excluded net premiums earned and net increases in ultimate losses and loss adjustment expense liabilities of the holding companies relate to amortization of our fair value adjustment associated with unearned premium reserves acquired on the acquisition date. Torus includes all of its fair value purchase accounting adjustments established at the date of acquisition as part of the holding companies. In the other operating expense ratio, the excluded general and administrative expenses relate to the amortization of the definite-lived intangible assets, and acquisition-related expenses, in each case as incurred at the holding company level.

Summary Comparison of the Three Months Ended March 31, 2015 and 2014

For the Torus segment, we reported net earnings, before net earnings (loss) attributable to noncontrolling interest, of approximately \$5.7 million and \$(0.9) million for the three months ended March 31, 2015 and 2014, respectively.

The increase of earnings of \$6.6 million was attributable primarily to the following:

- (i) net underwriting result of \$23.3 million for the three months ended March 31, 2015 (net premiums earned of \$123.6 million less \$76.2 million in net increase in ultimate losses and loss adjustment expense liabilities and \$24.1 million of acquisition costs);
- (ii) net investment income and net realized and unrealized gains of \$6.9 million for the three months ended March 31, 2015; and
- (iii) net foreign exchange gains of \$6.4 million for the three months ended March 31, 2015; partially offset by
- (iv) salaries and benefits of \$15.4 million for the three months ended March 31, 2015;
- (v) an increase in general and administrative expenses of \$13.9 million; and
- (vi) income taxes of \$0.7 million for the three months ended March 31, 2015.

[Table of Contents](#)

Noncontrolling interest in earnings of the Torus segment increased by \$2.7 million to \$2.3 million for the three months ended March 31, 2015 as a result of an increase in net earnings of the Torus segment. Net earnings for the Torus segment attributable to Enstar Group Limited increased by \$3.8 million from \$(0.5) million for the three months ended March 31, 2014 to \$3.3 million for the three months ended March 31, 2015. As of March 31, 2015, Trident and Dowling held a combined 41.02% noncontrolling interest in the Torus segment.

Gross Premiums Written:

The following table provides gross premiums written by line of business for the Torus segment for the three months ended March 31, 2015:

	Gross Premiums Written	
	Three Months Ended March 31, 2015	% of Total Gross Premiums Written
	(in thousands of U.S. dollars)	
Marine and Excess Casualty	\$ 57,637	30.2%
Property	36,278	19.0%
Aviation and Space	11,117	5.8%
Workers Compensation	25,843	13.6%
Casualty:		
U.S. Excess Casualty	30,844	16.2%
Healthcare	6,768	3.6%
U.S. Management and Professional Liability	6,866	3.6%
Non-U.S. Management and Professional Liability	9,026	4.7%
Accident and Health	6,318	3.3%
Total Casualty	<u>59,822</u>	<u>31.4%</u>
Total	<u>\$ 190,697</u>	<u>100.0%</u>

Net Premiums Earned:

The following table provides net premiums earned by line of business for the three months ended March 31, 2015:

	Net Premiums Earned	
	Three Months Ended March 31, 2015	% of Total Net Premiums Earned
	(in thousands of U.S. dollars)	
Marine and Excess Casualty	\$ 23,864	19.3%
Property	23,843	19.3%
Aviation and Space	19,322	15.6%
Workers Compensation	16,448	13.3%
Casualty:		
U.S. Excess Casualty	21,633	17.6%
Healthcare	6,463	5.2%
U.S. Management and Professional Liability	5,229	4.2%
Non-U.S. Management and Professional Liability	4,568	3.7%
Accident and Health	2,252	1.8%
Total Casualty	<u>40,145</u>	<u>32.5%</u>
Total	<u>\$ 123,622</u>	<u>100.0%</u>

[Table of Contents](#)

Net premiums earned for the Torus segment for the three months ended March 31, 2015 were \$123.6 million, which included \$2.1 million of holding company expense related to the amortization of our fair value adjustment associated with Torus' acquisition date unearned premium reserves. Excluding the holding company expense, net premiums earned for the three months ended March 31, 2015 were \$125.7 million.

Net Investment Income and Net Realized and Unrealized Gains:

Net investment income for the Torus segment for the three months ended March 31, 2015 was \$2.2 million. Net realized and unrealized gains for the Torus segment for the period from January 1, 2015 to March 31, 2015 were \$4.7 million. The average credit ratings of our fixed maturity investments in the Torus segment as at March 31, 2015 were AA-.

Net Increase in Ultimate Losses and Loss Adjustment Expenses Liabilities:

For the three months ended March 31, 2015, we recorded an overall net increase in ultimate losses and loss adjustment expense liabilities for the Torus segment of \$76.2 million, including net favorable prior period reserve development of \$1.2 million. A net increase in ultimate losses and loss adjustment expense liabilities for the current period of \$77.4 million has been recorded based on expected loss ratios on current period earned premium.

There is no assurance that conditions or trends that have affected the development of our reserves in the past will continue, and prior period development may not be indicative of development in future periods.

Salaries and Benefits:

Salaries and benefits costs for the Torus segment were \$15.4 million for the three months ended March 31, 2015. The salary and benefit expense was related primarily to \$14.9 million of direct expense for employees of Torus, including discretionary bonus costs accrued of approximately \$1.6 million and \$0.3 million of costs associated with employee share awards granted to certain Torus employees in the period.

General and Administrative Expenses:

General and administrative expenses for the Torus segment were \$14.8 million for the three months ended March 31, 2015 compared to \$0.9 million for the three months ended March 31, 2014. The amounts were comprised of \$13.4 million directly incurred by Torus' operations including \$1.4 million of rent and related property expenses, \$3.4 million of computer related expenditure and \$1.2 million of depreciation. In addition, expenses of \$1.4 million for the three months ended March 31, 2015 were related to the amortization of definite-lived intangible assets in the Torus segment holding companies. The expenses for the three months ended March 31, 2014 were related to acquisition-expenses associated with the Torus acquisition.

Life and Annuities Segment

Our life and annuities segment consists of the operations of our subsidiaries managing our closed-block of life and annuity business, which primarily consists of the U.S. life and annuities operations of HSBC Holdings plc (which we refer to as Pavonia) that we acquired on March 31, 2013.

[Table of Contents](#)

We have also signed a definitive agreement to acquire NSA, which is anticipated to close during the third quarter of 2015. The transaction is expected to add life policy benefits of approximately \$121.0 million to this segment, comprised of credit and traditional life insurance business that we will operate in run-off.

	Three Months Ended March 31	
	2015	2014
	(in thousands of U.S. dollars)	
INCOME		
Net premiums earned	\$22,920	\$26,492
Fees and commission income	—	21
Net investment income	9,370	9,989
Net realized and unrealized gains	3,567	5,051
	<u>35,857</u>	<u>41,553</u>
EXPENSES		
Life and annuity policy benefits	22,847	26,809
Acquisition costs	2,706	3,600
Salaries and benefits	2,139	2,011
General and administrative expenses	531	2,352
Interest expense	160	454
Net foreign exchange (gains) losses	(1,314)	11
	<u>27,069</u>	<u>35,237</u>
EARNINGS BEFORE INCOME TAXES	8,788	6,316
INCOME TAXES	(3,071)	(2,286)
NET EARNINGS ATTRIBUTABLE TO ENSTAR GROUP LIMITED	<u>\$ 5,717</u>	<u>\$ 4,030</u>

Net Premiums Earned:

	Three Months Ended March 31,		
	2015	Variance	2014
	(in thousands of U.S. dollars)		
Term life insurance	\$ 6,863	\$ (820)	\$ 7,683
Assumed life reinsurance	4,440	172	4,268
Credit life and disability	11,617	(2,926)	14,541
	<u>\$22,920</u>		<u>\$26,492</u>

Net premiums earned in our life and annuities segment were \$22.9 million and \$26.5 million for the three months ended March 31, 2015 and 2014, respectively. The decrease in net premiums earned is the result of the run-off of policies during the period. The premiums in the life and annuities segment are expected to reduce by approximately 15 to 20% per annum as the blocks of business continue to run-off and policies lapse. Acquisition costs for the three months ended March 31, 2015 and 2014 of approximately \$2.7 million and \$3.6 million, respectively, are associated with premiums earned by Pavonia's Canadian operations. Substantially all of the net premiums earned in the three months ended March 31, 2015 and 2014 relate to the U.S. and Canadian business of the Pavonia companies.

For our life and annuities business, although the companies no longer write new business, the strategy differs from the non-life run-off business, in particular because the companies have limited

[Table of Contents](#)

ability to shorten the duration of the liabilities in this business through either early claims settlement, commutations or policy buy backs. Instead, the companies will hold the policies associated with the life and annuities business to their natural maturity or lapse and will pay claims as they fall due.

Net Investment Income and Net Realized and Unrealized Gains:

	Three Months Ended March 31,					
	Net Investment Income			Net Realized and Unrealized Gains		
	2015	Variance	2014	2015	Variance	2014
	(in thousands of U.S. dollars)					
Total	\$ 9,370	\$ (619)	\$ 9,989	\$ 3,567	\$ (1,484)	\$ 5,051

Net investment income for the life and annuities segment for the three months ended March 31, 2015 and 2014 was \$9.4 million and \$10.0 million, respectively. The decrease in net investment income was due to a decrease in investment balances in our cash and fixed maturity portfolio and lower reinvestment yields as compared to those in 2014.

Net realized and unrealized gains for the three months ended March 31, 2015 and 2014 were \$3.6 million and \$5.1 million, respectively. The decrease in net realized and unrealized gains of \$1.5 million was primarily due to reduced unrealized gains on fixed maturity investments in respect of the Pavonia companies. The reduced gains were due mostly to increases across the U.S. yield curve during the three months ended March 31, 2015 as compared to decreases in the same period in 2014.

The current operation of one of the Pavonia companies relates solely to periodic payment annuities, or PPA. We have a long duration held-to-maturity investment portfolio to manage the cash flow obligations of these annuities. This held-to-maturity portfolio is carried at amortized cost and earns investment income. As a result, we would not anticipate any unrealized gains or losses on the portfolio. The carrying value of the held-to-maturity portfolio comprises approximately 70% of the Pavonia investments. The remaining 30% of the Pavonia investments consists of fixed maturity investments classified as trading securities, which constitute 28% of Pavonia's investments and relate to the non-periodic payment annuity business, with the remaining 2% of Pavonia's investments held as equities and other investments.

Annualized Returns

The table below presents the annualized investment returns (inclusive of net investment income and net realized and unrealized gains (losses)), earned by the life and annuities segment on its cash and investments for the three months ended March 31, 2015 and 2014:

	Three Months Ended March 31,			
	Annualized Return		Average Cash and Investment Balances	
	2015	2014	2015	2014
	(in thousands of U.S. dollars)			
Cash and fixed maturity investments	4.04%	4.25%	\$ 1,247,192	\$ 1,344,924
Other investments and equities	6.31%	21.61%	21,695	11,928
Combined overall	4.08%	4.43%	1,268,887	1,356,852

The average credit ratings of our fixed maturity investment of our life and annuities segment as at March 31, 2015 and 2014 were A+.

Table of Contents

Life and Annuity Policy Benefits:

	Three Months Ended March 31,		
	2015	Variance	2014
	(in thousands of U.S. dollars)		
Periodic payment annuity benefits paid	\$11,198	\$ 2,192	\$13,390
Reductions in periodic payment annuity benefit reserves	(4,829)	(2,406)	(7,235)
Net change in periodic payment annuity benefit reserves	6,369		6,155
Net life claims benefits paid	20,413	2,023	22,436
Net change in life claims benefit reserves	(6,486)	906	(5,580)
Amortization of fair value adjustments	2,551	1,247	3,798
Net ultimate change in life benefit reserves	16,478		20,654
	<u>\$22,847</u>		<u>\$26,809</u>

Life and annuity policy benefits were \$22.8 million and \$26.8 million for the three months ended March 31, 2015 and 2014, respectively. Net ultimate change in life benefit reserves of \$16.5 million in the three months ended March 31, 2015 was comprised of net life claims benefits paid of \$20.4 million and amortization of fair value adjustments of \$2.6 million, partially offset by net change in life claims benefit reserves of \$6.5 million. The decrease in net life claims benefits paid is primarily a result of the run-off of the business.

General and Administrative Expenses:

	Three Months Ended March 31		
	2015	Variance	2014
	(in thousands of U.S. dollars)		
Total	<u>\$531</u>	<u>\$ 1,821</u>	<u>\$2,352</u>

General and administrative expenses for the life and annuities segment were \$0.5 million and \$2.4 million for the three months ended March 31, 2015 and 2014, respectively. The decrease in expenses for the three months ended March 31, 2015 is primarily attributable to the finalization with the seller of the purchase price for the Pavonia business, which resulted in a release of a previously accrued acquisition date liability of \$1.8 million.

Liquidity and Capital Resources

Our capital management strategy is to preserve sufficient capital to enable us to make future acquisitions while maintaining a conservative investment strategy. As we are a holding company and have no substantial operations of our own, our assets consist primarily of investments in subsidiaries. The potential sources of the cash flows to Enstar as a holding company consist of dividends, advances and loans from our subsidiary companies.

At March 31, 2015, we had total cash and cash equivalents, restricted cash and cash equivalents and investments of approximately \$8.45 billion, compared to approximately \$7.50 billion at December 31, 2014. Our cash and cash equivalent portfolio is comprised mainly of cash, high-grade fixed deposits, commercial paper with maturities of less than three months and money market funds. The increase in our total cash and cash equivalents, restricted cash and cash equivalents and investments was primarily attributable to our acquisition of Companion on January 27, 2015.

[Table of Contents](#)

Reinsurance Balances Recoverable

Our acquired insurance and reinsurance run-off subsidiaries, prior to acquisition, used retrocessional agreements to reduce their exposure to the risk of insurance and reinsurance assumed. Our insurance and reinsurance subsidiaries remain liable to the extent that retrocessionaires do not meet their obligations under these agreements, and therefore, we evaluate and monitor concentration of credit risk among our reinsurers. Provisions are made for amounts considered potentially uncollectible.

On an annual basis, both Atrium and Torus purchase a tailored outwards reinsurance program designed to manage their risk profiles. The majority of Atrium's total third-party reinsurance cover is with Lloyd's Syndicates or other highly rated reinsurers. The majority of Torus' total third-party reinsurance cover is with highly rated reinsurers or is collateralized by letters of credit.

As at March 31, 2015 and December 31, 2014, we had reinsurance balances recoverable of \$1.79 billion and \$1.33 billion, respectively. The increase of \$455.7 million in reinsurance balances recoverable was primarily a result of the Companion acquisition.

Top Ten Reinsurers

The following table shows, for each segment, the total reinsurance balances recoverable by reinsurer as at March 31, 2015 and December 31, 2014:

	As at March 31, 2015						As at December 31, 2014					
	Reinsurance Balances Recoverable						Reinsurance Balances Recoverable					
	Non-life run-off	Atrium	Torus	Life and annuities	Total	% of Total	Non-life run-off	Atrium	Torus	Life and annuities	Total	% of Total
	(in thousands of U.S. dollars)											
Top Ten Reinsurers	\$ 894,811	\$ 22,165	\$123,762	\$ 15,039	\$1,055,777	59.1%	\$667,325	\$ 23,635	\$158,117	\$ 15,089	\$ 864,166	64.9%
Other reinsurers balances												
□ \$1 million	495,363	4,496	202,217	10,419	712,495	39.9%	256,929	4,917	181,196	10,692	453,734	34.1%
Other reinsurers balances												
≤ \$1 million	14,177	462	2,998	1,390	19,027	1.0%	6,205	1,015	5,741	694	13,655	1.0%
Total	\$1,404,351	\$ 27,123	\$328,977	\$ 26,848	\$1,787,299	100.0%	\$930,459	\$ 29,567	\$345,054	\$ 26,475	\$1,331,555	100.0%

At March 31, 2015 and December 31, 2014, the top ten reinsurers of our business accounted for 59.1% and 64.9%, respectively, of total reinsurance balances recoverable (which includes total reinsurance reserves and paid losses recoverable) and included \$471.0 million and \$310.9 million, respectively, of IBNR reserves recoverable. With the exception of three non-rated reinsurers from which \$416.8 million was recoverable (December 31, 2014: \$175.2 million related to one reinsurer), the other top ten reinsurers, as at March 31, 2015 and December 31, 2014, were all rated A- or better.

As at March 31, 2015, there were no reinsurers which represented 10% or more of total reinsurance balances recoverable. At December 31, 2014, reinsurance balances recoverable with a carrying value of \$314.5 million were associated with two reinsurers, which represented 10% or more of total reinsurance balances recoverable.

[Table of Contents](#)

Provisions for Uncollectible Reinsurance Balances Recoverable

The following table shows the total reinsurance balances recoverable by rating of reinsurer along with our provisions for uncollectible reinsurance balances recoverable, or provisions for bad debt, as at March 31, 2015 and December 31, 2014. The provisions for bad debt all relate to the non-life run-off segment.

	As at March 31, 2015			As at December 31, 2014		
	Reinsurance Balances Recoverable			Reinsurance Balances Recoverable		
	Gross	Provisions for Bad Debt	Net	Gross	Provisions for Bad Debt	Net
	(in thousands of U.S. dollars)					
Reinsurers rated A- or above	\$ 1,247,567	\$ 52,494	\$ 1,195,073	\$ 1,126,944	\$ 80,995	\$ 1,045,949
Reinsurers rated below A-, secured (trust funds or letters of credit)	491,776	—	491,776	204,544	—	204,544
Reinsurers rated below A-, unsecured	305,951	205,501	100,450	289,976	208,914	81,062
Total	<u>\$ 2,045,294</u>	<u>\$ 257,995</u>	<u>\$ 1,787,299</u>	<u>\$ 1,621,464</u>	<u>\$ 289,909</u>	<u>\$ 1,331,555</u>
Provisions for bad debt as a percentage of gross reinsurance balances recoverable		<u>12.6%</u>			<u>17.9%</u>	

To estimate the provisions for bad debt, the reinsurance recoverable is first allocated to applicable reinsurers. As part of this process, ceded IBNR reserves are allocated by reinsurer. The ratio of the provisions for bad debt to total reinsurance balances recoverable (excluding provisions for bad debt) as of March 31, 2015 decreased to 12.6% as compared to 17.9% as of December 31, 2014, primarily as a result of reinsurance balances recoverable of Companion acquired during the period that required minimal provisions for bad debt, and commutation of certain reinsurance balances recoverable with a reinsurer for which we had held a provision for bad debt.

[Table of Contents](#)**Cash Flows**

The following table summarizes our consolidated cash flows from operating, investing and financing activities for the three months ended March 31, 2015 and 2014:

Total cash (used in) provided by:	Three Months Ended March 31,	
	2015	2014
	(in thousands of U.S. dollars)	
Operating activities	\$ (219,405)	\$ (31,072)
Investing activities	144,948	(263,779)
Financing activities	109,000	295,800
Effect of exchange rate changes on cash	(15,444)	1,033
Net increase in cash and cash equivalents	19,099	1,982
Cash and cash equivalents, beginning of period	963,402	643,841
Cash and cash equivalents, end of period	<u>\$ 982,501</u>	<u>\$ 645,823</u>

See "Item 1. Financial Statements—Unaudited Condensed Consolidated Statements of Cash Flows for the Three Month Periods Ended March 31, 2015 and 2014" for further information.

Operating

Net cash used by our operating activities for the three month periods ended March 31, 2015 and 2014 was \$219.4 million and \$31.1 million, respectively. The increase of \$188.3 million was due primarily to the following:

- (i) a net increase of \$338.6 million in purchases, sales and maturities of trading securities between 2015 and 2014; partially offset by
- (ii) an increase in the net changes in assets and liabilities of \$131.5 million between 2015 and 2014; and
- (iii) an increase in net earnings of \$20.1 million between 2015 and 2014.

Investing

Investing cash flows consist primarily of cash acquired net of acquisitions and proceeds from the sale and purchase of available-for-sale securities and other investments. Net cash provided by investing activities was \$144.9 million during the three month period ended March 31, 2015 compared to net cash used of \$263.8 million during the three month period ended March 31, 2014. The increase of \$408.7 million in investing cash flows between 2015 and 2014 was due primarily to the following:

- (i) an increase of \$140.5 million in net cash acquired between 2015 and 2014, due primarily to the acquisition of Companion;
- (ii) an increase in restricted cash and cash equivalents of \$39.7 million during 2015 compared to a decrease of \$209.5 million during 2014; and
- (iii) an increase of \$18.8 million in cash provided by the net purchases, sales and maturities of available-for-sale securities between 2015 and 2014; partially offset by
- (iv) an increase of \$4.8 million in cash used in the net purchases and redemptions of other investments.

[Table of Contents](#)

Financing

Net cash provided by financing activities was \$109.0 million during the three month period ended March 31, 2015 compared to \$295.8 million during the three month period ended March 31, 2014. The decrease of \$186.8 million in cash provided by financing activities was primarily attributable to the following:

- (i) contributions to surplus by Trident of \$260.8 million in 2014 (related to the Torus acquisition) compared to \$nil in 2015; partially offset by
- (ii) an increase of \$39.0 million in cash received from bank loans between 2015 and 2014, and a decrease of \$35.0 million in the repayment of bank loans between 2015 and 2014.

Investments

Aggregate invested assets, comprising cash and cash equivalents, restricted cash and cash equivalents, fixed maturities, equities and other investments, were \$8.45 billion as of March 31, 2015 compared to \$7.50 billion as of December 31, 2014, an increase of 12.7%. The increase in cash and invested assets resulted principally from the completion of the acquisition of Companion.

We hold trading portfolios of fixed maturities, short-term investments, equities and other investments; available-for-sale portfolios of fixed maturities; and a held-to-maturity portfolio of fixed maturities. Our available-for-sale and trading portfolios are recorded at fair value.

Our held-to-maturity portfolio relates to our PPA business within our life and annuities segment. In an effort to match the expected cash flow requirements of the long-term liabilities associated with the business, we invest a portion of our fixed maturity investments in longer duration securities that we intend to hold to maturity. We classify these securities as held-to-maturity in our consolidated balance sheet. This held-to-maturity portfolio is recorded at amortized cost. As a result, we do not record changes in the fair value of this portfolio, which should reduce the impact on shareholders' equity of fluctuations in fair value of those investments.

The table below shows the aggregate amounts of our investments carried at fair value as of March 31, 2015 and December 31, 2014:

	March 31, 2015		December 31, 2014	
	Fair Value	% of Total Fair Value	Fair Value	% of Total Fair Value
	(in thousands of U.S. dollars)			
U.S. government and agency	\$ 751,878	12.2%	\$ 769,002	14.8%
Non-U.S. government	397,589	6.4%	439,439	8.5%
Corporate	2,595,561	42.2%	2,087,929	40.2%
Municipal	130,083	2.1%	25,607	0.5%
Residential mortgaged-backed	411,725	6.7%	311,864	6.0%
Commercial mortgage-backed	171,270	2.8%	139,907	2.7%
Asset-backed	602,666	9.8%	430,170	8.3%
Fixed maturity investments	5,060,772	82.2%	4,203,918	81.0%
Other investments	919,323	15.0%	836,868	16.1%
Equities—U.S.	127,174	2.1%	106,895	2.1%
Equities—International	44,909	0.7%	43,235	0.8%
Total investments	<u>\$6,152,178</u>	<u>100.0%</u>	<u>\$5,190,916</u>	<u>100.0%</u>

[Table of Contents](#)

The table below shows the aggregate fair values of our investments classified as held-to-maturity as of March 31, 2015 and December 31, 2014:

	March 31, 2015		December 31, 2014	
	Fair Value	% of Total Fair Value	Fair Value	% of Total Fair Value
	(in thousands of U.S. dollars)			
U.S. government and agency	\$ 20,683	2.5%	\$ 20,559	2.5%
Non-U.S. government	39,321	4.7%	38,689	4.7%
Corporate	772,225	92.8%	767,124	92.8%
Total investments	<u>\$ 832,229</u>	<u>100.0%</u>	<u>\$ 826,372</u>	<u>100.0%</u>

As at March 31, 2015, we held investments on our balance sheet totaling approximately \$7.0 billion compared to approximately \$6.0 billion at December 31, 2014, with net unrealized losses included in accumulated comprehensive income of \$6.3 million at March 31, 2015 compared to \$3.0 million at December 31, 2014. As at March 31, 2015, we had approximately \$4.2 billion of restricted assets compared to approximately \$3.6 billion at December 31, 2014.

Across all our segments, we strive to structure our investments in a manner that recognizes our liquidity needs for future liabilities. In that regard, we attempt to correlate the maturity and duration of our investment portfolio to our general liability profile. If our liquidity needs or general liability profile unexpectedly change, we may adjust the structure of our investment portfolio to meet new business needs.

For our non-life run-off segment, our strategy of commuting our liabilities has the potential to accelerate the natural payout of losses. Therefore, we maintain a relatively short-duration investment portfolio in order to provide liquidity for commutation opportunities and avoid having to liquidate longer dated investments. Accordingly, the majority of our investment portfolio consists of highly rated fixed maturities, including U.S. government and agency investments, highly rated sovereign and supranational investments, high-grade corporate investments, and mortgage-backed and asset-backed investments. We allocate a portion of our investment portfolio to other investments, including private equity funds, fixed income funds, fixed income hedge funds, equity funds, a real estate debt fund, CLO equities and CLO equity funds. At March 31, 2015, these other investments totaled \$919.3 million, or 13.2%, of our total balance sheet investments (December 31, 2014: \$836.9 million or 13.9%).

For our life and annuities segment, we do not commute our policy benefits for life and annuity contracts liabilities and, as a result, we maintain a longer duration investment portfolio that attempts to match the cash flows and duration of our liability profile. Accordingly, the majority of this portfolio consists of highly rated fixed maturity investments, primarily corporate bonds.

Our fixed maturity investments associated with our PPA business are primarily highly rated corporate bonds with which we attempt to match duration and cash flows to the liability profile for this business. As these fixed maturity investments are classified as held-to-maturity, we invest surplus cash flows from maturities into longer dated fixed maturities. As at March 31, 2015, the duration of our fixed maturity investment portfolio associated with our PPA business was shorter than the liabilities, as a significant amount of the liabilities extend beyond 30 years and it is difficult, due to limited investment options, to match duration and cash flows beyond that period.

Our fixed maturity investments associated with our non-PPA life business are primarily highly rated corporate bonds with which we attempt to match duration and cash flows to the liability profile for this business (the non-PPA life business has a short-duration liability profile). These fixed maturity investments are classified as trading, and therefore we may sell existing securities to buy higher yielding securities and funds in the future. As at March 31, 2015, the duration of our fixed maturity

[Table of Contents](#)

investment portfolio associated with our non-PPA life business was shorter than the liabilities, however, we have the discretion to change this in the future.

Fixed Maturity and Short-term Investments

The maturity distribution for our fixed maturity and short-term investments held as of March 31, 2015 and December 31, 2014 was as follows:

	March 31, 2015		December 31, 2014	
	Fair Value	% of Total	Fair Value	% of Total
	(in thousands of U.S. dollars)			
One year or less	\$ 849,766	14.4%	\$ 893,490	17.8%
More than one year through two years	893,843	15.2%	853,279	16.9%
More than two years through five years	1,608,874	27.3%	1,313,918	26.1%
More than five years through ten years	559,831	9.5%	390,691	7.8%
More than ten years	795,026	13.5%	696,971	13.9%
	4,707,340	79.9%	4,148,349	82.5%
Residential mortgage-backed	411,725	7.0%	311,864	6.2%
Commercial mortgage-backed	171,270	2.9%	139,907	2.8%
Asset-backed	602,666	10.2%	430,170	8.5%
Total	<u>\$5,893,001</u>	<u>100.0%</u>	<u>\$5,030,290</u>	<u>100.0%</u>

As at March 31, 2015 and December 31, 2014, our fixed maturity and short-term investment portfolios had an average credit quality rating of A+ and AA-, respectively. At March 31, 2015 and December 31, 2014, our fixed maturity investments rated BBB or lower comprised 11.9% and 9.4% of our total investment portfolio, respectively.

At March 31, 2015, we had \$180.8 million of short-term investments (December 31, 2014: \$130.5 million). Short-term investments are managed as part of our investment portfolio and have a maturity of one year or less when purchased. Short-term investments are carried at fair value.

[Table of Contents](#)

The following tables summarize the composition of the amortized cost and fair value of our fixed maturity investments, short-term investments, equities and other investments carried at fair value at the date indicated by ratings as assigned by major rating agencies.

At March 31, 2015	Amortized Cost	Fair Value	% of Total Investments	AAA Rated	AA Rated	A Rated	BBB Rated	Non- Investment Grade	Not Rated
(in thousands of U.S. dollars)									
Fixed maturity and short-term investments									
U.S. government & agency	\$ 746,597	\$ 751,878	12.2%	\$ 680,282	\$ 63,141	\$ 8,455	\$ —	\$ —	\$ —
Non-U.S. government	417,780	397,589	6.4%	147,191	150,830	63,398	25,162	11,008	—
Corporate	2,612,990	2,595,561	42.2%	155,530	451,465	1,369,099	548,462	62,957	8,048
Municipal	132,331	130,083	2.1%	8,311	40,064	81,708	—	—	—
Residential mortgage-backed	411,628	411,725	6.7%	392,353	4,225	8,946	4,889	1,302	10
Commercial mortgage-backed	170,851	171,270	2.8%	86,454	12,079	53,549	18,783	405	—
Asset-backed	603,993	602,666	9.8%	253,093	131,830	123,892	37,357	56,269	225
Total fixed maturity and short-term investments	\$5,096,170	5,060,772	82.2%	1,723,214	853,634	1,709,047	634,653	131,941	8,283
				34.1%	16.9%	33.7%	12.5%	2.6%	0.2%
Equities									
U.S.		127,174	2.1%	—	—	—	—	—	127,174
International		44,909	0.7%	—	—	—	—	—	44,909
Total equities		172,083	2.8%	—	—	—	—	—	172,083
				0.0%	0.0%	0.0%	0.0%	0.0%	100.0%
Other investments									
Private equity funds		214,540	3.5%	—	—	—	—	—	214,540
Fixed income funds		333,986	5.4%	—	—	—	—	—	333,986
Fixed income hedge funds		77,036	1.2%	—	—	—	—	—	77,036
Equity funds		157,974	2.6%	—	—	—	—	—	157,974
Real estate debt fund		74,658	1.2%	—	—	—	—	—	74,658
CLO equities		43,249	0.7%	—	—	—	—	—	43,249
CLO equity funds		16,217	0.3%	—	—	—	—	—	16,217
Other		1,663	0.1%	—	—	—	—	—	1,663
Total other investments		919,323	15.0%	—	—	—	—	—	919,323
				0%	0%	0%	0%	0%	100.0%
Total investments		\$6,152,178	100.0%	\$1,723,214	\$853,634	\$1,709,047	\$ 634,653	\$ 131,941	\$1,099,689
				28.1%	13.9%	27.7%	10.3%	2.1%	17.9%

[Table of Contents](#)

At December 31, 2014	Amortized Cost	Fair Value	% of Total Investments	AAA Rated	AA Rated	A Rated	BBB Rated	Non- Investment Grade	Not Rated
(in thousands of U.S. dollars)									
Fixed maturity and short-term investments									
U.S. government & agency	\$ 766,967	\$ 769,002	14.8%	\$ —	\$ 766,175	\$ 2,827	\$ —	\$ —	\$ —
Non-U.S. government	448,661	439,439	8.5%	162,813	169,859	68,839	37,928	—	—
Corporate	2,100,972	2,087,929	40.2%	117,545	505,697	1,080,974	331,657	31,603	20,453
Municipal	25,452	25,607	0.5%	5,993	11,790	7,824	—	—	—
Residential mortgage-backed	311,152	311,864	6.0%	32,023	269,777	4,351	4,584	1,118	11
Commercial mortgage-backed	139,984	139,907	2.7%	79,016	21,223	19,266	19,414	988	—
Asset-backed	431,509	430,170	8.3%	245,767	64,838	29,586	11,911	78,068	—
Total fixed maturity and short-term investments	\$4,224,697	4,203,918	81.0%	643,157	1,809,359	1,213,667	405,494	111,777	20,464
				15.3%	43.0%	28.9%	9.6%	2.7%	0.5%
Equities									
U.S.		106,895	2.1%	—	—	—	—	—	106,895
International		43,235	0.8%	—	—	—	—	—	43,235
Total equities		150,130	2.9%	—	—	—	—	—	150,130
				0.0%	0.0%	0.0%	0.0%	0.0%	100.0%
Other investments									
Private equity funds		197,269	3.8%	—	—	—	—	—	197,269
Fixed income funds		335,026	6.4%	—	—	—	—	—	335,026
Fixed income hedge funds		59,627	1.1%	—	—	—	—	—	59,627
Equity funds		150,053	2.9%	—	—	—	—	—	150,053
Real estate debt fund		33,902	0.7%	—	—	—	—	—	33,902
CLO equities		41,271	0.8%	—	—	—	—	—	41,271
CLO equity funds		16,022	0.3%	—	—	—	—	—	16,022
Other		3,698	0.1%	—	—	—	—	—	3,698
Total other investments		836,868	16.1%	—	—	—	—	—	836,868
				0.0%	0.0%	0.0%	0.0%	0.0%	100.0%
Total investments	\$5,190,916	\$5,190,916	100.0%	\$643,157	\$1,809,359	\$1,213,667	\$ 405,494	\$ 111,777	\$1,007,462
				12.4%	34.9%	23.4%	7.8%	2.1%	19.4%

[Table of Contents](#)

The following table summarizes the composition of the amortized cost and fair value of our held-to-maturity fixed maturity investments as at March 31, 2015 and December 31, 2014 by ratings as assigned by major rating agencies.

At March 31, 2015	Amortized Cost	Fair Value	% of Total Investments	AAA Rated	AA Rated	A Rated	BBB Rated	Non- Investment Grade	Not Rated
(in thousands of U.S. dollars)									
Fixed maturity investments									
U.S. government & agency	\$ 20,166	\$ 20,683	2.5%	\$19,263	\$ 1,371	\$ —	\$ —	\$ —	\$ 49
Non-U.S. government	38,454	39,321	4.7%	0	31,026	8,295	—	—	—
Corporate	746,678	772,225	92.8%	48,608	136,005	522,909	58,560	5,875	268
Total fixed maturity investments	\$ 805,298	\$832,229	100.0%	\$67,871	\$168,402	\$531,204	\$58,560	\$ 5,875	\$ 317
				8.2%	20.2%	63.8%	7.0%	0.7%	0.1%

At December 31, 2014	Amortized Cost	Fair Value	% of Total Investments	AAA Rated	AA Rated	A Rated	BBB Rated	Non- Investment Grade	Not Rated
(in thousands of U.S. dollars)									
Fixed maturity investments									
U.S. government & agency	\$ 20,257	\$ 20,559	2.5%	\$ 6,821	\$ 13,738	\$ —	\$ —	\$ —	\$ —
Non-U.S. government	38,613	38,689	4.7%	—	30,795	7,894	—	—	—
Corporate	754,363	767,124	92.8%	48,074	202,231	468,748	42,748	5,323	—
Total fixed maturity investments	\$ 813,233	\$826,372	100.0%	\$54,895	\$246,764	\$476,642	\$42,748	\$ 5,323	\$ —
				6.6%	29.9%	57.7%	5.2%	0.6%	0.0%

Loans Payable

Our long-term debt consists of our EGL Revolving Credit Facility, which can be used for permitted acquisitions and for general corporate purposes, and the Sussex Facility, an acquisition term loan facility used to partially finance our acquisition of Companion on January 27, 2015.

The EGL Revolving Credit Facility was entered into on September 16, 2014. On February 27, 2015, the Credit Agreement for the EGL Revolving Credit Facility was amended and restated, in order to: (i) increase the size of the facility from \$500.0 million to \$665.0 million; (ii) add Lloyd's Bank plc as a new lender within the facility; and (iii) reallocate the amounts provided by each of the four lenders under the facility such that each lender agreed to provide an equal amount of \$166.25 million, on and subject to the terms of the restated facility agreement. As of March 31, 2015, the outstanding balance associated with the EGL Revolving Credit Facility was \$319.6 million.

On December 24, 2014, Sussex Holdings, wholly-owned subsidiary, as borrower and guarantor, entered into the Sussex Facility with National Australia Bank Limited and Barclays Bank PLC, or the Lenders. The Sussex Facility provides for a four-year term loan facility pursuant to which Sussex Holdings was permitted to borrow up to an aggregate of \$109.0 million to fund 50% of the consideration payable for the acquisition of Companion. Sussex Holdings fully drew down on the Sussex Facility and completed the acquisition of Companion on January 27, 2015. As of March 31, 2015, the outstanding balance associated with the Sussex Facility was \$109.0 million.

As of March 31, 2015, all of the covenants relating to the EGL Revolving Credit Facility and the Sussex Facility were met.

[Table of Contents](#)

Aggregate Contractual Obligations

The following table shows our aggregate contractual obligations and commitments by time period remaining to due date as at March 31, 2015 and updates the table on page 141 of our Annual Report on Form 10-K for the year ended December 31, 2014:

	Payments Due by Period				
	Total	Less than 1 year	1 - 2 years	3 - 5 years	More than 5 years
(in millions of U.S. dollars)					
Operating Activities					
Estimated gross reserves for losses and loss adjustment expenses (1)	\$5,853.9	\$1,333.2	\$2,078.9	\$871.3	\$1,570.5
Policy benefits for life and annuity contracts (2)	2,523.4	79.7	75.0	71.9	2,296.8
Operating lease obligations	40.1	10.6	15.4	8.8	5.3
Investing Activities					
Investment commitments	95.9	38.1	49.1	4.3	4.4
Financing Activities					
Loan repayments (including estimated interest payments)	449.9	122.0	327.9	—	—
Acquisition funding	38.5	38.5	—	—	—
Total	<u>\$9,001.7</u>	<u>\$1,622.1</u>	<u>\$2,546.3</u>	<u>\$956.3</u>	<u>\$3,877.0</u>

(1) The reserves for losses and loss adjustment expenses represent management's estimate of the ultimate cost of settling losses. The estimation of losses is based on various complex and subjective judgments. Actual losses paid may differ, perhaps significantly, from the reserve estimates reflected in our financial statements. Similarly, the timing of payment of our estimated losses is not fixed and there may be significant changes in actual payment activity. The assumptions used in estimating the likely payments due by period are based on our historical claims payment experience and industry payment patterns, but due to the inherent uncertainty in the process of estimating the timing of such payments, there is a risk that the amounts paid in any such period can be significantly different from the amounts disclosed above.

The amounts in the above table represent our estimates of known liabilities as of March 31, 2015 and do not take into account corresponding reinsurance recoverable amounts that would be due to us. Furthermore, reserves for losses and loss adjustment expenses recorded in the unaudited condensed consolidated financial statements as of March 31, 2015 are computed on a fair value basis, whereas the expected payments by period in the table above are the estimated payments at a future time and do not reflect the fair value adjustment in the amount payable.

(2) Policy benefits for life and annuity contracts recorded in our unaudited condensed consolidated balance sheet as at March 31, 2015 of \$1,210.2 million are computed on a discounted basis, whereas the expected payments by period in the table above are the estimated payments at a future time and do not reflect a discount of the amount payable.

Commitments and Contingencies

Investments

The following table provides a summary of our outstanding unfunded investment commitments as at March 31, 2015 and December 31, 2014:

	March 31, 2015			December 31, 2014		
	Original Commitments	Commitments		Original Commitments	Commitments	
		Funded	Unfunded		Funded	Unfunded
(in thousands of U.S. dollars)						
\$	286,000	\$ 190,102	\$ 95,898	\$ 311,000	\$ 211,115	\$ 99,885

[Table of Contents](#)

Guarantees

As at March 31, 2015 and December 31, 2014, we had, in total, parental guarantees supporting a subsidiary's insurance obligations in the amount of approximately \$249.2 million and \$238.6 million, respectively.

Acquisitions and Significant New Business

As of March 31, 2015, we had entered into a definitive agreement with respect to the purchase of NSA (described in "Recent Developments—Acquisitions"), which is expected to close in the third quarter of 2015.

Legal Proceedings

Refer to "Item 1. Legal Proceedings" of Part II of this Quarterly Report on Form 10-Q for a description of our litigation matters.

Critical Accounting Policies

Our critical accounting policies are discussed in Management's Discussion and Analysis of Results of Operations and Financial Condition contained in our Annual Report on Form 10-K for the year ended December 31, 2014.

Off-Balance Sheet and Special Purpose Entity Arrangements

At March 31, 2015, we did not have any off-balance sheet arrangements, as defined by Item 303(a)(4) of Regulation S-K.

Cautionary Statement Regarding Forward-Looking Statements

This quarterly report contains statements that constitute "forward-looking statements" within the meaning of Section 21E of the Securities Exchange Act of 1934, as amended, with respect to our financial condition, results of operations, business strategies, operating efficiencies, competitive positions, growth opportunities, plans and objectives of our management, as well as the markets for our ordinary shares and the insurance and reinsurance sectors in general. Statements that include words such as "estimate," "project," "plan," "intend," "expect," "anticipate," "believe," "would," "should," "could," "seek," "may" and similar statements of a future or forward-looking nature identify forward-looking statements for purposes of the federal securities laws or otherwise. All forward-looking statements are necessarily estimates or expectations, and not statements of historical fact, reflecting the best judgment of our management and involve a number of risks and uncertainties that could cause actual results to differ materially from those suggested by the forward-looking statements. These forward looking statements should, therefore, be considered in light of various important factors, including those set forth in this quarterly report and in our Annual Report on Form 10-K for the year ended December 31, 2014. These factors include:

- risks associated with implementing our business strategies and initiatives;
- risks that we may require additional capital in the future, which may not be available or may be available only on unfavorable terms;
- the adequacy of our loss reserves and the need to adjust such reserves as claims develop over time;
- risks relating to the availability and collectability of our reinsurance;
- changes and uncertainty in economic conditions, including interest rates, inflation, currency exchange rates, equity markets and credit conditions, which could affect our investment portfolio, our ability to finance future acquisitions and our profitability;

Table of Contents

- the risk that ongoing or future industry regulatory developments will disrupt our business, affect the ability of our subsidiaries to operate in the ordinary course or to make distributions to us, or mandate changes in industry practices in ways that increase our costs, decrease our revenues or require us to alter aspects of the way we do business;
- losses due to foreign currency exchange rate fluctuations;
- increased competitive pressures, including the consolidation and increased globalization of reinsurance providers;
- emerging claim and coverage issues;
- lengthy and unpredictable litigation affecting assessment of losses and/or coverage issues;
- continued availability of exit and finality opportunities provided by solvent schemes of arrangement;
- loss of key personnel;
- the ability of our subsidiaries to distribute funds to us and the resulting impact on our liquidity;
- changes in our plans, strategies, objectives, expectations or intentions, which may happen at any time at management's discretion;
- operational risks, including system, data security or human failures and external hazards;
- risks relating to our acquisitions, including our ability to successfully price acquisitions, evaluate opportunities, address operational challenges, support our planned growth and assimilate acquired companies into our internal control system in order to maintain effective internal controls, provide reliable financial reports and prevent fraud;
- risks relating to our ability to obtain regulatory approvals, including the timing, terms and conditions of any such approvals, and to satisfy other closing conditions in connection with our acquisition agreements, which could affect our ability to complete acquisitions;
- risks relating to our life and annuities business, including mortality and morbidity rates, lapse rates, the performance of assets to support the insured liabilities, and the risk of catastrophic events;
- risks relating to our active underwriting businesses, including unpredictability and severity of catastrophic and other major loss events, failure of risk management and loss limitation methods, the risk of a ratings downgrade or withdrawal, cyclical demand and pricing in the insurance and reinsurance markets;
- our ability to implement our strategies relating to our active underwriting businesses;
- risks relating to our ability to structure our investments in a manner that recognizes our liquidity needs;
- tax, regulatory or legal restrictions or limitations applicable to us or the insurance and reinsurance business generally;
- changes in tax laws or regulations applicable to us or our subsidiaries, or the risk that we or one of our non-U.S. subsidiaries become subject to significant, or significantly increased, income taxes in the United States or elsewhere;
- changes in Bermuda law or regulation or the political stability of Bermuda; and
- changes in accounting policies or practices.

The factors listed above should be not construed as exhaustive and should be read in conjunction with the other cautionary statements and Risk Factors that are included in our Annual Report on Form 10-K for the year ended December 31, 2014. We undertake no obligation to publicly update or review any forward looking statement, whether to reflect any change in our expectations with regard thereto, or as a result of new information, future developments or otherwise, except as required by law.

Item 3. QUANTITATIVE AND QUALITATIVE DISCLOSURE ABOUT MARKET RISK

The following risk management discussion and the estimated amounts generated from sensitivity presented are forward-looking statements of market risk assuming certain market conditions occur. Future results may differ materially from these estimated results due to, among other things, actual developments in the global financial markets, changes in the composition of our investment portfolio, or changes in our business strategies. The results of analysis we use to assess and mitigate risk are not projections of future events or losses. See "Cautionary Statement Regarding Forward-Looking Statements" for additional information regarding our forward-looking statements.

We are principally exposed to four types of market risk: interest rate risk; credit risk; equity price risk and foreign currency risk. Our policies to address these risks in the first quarter of 2015 were not materially different than those used in 2014, and, based on our current knowledge and expectations, we do not currently anticipate significant changes in our market risk exposures or in how we will manage those exposures in future reporting periods.

Interest Rate Risk

Interest rate risk is the price sensitivity of a security to changes in interest rates. Our investment portfolio includes fixed maturity investments and short-term investments, whose fair values will fluctuate with changes in interest rates. We attempt to maintain adequate liquidity in our fixed maturity investments portfolio with a strategy designed to emphasize the preservation of our invested assets and provide sufficient liquidity for the prompt payment of claims and contract liabilities, as well as for settlement of commutation payments. We also monitor the duration and structure of our investment portfolio.

The following tables summarize the aggregate hypothetical increase (decrease) in fair value from an immediate parallel shift in the treasury yield curve, assuming credit spreads remain constant, in our cash and fixed maturity and short-term investments portfolio classified as trading and available for sale for the years indicated:

Interest Rate Movement Analysis on Market Value of Cash, Short-Term Investments and Fixed Maturity Investments Classified as Trading and Available-for-Sale

	Interest Rate Shift in Basis Points				
	-100	-50	0	+50	+100
At March 31, 2015					
	(in millions of U.S. dollars)				
Total Market Value	\$6,661	\$6,618	\$6,554	\$6,501	\$6,444
Market Value Change from Base	1.6%	1.0%	0%	(0.8)%	(1.7)%
Change in Unrealized Value	\$ 107	\$ 64	\$ 0	\$ (53)	\$ (110)
At December 31, 2014					
Total Market Value	\$5,752	\$5,730	\$5,702	\$5,671	\$5,640
Market Value Change from Base	0.9%	0.5%	0%	(0.5)%	(1.1)%
Change in Unrealized Value	\$ 50	\$ 28	\$ 0	\$ (31)	\$ (62)

Credit Risk

Credit risk relates to the uncertainty of a counterparty's ability to make timely payments in accordance with contractual terms of the instrument or contract. We are exposed to direct credit risk within our portfolios of fixed maturity and short-term investments, and through customers, brokers and reinsurers in the form of premiums receivable and reinsurance recoverables, respectively, as discussed below.

[Table of Contents](#)

Fixed Maturity and Short-Term Investments

As a holder of fixed maturity and short-term investments, we also have exposure to credit risk as a result of investment ratings downgrades or issuer defaults. In an effort to mitigate this risk, our investment portfolio consists primarily of investment grade-rated, liquid, fixed maturity investments of short-to-medium duration and mutual funds. At March 31, 2015, approximately 47.7% of our fixed maturity investments and short-term investment portfolio was rated AA or higher by a major rating agency (December 31, 2014: 54.8%) with 14.1% (December 31, 2014: 11.2%) rated BBB or lower. The portfolio as a whole had an average credit quality rating of A+ as at March 15, 2015 and December 31, 2014. In addition, we manage our portfolio pursuant to guidelines that follow what we believe are prudent standards of diversification. The guidelines limit the allowable holdings of a single issue and issuers and, as a result, we do not believe we have significant concentrations of credit risk.

Reinsurance

We also have exposure to credit risk as it relates to our reinsurance balances recoverable. Our acquired reinsurance subsidiaries, prior to acquisition, used retrocessional agreements to reduce their exposure to the risk of insurance and reinsurance assumed. Additionally, on an annual basis, Atrium and Torus purchase tailored outwards reinsurance programs designed to manage their risk profile. Our reinsurance subsidiaries remain liable to the extent that retrocessionaires do not meet their obligations under these agreements and, therefore, we evaluate and monitor concentration of credit risk among our reinsurers.

As at March 31, 2015, there were no reinsurers which represented 10% or more of total reinsurance balances recoverable. At December 31, 2014, reinsurance balances recoverable with a carrying value of \$314.5 million were associated with two reinsurers which represented 10% or more of total reinsurance balances recoverable.

Equity Price Risk

Our portfolio of equity investments, including the equity funds included in other investments (collectively, "equities at risk"), has exposure to equity price risk, which is the risk of potential loss in fair value resulting from adverse changes in stock prices. Our global equity portfolio is correlated with a blend of the S&P 500 and MSCI World indices and changes in this blend of indices would approximate the impact on our portfolio. The fair value of our equities at risk at March 31, 2015 was \$330.1 million (December 31 2014: \$300.2 million). At March 31, 2015, the impact of a 10% decline in the overall market prices of our equities at risk would be \$33.0 million (December 31, 2014: \$30.0 million), on a pre-tax basis.

Foreign Currency Risk

Through our subsidiaries located in various foreign countries, we conduct our insurance and reinsurance operations in a variety of non-U.S. currencies. As the functional currency for the majority of our subsidiaries is the U.S. dollar, fluctuations in foreign currency exchange rates related to these subsidiaries will have a direct impact on the valuation of our assets and liabilities denominated in local currencies. All changes in foreign exchange rates, with the exception of non-U.S. dollar denominated investments classified as available-for-sale, are recognized currently in foreign exchange gains (losses) in our consolidated statements of earnings.

We have exposure to foreign currency risk due to our ownership of our Irish, U.K., Canadian, and Australian subsidiaries whose functional currencies are the Euro, British pound, Canadian dollar, and Australian dollar.

The foreign exchange gain or loss resulting from the translation of our subsidiaries' financial statements (expressed in Euro, British pound, Canadian dollar, and Australian dollar functional currency) into U.S. dollars is classified in the currency translation adjustment account, which is a component of accumulated other comprehensive income in shareholders' equity.

[Table of Contents](#)

Our foreign currency policy is to broadly manage, where possible, our foreign currency risk by seeking to match our liabilities under insurance and reinsurance policies that are payable in foreign currencies with assets that are denominated in such currencies, subject to regulatory constraints, and to selectively use foreign currency exchange contracts. The matching process is carried out quarterly in arrears and therefore any mismatches occurring in the period may give rise to foreign exchange gains and losses, which could adversely affect our operating results. We are, however, required to maintain assets in non-U.S. dollars to meet certain local country branch and regulatory requirements, which restricts our ability to manage these exposures through the matching of our assets and liabilities. In addition, we do utilize foreign currency forward contracts to mitigate foreign currency risk.

The table below summarizes our primary net exposures as of March 31, 2015 and December 31, 2014 to foreign currencies for our subsidiaries whose functional currency is U.S. dollars:

<u>March 31, 2015</u>	<u>GBP</u>	<u>EURO</u>	<u>AUD</u>	<u>CDN</u>	<u>Other</u>	<u>Total</u>
	<u>(in millions of U.S. dollars)</u>					
Total net foreign currency exposure	<u>\$(33.8)</u>	<u>\$26.7</u>	<u>\$(3.0)</u>	<u>\$19.8</u>	<u>\$(17.3)</u>	<u>\$(7.6)</u>
Pre-tax impact of a 10% movement of the U.S. dollar (1)	\$ (3.4)	\$ 2.7	\$(0.3)	\$ 2.0	\$ (1.7)	\$(0.7)
<u>December 31, 2014</u>	<u>GBP</u>	<u>EURO</u>	<u>AUD</u>	<u>CDN</u>	<u>Other</u>	<u>Total</u>
	<u>(in millions of U.S. dollars)</u>					
Total net foreign currency exposure	<u>\$ 62.6</u>	<u>\$15.0</u>	<u>\$(4.0)</u>	<u>\$16.0</u>	<u>\$(28.0)</u>	<u>\$61.6</u>
Pre-tax impact of a 10% movement of the U.S. dollar (1)	\$ 6.3	\$ 1.5	\$(0.4)	\$ 1.6	\$ (2.8)	\$ 6.2

(1) Assumes 10% change in U.S. dollar relative to other currencies

Effects of Inflation

We do not believe that inflation has had or will have a material effect on our consolidated results of operations, however, the actual effects of inflation on our results cannot be accurately known until claims are ultimately resolved. Inflation may affect interest rates, as well as losses and loss adjustment expenses (by causing the cost of claims to rise in the future). Although loss reserves are established to reflect likely loss settlements at the date payment is made, we would be subject to the risk that inflation could cause these costs to increase above established reserves.

Item 4. CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedures

Our management has performed an evaluation, with the participation of our Chief Executive Officer and Chief Financial Officer, of the effectiveness of our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) of the Exchange Act) as of March 31, 2015. Based upon that evaluation, our Chief Executive Officer and Chief Financial Officer concluded that our disclosure controls and procedures are effective to ensure that information required to be disclosed by us in reports that we file or submit under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the rules and forms of the U.S. Securities and Exchange Commission and is accumulated and communicated to management, including our principal executive and principal financial officers, as appropriate to allow timely decisions regarding required disclosure.

Changes in Internal Controls

Our management has performed an evaluation, with the participation of our Chief Executive Officer and our Chief Financial Officer, of changes in our internal control over financial reporting that occurred during the three months ended March 31, 2015. Based upon that evaluation there were no changes in our internal control over financial reporting that occurred during the three months ended March 31, 2015 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II — OTHER INFORMATION

Item 1. LEGAL PROCEEDINGS

We are, from time to time, involved in various legal proceedings in the ordinary course of business, including litigation and arbitration regarding claims. In addition to claims litigation and arbitration, we may be subject to other lawsuits and regulatory actions in the normal course of business, which may involve, among other things, allegations of underwriting errors or omissions, employment claims or regulatory activity.

We do not believe that the resolution of any currently pending legal proceedings, either individually or taken as a whole, will have a material adverse effect on our business, results of operations or financial condition. Nevertheless, we cannot assure you that lawsuits, arbitrations or other litigation will not have a material adverse effect on our business, financial condition or results of operations. We anticipate that, similar to the rest of the insurance and reinsurance industry, we will continue to be subject to litigation and arbitration proceedings in the ordinary course of business, including litigation generally related to the scope of coverage with respect to asbestos and environmental and other claims. There can be no assurance that any such future litigation will not have a material adverse effect on our business, financial condition or results of operations.

Item 1A. RISK FACTORS

Our results of operations and financial condition are subject to numerous risks and uncertainties described in “Risk Factors” included in Item 1A of our Annual Report on Form 10-K for the year ended December 31, 2014. The risk factors identified therein have not materially changed.

Item 5. OTHER INFORMATION

On May 6, 2015, we appointed Hitesh Patel to our Board of Directors, effective immediately. Mr. Patel's appointment was recommended to the Board of Directors by our Nominating and Governance Committee, which is comprised entirely of independent directors. Mr. Patel, age 54, served as Chief Executive Officer of Lucida plc, a U.K. life insurance company from 2012 to 2013, and prior to that as its Finance Director and Chief Investment Officer since 2007. Mr. Patel has over 30 years of experience of working in the insurance industry, having served in the United Kingdom as KPMG LLP's Lead Partner on Insurance Accounting and Regulatory Services from 2000 to 2007. He joined KPMG in 1982 as an auditor and has significant experience auditing and advising insurance companies on accounting and regulatory issues. Mr. Patel currently serves as a non-executive director of Aviva Life Holdings UK Ltd and as Chairman of its Audit Committee and a member of its Risk Committee and Investment Oversight Committee. He has served as the Chair of the Insurance Committee of the Institute of Chartered Accountants of England and Wales since 2012. The Board of Directors has determined that Mr. Patel is independent as defined by Nasdaq Marketplace Rule 5605(a)(2). He has been appointed to the Audit Committee.

As a non-employee director, Mr. Patel will be eligible to participate in Enstar's Deferred Compensation and Ordinary Share Plan for Non-Employee Directors, which is described in the Company's Proxy Statement (filed with the U.S. Securities and Exchange Commission on March 26, 2015) under the heading, “Director Compensation—Deferred Compensation Plan.”

Mr. Patel is expected to enter into an indemnification agreement with the Company, which would include the same terms as the indemnification agreements executed with each of Enstar's other current directors. These terms are described in the Proxy Statement under the heading, “Certain Relationships and Related Transactions—Indemnification of Directors and Officers; Directors Indemnity Agreements.”

Item 6. EXHIBITS

The information required by this item is set forth on the exhibit index that follows the signature page of this report.

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized on May 11, 2015.

ENSTAR GROUP LIMITED

By: /s/ Richard J. Harris
Richard J. Harris
Chief Financial Officer, Authorized Signatory and
Principal Accounting and Financial Officer

Exhibit Index

<u>Exhibit No.</u>	<u>Description</u>
3.1	Memorandum of Association of Enstar Group Limited (incorporated by reference to Exhibit 3.1 to the Company's Form 10-K/A filed on May 5, 2011).
3.2	Fourth Amended and Restated Bye-Laws of Enstar Group Limited (incorporated by reference to Exhibit 3.2(b) to the Company's Form 10-Q filed on August 11, 2014).
3.3	Certificate of Designations for the Series A Convertible Participating Non-Voting Perpetual Preferred Stock (incorporated by reference to Exhibit 3.1 of the Company's Form 8-K filed on April 21, 2011).
3.4	Certificate of Designations for the Series B Convertible Participating Non-Voting Perpetual Preferred Stock (incorporated by reference to Exhibit 3.1 of the Company's Form 8-K filed on July 9, 2013).
10.1*	Restatement Agreement for Revolving Credit Facility Agreement, dated February 27, 2015, among Enstar Group Limited and certain of its Subsidiaries, National Australia Bank Limited, Barclays Bank PLC, Royal Bank of Canada, and Lloyds Bank plc as Mandated Lead Arrangers, and National Australia Bank Limited as Agent.
10.2+	Amended and Restated Enstar Group Limited Deferred Compensation and Ordinary Share Plan for Non-Employee Directors, effective as of January 1, 2015 (incorporated by reference to Exhibit 10.13 of the Company's Form 10-K filed on March 2, 2015).
10.3*	Amended and Restated Northshore Shareholders' Agreement, dated as of March 5, 2015, among Northshore Holdings Limited, Kenmare Holdings Ltd, Enstar Group Limited, Trident V, L.P., Trident V Parallel Fund, L.P., Trident V Professionals Fund, L.P., Dowling Capital Partners I, L.P., and Atrium Nominees Limited.
15.1*	KPMG Audit Limited Letter Regarding Unaudited Interim Financial Information.
31.1*	Certification of Chief Executive Officer pursuant to Rule 13a-14(a) or Rule 15d-14(a) of the Securities Exchange Act of 1934 as adopted under Section 302 of the Sarbanes-Oxley Act of 2002.
31.2*	Certification of Chief Financial Officer pursuant to Rule 13a-14(a) or Rule 15d-14(a) of the Securities Exchange Act of 1934 as adopted under Section 302 of the Sarbanes-Oxley Act of 2002.
32.1**	Certification of Chief Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
32.2**	Certification of Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
101*	Interactive Data Files.

* filed herewith
** furnished herewith
+ denotes management contract or compensatory arrangement



U.S.\$665,000,000 Revolving Credit Facility Agreement
Restatement Agreement
National Australia Bank Limited (ABN 12 004 044 9371)
Barclays Bank PLC
Royal Bank of Canada
and
Lloyds Bank plc
as Mandated Lead Arrangers
and
National Australia Bank Limited (ABN 12 004 044 9371)
as Agent
relating to a facility agreement dated
16 September 2014
27 February 2015

CONTENTS

CLAUSE	PAGE
1. INTERPRETATION	1
2. TRANSFER OF COMMITMENTS AND LOANS	2
3. RESTATEMENT OF FACILITY AGREEMENT	3
4. EFFECTIVE DATE	3
5. STATUS OF DOCUMENTS	3
6. FEES AND EXPENSES	4
7. MISCELLANEOUS	4
8. GOVERNING LAW AND SUBMISSION TO JURISDICTION	4
SCHEDULE 1	6
Lenders	6
SCHEDULE 2	7
Obligors	7
SCHEDULE 3	8
Conditions Precedent	8
SCHEDULE 4	10
Restated Facility Agreement	10

THIS RESTATEMENT AGREEMENT is made on 27 February 2015

BETWEEN:

- (1) **ENSTAR GROUP LIMITED** (a company under the laws of Bermuda with registered number EC30916) (the “**Parent**”);
- (2) **THE COMPANIES** listed in part 1 of schedule 2 (Obligors) as borrowers (the “**Borrowers**”);
- (3) **THE COMPANIES** listed in part 2 of schedule 2 (Obligors) as guarantors (the “**Guarantors**”);
- (4) **NATIONAL AUSTRALIA BANK LIMITED (ABN 12 004 044 9371), BARCLAYS BANK PLC, ROYAL BANK OF CANADA and LLOYDS BANK PLC** as bookrunners and mandated lead arrangers (the “**Mandated Lead Arrangers**”);
- (5) **THE FINANCIAL INSTITUTIONS** listed in schedule 1 (Lenders) as lenders (the “**Lenders**”); and
- (6) **NATIONAL AUSTRALIA BANK LIMITED (ABN 12 004 044 9371)** in its capacity as agent for the Lenders under the Facility Agreement (the “**Agent**”).

WHEREAS:

- (A) Certain parties to this agreement entered into a facility agreement dated 16 September 2014 under which certain of the Lenders made available to the Parent a U.S.\$500,000,000 revolving credit facility (the “**Facility Agreement**”).
- (B) By entering into this agreement, with effect from the Effective Date Lloyds Bank plc will become a Lender in accordance with the terms of this agreement.
- (C) National Australia Bank Limited (ABN 12 004 044 9371), Barclays Bank PLC and Royal Bank of Canada have agreed to transfer to Lloyds Bank plc immediately prior to the Effective Date their Pro Rata Portion (as defined below).
- (D) Pursuant to the terms of this agreement, the parties have agreed to amend the terms of the Facility Agreement to inter alia increase the total amount of the Facility up to U.S.\$665,000,000 through the provision by Lloyds Bank plc of an additional U.S.\$165,000,000 of new Commitments so that with effect from the Effective Date the Lenders shall each hold an equal amount of Commitments and participations in Loans.
- (E) The parties to this agreement have agreed to enter into this agreement in order to amend and restate the terms of the Facility Agreement in the manner set out below.

THE PARTIES AGREE AS FOLLOWS:

1. **INTERPRETATION**

1.1 **Definitions**

Unless a contrary intention appears in this agreement, any word or expression defined in the Facility Agreement will have the same meaning when it is used in this agreement.

In this agreement:

“**Effective Date**” means the date on which the Agent notifies the Parent that all the conditions precedent listed in schedule 3 (Conditions Precedent) have been fulfilled to its satisfaction;

“New Lender Fee Letter” means the letter dated on or about the date of this agreement between Lloyds Bank plc (in its capacity as New Lender) and the Parent setting out any fee referred to in clause 7 (Fees and Expenses);

“Pro Rata Portion” means a portion of their respective Commitments and participations in Loans:

- (a) in respect of National Australia Bank Limited (ABN 12 004 044 9371), in a total amount of U.S.\$416,666.67;
- (b) in respect of Barclays Bank PLC, in a total amount of U.S.\$416,666.67; and
- (c) in respect of Royal Bank of Canada, in a total amount of U.S.\$416,666.66;

“Pro Rata Transfers” means the transfers of the Pro Rata Portions together with all related rights and obligations under the Finance Documents pursuant to clause 2 (Transfer of Commitments and Loans); and

“Restated Facility Agreement” means the Facility Agreement as amended and restated in accordance with this agreement in the form set out in schedule 4 (Restated Facility Agreement).

1.2 **Construction**

Clause 1.2 (Construction) of the Facility Agreement will be deemed to be set out in full in this agreement, but as if references in that clause to the Facility Agreement were references to this agreement.

2. **TRANSFER OF COMMITMENTS AND LOANS**

2.1 The parties to this agreement intend and agree that the provisions of this clause 2 shall take effect as a Transfer Certificate for the purposes of the Facility Agreement and the Restated Facility Agreement, receipt of which is hereby acknowledged and consented to by the Parent.

2.2 Each of National Australia Bank Limited (ABN 12 004 044 9371), Barclays Bank PLC and Royal Bank of Canada (each, an **“Existing Lender”**), Lloyds Bank plc (the **“New Lender”**) and the Agent agree to the transfer by each Existing Lender of their respective Pro Rata Portions to the New Lender pursuant to clause 2.3 below.

2.3 Subject to clause 5 (Effective Date), with effect immediately prior to the Effective Date:

- (a) each Existing Lender transfers to the New Lender its Pro Rata Portion; and
- (b) the New Lender undertakes with each Existing Lender and each of the other parties to the Restated Facility Agreement that it will perform all those obligations which, by the terms of the Restated Facility Agreement, will be assumed by it following the Pro Rata Transfers.

2.4 The New Lender acknowledges and agrees that it enters into this deed subject to the terms of clause 26.4 (Limitation of responsibility of Existing Lenders) of the Restated Facility Agreement.

2.5 The Agent agrees that no transfer fee shall be payable by the New Lender to the Agent under clause 26.3 (Assignment or transfer fee) of the Restated Facility Agreement or otherwise in connection with the Pro Rata Transfers.

3. **RESTATEMENT OF FACILITY AGREEMENT**

- 3.1 The Facility Agreement will, with effect from (and including) the Effective Date, be amended and restated in the form set out in schedule 4 (Restated Facility Agreement) so that the rights and obligations of the parties to this agreement relating to their performance under the Facility Agreement from (and including) the Effective Date shall be governed by, and construed in accordance with, the terms of the Restated Facility Agreement, including to increase the total amount of the Facility up to U.S.\$665,000,000 through the provision by Lloyds Bank plc of an additional U.S.\$165,000,000 of new Commitments.
- 3.2 The parties to this agreement agree that, with effect from (and including) the Effective Date, they shall have the rights and take on the obligations ascribed to them under the Restated Facility Agreement.

4. **REPRESENTATIONS**

- 4.1 Each Obligor makes the Repeating Representations to each Finance Party, by reference to the facts and circumstances then existing:
- (a) on the date of this agreement; and
 - (b) on the Effective Date.

5. **EFFECTIVE DATE**

- 5.1 Immediately upon receipt by the Agent of satisfactory confirmation from Ashurst LLP (in their standard form) regarding the satisfaction of the conditions precedent listed in schedule 3 (Conditions Precedent) but prior to the Effective Date, the Pro Rata Transfers shall automatically take place without any further action from any party.
- 5.2 The Agent will notify the Parent and the Lenders promptly when the Effective Date occurs.
- 5.3 Other than to the extent that the Majority Lenders notify the Agent in writing to the contrary before the Agent gives the notification described in clause 5.2 above, the Lenders authorise (but do not require) the Agent to give such notifications. The Agent shall not be liable for any damages, costs or losses whatsoever as a result of giving any such notifications.
- 5.4 If the Effective Date has not occurred by 6 March 2015 (or any later date which the Agent (acting on the instructions of the Majority Lenders) and the Parent may agree), then clauses 2 (Transfer of Commitments and Loans), 3 (Restatement of Facility Agreement), and 6 (Status of Documents) will lapse and the Pro Rata Transfers set out in clause 2 (Transfer of Commitments and Loans) and the amendments recorded in clause 3.1 (Restatement of Facility Agreement) will not take effect.

6. **STATUS OF DOCUMENTS**

6.1 **Continuing Obligations**

- (a) Except as varied by the terms of this agreement, the Facility Agreement and the other Finance Documents will remain in full force and effect. Each party to this agreement reconfirms all of its obligations under the Facility Agreement (as amended and restated by this agreement) and under the other Finance Documents.
- (b) Any reference in the Finance Documents to the Facility Agreement or to any provision of the Facility Agreement will be construed as a reference to the Facility Agreement, or that provision, as amended and restated by this agreement.

6.2 **Finance Document**

This agreement will constitute a Finance Document for the purposes of the Restated Facility Agreement.

6.3 **Guarantee Confirmation**

Each Guarantor confirms that with effect from (and including) the Effective Date, the guarantees and indemnities set out in clause 19 (Guarantee and Indemnity) of the Restated Facility Agreement shall apply and extend to the obligations of each Obligor under the Finance Documents (as defined in the Restated Facility Agreement) subject to the guarantee limitations set out in clause 19.11 (Guarantee Limitations - US) and clause 19.12 (Guarantee Limitations – Deemed Dividends) of the Restated Facility Agreement.

7. **FEES AND EXPENSES**

7.1 **New Lender Fee**

The Parent shall pay to the New Lender a fee in the amount, manner and at the times agreed in the New Lender Fee Letter.

7.2 **Expenses**

The Parent will on demand pay to the Agent and the Mandated Lead Arrangers the amount of all costs and expenses (including legal fees and other out-of-pocket expenses and any value added tax or other similar tax thereon) reasonably incurred by any of the Agent or the Arrangers in connection with the negotiation, preparation, execution and completion of this agreement and all documents, matters and things referred to in, or incidental to, this agreement.

8. **MISCELLANEOUS**

8.1 **Invalidity of any Provision**

If any provision of this agreement is or becomes invalid, illegal or unenforceable in any respect under any law, the validity, legality and enforceability of the remaining provisions shall not be affected or impaired in any way.

8.2 **Counterparts**

This agreement may be executed in any number of counterparts and all of those counterparts taken together will be deemed to constitute one and the same instrument.

8.3 **Third Party Rights**

The Contracts (Rights of Third Parties) Act 1999 shall not apply to this agreement and no person other than the parties to this agreement shall have any rights under it.

9. **GOVERNING LAW AND SUBMISSION TO JURISDICTION**

9.1 **Governing Law**

This agreement and any non-contractual obligations arising out of or in connection with it are governed by English law.

9.2 **Jurisdiction of English Courts**

- (a) The courts of England have exclusive jurisdiction to settle any dispute arising out of or in connection with this agreement (including a dispute regarding the existence, validity or termination of this agreement or any non-contractual obligation arising out of or in connection with this agreement) (a “**Dispute**”).
- (b) The parties to this agreement agree that the courts of England are the most appropriate and convenient courts to settle Disputes and accordingly no party will argue to the contrary.

IN WITNESS whereof this agreement has been duly executed on the date first above written.

SCHEDULE 1

Lenders

<u>Name of Lender</u>	<u>Commitments (U.S.\$)</u>
National Australia Bank Limited (ABN 12 004 044 9371)	166,250,000
Barclays Bank PLC	166,250,000
Royal Bank of Canada	166,250,000
Lloyds Bank plc	166,250,000

SCHEDULE 2

Obligors

Part 1

The Borrowers

<u>Name of Borrower</u>	<u>Jurisdiction of Incorporation, Registration Number (if applicable)</u>
Enstar Group Limited	Bermuda, EC30916
Enstar (EU) Finance Limited	England and Wales, 07621528
Enstar Holdings (US) Inc.	State of Delaware

Part 2

The Guarantors

<u>Name of Guarantor</u>	<u>Jurisdiction of Incorporation, Registration Number (if applicable)</u>
Enstar Group Limited	Bermuda, EC30916
Enstar (EU) Finance Limited	England and Wales, 07621528
Enstar Holdings (US) Inc.	State of Delaware

SCHEDULE 3

Conditions Precedent

1. Obligors

- 1.1 A copy of the Constitutional Documents of each Obligor, with such amendments as the Agent may reasonably request (or, if previously delivered to the Agent by an Obligor, a certificate of an authorised signatory of that Obligor confirming that there have been no changes since the date that the copy of the Constitutional Documents was previously delivered to the Agent).
- 1.2 A certified copy of a resolution of the board of directors of each Obligor:
 - (a) approving the terms of, and the transactions contemplated by, the Finance Documents to which it is a party and resolving that it execute, deliver and perform the Finance Documents to which it is a party;
 - (b) authorising a specified person or persons to execute the Finance Documents to which it is a party on its behalf; and
 - (c) authorising a specified person or persons, on its behalf, to sign and/or despatch all documents and notices (including, if relevant, any Utilisation Request) to be signed and/or despatched by it under or in connection with the Finance Documents to which it is a party.
- 1.3 A specimen of the signature of each person authorised by the resolution referred to in paragraph 1.2 above in relation to the Finance Documents and related documents.
- 1.4 A certified copy of a resolution signed by all the holders of the issued shares in each Guarantor (other than the Parent), approving the terms of, and the transactions contemplated by, the Finance Documents to which it is a party.
- 1.5 A certificate of the Parent (signed by a director) confirming that borrowing or guaranteeing, as appropriate, the Total Commitments would not cause any borrowing, guarantee or similar limit binding on any Obligor to be exceeded.
- 1.6 A certificate of an authorised signatory of each Obligor certifying that each copy document relating to it specified in this schedule 3 is correct, complete and in full force and effect and has not been amended or superseded as at a date no earlier than the Effective Date.
- 1.7 A certified copy of a good standing certificate from the jurisdiction of organization of each Obligor incorporated in the US, each dated as of no earlier than the date which is 10 Business Days prior to the Effective Date.

2. Finance Documents

- 2.1 This agreement executed by the members of the Group party to it.
- 2.2 The New Lender Fee Letter executed by the Parent.

3. Legal Opinion

- 3.1 The following legal opinions, each addressed to the Agent and the Lenders, to be in agreed form:
 - (a) a legal opinion of Ashurst LLP, legal advisers to the Agent and the Arrangers as to English law, substantially in the form distributed to the Lenders prior to signing this agreement.

-
- (b) a legal opinion of Wakefield Quin Limited, legal advisers to the Agent and the Arrangers as to Bermudian law, substantially in the form distributed to the Lenders prior to signing this agreement.
 - (c) a legal opinion of Drinker Biddle & Reith LLP, legal advisers to the Obligors as to Delaware law substantially in the form distributed to the Lenders prior to the signing of this agreement.

4. **Other Documents And Evidence**

- 4.1 A copy of any other Authorisation or other document, opinion or assurance which the Agent notifies the Parent is necessary or desirable in connection with the entry into and performance of the transactions contemplated by any Finance Document or for the validity and enforceability of any Finance Document.
- 4.2 Any information and evidence in respect of any Obligor required by any Finance Party to enable it to be satisfied with the results of all “know your customer” or other checks which it is required to carry out in relation to such person.
- 4.3 A certificate of the Parent (signed by a director) certifying that all necessary or desirable Authorisations from any governmental authority or other regulatory body in connection with the entry into and performance of the transactions contemplated by any Finance Document (or for the validity or enforceability of any of those documents) have been obtained and are in full force and effect together with certified copies of those obtained.
- 4.4 Evidence that all fees, costs and expenses have been paid or will be paid by the Effective Date.

SCHEDULE 4

Restated Facility Agreement

Agreed form



U.S.\$665,000,000 Revolving Credit Facility Agreement

Enstar Group Limited
and certain of its Subsidiaries

and

National Australia Bank Limited (ABN 12 004 044 9371)

Barclays Bank PLC

Royal Bank of Canada

and

Lloyds Bank plc

as Mandated Lead Arrangers

and

National Australia Bank Limited (ABN 12 004 044 9371) as Agent

originally dated 16 September 2014 (as amended and restated on the Effective Date (as defined herein))

CONTENTS

CLAUSE	PAGE
1. DEFINITIONS AND INTERPRETATION	1
2. THE FACILITY	25
3. PURPOSE	26
4. CONDITIONS OF LOANS	26
5. LOANS	27
6. OPTIONAL CURRENCIES	28
7. REPAYMENT	29
8. ILLEGALITY, VOLUNTARY PREPAYMENT AND CANCELLATION	30
9. MANDATORY PREPAYMENT - EXIT	31
10. RESTRICTIONS	31
11. INTEREST	31
12. INTEREST PERIODS	32
13. CHANGES TO THE CALCULATION OF INTEREST	33
14. FEES	34
15. TAX GROSS UP AND INDEMNITIES	34
16. INCREASED COSTS	45
17. INDEMNITIES	47
18. MITIGATION BY THE LENDERS	48
19. GUARANTEE AND INDEMNITY	48
20. COSTS AND EXPENSES	52
21. REPRESENTATIONS	53
22. INFORMATION UNDERTAKINGS	60
23. FINANCIAL COVENANTS	65
24. GENERAL UNDERTAKINGS	66
25. EVENTS OF DEFAULT	72
26. CHANGES TO THE LENDERS	77
27. CHANGES TO THE OBLIGORS	82
28. ROLE OF THE AGENT, THE MANDATED LEAD ARRANGERS AND OTHERS	83
29. CONDUCT OF BUSINESS BY THE FINANCE PARTIES	91
30. SHARING AMONG THE FINANCE PARTIES	91
31. PAYMENT MECHANICS	92
32. SET-OFF	95
33. NOTICES	95
34. CALCULATIONS AND CERTIFICATES	98
35. PARTIAL INVALIDITY	98
36. REMEDIES AND WAIVERS	98
37. AMENDMENTS AND WAIVERS	98
38. CONFIDENTIALITY	99
39. COUNTERPARTS	104
40. USA PATRIOT ACT	105
41. GOVERNING LAW	105
42. ENFORCEMENT	105
43. WAIVER OF JURY TRIAL	106
SCHEDULE 1	107
The Parties as at the Effective Date	107
SCHEDULE 2	108
Conditions Precedent	108
SCHEDULE 3	112
Utilisation Request	112
SCHEDULE 4	113
Form of Transfer Certificate	113
SCHEDULE 5	117
Form of Assignment Agreement	117

SCHEDULE 6	120
Form of Accession Letter	120
SCHEDULE 7	121
Form of Compliance Certificate	121
SCHEDULE 8	122
Timetables	122
SCHEDULE 9	123
U.S. TAX COMPLIANCE CERTIFICATE	123
Part 1	123
For Foreign Lenders that are not Partnerships for U.S. Federal Income Tax Purposes	123
Part 2	124
For Foreign Participants that are not Partnerships for U.S. Federal Income Tax Purposes	124
Part 3	125
For Foreign Participants that are Partnerships for U.S. Federal Income Tax Purposes	125
Part 4	126
For Foreign Lenders that are Partnerships for U.S. Federal Income Tax Purposes	126
SCHEDULE 10	127
Existing Security	127

THIS AGREEMENT is made on 16 September 2014 (as amended and restated on the Effective Date (as defined below)).

BETWEEN:

- (7) **ENSTAR GROUP LIMITED**, a company incorporated under the laws of Bermuda with registered number EC30916 (the “**Parent**”);
- (8) **THE MEMBERS OF THE GROUP** listed in part 1 of schedule 5 (The Parties as at the Effective Date) as Original Borrowers (the “**Original Borrowers**”);
- (9) **THE MEMBERS OF THE GROUP** listed in part 2 of schedule 5 (The Parties as at the Effective Date) as Original Guarantors (the “**Original Guarantors**”);
- (10) **NATIONAL AUSTRALIA BANK LIMITED (ABN 12 004 044 9371), BARCLAYS BANK PLC, ROYAL BANK OF CANADA and LLOYDS BANK PLC** as bookrunners and mandated lead arrangers (each a “**Mandated Lead Arranger**” and together the “**Mandated Lead Arrangers**”);
- (11) **THE FINANCIAL INSTITUTIONS** listed in part 3 and part 4 of schedule 5 (The Parties as at the Effective Date) as lenders; and
- (12) **NATIONAL AUSTRALIA BANK LIMITED (ABN 12 004 044 9371)** as agent of the other Finance Parties (the “**Agent**”).

IT IS AGREED as follows:

10. **DEFINITIONS AND INTERPRETATION**

10.1 **Definitions**

In this Agreement:

“**Accession Letter**” means a document substantially in the form set out in schedule 10 (Form of Accession Letter);

“**Accounting Principles**” means:

- (a) in relation to any Obligor incorporated in Bermuda or in any state of the United States of America, generally accepted accounting principles in the United States of America;
- (b) in relation to any Obligor incorporated in the United Kingdom, generally accepted accounting principles in the United Kingdom; or
- (c) in relation to any Obligor other than those mentioned in paragraphs (a) and (b) above, generally accepted accounting principles in its place of incorporation;

“**Acquisition SPV**” means a direct or indirect Subsidiary of the Parent, established or maintained for the sole purpose of making Permitted Acquisitions provided it has no other Financial Indebtedness other than Acquisition SPV Indebtedness and/or Financial Indebtedness owed to a member of the Group;

“**Acquisition SPV Indebtedness**” means Financial Indebtedness incurred by an Acquisition SPV where the provider of the Financial Indebtedness has no recourse against any member of the Group, other than to that Acquisition SPV, subsidiaries of the Acquisition SPV and their respective assets;

“Additional Borrower” means a company which becomes an Additional Borrower in accordance with clause 36 (Changes to the Obligors);

“Additional Guarantor” means a company which becomes an Additional Guarantor in accordance with clause 36 (Changes to the Obligors);

“Additional Obligor” means an Additional Borrower or an Additional Guarantor;

“Affiliate” means, in relation to any person, a Subsidiary or a Holding Company of that person or any other Subsidiary of that Holding Company;

“Agent’s Spot Rate of Exchange” means the Agent’s spot rate of exchange for the purchase of the relevant currency with the Base Currency in the London foreign exchange market at or about 11.00 a.m. on a particular day;

“Assignment Agreement” means an agreement substantially in the form set out in schedule 9 (Form of Assignment Agreement) or any other form agreed between the relevant assignor and assignee;

“Auditors” means:

- (a) any internationally reputable firm of qualified accountants (which shall include, for the avoidance of doubt, the auditors of the Group as at the date of this Agreement); or
- (b) such other firm approved in advance by the Majority Lenders (such approval not to be unreasonably withheld or delayed);

“Authorisation” means an authorisation, consent, approval, resolution, licence, exemption, filing, notarisation or registration;

“Authority” means any of the United Nations Security Council, the Commission of the European Union, a government entity of any Participating Member State, Her Majesty’s Treasury, any other United Kingdom government entity, any Australian government entity, any Canadian government entity, any Bermudan government entity, the Office of Foreign Assets Control of the United States Department of the Treasury and any other United States government entity;

“Availability Period” means the period from and including the date of this Agreement to and including the date falling two months prior to the Termination Date;

“Available Commitment” means a Lender’s Commitment minus:

- (a) the Base Currency Amount of its participation in any outstanding Loans; and
- (b) in relation to any proposed Loan, the Base Currency Amount of its participation in any Loans that are due to be made on or before the proposed Utilisation Date,

other than that Lender’s participation in any Loans that are due to be repaid or prepaid on or before the proposed Utilisation Date;

“Available Facility” means the aggregate for the time being of each Lender’s Available Commitment;

“Base Currency” means U.S. Dollars;

“Base Currency Amount” means, in relation to a Loan, the amount specified in the Utilisation Request delivered by a Borrower for that Loan (or, if the amount requested is not denominated in the Base Currency, that amount converted into the Base Currency at

the Agent's Spot Rate of Exchange on the date which three Business Days before the Utilisation Date or, if later, on the date the Agent receives the Utilisation Request) adjusted to reflect any repayment or prepayment of the Loan;

"Borrower" means the Original Borrowers or an Additional Borrower unless it has ceased to be a Borrower in accordance with clause 36 (Changes to the Obligors);

"Break Costs" means the amount (if any) by which:

- (a) the interest, excluding the Margin, which a Lender should have received for the period from the date of receipt of all or any part of its participation in a Loan or Unpaid Sum to the last day of the current Interest Period in respect of that Loan or Unpaid Sum, had the principal amount or Unpaid Sum received been paid on the last day of that Interest Period;

exceeds:

- (b) the amount which that Lender would be able to obtain by placing an amount equal to the principal amount or Unpaid Sum received by it on deposit with a leading bank in the London interbank market for a period starting on the Business Day following receipt or recovery and ending on the last day of the current Interest Period;

"Budget" means any annual budget delivered by the Parent to the Agent in respect of that period pursuant to clause 31.5 (Budget);

"Business Day" means a day (other than a Saturday or Sunday) on which banks are open for general business in London, Hamilton (Bermuda) and New York;

"Cash Equivalent Investments" means, at any time:

- (a) any investment in marketable securities for:
 - (i) which a recognised trading market exists;
 - (ii) maturing within 92 days of the purchase date of the security; and
 - (iii) which has a minimum rating of either BBB or A-2 by Standard & Poor's Rating Services or Baa2 or P-2 by Moody's Investors Service Limited;
- (b) any money market fund which has liquidity provisions enabling accessibility to funds within 30 business days and with a minimum rating of A-1 by Standard & Poor's Rating Services or P-1 by Moody's Investors Service Limited;
- (c) any UCITS fund which has liquidity provisions enabling accessibility to funds within 30 business days and with a minimum weighted average rating of A- or A-1 by Standard & Poor's Rating Services or A3 or P-1 by Moody's Investors Service Limited; or
- (d) any other debt or equity security approved by the Majority Lenders;

"Change of Control" means any person or group of persons acting in concert gaining Control of the Parent (where "acting in concert" has the meaning given to it in the City Code on Takeovers and Mergers);

"Chief Financial Officer" means the chief financial officer of the relevant company or the Group from time to time (or any director of the relevant company or the Group acting as such officer's deputy in that capacity or performing those functions);

“Close Links Report” means a report submitted by a UK Regulated Insurance Entity to the PRA or the FCA (as appropriate) under SUP 16.5.4 or as may be defined in any rules amending or replacing it;

“Code” means the U.S. Internal Revenue Code of 1986 (or any successor legislation thereto) as amended from time to time;

“Commitment” means:

- (a) in relation to each Lender as at the Effective Date, the amount in the Base Currency set opposite its name under the heading “Commitments” in part 3 and part 4 of schedule 5 (The Parties as at the Effective Date) and the amount of any other Commitment transferred to it under this Agreement; and
- (b) in relation to any other Lender, the amount in the Base Currency of any Commitment transferred to it under this Agreement, to the extent not cancelled, reduced or transferred by it under this Agreement;

“Compliance Certificate” means a certificate substantially in the form set out in schedule 11 (Form of Compliance Certificate);

“Confidential Information” means all information relating to the Parent, any Obligor or the Group, the Finance Documents or the Facility of which a Finance Party becomes aware in its capacity as, or for the purpose of becoming, a Finance Party or which is received by a Finance Party in relation to, or for the purpose of becoming a Finance Party under, the Finance Documents or the Facility from either:

- (a) any member of the Group, or any of its advisers; or
- (b) another Finance Party, if the information was obtained by that Finance Party directly or indirectly from any member of the Group or any of its advisers,

in whatever form, and includes information given orally and any document, electronic file or any other way of representing or recording information which contains or is derived or copied from such information but excludes:

- (i) information that:
 - (A) is or becomes public information other than as a direct or indirect result of any breach by that Finance Party of clause 47 (Confidentiality); or
 - (B) is identified in writing at the time of delivery as non-confidential by any member of the Group or any of its advisers; or
 - (C) is known by that Finance Party before the date the information is disclosed to it in accordance with paragraphs (a) or (b) above or is lawfully obtained by that Finance Party after that date, from a source which is, as far as that Finance Party is aware, unconnected with the Group and which, in either case, as far as that Finance Party is aware, has not been obtained in breach of, and is not otherwise subject to, any obligation of confidentiality; and
- (ii) any Funding Rate or Reference Bank Quotation;

“Confidentiality Undertaking” means a confidentiality undertaking substantially in the recommended form of the LMA at the relevant time or in any other form agreed between the Parent and the Agent;

“Consolidated Tangible Net Worth” has the meaning given to it in clause 32.1 (Financial definitions);

“Constitutional Documents” means, in relation to an Obligor, the memorandum of association and the articles of association or bye-laws, and/or (as appropriate) such other constitutional documents as required from time to time by the law of the place of incorporation (or any internal requirements) of the relevant Obligor;

“Control” means:

- (a) the power (whether by way of ownership of shares, proxy, contract, agency or otherwise) to:
 - (i) cast, or control the casting of, more than 50 per cent of the maximum number of votes that might be cast at a general meeting of the company;
 - (ii) appoint or remove all, or the majority, of the directors or other equivalent officers of the company; or
 - (iii) give directions with respect to the operating and financial policies of the company with which the directors or other equivalent officers of the company are obliged to comply; or
- (b) the holding beneficially of more than 50 per cent of the issued share capital of the company (excluding any part of that issued share capital that carries no right to participate beyond a specified amount in a distribution of either profits or capital);

“CTA” means the Corporation Tax Act 2009;

“Debt Purchase Transaction” means, in relation to a person, a transaction where such person:

- (a) purchases by way of assignment or transfer;
- (b) enters into any sub-participation in respect of; or
- (c) enters into any other agreement or arrangement having an economic effect substantially similar to a sub-participation in respect of, any Commitment or amount outstanding under this Agreement;

“Default” means an Event of Default or any event or circumstance specified in clause 25 (Events of Default) which would (with the expiry of a grace period, the giving of notice, the making of any determination under the Finance Documents or any combination of any of the foregoing) be an Event of Default;

“Disruption Event” means either or both of:

- (a) a material disruption to those payment or communications systems or to those financial markets which are, in each case, required to operate in order for payments to be made in connection with the Facility (or otherwise in order for the transactions contemplated by the Finance Documents to be carried out) which disruption is not caused by, and is beyond the control of, any of the Parties; or
- (b) the occurrence of any other event which results in a disruption (of a technical or systems-related nature) to the treasury or payments operations of a Party preventing that, or any other Party:
 - (i) from performing its payment obligations under the Finance Documents; or
 - (ii) from communicating with other Parties in accordance with the terms of the Finance Documents,

and which (in either such case) is not caused by, and is beyond the control of, the Party whose operations are disrupted;

“Effective Date” has the meaning given to that term in the Restatement Agreement;

“ERISA” means the United States Employee Retirement Income Security Act of 1974, as amended, and the rules and regulations promulgated thereunder by the United States Department of Labor, as from time to time in effect;

“ERISA Affiliate” means any trade or business (whether or not incorporated) under common control with an Obligor within the meaning of Section 414(b) or (c) of the Code (and Sections 414(m) and (o) of the Code for purposes of provisions relating to Section 412, 430 or 431 of the Code);

“ERISA Event” means (a) any “reportable event,” as defined in Section 4043 of ERISA or the regulations issued thereunder with respect to a Pension Plan (other than an event for which the thirty (30) day notice requirement is waived); (b) the failure with respect to any Pension Plan to satisfy the “minimum funding standard” (as defined in Section 412 of the Code or Section 302 of ERISA) or the failure to make by its due date a required instalment under Section 430(j) of the Code with respect to any Pension Plan; (c) the filing pursuant to Section 412(c) of the Code or Section 302 of ERISA of an application for a waiver of the minimum funding standard with respect to any Pension Plan; (d) a determination that any Pension Plan is, or is expected to be, in “at risk” status (as defined in Section 430 of the Code or Section 303 of ERISA); (e) the incurrence by any Obligor or any ERISA Affiliate of any liability under Title IV of ERISA as a result of the termination of any Pension Plan; (f) (i) the receipt by any Obligor or any ERISA Affiliate from the PBGC of a notice of determination that the PBGC intends to seek termination of any Pension Plan or to have a trustee appointed for any Pension Plan, or (ii) the filing by any Obligor or any ERISA Affiliate of a notice of intent to terminate any Pension Plan under Section 4041(c) of ERISA; (g) the incurrence by any Obligor or any ERISA Affiliate of any liability (i) with respect to a Pension Plan pursuant to Sections 4063 and 4064 of ERISA, (ii) with respect to a facility closing pursuant to Section 4062(e) of ERISA, or (iii) with respect to the withdrawal or partial withdrawal from any Multiemployer Plan; (h) the receipt by any Obligor or any ERISA Affiliate of any notice concerning the imposition of Withdrawal Liability or a determination that a Multiemployer Plan is, or is expected to be, in endangered status or critical status, within the meaning of Section 432 of the Code or Section 305 of ERISA or is or is expected to be insolvent or in reorganization, within the meaning of Title IV of ERISA; (i) the failure of any Obligor or any ERISA Affiliate to make any required contribution to a Multiemployer Plan; or (j) the imposition of any lien on any right, property or asset pursuant to Title I or IV of ERISA or to such penalty or excise tax provisions of the Code or to Section 436(f) of the Code or to Sections 412 and 430 of the Code; (k) the assertion of a material claim (other than routine claims for benefits) against any Plan or the assets thereof, in connection with any Plan; (l) the receipt from the Internal Revenue Service of notice of the failure of any Plan to qualify under Section 401(a) of the Code, or notice of the failure of any trust forming part of any Plan to qualify for exemption from taxation under Section 501(a) of the Code; or (m) the occurrence of a non-exempt “prohibited transaction” with respect to which any Obligor or any ERISA Affiliate is a “disqualified person” or a “party in interest” (within the meaning of Section 4975 of the Code or Section 406 of ERISA, respectively) or which is reasonably expected to result in a material liability to any Obligor or any ERISA Affiliate;

“Euro”, “EUR” or “€” means the single currency unit of the Participating Member States;

“EURIBOR” means, in relation to any Loan in Euro:

- (a) the applicable Screen Rate;
- (b) (if no Screen Rate is available for the Interest Period of that Loan) the Interpolated Screen Rate for that Loan; or
- (c) if:
 - (i) no Screen Rate is available for the Interest Period of that Loan; and
 - (ii) it is not possible to calculate an Interpolated Screen Rate for that Loan,the Reference Bank Rate,

as of, in the case of paragraphs (a) and (c) above, the Specified Time on the Quotation Day for Euro and for a period equal in length to the Interest Period of that Loan;

“Event of Default” means any event or circumstance specified as such in clause 25 (Events of Default) other than any event or circumstance in clause 25.20 (Acceleration);

“Excluded Taxes” means any of the following U.S. Taxes imposed on or with respect to a Finance Party or other recipient or required to be withheld or deducted from a payment to a Finance Party or other recipient, (a) U.S. Taxes (i) imposed on or measured by net income (however denominated), franchise Taxes, and branch profits Taxes, in each case, imposed as a result of such Finance Party or other recipient being organised under the laws of, or having its principal office or, in the case of any Lender, its applicable lending office located in, the U.S. (or any political subdivision thereof) or (ii) that are Other Connection Taxes, (b) in the case of a Lender, U.S. withholding Taxes imposed on amounts payable to or for the account of such Lender pursuant to a law in effect on the date of this Agreement to the extent such U.S. Tax could have been avoided had the Lender complied with its obligations under clause 24.5 (Tax Documentation);

“Existing Facility Agreement” means the U.S.\$375,000,000 revolving credit facility agreement dated 14 June 2011 (as amended pursuant to an amendment letter dated 30 June 2011 and an amendment letter dated 25 July 2012 and as further amended and restated pursuant to a restatement agreement dated 8 July 2013) between, among others, the Parent, certain of the Lenders and the Agent;

“Existing Security” means the security granted by members of the Group prior to the date of this Agreement and listed in schedule 10 (Existing Security);

“Facility” means the revolving credit facility made available under this Agreement as described in clause 11.1 (The Facility);

“Facility Office” means:

- (a) in respect of a Lender, the office or offices notified by that Lender to the Agent in writing on or before the date it becomes a Lender (or, following that date, by not less than five Business Days’ written notice) as the office or offices through which it will perform its obligations under this Agreement; or
- (b) in respect of any other Finance Party, the office in the jurisdiction in which it is resident for tax purposes;

“FATCA” means:

- (a) sections 1471 to 1474 of the Code or any associated regulations;
- (b) any treaty, law or regulation of any other jurisdiction, or relating to an intergovernmental agreement between the U.S. and any other jurisdiction, which (in either case) facilitates the implementation of any law or regulation referred to in paragraph (a) above; or
- (c) any agreement pursuant to the implementation of any treaty, law or regulation referred to in paragraphs (a) or (b) above with the U.S. Internal Revenue Service, the U.S. government or any governmental or taxation authority in any other jurisdiction;

“FATCA Application Date” means:

- (a) in relation to a “withholdable payment” described in section 1473(1)(A)(i) of the Code (which relates to payments of interest and certain other payments from sources within the U.S.), 1 July 2014;
 - (b) in relation to a “withholdable payment” described in section 1473(1)(A)(ii) of the Code (which relates to “gross proceeds” from the disposition of property of a type that can produce interest from sources within the U.S.), 1 January 2017; or
 - (c) in relation to a “passthru payment” described in section 1471(d)(7) of the Code not falling within paragraphs (a) or (b) above, 1 January 2017,
- or, in each case, such other date from which such payment may become subject to a deduction or withholding required by FATCA as a result of any change in FATCA after the date of this Agreement;

“FATCA Deduction” means a deduction or withholding from a payment under a Finance Document required by FATCA;

“FATCA Exempt Party” means a Party that is entitled to receive payments free from any FATCA Deduction;

“FCA” means the United Kingdom Financial Conduct Authority and any predecessor or successor body or bodies;

“FCA Rules” means the FCA’s Handbook of Rules and Guidance as amended, varied, substituted or replaced from time to time including, without limitation, GENPRU, IPRU-INS, INSPRU and SUP and including the rules of any other body or bodies which is (or are) responsible from time to time for the conduct supervision of insurers authorised in the United Kingdom;

“Fee Letter” means:

- (a) any letter or letters dated on or about the date of this Agreement between National Australia Bank Limited (ABN 12 004 044 9371), Barclays Bank PLC and Royal Bank of Canada in their capacities as Mandated Lead Arrangers and the Parent (or the Agent and the Parent) setting out any of the fees referred to in clause 23 (Fees);
- (b) the New Lender Fee Letter; and
- (c) any agreement setting out fees payable to a Finance Party under any Finance Document;

“Finance Document” means this Agreement, the Restatement Agreement, any Accession Letter, any Compliance Certificate, any Fee Letter, any Utilisation Request and any other document designated as a **“Finance Document”** by the Agent and the Parent;

“Finance Party” means the Agent, the Mandated Lead Arrangers or a Lender;

“Financial Indebtedness” means any indebtedness for or in respect of:

- (a) moneys borrowed and debit balances at banks or other financial institutions;
- (b) any amount raised by acceptance under any acceptance credit facility or dematerialised equivalent;
- (c) any amount raised pursuant to any note purchase facility or the issue of bonds, notes, debentures, loan stock or any similar instrument;
- (d) the amount of any liability in respect of any lease or hire purchase contract which would, in accordance with the Accounting Principles, be treated as a finance or capital lease;
- (e) receivables sold or discounted (other than any receivables to the extent they are sold on a non-recourse basis);
- (f) any Treasury Transaction (and, when calculating the value of that Treasury Transaction, only the marked to market value as at the relevant date on which Financial Indebtedness is calculated (or, if any actual amount is due as a result of the termination or close-out of that Treasury Transaction, that amount) shall be taken into account);
- (g) any counter-indemnity obligation in respect of a guarantee, bond, standby or documentary letter of credit or any other instrument issued by a bank or financial institution except in respect of an underlying liability of an entity which is a member of the Group;
- (h) any amount raised by the issue of shares which are redeemable (other than at the option of the issuer) before the Termination Date (or are otherwise treated as borrowings under the Accounting Principles);
- (i) any amount of any liability under an advance or deferred purchase agreement if (1) one of the primary reasons behind entering into the agreement is to raise finance or (2) the agreement is in respect of the supply of assets or services and payment is due more than 90 days after the date of supply;
- (j) any amount raised under any other transaction (including any forward sale or purchase, sale and sale back or sale and leaseback agreement) having the commercial effect of a borrowing; and
- (k) the amount of any liability in respect of any guarantee for any of the items referred to in paragraphs (a) to (j) above;

“Financial Quarter” has the meaning given to that term in clause 32.1 (Financial definitions);

“Financial Year” has the meaning given to that term in clause 32.1 (Financial definitions);

“Foreign Lender” means (a) if the Borrower is a U.S. Person, a Lender that is not a U.S. Person, and (b) if the Borrower is not a U.S. Person, a Lender that is resident or organised under the laws of a jurisdiction other than that in which the Borrower is resident for tax purposes;

“Funding Rate” means any rate notified to the Agent by a Lender pursuant to paragraph (a)(ii) of clause 13.2 (Market Disruption);

“GENPRU” means the General Prudential sourcebook forming part of the FCA Rules and the PRA Rules or any rules amending or replacing it;

“Governmental Authority” means the government of the United States of America or any other sovereign nation, or of any political subdivision thereof, whether state or local, and any agency, authority, instrumentality, regulatory body, court, central bank or other entity exercising executive, legislative, judicial, taxing, regulatory or administrative powers or functions of or pertaining to government (including any supra-national bodies such as the European Union or the European Central Bank);

“Group” means the Parent and each of its Subsidiaries for the time being;

“Group Structure Chart” means the most recent group structure chart of the Group delivered to the Agent by the Parent on or prior to the date of this Agreement;

“Guarantor” means an Original Guarantor or an Additional Guarantor;

“Holding Company” means, in relation to a company or corporation, any other company or corporation in respect of which it is a Subsidiary;

“ICA Capital Requirement” means, in respect of a Regulated Insurance Entity, the amount of capital resources which the board of that insurer considers are required by that insurer in order to have a 99.5 per cent confidence level over a one year timeframe that the value of assets of that insurer will exceed the value of its liabilities, determined in accordance with INSPRU 7 (or any rules amending or replacing it) or, if appropriate, any equivalent documentation, guidance or regulation in any other jurisdiction, and, following the implementation of Solvency II, shall mean the SCR (as defined in Solvency II) of that insurer as supplemented by any additional capital resources identified as required by that insurer’s Own Risk and Solvency Assessment (as defined in Solvency II);

“ICG Capital Requirement” means, in respect of a UK Regulated Insurance Entity, the aggregate of: (a) the ICA Capital Requirement of that insurer; and (b) the amount of capital resources which the PRA or FCA indicates in any formal guidance given to it or to any member of the Group that it considers should be held in addition to its ICA Capital Requirement, or which should be held by the Group as a whole in respect of that UK Regulated Insurance Entity in addition to that insurer’s ICA Capital Requirement, and, following the implementation of Solvency II, shall mean the aggregate of any capital add-ons (as defined in Solvency II) prescribed by the PRA or FCA;

“Insolvency Representative” means any liquidator, administrator, receiver, receiver and manager, administrative receiver, custodian, trustee or similar officer in any jurisdiction;

“INSPRU” means the Prudential sourcebook for Insurers forming part of the FCA Rules and the PRA Rules or any rules amending or replacing it;

“IPRU-INS” means the Interim Prudential Sourcebook for Insurers, forming part of the FCA Rules and the PRA Rules or any rules amending or replacing it;

“Intellectual Property” means:

- (a) any patents, trade marks, service marks, designs, business names, copyrights, design rights, moral rights, inventions, confidential information, knowhow and other intellectual property rights and interests, whether registered or unregistered; and
- (b) the benefit of all applications and rights to use such assets of each member of the Group;

“Interest Period” means, in relation to a Loan, each period determined in accordance with clause 21 (Interest Periods) and, in relation to an Unpaid Sum, each period determined in accordance with clause 20.3 (Default Interest);

“Interpolated Screen Rate” means, in relation to LIBOR or EURIBOR for any Loan, the rate (rounded to the same number of decimal places as the two relevant Screen Rates) which results from interpolating on a linear basis between:

- (a) the applicable Screen Rate for the longest period (for which that Screen Rate is available) which is less than the Interest Period of that Loan; and
 - (b) the applicable Screen Rate for the shortest period (for which that Screen Rate is available) which exceeds the Interest Period of that Loan,
- each as of the Specified Time on the Quotation Day for the currency of that Loan;

“IRS” means the United States Internal Revenue Service or any successor;

“ITA” means the Income Tax Act 2007;

“Legal Opinion” means any legal opinion delivered to the Agent under clause 13.1 (Initial conditions precedent), clause 36 (Changes to the Obligors) or pursuant to the terms of the Restatement Agreement;

“Legal Reservations” means:

- (a) the principle that equitable remedies may be granted or refused at the discretion of a court and the limitation of enforcement by laws relating to insolvency, reorganisation and other laws generally affecting the rights of creditors;
- (b) the time barring of claims under the Limitation Acts, the possibility that an undertaking to assume liability for or indemnify a person against non-payment of UK stamp duty may be void and defences of set-off or counterclaim;
- (c) similar principles, rights and defences under the laws of any Relevant Jurisdiction; and
- (d) any other matters which are set out as qualifications or reservations as to matters of law of general application in the Legal Opinions;

“Lender” means:

- (a) any Original Lender;
- (b) Lloyds Bank plc; and
- (c) any bank, financial institution, trust, fund or other entity which has become a Party as a Lender in accordance with clause 35 (Changes to the Lenders),

which in each case has not ceased to be a Party in accordance with the terms of this Agreement;

“LIBOR” means, in relation to any Loan:

- (c) the applicable Screen Rate;
- (d) (if no Screen Rate is available for the Interest Period of that Loan) the Interpolated Screen Rate for that Loan; or

- (e) if:
- (i) no Screen Rate is available for the currency of that Loan; or
 - (ii) no Screen Rate is available for the Interest Period of that Loan and it is not possible to calculate an Interpolated Screen Rate for that Loan,
- the Reference Bank Rate,

as of, in the case of paragraphs (a) and (c) above, the Specified Time on the Quotation Day for the currency of that Loan and for a period equal in length to the Interest Period of that Loan;

“**Limitation Acts**” means the Limitation Act 1980 and the Foreign Limitation Periods Act 1984;

“**LMA**” means the Loan Market Association;

“**Loan**” means a loan made or to be made under the Facility or the principal amount outstanding for the time being of that loan;

“**Majority Lenders**” means:

- (a) if there are no Loans outstanding, a Lender or Lenders whose Commitments aggregate more than 66²/₃ per cent of the Total Commitments (or, if the Total Commitments have been reduced to zero, aggregated more than 66²/₃ per cent of the Total Commitments immediately prior to the reduction); or
- (b) at any other time, a Lender or Lenders whose participations in the Loans then outstanding aggregate more than 66²/₃ per cent of all the Loans then outstanding;

“**Margin**” means 2.75 per cent per annum, provided that if the public senior unsecured long-term and non-credit enhanced debt rating (or equivalent) assigned to the Parent by one or both of Standard & Poor’s Ratings Services or Fitch Ratings Ltd is as set out in the table below, then the Margin for each Loan will be the percentage rate per annum set out below opposite that range:

Rating	Margin % p.a.
BBB (or its equivalent) or higher	2.50
BBB- (or its equivalent)	2.75
BB+ (or its equivalent)	3.00
BB (or its equivalent) or below or unrated	3.25

However:

- (i) any increase or decrease in the Margin for a Loan shall take effect on the last day (the “**reset date**”) of the Interest Period immediately following the date on which the senior unsecured long-term and non-credit enhanced debt rating (or equivalent) assigned to the Parent is made public by Standard & Poor’s Ratings Services or Fitch Ratings Ltd (as applicable);
- (ii) if both Standard & Poor’s Ratings Services or Fitch Ratings Ltd have assigned a public senior unsecured long-term and non-credit enhanced debt rating (or equivalent) to the Parent, the highest assigned rating shall apply; and
- (iii) while an Event of Default is continuing, the Margin for each Loan shall be the highest percentage rate per annum set out above;

“Margin Stock” means margin stock or “margin security” within the meaning of Regulations T, U and X;

“Material Adverse Effect” means a material adverse effect on:

- (a) the business, operations, property, condition (financial or otherwise) or prospects of the Group taken as a whole; or
- (b) the ability of an Obligor to perform its payment obligations under the Finance Documents and/or its obligations under clause 32.2 (Financial condition); or
- (c) the rights or remedies of any Finance Party under any of the Finance Documents;

“Month” means a period starting on one day in a calendar month and ending on the numerically corresponding day in the next calendar month, except that:

- (a) (subject to paragraph (c) below) if the numerically corresponding day is not a Business Day, that period shall end on the next Business Day in that calendar month in which that period is to end if there is one, or if there is not, on the immediately preceding Business Day;
- (b) if there is no numerically corresponding day in the calendar month in which that period is to end, that period shall end on the last Business Day in that calendar month; and
- (c) if an Interest Period begins on the last Business Day of a calendar month, that Interest Period shall end on the last Business Day in the calendar month in which that Interest Period is to end;

The above rules will only apply to the last Month of any period. **“Monthly”** shall be construed accordingly.

“Multiemployer Plan” means an employee pension benefit plan within the meaning of Section 4001(a)(3) of ERISA that is sponsored by any Obligor or any ERISA Affiliate or to which any Obligor or any ERISA Affiliate is obligated or has been obligated to make contributions or has any material liability;

“New Lender Fee Letter” has the meaning given to that term in the Restatement Agreement;

“Obligor” means a Borrower or a Guarantor;

“Obligors’ Agent” means the Parent, appointed to act on behalf of each Obligor in relation to the Finance Documents pursuant to clause 11.3 (Obligors’ Agent);

“Optional Currency” means a currency (other than the Base Currency) which complies with the conditions set out in clause 13.3 (Conditions Relating to Optional Currencies);

“Original Financial Statements” means:

- (a) the audited consolidated financial statements of the Parent for its Financial Year ended 31 December 2013; or
- (b) audited financial statements of each Obligor other than the Parent for its Financial Year ended 31 December 2013 or, if that Obligor is not required to produce audited financial statements and has not done so for its Financial Year ended 31 December 2013, its consolidated management schedules for such period;

“Original Lender” means each of National Australia Bank Limited (ABN 12 004 044 9371), Barclays Bank PLC and Royal Bank of Canada;

“Other Connection Taxes” means, with respect to any Finance Party or other recipient, U.S. Taxes imposed as a result of a present or former connection between such Finance Party or other recipient and the U.S. (other than connections arising from such Finance Party or other recipient having executed, delivered, become a party to, performed its obligations under, received payments under, received or perfected a security interest under, engaged in any other transaction pursuant to or enforced any Finance Document, or sold or assigned an interest in any Loan or Finance Document);

“Participating Member State” means any member state of the European Union that has the Euro as its lawful currency in accordance with legislation of the European Union relating to Economic and Monetary Union;

“Party” means a party to this Agreement;

“PBGC” means the Pension Benefit Guaranty Corporation, or any successor agency or entity performing substantially the same functions;

“Pension Plan” means an employee pension benefit plan within the meaning of Section 3(2) of ERISA (other than a Multiemployer Plan) which is covered by Title IV of ERISA or subject to the minimum funding standards under Section 412 of the Code that is or was sponsored or maintained by any Obligor or any ERISA Affiliate or to which any Obligor or any ERISA Affiliate is obligated or has been obligated to make contributions or has any material liability;

“Permitted Acquisition” means:

- (a) any acquisition by a member of the Group other than an Obligor (either effected through a share acquisition or, subject to compliance with clause 33.4 (Merger), by way of merger and including, for the avoidance of doubt, any acquisition of new business effected through a portfolio transfer or reinsurance transaction involving the capitalisation of reinsurance segregated accounts) of a company, entity, business or undertaking (or in each case, any interest in any of them) or any acquisition by an Obligor (effected through a share acquisition) of a company or entity, in each case:
 - (i) which holds more than 50 per cent of its assets in and generates more than 50 per cent of revenues from the insurance, reinsurance, asset management or insurance broking sectors; and
 - (ii) whose gross assets would represent less than 25 per cent. of the pro forma consolidated total assets (in each case determined in accordance with generally accepted accounting principles in the U.S.) of the Group immediately following such acquisition;
- (b) the incorporation of a company as a Subsidiary including:
 - (i) the incorporation of an Acquisition SPV; or
 - (ii) the purchase of shares in an off the shelf company; and
- (c) any acquisition by a member of the Group of securities from another member of the Group to the extent that the disposal of such securities constitutes a Permitted Disposal;

“Permitted Disposal” means any sale, lease, licence, transfer or other disposal made on arm’s length terms:

- (a) made by any member of the Group in the ordinary course of trading of the disposing entity (other than shares, businesses, real property or Intellectual Property);
- (b) of any asset by a member of the Group (the **“Disposing Company”**) to another member of the Group (the **“Acquiring Company”**), but if the Disposing Company is a Guarantor, the Acquiring Company must be a Guarantor guaranteeing at all times an amount no less than that guaranteed by the Disposing Company;
- (c) of assets (other than shares, businesses, real property or Intellectual Property) in exchange for other assets comparable or superior as to type, value and quality);
- (d) of assets (other than cash) to an Acquisition SPV;
- (e) of obsolete or redundant vehicles, plant and equipment for cash;
- (f) of Cash Equivalent Investments for cash or in exchange for other Cash Equivalent Investments;
- (g) arising as a result of any Permitted Security;
- (h) of all or part of any Permitted Acquisition acquired after the date of this Agreement provided that such disposal is completed within 180 days of that acquisition; or
- (i) any disposal not permitted by the preceding paragraphs in an aggregate amount not exceeding U.S.\$50,000,000 in any Financial Year;

“Permitted Financial Indebtedness” means Financial Indebtedness:

- (a) arising under a Permitted Guarantee;
- (b) arising under any Finance Document;
- (c) between members of the Group;
- (d) as a result of any Permitted Acquisition made after the date of this Agreement which is incurred under arrangements in existence at the date of acquisition, that are not incurred or increased or its or their maturity date extended (other than by the waiver of any applicable change of control provision) in contemplation of, or since, that acquisition and that remain outstanding for a period of no more than six months following that acquisition;
- (e) which is Acquisition SPV Indebtedness;
- (f) prior to the first Utilisation Date, Financial Indebtedness incurred pursuant to the terms of the Existing Facility Agreement;
- (g) incurred by a member of the Group pursuant to a letter of credit or its equivalent issued in the ordinary course of trading to the extent that member of the Group has cash collateralised that letter of credit or its equivalent in full with the provider of that letter of credit or its equivalent;

-
- (h) incurred by the Parent;
 - (i) incurred by an Obligor other than the Parent in an aggregate amount not exceeding ten per cent. of the Consolidated Total Net Worth of the Parent from time to time; or
 - (j) incurred by a member of the Group which is not an Obligor and that is not otherwise permitted by the preceding paragraphs in an aggregate amount not exceeding U.S.\$50,000,000 at any time;

“Permitted Guarantee” means:

- (a) the guarantees granted by the Parent in respect of various segregated accounts of Fitzwilliam Insurance Limited described below:
 - (i) the guarantee granted by the Parent in favour of Brampton Insurance Company Limited following the novation with effect from 1 October 2011 of the Whole Account Quota Share Reinsurance and Guarantee Deed dated 3 December 2010 as originally entered into between International Insurance Company of Hannover Limited, Fitzwilliam Insurance Limited acting in respect of its general account, Fitzwilliam Insurance Limited acting in respect of its segregated account No 21 and the Parent;
 - (ii) the guarantee granted by the Parent in favour of Hannover Ruckversicherung AG (“**Hannover Re**”) pursuant to a retrocession agreement dated 12 July 2011 and entered into by the Parent, Hannover Re and Fitzwilliam Insurance Limited acting in respect of its segregated account No 24;
 - (iii) the guarantee dated 26 June 2012 entered into by the Parent in favour of National Australia Bank Limited (ABN 12 004 044 9371) in connection with a U.S.\$157,878,505 letter of credit facility agreement dated 25 May 2010 (as amended from time to time) between Fitzwilliam Insurance Limited acting in respect of its segregated account No 18 as borrower and National Australia Bank Limited (ABN 12 004 044 9371) as lender;
 - (iv) the guarantee granted by the Parent pursuant to a guarantee agreement dated 31 December 2010 in favour of Connecticut General Life Insurance Company, Life Insurance Company of North America, CIGNA Global Reinsurance Company, Ltd., and CIGNA Europe Insurance Company S.A.-N.V. in connection with certain obligations of Fitzwilliam Insurance Limited acting in respect of its general account and Fitzwilliam Insurance Limited acting in respect of its segregated account No 23 arising under various Transaction Documents (as such term is defined therein);
 - (v) the guarantee granted by the Parent in connection with certain obligations of Fitzwilliam Insurance Limited acting in respect of its segregated account No. 31 under:
 - (A) a quota share reinsurance contract (“**Contract A**”) in respect of retrospective cover entered into on 10 June 2014 between (1) Fitzwilliam Insurance Limited as reinsurer, (ii) Torus Insurance (Bermuda) Limited as the company, (iii) Enstar Group Limited, and (iv) Trident V, LP, Trident V Parallel Fund, LP and Trident V Professionals Fund, LP; and
 - (B) a quota share reinsurance contract (“**Contract B**”) in respect of prospective cover entered into on 10 June 2014 between (1) Fitzwilliam Insurance Limited as reinsurer, (ii) Torus Insurance

(Bermuda) Limited as the company, (iii) Enstar Group Limited, and (iv) Trident V, LP, Trident V Parallel Fund, LP and Trident V Professionals Fund, LP,

up to a total initial guaranteed amount of U.S.\$40,152,600 and as such total amount may increase or decrease in accordance with the terms of Contract A and Contract B respectively;

- (vi) the guarantee granted by the Parent in favour of Marlon Insurance Company Limited (“**Marlon**”) pursuant to a reinsurance agreement dated 21st October 2013 and entered into by the Parent, Marlon and Fitzwilliam Insurance Limited acting in respect of its segregated account No 29;
- (b) any guarantee given by the Parent in relation to the obligations of Providence Washington Insurance Company in respect of the portfolio of assets acquired by it from Reciprocal of America, provided that the maximum amount of that guarantee does not exceed U.S.\$40,000,000;
- (c) any guarantee of Permitted Financial Indebtedness which is referred to in the definition of, or otherwise constitutes, Permitted Financial Indebtedness;
- (d) any guarantee given in respect of the netting or set-off arrangements permitted pursuant to paragraph (a) of the definition of Permitted Security; or
- (e) any guarantee not permitted by the preceding paragraphs made in the ordinary course of business in an aggregate amount not exceeding U.S.\$150,000,000 at any time,

provided that no new guarantee will be permitted at any time after the occurrence of a Default which is continuing, other than guarantees provided in the ordinary course of trading by members of the Group which are not Obligors;

“**Permitted Security**” means:

- (a) any netting or set-off arrangement entered into by any member of the Group in the ordinary course of its banking arrangements for the purpose of netting debit and credit balances of members of the Group but only so long as (1) such arrangement does not permit credit balances of Obligors to be netted or set-off against debit balances of members of the Group which are not Obligors and (2) such arrangement does not give rise to other Security over the assets of Obligors in support of liabilities of members of the Group which are not Obligors;
- (b) any Quasi Security arising as a result of a disposal which is a Permitted Disposal;
- (c) any Existing Security;
- (d) any lien arising by operation of law and in the ordinary course of trading and not as a result of any default or omission by any member of the Group;
- (e) any Security or Quasi-Security over or affecting any asset acquired by a member of the Group after the date of this Agreement if:
 - (i) the Security or Quasi-Security was not created in contemplation of the acquisition of that asset by a member of the Group;
 - (ii) the principal amount secured has not been increased in contemplation of or since the acquisition of that asset by a member of the Group; and
 - (iii) the Security or Quasi-Security is removed or discharged within three months of the date of acquisition of such asset;

-
- (f) any Security or Quasi-Security over or affecting any asset of any company which becomes a member of the Group after the date of this Agreement, where the Security or Quasi-Security is created prior to the date on which that company becomes a member of the Group if:
 - (i) the Security or Quasi-Security was not created in contemplation of the acquisition of that company;
 - (ii) the principal amount secured has not increased in contemplation of or since the acquisition of that company; and
 - (iii) the Security or Quasi-Security is removed or discharged within three months of that company being a member of the Group;
 - (g) any Security or Quasi-Security arising under any retention of title, hire purchase or conditional sale arrangement or arrangements having similar effect in respect of goods supplied to a member of the Group in the ordinary course of trading and on the supplier's standard or usual terms and not arising as a result of any default or omission by any member of the Group;
 - (h) any Security or Quasi-Security provided by an Acquisition SPV to the provider of any facilities constituting Acquisition SPV Indebtedness over all or part of the assets of that Acquisition SPV or any limited recourse Security or Quasi-Security provided by any Holding Company of an Acquisition SPV over all or part of the shares or other ownership interests held in that Acquisition SPV;
 - (i) any Security or Quasi-Security created by a member of the Group in support of a letter of credit or its equivalent issued in the ordinary course of trading of the relevant member of the Group;
 - (j) prior to the first Utilisation Date, Security granted pursuant to the terms of the Existing Facility Agreement; or
 - (k) any Security or Quasi-Security not permitted by the preceding paragraphs in an aggregate amount not exceeding U.S.\$50,000,000 at any time;

“Permitted Share Issue” means an issue of shares by a member of the Group (other than the Parent) which is a Subsidiary to its immediate Holding Company;

“Permitted Transaction” means:

- (a) any disposal required, Financial Indebtedness incurred, guarantee, indemnity or Security or Quasi-Security given, or other transaction arising, under the Finance Documents;
- (b) any Permitted Acquisition;
- (c) mergers, other corporate reorganisations or portfolio or business transfers not involving Obligors undertaken on a solvent basis in the ordinary course of run off insurance management; or
- (d) provided no Default is continuing a re-organisation on a solvent basis of a member of the Group (the **“Old Entity”**) if:
 - (i) the Old Entity is not a Borrower;

-
- (ii) the Old Entity is an Obligor, the surviving entity shall also be an Obligor;
 - (iii) the re-organisation takes place within (and the entity which results from the re-organisation is also incorporated in) the same jurisdiction as the jurisdiction of incorporation of the Old Entity; and
 - (iv) the reorganisation will not have an adverse impact on any guarantee granted in favour of the Finance Parties;

provided that no such disposal, transaction or other action detailed in paragraphs (b) above that is not already existing will constitute a Permitted Transaction at any time after the occurrence of a Default which is continuing;

“Pillar 1 Capital Requirement” means, in respect of an insurer, the capital resources requirement of that insurer as calculated under GENPRU 2.1 (or any rules amending or replacing it), and, following the implementation of Solvency II, shall mean the SCR (as defined in Solvency II) of that insurer;

“Plan” means any “employee benefit plan” (as such term is defined in Section 3(3) of ERISA) established by the Borrower, the Partnership or any Obligor or, with respect to any such plan that is subject to Section 412 of the Code or Title IV of ERISA, any ERISA Affiliate;

“Plan Asset Rules” means the regulations issued by the United States Department of Labor at Section 2510.3-101 of Part 2510 of Chapter XXV, Title 29 of the United States Code of Federal Regulations or any successor regulations, as modified by Section 3(42) of ERISA, and the rules and regulations thereunder;

“PRA” means the United Kingdom Prudential Regulation Authority and any predecessor or successor body or bodies;

“PRA Rules” means the PRA’s Handbook of Rules and Guidance as amended, varied, substituted or replaced from time to time and including the rules of any other body or bodies which is (or are) responsible from time to time for the prudential supervision of insurers authorised in the United Kingdom;

“Qualifying Lender” has the meaning given to that term in clause 24 (Tax Gross Up and Indemnities);

“Quarter Date” has the meaning given to that term in clause 32.1 (Financial definitions);

“Quarterly Financial Statement” has the meaning given to that term in clause 31 (Information Undertakings);

“Quasi-Security” has the meaning given to that term in clause 33.9 (Negative pledge);

“Quotation Day” means, in relation to any period for which an interest rate is to be determined, two Business Days before the first day of that period, unless market practice differs in the London interbank market for a currency, in which case the Quotation Day for that currency will be determined by the Agent in accordance with market practice in the London interbank market (and if quotations would normally be given by leading banks in the London interbank market on more than one day, the Quotation Day will be the last of those days);

“Rating Agency” means Standard & Poor’s Rating Services, Fitch Ratings Ltd, Moody’s Investors Service Limited or any other equivalent internationally recognised statistical rating organisation;

“Reference Banks” means National Australia Bank Limited (ABN 12 004 044 9371), Royal Bank of Canada and such other banks as may be appointed by the Agent in consultation with the Parent;

“Reference Bank Quotation” means any quotation supplied to the Agent by a Reference Bank;

“Regulated Insurance Entity” means a member of the Group which:

- (a) underwrites contracts of insurance and/or reinsurance; and
- (b) is regulated by the relevant supervisory or regulatory body or bodies in the appropriate state or countries in which it carries out the regulated activities;

“Regulations T, U and X” means, respectively, Regulations T, U and X of the Board of Governors of the Federal Reserve System of the United States (or any successor) as now and from time to time in effect from the date of this Agreement;

“Regulatory Cover” means, in relation to a Regulated Insurance Entity, the ratio of the capital resources of the Regulated Insurance Entity as determined in accordance with GENPRU 2.2 as amended from time to time (including as required to meet solvency requirements) or, if appropriate, any equivalent documentation, guidance or regulation in any other jurisdiction to the capital resources requirement of the Regulated Insurance Entity as determined in accordance with GENPRU 2.1 as amended from time to time (including as required to meet solvency requirements) or, if appropriate, any equivalent documentation, guidance or regulation in any other jurisdiction;

“Related Fund” in relation to a fund (**“first fund”**), means a fund which is managed or advised by the same investment manager or adviser as the first fund or, if it is managed by a different investment manager or adviser, a fund whose investment manager or adviser is an Affiliate of the investment manager or adviser of the first fund;

“Relevant Interbank Market” means in relation to Euro, the European interbank market and, in relation to any other currency, the London interbank market;

“Relevant Jurisdiction” means, in relation to an Obligor:

- (a) its jurisdiction of incorporation; and
- (b) any jurisdiction where it conducts a material part of its business;

“Relevant Period” has the meaning given to that term in clause 32.1 (Financial definitions);

“Repeating Representations” means each of the representations set out in clauses 30.2 (Status) to clause 30.7 (Governing law and enforcement), clause 30.11 (No default), paragraph 30.12(f) (No misleading information), clause 30.13 (Original Financial Statements), clause 30.15 (No breach of laws), clause 30.21 (Centre of main interests and establishments), clause 30.29 (Anti-Terrorism Laws and other U.S. Regulators) and clause 21.31 (Sanctions);

“Restatement Agreement” means the amendment and restatement agreement dated on or about the Effective Date and made between, among others, the Parent and the Agent;

“Restricted Party” means any person listed:

- (f) in the Annex to the Executive Order;

-
- (g) on the “Specially Designated Nationals and Blocked Persons” list maintained by the OFAC; or
 - (h) in any successor list to either of the foregoing;

“Rollover Loan” means one or more Loans:

- (a) made or to be made on the same day that one or more maturing Loans is due to be repaid;
- (b) the aggregate amount of which is equal to or less than the amount of the maturing Loan(s);
- (c) in the same currency as the maturing Loan (unless it arose as a result of the operation of clause 15.2 (Unavailability of a Currency)); and
- (d) made or to be made to the same Borrower for the purpose of refinancing the maturing Loan(s);

“Screen Rate” means:

- (a) in relation to LIBOR, the London interbank offered rate administered by ICE Benchmark Administration Limited (or any other person which takes over the administration of that rate) for the relevant currency and period displayed on pages LIBOR01 or LIBOR02 of the Thomson Reuters screen (or any replacement Thomson Reuters page which displays that rate); and
- (b) in relation to EURIBOR, the Euro interbank offered rate administered by the European Money Markets Institute (or any other person which takes over the administration of that rate) for the relevant period displayed on page EURIBOR01 of the Thomson Reuters screen (or any replacement Thomson Reuters page which displays that rate),

or, in each case, on the appropriate page of such other information service which publishes that rate from time to time in place of Thomson Reuters. If such page or service ceases to be available, the Agent may specify another page or service displaying the relevant rate after consultation with the Parent;

“SDN List” means the “Specially Designated Nationals and Blocked Persons” list publicly issued by OFAC, the “Consolidated List of Financial Sanctions Targets in the UK” publicly issued by Her Majesty’s Treasury, the Bermuda “List of Sanctions Regimes” published from time to time by the Bermuda National Anti-Money Laundering Committee, or any similar list issued or maintained and made public by, or any public announcement of a sanctions designation made by, any Authority, each as amended, supplemented or substituted from time to time;

“SEC” means the United States Securities and Exchange Commission or any successor thereto;

“Security” means a mortgage, charge, pledge, lien or other security interest securing any obligation of any person or any other agreement or arrangement having a similar effect;

“Specified Time” means a time determined in accordance with schedule 8 (Timetables);

“Sterling” and **“£”** means the lawful currency of the UK;

“Solvency II” means the directive of The European Parliament and of the Council of the European Union made in 2009 on the taking-up and pursuit of the business of Insurance and Reinsurance (Solvency II), or any implementing measures or guidance made or published thereunder;

“Subsidiary” means an entity of which a person:

- (a) has direct or indirect Control; or
- (b) owns directly or indirectly more than fifty per cent (50 per cent) of the share capital or similar right of ownership; or
- (c) is entitled to receive more than fifty per cent (50 per cent) of the dividends or distributions,

and any entity (whether or not so controlled) treated as a subsidiary in the latest financial statements of that person from time to time and disregarding, for the purpose of this definition, the fact that any shares in that entity may be held by way of security, that the beneficiary of the security (or its nominee) may be registered as a member of the relevant undertaking and/or that such beneficiary of the security (or its nominee) may be entitled to exercise voting powers and rights with respect to those charged shares;

“SUP” means the Supervision Manual forming part of the FCA Rules or any rules amending or replacing it;

“Tax” means any present and future tax, levy, impost, duty, withholding, deduction, assessment, fee or other charge of a similar nature (including any penalty, addition to tax or interest payable in connection with any failure to pay or any delay in paying any of the same);

“Termination Date” means the date falling five years from the date of this Agreement;

“Total Commitments” means the aggregate of the Commitments, being U.S.\$665,000,000 at the Effective Date;

“Transfer Certificate” means a certificate substantially in the form set out in schedule 8 (Form of Transfer Certificate) or any other form agreed between the Agent and the Parent;

“Transfer Date” means, in relation to an assignment or transfer, the later of:

- (a) the proposed Transfer Date specified in the relevant Assignment Agreement or Transfer Certificate; and
- (b) the date on which the Agent executes the relevant Assignment Agreement or Transfer Certificate;

“Treasury Transactions” means any derivative transaction entered into in connection with protection against or benefit from fluctuation in any rate or price;

“UK” means the United Kingdom of Great Britain and Northern Ireland;

“Unpaid Sum” means any sum due and payable but unpaid by an Obligor under the Finance Documents;

“U.S.” and **“United States”** means the United States of America, its territories, possessions and other areas subject to the jurisdiction of the United States of America;

“U.S. Borrower” means a Borrower whose jurisdiction of organisation is a state of the United States of America or the District of Columbia;

“U.S. Guarantor” means a Guarantor whose jurisdiction of organisation is a state of the United States of America or the District of Columbia;

“U.S. Obligor” means any U.S. Borrower or U.S. Guarantor;

“U.S. Person” means any person that is a “United States person” as defined in Section 7701(a)(30) of the Code;

“U.S. Dollars” or **“U.S.\$”** means the lawful currency of the United States of America;

“U.S. Treasury Regulations” means the U.S. Federal Income Tax Regulations promulgated under the Code;

“Utilisation Date” means the date on which a Loan is made;

“Utilisation Request” means a notice substantially in the relevant form set out in schedule 7 (Utilisation Request);

“VAT” means:

(a) any tax imposed in compliance with the Council Directive of 28 November 2006 on the common system of value added tax (EC Directive 2006/112); and

(b) any other tax of a similar nature, whether imposed in a member state of the European Union in substitution for, or levied in addition to, such tax referred to in paragraph (a) above, or imposed elsewhere; and

“Withdrawal Liability” means liability to a Multiemployer Plan as a result of a complete or partial withdrawal from such Multiemployer Plan, as such terms are defined in Part I of Subtitle E of Title IV of ERISA.

10.2 Construction

(a) Unless a contrary indication appears, a reference in this Agreement to:

(i) the **“Agent”**, any **“Mandated Lead Arranger”**, any **“Finance Party”**, any **“Lender”**, any **“Obligor”**, any **“Party”**, or any other person shall be construed so as to include its successors in title, permitted assigns and permitted transferees;

(ii) a document in **“agreed form”** is a document which is previously agreed in writing by or on behalf of the Parent and the Agent or, if not so agreed, is in the form specified by the Agent;

(iii) **“assets”** includes present and future properties, revenues and rights of every description;

(iv) a **“Finance Document”** or any other agreement or instrument is a reference to that Finance Document or other agreement or instrument as amended, novated, supplemented, extended or restated (in any case, however fundamentally);

(v) **“guarantee”** means any guarantee, letter of credit, bond, indemnity or similar assurance against loss, or any obligation, direct or indirect, actual or contingent, to purchase or assume any indebtedness of any person or to make an investment in or loan to any person or to purchase assets of any person where, in each case, such obligation is assumed in order to maintain or assist the ability of such person to meet its indebtedness;

-
- (vi) **“Guarantor”, “Original Guarantor”, “Additional Guarantor” and “this guarantee”** shall not be construed restrictively and shall include the payment undertakings and indemnities contained in clause 28 (Guarantee and Indemnity);
- (vii) **“wholly owned subsidiary”** means a company or corporation that has no members except for:
- (A) another company or corporation and that other company’s or corporation’s wholly-owned subsidiaries; or
- (B) persons acting on behalf of that other company or corporation and that other company’s or corporation’s wholly-owned subsidiaries;
- (viii) **“including” and “in particular”** shall not be construed restrictively but shall mean **“including without prejudice to the generality of the foregoing” and “in particular, but without limitation”**;
- (ix) **“indebtedness”** includes any obligation (whether incurred as principal or as surety) for the payment or repayment of money, whether present or future, actual or contingent;
- (x) a **“person”** includes any individual, firm, company, corporation, government, state or agency of a state or any association, joint venture, trust or partnership (whether or not having separate legal personality) of two or more of the foregoing;
- (xi) a **“regulation”** includes any regulation, rule, official directive, request, or guideline (whether or not having the force of law but which if not having the force of law, being one which it is the practice of the relevant person, or normal practice of persons conducting similar business to such person in the same jurisdiction, to comply with) of any governmental, intergovernmental or supranational body, agency, department or regulatory, self-regulatory or other authority or organisation;
- (xii) a provision of law is a reference to that provision as amended or re-enacted and any subordinate legislation made under it; and
- (xiii) a time of day is a reference to London time.
- (b) Section, clause and Schedule headings are for ease of reference only.
- (c) Unless a contrary indication appears, a term used in any other Finance Document or in any notice given under or in connection with any Finance Document has the same meaning in that Finance Document or notice as in this Agreement.
- (d) A Default and an Event of Default (other than an Event of Default referred to in clause 10.2(e) below) is **“continuing”** if it has not been remedied or waived
- (e) An Event of Default under clause 34.1 (Non-payment), clause 34.6 (Insolvency), clause 34.7 (Insolvency Proceedings) or clause 34.8 (Creditors’ process) is **“continuing”** if it has not been waived.
- (f) Any consent, waiver or approval required from a Finance Party under a Finance Document must be in writing and will be of no effect if not in writing.
- (g) Reference to a monetary sum specified in Sterling in clause 30 (Representations), clause 31 (Information Undertakings), clause 32 (Financial Covenants), clause 33 (General Undertakings) and/or clause 34 (Events of Default) shall be deemed to include reference to the Base Currency Equivalent of such sum.

10.3 **Third Party Rights**

- (a) Unless expressly provided to the contrary in a Finance Document a person who is not a Party has no right under the Contracts (Rights of Third Parties) Act 1999 (“**Third Parties Act**”) to enforce or enjoy the benefit of any term of this Agreement.
- (b) Notwithstanding any term of any Finance Document, the consent of any person who is not a Party is not required to rescind or vary this Agreement at any time.

11. **THE FACILITY**

11.1 **The Facility**

Subject to the terms of this Agreement the Lenders make available to the Borrowers a multicurrency revolving credit facility in an aggregate amount equal to the Total Commitments.

11.2 **Finance Parties’ rights and obligations**

- (a) The obligations of each Finance Party under the Finance Documents are several. Failure by a Finance Party to perform its obligations under the Finance Documents does not affect the obligations of any other Party under the Finance Documents. No Finance Party is responsible for the obligations of any other Finance Party under the Finance Documents.
- (b) The rights of each Finance Party under or in connection with the Finance Documents are separate and independent rights and any debt arising under the Finance Documents to a Finance Party from an Obligor shall be a separate and independent debt.
- (c) A Finance Party may, except as otherwise stated in the Finance Documents, separately enforce its rights under the Finance Documents.

11.3 **Obligors’ Agent**

- (a) Each Obligor (other than the Parent) by its execution of this Agreement or an Accession Letter irrevocably appoints the Parent to act on its behalf as its agent in relation to the Finance Documents and irrevocably authorises:
 - (i) the Parent on its behalf to supply all information concerning itself contemplated by the Finance Documents to the Finance Parties and to give all notices and instructions (including, in the case of a Borrower, Utilisation Requests), to execute on its behalf any Accession Letter, to make such agreements and to effect the relevant amendments, supplements and variations capable of being given, made or effected by any Obligor notwithstanding that they may affect the Obligor, without further reference to or the consent of that Obligor; and
 - (ii) each Finance Party to give any notice, demand or other communication to that Obligor pursuant to the Finance Documents to the Parent,

and in each case the Obligor shall be bound as though the Obligor itself had given the notices and instructions or executed or made the agreements or effected the amendments, supplements or variations, or received the relevant notice, demand or other communication.

- (b) Every act, omission, agreement, undertaking, settlement, waiver, amendment, supplement, variation, notice or other communication given or made by the Obligors’ Agent or given to the Obligors’ Agent under any Finance Document on behalf of another Obligor or in connection with any Finance Document (whether or not known to any other Obligor and whether occurring before or after such other Obligor became an Obligor under any Finance Document) shall be binding for all purposes on that Obligor as if that Obligor had expressly made, given or concurred with it. In the event of any conflict between any notices or other communications of the Obligors’ Agent and any other Obligor, those of the Obligors’ Agent shall prevail.

12. **PURPOSE**

12.1 **Purpose**

Each Borrower shall apply all amounts borrowed by it under the Facility towards:

- (a) refinancing all amounts due under the Existing Facility Agreement;
- (b) the general corporate purposes of the Group; and
- (c) funding any Permitted Acquisition.

12.2 **Monitoring**

No Finance Party is bound to monitor or verify the application of any amount borrowed pursuant to this Agreement.

13. **CONDITIONS OF LOANS**

13.1 **Initial conditions precedent**

- (a) The Lenders will only be obliged to comply with clause 14.4 (Lenders' participation) in relation to any Loan if, on or before the Utilisation Date for that Loan, the Agent has received (or waived the requirement to receive) all of the documents and other evidence listed in part 1 of schedule 6 (Conditions Precedent) in form and substance satisfactory to the Agent. The Agent shall notify the Obligors' Agent and the Lenders in writing promptly upon being so satisfied.
- (b) The Lenders authorise (but do not require) the Agent to give the notification referred to in paragraph (a) above. The Agent shall not be liable for any damages, costs or losses whatsoever as a result of giving such notification.

13.2 **Further conditions precedent**

Subject to clause 13.1 (Initial conditions precedent), the Lenders will only be obliged to comply with clause 14.4 (Lenders' participation) if on the date of the Utilisation Request and on the proposed Utilisation Date:

- (a) in the case of a Rollover Loan, no Event of Default is continuing or would result from the proposed Loan and, in the case of any other Loan, no Default is continuing or would result from the proposed Loan; and
- (b) the Repeating Representations to be made by each Obligor are true.

13.3 **Conditions Relating to Optional Currencies**

- (a) A currency will constitute an Optional Currency in relation to a Loan if:
 - (i) it is readily available in the amount required and freely convertible into the Base Currency in the Relevant Interbank Market on the Quotation Day and the Utilisation Date for that Loan; and
 - (ii) it is Sterling or Euro or has been approved by the Agent (acting on the instructions of all the Lenders) on or prior to receipt by the Agent of the relevant Utilisation Request for that Loan.
- (b) If the Agent has received a written request from the Parent for a currency to be approved under paragraph (a)(ii) above, the Agent will confirm to the Parent by the Specified Time:
 - (i) whether or not the Lenders have granted their approval; and
 - (ii) if approval has been granted, the minimum amount (and, if required, integral multiples) for any Utilisation in that currency.

13.4 **Maximum number of Loans**

- (a) A Borrower (or the Parent) may not deliver a Utilisation Request if as a result of the proposed Loan more than 15 Loans would be outstanding.
- (b) Any Loan made by a single Lender under clause 15.2 (Unavailability of a currency) shall not be taken into account in this clause 13.4.

14. **LOANS**

14.1 **Delivery of a Utilisation Request**

A Borrower (or the Parent on its behalf) may utilise the Facility by delivery to the Agent of a duly completed Utilisation Request not later than the Specified Time.

14.2 **Completion of a Utilisation Request for Loans**

- (a) Each Utilisation Request for a Loan is irrevocable and will not be regarded as having been duly completed unless:
 - (i) the proposed Utilisation Date is a Business Day within the Availability Period;
 - (ii) it identifies the Borrower of the proposed Loan;
 - (iii) the currency and amount of the Loan comply with clause 14.3 (Currency and amount); and
 - (iv) the proposed Interest Period complies with clause 21 (Interest Periods).
- (b) Only one Loan may be requested in each Utilisation Request.

14.3 **Currency and amount**

- (a) The currency specified in a Utilisation Request must be the Base Currency or an Optional Currency.
- (b) The amount of the proposed Loan must be:
 - (i) if the currency selected is the Base Currency, a minimum of U.S.\$5,000,000 or, if less, the Available Facility; or

-
- (ii) if the currency selected is an Optional Currency, the minimum amount (and, if required, integral multiple) specified by the Agent pursuant to clause 13.3(b)(ii) (Conditions Relating to Optional Currencies) or, if less, the Available Facility; and
 - (iii) in any event such that its Base Currency Amount is less than or equal to the Available Facility.

14.4 **Lenders' participation**

- (a) If the conditions set out in this Agreement have been met, each Lender shall make its participation in each Loan available by the Utilisation Date through its Facility Office.
- (b) The amount of each Lender's participation in each Loan will be equal to the proportion borne by its Available Commitment to the Available Facility immediately prior to making the Loan.
- (c) The Agent shall determine the Base Currency Amount of each Loan which is to be made in an Optional Currency and notify each Lender of the amount, currency and the Base Currency Amount of each Loan and the amount of its participation in that Loan and, if different, the amount of that participation to be made available in cash by the Specified Time.

14.5 **Cancellation of Commitment**

The Commitments which, at that time, are unutilised shall be immediately cancelled at the end of the Availability Period.

15. **OPTIONAL CURRENCIES**

15.1 **Selection of Currency**

A Borrower (or the Parent on behalf of a Borrower) shall select the currency of a Loan.

15.2 **Unavailability of a Currency**

If before the Specified Time on any Quotation Day:

- (a) a Lender notifies the Agent that the Optional Currency requested is not readily available to it in the amount and for the period required; or
- (b) a Lender notifies the Agent that compliance with its obligation to participate in a Loan in the proposed Optional Currency would contravene a law or regulation applicable to it,

the Agent will give notice to the relevant Borrower to that effect by the Specified Time on that day. In this event, any Lender that gives notice pursuant to this clause 15.2 will be required to participate in the Loan in the Base Currency (in an amount equal to that Lender's proportion of the Base Currency Amount or, in respect of a Rollover Loan, an amount equal to that Lender's proportion of the Base Currency Amount of the Rollover Loan that is due to be made) and its participation will be treated as a separate Loan denominated in the Base Currency during that Interest Period.

15.3 **Agent's Calculations**

Each Lender's participation in a Loan will be determined in accordance with clause 14.4(b) (Lenders' Participation).

16. **REPAYMENT**

16.1 Each Borrower which has drawn a Loan shall repay that Loan on the last day of its Interest Period and any Loan remaining outstanding on the Termination Date shall be repaid in full on such date.

16.2 Without prejudice to each Borrower's obligation under clause 16.1, if:

- (a) one or more Loans are to be made available to a Borrower:
 - (i) on the same day that a maturing Loan is due to be repaid by that Borrower;
 - (ii) in the same currency as the maturing Loan (unless it arose as a result of the operation of clause 15.2 (Unavailability of a currency)); and
 - (iii) in whole or in part for the purpose of refinancing the maturing Loan; and
- (b) the proportion borne by each Lender's participation in the maturing Loan to the amount of that maturing Loan is the same as the proportion borne by that Lender's participation in the new Loans to the aggregate amount of those new Loans,

the aggregate amount of the new Loans shall, unless the Company notifies the Agent to the contrary in the relevant Utilisation Request, be treated as if applied in or towards repayment of the maturing Loan so that:

- (i) if the amount of the maturing Loan exceeds the aggregate amount of the new Loans:
 - (A) the relevant Borrower will only be required to make a payment under clause 40.1 (Payments to the Agent) in an amount in the relevant currency equal to that excess; and
 - (B) each Lender's participation in the new Loans shall be treated as having been made available and applied by the Borrower in or towards repayment of that Lender's participation in the maturing Loan and that Lender will not be required to make a payment under clause 40.1 (Payments to the Agent) in respect of its participation in the new Loans; and
- (ii) if the amount of the maturing Loan is equal to or less than the aggregate amount of the new Loans:
 - (A) the relevant Borrower will not be required to make a payment under clause 40.1 (Payments to the Agent); and
 - (B) each Lender will be required to make a payment under clause 40.1 (Payments to the Agent) in respect of its participation in the new Loans only to the extent that its participation in the new Loans exceeds that Lender's participation in the maturing Loan and the remainder of that Lender's participation in the new Loans shall be treated as having been made available and applied by the Borrower in or towards repayment of that Lender's participation in the maturing Loan.

17. **ILLEGALITY, VOLUNTARY PREPAYMENT AND CANCELLATION**

17.1 **Illegality**

If it becomes unlawful in any applicable jurisdiction for a Lender to perform any of its obligations as contemplated by this Agreement or to fund, issue or maintain its participation in any Loan:

- (a) that Lender shall promptly notify the Agent upon becoming aware of that event and the Agent shall promptly notify the Borrower;
- (b) upon the Agent notifying the Obligors' Agent, the Commitment of that Lender will be immediately cancelled; and
- (c) each Borrower shall repay that Lender's participation in the Loans made to that Borrower on the last day of the Interest Period for each Loan occurring after the Agent has notified the Obligors' Agent or, if earlier, the date specified by the Lender in the notice delivered to the Agent (being no earlier than the last day of any applicable grace period permitted by law).

17.2 **Voluntary cancellation**

Subject to clause 17.3 (Voluntary prepayment of Loans) the Parent may, if it gives the Agent not less than seven Business Days' (or such shorter period as the Majority Lenders may agree) prior notice, cancel the whole or any part (being a minimum amount of U.S.\$500,000) of the Available Facility. Any cancellation under this clause 17.2 shall reduce the Commitments of the Lenders rateably.

17.3 **Voluntary prepayment of Loans**

A Borrower may, if it or the Parent gives the Agent not less than seven Business Days' (or such shorter period as the Majority Lenders may agree) prior notice, prepay the whole or any part of a Loan as specified in the relevant notice (but, if in part, being an amount that reduces the amount of the Loan by a minimum amount of U.S.\$5,000,000 or its equivalent).

17.4 **Right of cancellation and repayment in relation to a single Lender**

- (a) If:
 - (i) any sum payable to any Lender by an Obligor is required to be increased under clause 24.2 (Tax gross-up); or
 - (ii) any Lender claims indemnification from the Obligors' Agent or an Obligor under clause 24.3 (Tax indemnity) or clause 25.1 (Increased costs),

the Obligors' Agent may, whilst the circumstance giving rise to the requirement for that increase or indemnification continues, give the Agent notice of cancellation of the Commitment of that Lender and its intention to procure the repayment of that Lender's participation in the Loans.

- (b) On receipt of a notice referred to in clause 17.4(a) above in relation to a Lender, the Commitment of that Lender shall immediately be reduced to zero.
- (c) On the last day of each Interest Period which ends after the Obligors' Agent has given notice under clause 17.4(a) above in relation to a Lender (or, if earlier, the date specified by the Obligors' Agent in that notice), each Borrower to whom a Loan is outstanding shall repay that Lender's participation in that Loan together with all interest and other amounts accrued under the Finance Documents.

18. **MANDATORY PREPAYMENT - EXIT**

Upon the occurrence of a Change of Control the Facility will be cancelled and all outstanding Loans, together with accrued interest, and all other amounts accrued under the Finance Documents, shall become immediately due and payable.

19. **RESTRICTIONS**

19.1 **Notices of Cancellation or Prepayment**

Any notice of cancellation, prepayment, authorisation or other election given by any Party under clause 17 (Illegality, Voluntary Prepayment and Cancellation) (subject to the terms of that clause) shall be irrevocable and, unless a contrary indication appears in this Agreement, any such notice shall specify the date or dates upon which the relevant cancellation or prepayment is to be made and the amount of that cancellation or prepayment.

19.2 **Interest and other amounts**

Any prepayment under this Agreement shall be made together with accrued interest on the amount prepaid and any Break Costs, without premium or penalty.

19.3 **Reborrowing of a Facility**

Unless a contrary indication appears in this Agreement, any part of the Facility which is prepaid or repaid may be reborrowed in accordance with the terms of this Agreement.

19.4 **Prepayment in accordance with Agreement**

No Borrower shall repay or prepay all or any part of the Loans or cancel all or any part of the Commitments except at the times and in the manner expressly provided for in this Agreement.

19.5 **No reinstatement of Commitments**

No amount of the Total Commitments cancelled under this Agreement may be subsequently reinstated.

19.6 **Agent's receipt of Notices**

If the Agent receives a notice under clause 17 (Illegality, Voluntary Prepayment and Cancellation), it shall promptly forward a copy of that notice or election to either the Obligors' Agent or the affected Lender, as appropriate.

20. **INTEREST**

20.1 **Calculation of Interest**

The rate of interest on each Loan for each Interest Period is the percentage rate per annum which is the aggregate of the applicable:

- (a) Margin; and
 - (b) LIBOR or, in relation to any Loan in Euro, EURIBOR,
- (together the Interest).

20.2 **Payment of Interest**

The Borrower to which a Loan has been made shall pay accrued interest on each Loan on the last day of each Interest Period (and, if the Interest Period is longer than six Months, on the dates falling at six Monthly intervals after the first day of the Interest Period).

20.3 **Default interest**

- (a) If an Obligor fails to pay any amount payable by it under a Finance Document on its due date, interest shall accrue on the Unpaid Sum from the due date up to the date of actual payment (both before and after judgment) at a rate which, subject to clause 20.3(b) below, is one per cent higher than the rate which would have been payable if the Unpaid Sum had, during the period of non-payment, constituted a Loan in the currency of the Unpaid Sum for successive Interest Periods, each of a duration selected by the Agent (acting reasonably). Any interest accruing under this clause 20.3 shall be immediately payable by the Obligor on demand by the Agent.
- (b) If any overdue amount consists of all or part of a Loan which became due on a day which was not the last day of an Interest Period relating to that Loan:
 - (i) the first Interest Period for that overdue amount shall have a duration equal to the unexpired portion of the current Interest Period relating to that Loan; and
 - (ii) the rate of interest applying to the overdue amount during that first Interest Period shall be one per cent higher than the rate which would have applied if the overdue amount had not become due.
- (c) Default interest (if unpaid) arising on an overdue amount will be compounded with the overdue amount at the end of each Interest Period applicable to that overdue amount but will remain immediately due and payable.

20.4 **Notification of rates of interest**

- (a) The Agent shall promptly notify the Lenders and the relevant Borrower (or the Parent) of the determination of a rate of interest under this Agreement.
- (b) The Agent shall promptly notify the relevant Borrower (or the Parent) of each Funding Rate relating to a Loan.

21. **INTEREST PERIODS**

21.1 **Selection of Interest Periods and Terms**

- (a) A Borrower (or the Parent on behalf of a Borrower) may select an Interest Period for a Loan in the Utilisation Request for that Loan.
- (b) Subject to this clause 21, a Borrower (or the Parent) may select an Interest Period of two, three or six Months or any other period agreed between the Parent and the Agent (acting on the instructions of all the Lenders).
- (c) An Interest Period for a Loan shall not extend beyond the Termination Date.
- (d) Each Interest Period for a Loan shall start on the Utilisation Date.
- (e) A Loan has one Interest Period only.

21.2 **Non-Business Days**

If an Interest Period would otherwise end on a day which is not a Business Day, that Interest Period will instead end on the next Business Day in that calendar month (if there is one) or the preceding Business Day (if there is not).

22. **CHANGES TO THE CALCULATION OF INTEREST**

22.1 **Absence of quotations**

Subject to clause 22.2 (Market disruption), if LIBOR or, if applicable, EURIBOR is to be determined by reference to the Reference Banks but a Reference Bank does not supply a quotation by the Specified Time on the Quotation Day, the applicable LIBOR or EURIBOR shall be determined on the basis of the quotations of the remaining Reference Banks.

22.2 **Market disruption**

(a) If a Market Disruption Event occurs in relation to a Loan for any Interest Period, then the rate of interest on each Lender's share of that Loan for the Interest Period shall be the percentage rate per annum which is the sum of:

- (i) the applicable Margin; and
- (ii) the rate notified to the Agent by that Lender as soon as practicable and in any event before interest is due to be paid in respect of that Interest Period, to be that which expresses as a percentage rate per annum the cost to that Lender of funding its participation in that Loan from whatever source it may reasonably select.

(b) In this Agreement, "**Market Disruption Event**" means:

- (i) at or about noon on the Quotation Day for the relevant Interest Period LIBOR or, if applicable, EURIBOR is to be determined by reference to the Reference Banks and none or only one of the Reference Banks supplies a rate to the Agent to determine LIBOR or, if applicable, EURIBOR for the relevant currency and Interest Period; or
- (ii) before close of business in London on the Quotation Day for the relevant Interest Period, the Agent receives notifications from a Lender or Lenders (whose participations in a Loan exceed 30 per cent of that Loan) that the cost to it of obtaining matching deposits in the London interbank market would be in excess of LIBOR, or in relation to any Loan in Euro, that the cost to it of obtaining matching deposits in the European interbank market would be in excess of EURIBOR.

22.3 **Alternative basis of interest or funding**

(a) If a Market Disruption Event occurs and the Agent or the Parent so requires, the Agent and the Obligors' Agent shall enter into negotiations (for a period of not more than 30 days) with a view to agreeing a substitute basis for determining the rate of interest.

(b) Any alternative basis agreed pursuant to clause 22.3(a) above shall, with the prior consent of all the Lenders and the Obligors' Agent, be binding on all Parties.

22.4 **Break Costs**

(a) Each Borrower shall, within three Business Days of demand by a Finance Party, pay to that Finance Party its Break Costs attributable to all or any part of a Loan or Unpaid Sum being paid by that Borrower on a day other than the last day of an Interest Period for that Loan or Unpaid Sum.

(b) Each Lender shall, as soon as reasonably practicable after a demand by the Agent, provide a certificate confirming the amount of its Break Costs for any Interest Period in which they accrue.

23. **FEES**

23.1 **Commitment fee**

- (a) The Parent shall pay to the Agent (for the account of each Lender) a fee in the Base Currency computed at the rate of 35 per cent of the applicable Margin per annum on the daily undrawn and uncanceled amount of the Facility during the Availability Period.
- (b) The accrued commitment fee is payable on the last day of each successive period of three Months which ends during the relevant Availability Period, on the last day of the relevant Availability Period and on the cancelled amount of the relevant Lender's Commitment at the time the cancellation is effective.

23.2 **Upfront fee**

The Parent shall pay to the Lenders upfront fees in the amount, manner and at the times agreed in a Fee Letter.

23.3 **Agency fee**

The Parent shall pay to the Agent (for its own account) an agency fee in the amount, manner and at the times agreed in a Fee Letter.

24. **TAX GROSS UP AND INDEMNITIES**

24.1 **Definitions**

In this Agreement:

- (a) **"Borrower DTTP Filing"** means an HM Revenue & Customs' Form DTTP2 duly completed and filed by the relevant Borrower, which:
 - (i) where it relates to a Treaty Lender that is an Original Lender, contains the scheme reference number and jurisdiction of tax residence stated opposite that Lender's name in part 2 of schedule 5 (The Parties as at the Effective Date), and
 - (A) where the Borrower is an Original Borrower, is filed with HM Revenue & Customs within 30 days of the date of this Agreement; or
 - (B) where the Borrower is an Additional Borrower, is filed with HM Revenue & Customs within 30 days of the date on which that Borrower becomes an Additional Borrower; or

-
- (ii) where it relates to a Treaty Lender that is a New Lender, contains the scheme reference number and jurisdiction of tax residence stated in respect of that Lender in the relevant Transfer Certificate or Assignment Agreement, and
- (A) where the Borrower is a Borrower as at the relevant Transfer Date, is filed with HM Revenue & Customs within 30 days of that Transfer Date; or
- (B) where the Borrower is not a Borrower as at the relevant Transfer Date, is filed with HM Revenue & Customs within 30 days of the date on which that Borrower becomes an Additional Borrower.
- (b) **“Protected Party”** means a Finance Party which is or will be subject to any liability, or required to make any payment, for or on account of Tax in relation to a sum received or receivable (or any sum deemed for the purposes of Tax to be received or receivable) under a Finance Document.
- (c) **“Qualifying Lender”** means:
- (i) a Lender which is beneficially entitled to interest payable to that Lender in respect of an advance under a Finance Document and is:
- (A) a Lender:
- (aa) which is a bank (as defined for the purpose of section 879 of the ITA) making an advance under a Finance Document and is within the charge to United Kingdom corporation tax as respects any payments of interest made in respect of that advance or would be within such charge as respects such payments apart from section 18 A of the CTA; or
- (bb) in respect of an advance made under a Finance Document by a person that was a bank (as defined for the purpose of section 879 of the ITA) at the time that that advance was made and within the charge to United Kingdom corporation tax as respects any payments of interest made in respect of that advance; or
- (B) a Lender which is:
- (aa) a company resident in the United Kingdom for United Kingdom tax purposes;
- (bb) a partnership each member of which is:
- a company so resident in the United Kingdom; or
- a company not so resident in the United Kingdom which carries on a trade in the United Kingdom through a permanent establishment and which brings into account in computing its chargeable profits (within the meaning of section 19 of the CTA) the whole of any share of interest payable in respect of that advance that falls to it by reason of part 17 of the CTA;
- (cc) a company not so resident in the United Kingdom which carries on a trade in the United Kingdom through a permanent establishment and which brings into account interest payable in respect of that advance in computing the chargeable profits (within the meaning of section 19 of the CTA) of that company; or
- (C) a Treaty Lender; or
- (ii) a building society (as defined for the purposes of section 880 of the ITA) making an advance under a Finance Document).

-
- (d) **“Tax Confirmation”** means a confirmation by a Lender that the person beneficially entitled to interest payable to that Lender in respect of an advance under a Finance Document is either:
- (i) a company resident in the United Kingdom for United Kingdom tax purposes;
 - (ii) a partnership each member of which is:
 - (A) a company so resident in the United Kingdom; or
 - (B) a company not so resident in the United Kingdom which carries on a trade in the United Kingdom through a permanent establishment and which brings into account in computing its chargeable profits (within the meaning of section 19 of the CTA) the whole of any share of interest payable in respect of that advance that falls to it by reason of part 17 of the CTA; or
 - (iii) a company not so resident in the United Kingdom which carries on a trade in the United Kingdom through a permanent establishment and which brings into account interest payable in respect of that advance in computing the chargeable profits (within the meaning of section 19 of the CTA) of that company.
- (e) **“Tax Credit”** means a credit against, relief or remission for, or repayment of, any Tax.
- (f) **“Tax Deduction”** means a deduction or withholding for or on account of Tax from a payment under a Finance Document, other than a FATCA Deduction.
- (g) **“Tax Payment”** means either the increase in a payment made by an Obligor to a Finance Party under clause 24.2 (Tax gross-up) or a payment under clause 24.3 (Tax indemnity).
- (h) **“Treaty Lender”** means a Lender which:
- (i) is treated as a resident of a Treaty State for the purposes of the Treaty; and
 - (ii) does not carry on a business in the United Kingdom through a permanent establishment with which that Lender’s participation in the Loan is effectively connected.
- (i) **“Treaty State”** means a jurisdiction having a double taxation agreement (a Treaty) with the United Kingdom which makes provision for full exemption from tax imposed by the United Kingdom on interest.
- (j) **“UK Non-Bank Lender”** means:
- (i) where a Lender becomes a Party on the day on which this Agreement is entered into, a Lender listed in part 4 of schedule 5 (The Parties as at the Effective Date); and
 - (ii) where a Lender becomes a Party after the day on which this Agreement is entered into, a Lender which gives a Tax Confirmation in the Assignment Agreement or Transfer Certificate which it executes on becoming a Party.

(k) **“U.S. Tax Obligor”** means:

- (i) a Borrower which is resident for tax purposes in the U.S.; or
- (ii) an Obligor some or all of whose payments under the Finance Documents are from sources within the U.S. for U.S. federal income tax purposes.

Unless a contrary indication appears, in this clause 24 a reference to **“determines”** or **“determined”** means a determination made in the absolute discretion of the person making the determination.

24.2 **Tax gross-up**

- (a) Each Obligor shall make all payments to be made by it under the Finance Documents without any Tax Deduction, unless a Tax Deduction is required by law.
- (b) The Parent shall promptly upon becoming aware that an Obligor must make a Tax Deduction (or that there is any change in the rate or the basis of a Tax Deduction that it must make) notify the Agent accordingly. Similarly, a Lender shall notify the Agent on becoming so aware in respect of a payment payable to that Lender. If the Agent receives such notification from a Lender it shall notify the Parent and that Obligor.
- (c) If a Tax Deduction, other than a Tax Deduction for Excluded Taxes, is required by law to be made by an Obligor from any payment due from it under the Finance Documents, the amount of the payment due from that Obligor shall be increased to an amount which (after making any Tax Deduction) leaves an amount equal to the payment which would have been due if no Tax Deduction had been required.
- (d) A payment shall not be increased under clause 24.2(c) above by reason of a Tax Deduction on account of Tax imposed by the United Kingdom, if on the date on which the payment falls due:
 - (i) the payment could have been made to the relevant Lender without a Tax Deduction if the Lender had been a Qualifying Lender, but on that date that Lender is not or has ceased to be a Qualifying Lender other than as a result of any change after the date it became a Lender under this Agreement in (or in the interpretation, administration, or application of) any law or Treaty or any published practice or published concession of any relevant taxing authority; or
 - (ii) the relevant Lender is a Qualifying Lender solely by virtue of paragraph (i)(B) of the definition of Qualifying Lender and:
 - (A) an officer of H.M. Revenue & Customs has given (and not revoked) a direction (a **“Direction”**) under section 931 of the ITA which relates to the payment and that Lender has received from the Obligor making the payment or from the Parent a certified copy of that Direction; and
 - (B) the payment could have been made to the Lender without any Tax Deduction if that Direction had not been made; or
 - (iii) the relevant Lender is a Qualifying Lender solely by virtue of paragraph (i)(B) of the definition of Qualifying Lender and:
 - (A) the relevant Lender has not given a Tax Confirmation to the Parent; and

-
- (B) the payment could have been made to the Lender without any Tax Deduction if the Lender had given a Tax Confirmation to the Parent, on the basis that the Tax Confirmation would have enabled the Parent to have formed a reasonable belief that the payment was an “excepted payment” for the purpose of section 930 of the ITA.
 - (iv) the relevant Lender is a Treaty Lender and the Obligor making the payment is able to demonstrate that the payment could have been made to the Lender without the Tax Deduction had that Lender complied with its obligations under clause 24.2(g) or (h) (as applicable) below.
 - (e) If an Obligor is required to make a Tax Deduction, that Obligor shall make that Tax Deduction and any payment required in connection with that Tax Deduction within the time allowed and in the minimum amount required by law.
 - (f) Within 30 days of making either a Tax Deduction or any payment required in connection with that Tax Deduction, the Obligor making that Tax Deduction shall deliver to the Agent for the Finance Party entitled to the payment a statement under section 975 of the ITA or other evidence reasonably satisfactory to that Finance Party that the Tax Deduction has been made or (as applicable) any appropriate payment paid to the relevant taxing authority.
 - (g) (i) Subject to paragraph (ii) below, a Treaty Lender and each Obligor which makes a payment to which that Treaty Lender is entitled shall co-operate in completing any procedural formalities necessary for that Obligor to obtain authorisation to make that payment without a Tax Deduction.
 - (ii)
 - (A) A Treaty Lender which becomes a Party on the day on which this Agreement is entered into that holds a passport under the HMRC DT Treaty Passport scheme, and which wishes that scheme to apply to this Agreement, shall confirm its scheme reference number and its jurisdiction of tax residence opposite its name in Part II of Schedule 1 (The Parties as at the Effective Date); and
 - (B) a New Lender that is a Treaty Lender that holds a passport under the HMRC DT Treaty Passport scheme, and which wishes that scheme to apply to this Agreement, shall confirm its scheme reference number and its jurisdiction of tax residence in the Transfer Certificate or Assignment Agreement which it executes,and, having done so, that Lender shall be under no obligation pursuant to paragraph (i) above.
 - (h) If a Lender has confirmed its scheme reference number and its jurisdiction of tax residence in accordance with paragraph (g)(ii) above and:
 - (i) a Borrower making a payment to that Lender has not made a Borrower DTTP Filing in respect of that Lender; or
 - (ii) a Borrower making a payment to that Lender has made a Borrower DTTP Filing in respect of that Lender but:
 - (A) that Borrower DTTP Filing has been rejected by HM Revenue & Customs; or
 - (B) HM Revenue & Customs has not given the Borrower authority to make payments to that Lender without a Tax Deduction within 60 days of the date of the Borrower DTTP Filing,

and in each case, the Borrower has notified that Lender in writing, that Lender and the Borrower shall co-operate in completing any additional procedural formalities necessary for that Borrower to obtain authorisation to make that payment without a Tax Deduction.

- (i) If a Lender has not confirmed its scheme reference number and jurisdiction of tax residence in accordance with paragraph (g)(ii) above, no Obligor shall make a Borrower DTTP Filing or file any other form relating to the HMRC DT Treaty Passport scheme in respect of that Lender's Commitment or its participation in any Loan unless the Lender otherwise agrees.
- (j) A Borrower shall, promptly on making a Borrower DTTP Filing, deliver a copy of that Borrower DTTP Filing to the Agent for delivery to the relevant Lender.
- (k) A UK Non-Bank Lender shall promptly notify the Parent and the Agent if there is any change in the position from that set out in the Tax Confirmation.

24.3 **Tax indemnity**

- (a) The Parent shall (within three Business Days of demand by the Agent) pay to a Protected Party an amount equal to the loss, liability or cost which that Protected Party determines will be or has been (directly or indirectly) suffered for or on account of Tax by that Protected Party in respect of a Finance Document other than any loss, liability or cost related to an Excluded Tax.
- (b) clause 24.3(a) above shall not apply:
 - (i) with respect to any Tax assessed on a Finance Party:
 - (A) under the law of the jurisdiction in which that Finance Party is incorporated or, if different, the jurisdiction (or jurisdictions) in which that Finance Party is treated as resident for tax purposes; or
 - (B) under the law of the jurisdiction in which that Finance Party's Facility Office is located in respect of amounts received or receivable in that jurisdiction,

if that Tax is imposed on or calculated by reference to the net income received or receivable (but not any sum deemed to be received or receivable) by that Finance Party;
 - (ii) to the extent a loss, liability or cost:
 - (A) is compensated for by an increased payment under clause 24.2 (Tax gross-up); or
 - (B) would have been compensated by an increased payment under clause 24.2 (Tax gross-up) but was not so compensated solely because one of the exclusions in clause 24.2(d) (Tax gross-up) applied; or
 - (iii) to the extent a loss, liability or cost relates to a FATCA Deduction required to be made by a Party.

-
- (c) A Protected Party making, or intending to make a claim under clause 24.3(a) above, shall promptly notify the Agent of the event which will give, or has given, rise to the claim, following which the Agent shall notify the Parent.
 - (d) A Protected Party shall, on receiving a payment from an Obligor under clauses 24.3(a) to 24.3(b), notify the Agent.

24.4 Lender Status Confirmation

Each Lender which becomes a Party to this Agreement after the date of this Agreement shall indicate, in the Transfer Certificate or Assignment Agreement which it executes on becoming a Party, and for the benefit of the Agent and without liability to any Obligor, which of the following categories it falls in:

- (a) not a Qualifying Lender;
- (b) a Qualifying Lender (other than a Treaty Lender); or
- (c) a Treaty Lender.

If a New Lender fails to indicate its status in accordance with this clause 24.4, then such New Lender shall be treated for the purposes of this Agreement (including by each Obligor) as if it is not a Qualifying Lender until such time as it notifies the Agent which category applies (and the Agent, upon receipt of such notification, shall inform the Parent). For the avoidance of doubt, a Transfer Certificate or Assignment Agreement shall not be invalidated by any failure of a Lender to comply with this clause 24.4.

24.5 Tax Documentation

- (a) Except in relation to UK withholding tax, any Lender that is entitled to an exemption from or reduction of withholding Tax with respect to payments made under any Finance Document shall deliver to the Obligor and the Agent, at the time or times reasonably requested by the Obligor or the Agent, such properly completed and executed documentation reasonably requested by the Obligor or the Agent as will permit such payments to be made without withholding or at a reduced rate of withholding. In addition, any Lender, if reasonably requested by the Obligor or the Agent, shall deliver such other documentation prescribed by applicable law or reasonably requested by the Obligor or the Agent as will enable the Obligor or the Agent to determine whether or not such Lender is subject to backup withholding or information reporting requirements. Notwithstanding anything to the contrary in the preceding two sentences, the completion, execution and submission of such documentation (other than such documentation set forth in clause 24.5 (Tax Documentation) (b)(i) and (b)(ii)) shall not be required if in the Lender's reasonable judgment such completion, execution or submission would subject such Lender to any material unreimbursed cost or expense or would materially prejudice the legal or commercial position of such Lender. For the avoidance of doubt, this clause (a) shall not apply in relation to requests made by the Obligor or the Agent in respect of UK withholding tax.
- (b) Without limiting the generality of the foregoing, in the event that the Obligor is a U.S. Obligor,
 - (i) any Lender that is a U.S. Person shall deliver to the Obligor and the Agent on or prior to the date on which such Lender becomes a Lender under this Agreement (and from time to time thereafter upon the reasonable request of the Obligor or the Agent), executed originals of IRS Form W-9 certifying that such Lender is exempt from U.S. federal backup withholding tax;

-
- (ii) any Foreign Lender shall, to the extent it is legally entitled to do so, deliver to the Obligor and the Agent (in such number of copies as shall be requested by the recipient) on or prior to the date on which such Foreign Lender becomes a Lender under this Agreement (and from time to time thereafter upon the reasonable request of the Obligor or the Agent), whichever of the following is applicable:
- (A) in the case of a Foreign Lender claiming the benefits of an income tax treaty to which the United States is a party (x) with respect to payments of interest under any Finance Document, executed originals of IRS Form W-8BEN or W-8BEN-E establishing an exemption from, or reduction of, U.S. federal withholding Tax pursuant to the “interest” article of such tax treaty and (y) with respect to any other applicable payments under any Finance Document, IRS Form W-8BEN or W-8BEN-E establishing an exemption from, or reduction of, U.S. federal withholding Tax pursuant to the “business profits” or “other income” article of such tax treaty;
 - (B) executed originals of IRS Form W-8ECI;
 - (C) in the case of a Foreign Lender claiming the benefits of the exemption for portfolio interest under Section 881(c) of the Code, (x) a certificate substantially in the form of part 1 of schedule 13 to the effect that such Foreign Lender is not a “bank” within the meaning of Section 881(c)(3)(A) of the Code, a “10 percent shareholder” of the Borrower within the meaning of Section 881(c)(3)(B) of the Code, or a “controlled foreign corporation” described in Section 881(c)(3)(C) of the Code (a “U.S. Tax Compliance Certificate”) and (y) executed originals of IRS Form W-8BEN or W-8BEN-E; or
 - (D) to the extent a Foreign Lender is not the beneficial owner, executed originals of IRS Form W-8IMY, accompanied by IRS Form W-8ECI, IRS Form W-8BEN or W-8BEN-E, a U.S. Tax Compliance Certificate substantially in the form of part 2 of schedule 13 or part 3 of schedule 13, IRS Form W-9, and/or other certification documents from each beneficial owner, as applicable; provided that if the Foreign Lender is a partnership and one or more direct or indirect partners of such Foreign Lender are claiming the portfolio interest exemption, such Foreign Lender may provide a U.S. Tax Compliance Certificate substantially in the form of part 4 of schedule 13 on behalf of each such direct and indirect partner; and
- (iii) any Foreign Lender shall, to the extent it is legally entitled to do so, deliver to the Obligor and the Agent (in such number of copies as shall be requested by the recipient) on or prior to the date on which such Foreign Lender becomes a Lender under this Agreement (and from time to time thereafter upon the reasonable request of the Obligor or the Agent), executed originals of any other form prescribed by applicable law as a basis for claiming exemption from or a reduction in U.S. federal withholding Tax, duly completed, together with such supplementary documentation as may be prescribed by applicable law to permit the Obligor or the Agent to determine the withholding or deduction required to be made; and

each Lender agrees that if it is aware that any form or certification it previously delivered becomes inaccurate (due to a change in facts), it shall update such form or certification or promptly notify the Obligor and the Agent in writing of its legal inability to do so.

24.6 **Stamp taxes**

The Parent shall pay and, within three Business Days of demand, indemnify each Finance Party and the Mandated Lead Arrangers against any cost, loss or liability such Finance Party or such Mandated Lead Arranger incurs in relation to all stamp duty, registration and other similar Taxes payable in respect of any Finance Document.

24.7 **Value added tax**

- (a) All amounts expressed to be payable under a Finance Document by any Party to a Finance Party which (in whole or in part) constitute the consideration for any supply for VAT purposes are deemed to be exclusive of any VAT which is chargeable on that supply, and accordingly, subject to paragraph (b) below, if VAT is or becomes chargeable on any supply made by any Finance Party to any Party under a Finance Document and such Finance Party is required to account to the relevant tax authority for the VAT, that Party must pay to such Finance Party (in addition to and at the same time as paying any other consideration for such supply) an amount equal to the amount of the VAT (and such Finance Party must promptly provide an appropriate VAT invoice to that Party).
- (b) If VAT is or becomes chargeable on any supply made by any Finance Party (the “**Supplier**”) to any other Finance Party (the “**Recipient**”) under a Finance Document, and any Party other than the Recipient (the “**Relevant Party**”) is required by the terms of any Finance Document to pay an amount equal to the consideration for that supply to the Supplier (rather than being required to reimburse or indemnify the Recipient in respect of that consideration):
 - (i) (where the Supplier is the person required to account to the relevant tax authority for the VAT) the Relevant Party must also pay to the Supplier (at the same time as paying that amount) an additional amount equal to the amount of the VAT. The Recipient must (where this paragraph (i) applies) promptly pay to the Relevant Party an amount equal to any credit or repayment the Recipient receives from the relevant tax authority which the Recipient reasonably determines relates to the VAT chargeable on that supply; and
 - (ii) (where the Recipient is the person required to account to the relevant tax authority for the VAT) the Relevant Party must promptly, following demand from the Recipient, pay to the Recipient an amount equal to the VAT chargeable on that supply but only to the extent that the Recipient reasonably determines that it is not entitled to credit or repayment from the relevant tax authority in respect of that VAT.
- (c) Where a Finance Document requires any Party to reimburse or indemnify a Finance Party for any cost or expense, that Party shall reimburse or indemnify (as the case may be) such Finance Party for the full amount of such cost or expense, including such part thereof as represents VAT, save to the extent that such Finance Party reasonably determines that it is entitled to credit or repayment in respect of such VAT from the relevant tax authority.
- (d) Any reference in this clause 24.7 to any Party shall, at any time when such Party is treated as a member of a group for VAT purposes, include (where appropriate and unless the context otherwise requires) a reference to the representative member of such group at such time (the term “representative member” to have the same meaning as in the Value Added Tax Act 1994 or in any equivalent legislation of another jurisdiction).

-
- (e) In relation to any supply made by a Finance Party to any Party under a Finance Document, if reasonably requested by such Finance Party, that Party must promptly provide such Finance Party with details of that Party's VAT registration and such other information as is reasonably requested in connection with such Finance Party's VAT reporting requirements in relation to such supply.

24.8 **FATCA Information**

- (a) Subject to paragraph (c) below, each Party shall, within ten Business Days of a reasonable request by another Party:
 - (i) confirm to that other Party whether it is:
 - (A) a FATCA Exempt Party; or
 - (B) not a FATCA Exempt Party;
 - (ii) supply to that other Party such forms, documentation and other information relating to its status under FATCA as that other Party reasonably requests for the purposes of that other Party's compliance with FATCA;
 - (iii) supply to that other Party such forms, documentation and other information relating to its status as that other Party reasonably requests for the purposes of that other Party's compliance with any other law, regulation, or exchange of information regime.
- (b) If a Party confirms to another Party pursuant to paragraph (a)(i) above that it is a FATCA Exempt Party and it subsequently becomes aware that it is not or has ceased to be a FATCA Exempt Party, that Party shall notify that other Party reasonably promptly.
- (c) Paragraph (a) above shall not oblige any Finance Party to do anything, and paragraph (a)(iii) above shall not oblige any other Party to do anything, which would or might in its reasonable opinion constitute a breach of:
 - (i) any law or regulation;
 - (ii) any fiduciary duty; or
 - (iii) any duty of confidentiality.
- (d) If a Party fails to confirm whether or not it is a FATCA Exempt Party or to supply forms, documentation or other information requested in accordance with paragraph (a)(i) or (ii) above (including, for the avoidance of doubt, where paragraph (c) above applies), then such Party shall be treated for the purposes of the Finance Documents (and payments under them) as if it is not a FATCA Exempt Party until such time as the Party in question provides the requested confirmation, forms, documentation or other information.
- (e) If a Borrower is a U.S. Tax Obligor or the Agent reasonably believes that its obligations under FATCA or any other applicable law or regulation require it, each Lender shall, within ten Business Days of:
 - (i) where an Original Borrower is a U.S. Tax Obligor and the relevant Lender is an Original Lender, the date of this Agreement;
 - (ii) where a Borrower is a U.S. Tax Obligor on a Transfer Date and the relevant Lender is a New Lender, the relevant Transfer Date;

-
- (iii) the date a new U.S. Tax Obligor accedes as a Borrower; or
 - (iv) where a Borrower is not a U.S. Tax Obligor, the date of a request from the Agent, supply to the Agent:
 - (A) a withholding certificate on Form W-8, Form W-9 or any other relevant form; or
 - (B) any withholding statement or other document, authorisation or waiver as the Agent may require to certify or establish the status of such Lender under FATCA or that other law or regulation.
 - (f) The Agent shall provide any withholding certificate, withholding statement, document, authorisation or waiver it receives from a Lender pursuant to paragraph (e) above to the relevant Borrower.
 - (g) If any withholding certificate, withholding statement, document, authorisation or waiver provided to the Agent by a Lender pursuant to paragraph (e) above is or becomes materially inaccurate or incomplete, that Lender shall promptly update it and provide such updated withholding certificate, withholding statement, document, authorisation or waiver to the Agent unless it is unlawful for the Lender to do so (in which case the Lender shall promptly notify the Agent). The Agent shall provide any such updated withholding certificate, withholding statement, document, authorisation or waiver to the relevant Borrower.
 - (h) The Agent may rely on any withholding certificate, withholding statement, document, authorisation or waiver it receives from a Lender pursuant to paragraph (e) or (g) above without further verification. The Agent shall not be liable for any action taken by it under or in connection with paragraphs (e), (f) or (g) above.

24.9 **FATCA Deduction**

- (a) Each Party may make any FATCA Deduction it is required to make by FATCA, and any payment required in connection with that FATCA Deduction, and no Party shall be required to increase any payment in respect of which it makes such a FATCA Deduction or otherwise compensate the recipient of the payment for that FATCA Deduction.
- (b) Each Party shall promptly, upon becoming aware that it must make a FATCA Deduction (or that there is any change in the rate or the basis of such FATCA Deduction), notify the Party to whom it is making the payment and, in addition, shall notify the Parent and the Agent and the Agent shall notify the other Finance Parties.

24.10 **Treatment of Certain Refunds**

If any party determines, in its sole discretion exercised in good faith, that it has received a Tax Credit of, or in respect to, any Taxes as to which it has been indemnified pursuant to this clause 24 (Tax Gross Up and Indemnity) (including by the payment of additional amounts pursuant to this clause 24 (Tax Gross Up and Indemnity)), it shall pay to the indemnifying party an amount equal to such Tax Credit (but only to the extent of indemnity payments made under this clause with respect to the Taxes giving rise to such Tax Credit), net of all out-of-pocket expenses (including Taxes) of such indemnified party and without interest (other than any interest paid by the relevant Governmental Authority with respect to such Tax Credit). Such indemnifying party, upon the request of such indemnified party, shall repay to such indemnified party the amount paid over pursuant to this clause 24.10 (plus any penalties, interest or other charges imposed by the relevant

Governmental Authority) in the event that such indemnified party is required to repay such Tax Credit to such Governmental Authority. Notwithstanding anything to the contrary in this clause 24.10, in no event will the indemnified party be required to pay any amount to an indemnifying party pursuant to this clause 24.10 the payment of which would place the indemnified party in a less favourable net after-Tax position than the indemnified party would have been in if the Tax subject to indemnification and giving rise to such Tax Credit had not been deducted, withheld or otherwise imposed and the indemnification payments or additional amounts with respect to such Tax had never been paid. This paragraph shall not be construed to require any indemnified party to make available its Tax returns (or any other information relating to its Taxes that it deems confidential) to the indemnifying party or any other person.

25. **INCREASED COSTS**

25.1 **Increased costs**

- (a) Subject to clause 25.3 (Exceptions) the Parent shall, within three Business Days of a demand by the Agent, pay for the account of a Finance Party the amount of any Increased Costs incurred by that Finance Party or any of its Affiliates as a result of:
- (i) the introduction of or any change in (or in the interpretation, administration or application of) any law or regulation;
 - (ii) compliance with any law or regulation made after the date of this Agreement provided, however, that for the purposes of this Agreement, the Dodd-Frank Wall Street Reform and Consumer Protection Act and all regulations, rules, requests, guidelines and directives in connection therewith shall be deemed to be a change in law or regulation regardless of the date enacted, adopted or issued; or
 - (iii) the implementation or application of or compliance with Basel III or CRD IV or any other law or regulation which implements Basel III or CRD IV (whether such implementation, application or compliance is by a government or regulator or, in the case of compliance, is by a Finance Party or any of its Affiliates).
- (b) In this Agreement:
- “Basel III”** means:
- (i) the agreements on capital requirements, a leverage ratio and liquidity standards contained in “Basel III: A global regulatory framework for more resilient banks and banking systems”, “Basel III: International framework for liquidity risk measurement, standards and monitoring” and “Guidance for national authorities operating the countercyclical capital buffer” published by the Basel Committee on Banking Supervision in December 2010, each as amended, supplemented or restated;
 - (ii) the rules for global systemically important banks contained in “Global systemically important banks: assessment methodology and the additional loss absorbency requirement – Rules text” published by the Basel Committee on Banking Supervision in November 2011, as amended, supplemented or restated; and
 - (iii) any further guidance or standards published by the Basel Committee on Banking Supervision relating to “Basel III”;

“**CRD IV**” means:

- (i) Regulation (EU) No 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms and amending Regulation (EU) No 648/2012; and
- (ii) Directive 2013/36/EU of the European Parliament and of the Council of 26 June 2013 on access to the activity of credit institutions and the prudential supervision of credit institutions and investment firms, amending Directive 2002/87/EC and repealing Directives 2006/48/EC and 2006/49/EC; and

“**Increased Costs**” means:

- (iii) a reduction in the rate of return from the Facility or on a Finance Party’s (or its Affiliate’s) overall capital;
- (iv) an additional or increased cost; or
- (v) a reduction of any amount due and payable under any Finance Document,

which is incurred or suffered by a Finance Party or any of its Affiliates to the extent that it is attributable to that Finance Party having entered into its Commitment or funding or performing its obligations under any Finance Document.

25.2 **Increased cost claims**

- (a) A Finance Party intending to make a claim pursuant to clause 25.1 (Increased costs) shall as soon as reasonably practicable notify the Agent of the event giving rise to the claim and whether it intends to make such a claim, following which the Agent shall promptly notify the Parent.
- (b) Each Finance Party shall, as soon as practicable after a demand by the Agent, provide a certificate confirming the amount of its Increased Costs.

25.3 **Exceptions**

- (a) Clause 25.1 (Increased costs) does not apply to the extent any Increased Cost is:
 - (i) attributable to a Tax Deduction required by law to be made by an Obligor;
 - (ii) attributable to a FATCA Deduction required to be made by a Party;
 - (iii) compensated for by clause 24.3 (Tax indemnity) (or would have been compensated for under clause 24.3 (Tax indemnity) but was not so compensated solely because any of the exclusions in clause 24.3 (Tax indemnity) applied);
 - (iv) attributable to the wilful breach by the relevant Finance Party or its Affiliates of any law or regulation; or
 - (v) attributable to the implementation or application of or compliance with the “International Convergence of Capital Measurement and Capital Standards, a Revised Framework” published by the Basel Committee on Banking Supervision in June 2004 in the form existing on the date of this Agreement (but excluding any amendment arising out Basel III or CRD IV) (“**Basel II**”) or any other law or regulation which implements Basel II (whether such implementation, application or compliance is by a government, regulator, Finance Party or any of its Affiliates).
- (b) In this clause 25.3 reference to a “**Tax Deduction**” has the same meaning given to the term in clause 24.1 (Definitions).

26. **INDEMNITIES**

26.1 **Currency indemnity**

- (a) If any sum due from an Obligor under the Finance Documents (“**Sum**”), or any order, judgment or award given or made in relation to a Sum, has to be converted from the currency (“**First Currency**”) in which that Sum is payable into another currency (“**Second Currency**”) for the purpose of:
- (i) making or filing a claim or proof against that Obligor; or
 - (ii) obtaining or enforcing an order, judgment or award in relation to any litigation or arbitration proceedings,
 - (iii) that Obligor shall as an independent obligation, within three Business Days of demand, indemnify the Mandated Lead Arrangers and each other Finance Party to whom that Sum is due against any cost, loss or liability arising out of or as a result of the conversion including any discrepancy between (1) the rate of exchange used to convert that Sum from the First Currency into the Second Currency and (2) the rate or rates of exchange available to that person at the time of its receipt of that Sum.
- (b) Each Obligor waives any right it may have in any jurisdiction to pay any amount under the Finance Documents in a currency or currency unit other than that in which it is expressed to be payable.

26.2 **Other indemnities**

- (a) The Parent shall (or shall procure that an Obligor will), within three Business Days of demand, indemnify the Mandated Lead Arrangers and each other Finance Party against any cost, loss or liability incurred by it as a result of:
- (i) the occurrence or continuance of any Event of Default;
 - (ii) a failure by an Obligor to pay any amount due under a Finance Document on its due date, including without limitation, any cost, loss or liability arising as a result of clause 39 (Sharing among the Finance Parties);
 - (iii) funding, or making arrangements to fund, its participation in a Loan requested by a Borrower in a Utilisation Request but not made by reason of the operation of any one or more of the provisions of this Agreement (other than by reason of default or negligence by that Finance Party alone); or
 - (iv) a Loan (or part of a Loan) not being prepaid in accordance with a notice of prepayment given by a Borrower or the Parent.
- (b) The Parent shall promptly indemnify each Finance Party, each Affiliate of a Finance Party and each officer or employee of a Finance Party or its Affiliate, against any cost, loss or liability incurred by that Finance Party or its Affiliate (or officer or employee of that Finance Party or Affiliate) in connection with or arising out of the funding of an acquisition (including but not limited to those incurred in connection with any litigation, arbitration or administrative proceedings or regulatory enquiry concerning that acquisition), unless such loss or liability is caused by the gross negligence or wilful misconduct of that Finance Party or its Affiliate (or employee or officer of that Finance Party or Affiliate). Any Affiliate or any officer or employee of a Finance Party or its Affiliate may rely on clauses 26.2(a)(iii) to 26.2(a)(iv) subject to clause 10.3 (Third party rights) and the provisions of the Third Parties Act.

26.3 **Indemnity to the Agent**

The Parent shall promptly indemnify the Agent against any cost, loss or liability incurred by the Agent (acting reasonably) as a result of:

- (a) investigating any event which it reasonably believes is a Default; or
- (b) acting or relying on any notice, request or instruction which it reasonably believes to be genuine, correct and appropriately authorised.

27. **MITIGATION BY THE LENDERS**

27.1 **Mitigation**

- (a) Each Finance Party shall, in consultation with the Parent, take all reasonable steps to mitigate any circumstances which arise and which would result in any amount becoming payable under or pursuant to, or cancelled pursuant to, any of clause 17.1 (Illegality), clause 24 (Tax gross-up and indemnities) or clause 25.1 (Increased costs) including (but not limited to) transferring its rights and obligations under the Finance Documents to another Affiliate or Facility Office.
- (b) Clause 27.1(a) above does not in any way limit the obligations of any Obligor under the Finance Documents.

27.2 **Limitation of liability**

- (a) The Parent shall indemnify each Finance Party for all costs and expenses reasonably incurred by that Finance Party as a result of steps taken by it under clause 27.1 (Mitigation).
- (b) A Finance Party is not obliged to take any steps under clause 27.1 (Mitigation) if, in the opinion of that Finance Party (acting reasonably), to do so might be prejudicial to it.

28. **GUARANTEE AND INDEMNITY**

28.1 Each Guarantor irrevocably and unconditionally jointly and severally:

- (a) guarantees to each Finance Party punctual performance by each Borrower of all that Borrower's obligations under the Finance Documents;
- (b) undertakes with each Finance Party that whenever a Borrower does not pay any amount when due under or in connection with any Finance Document, that Guarantor shall immediately on demand pay that amount as if it was the principal obligor; and
- (c) agrees with each Finance Party that if any obligation guaranteed by it is or becomes unenforceable, invalid or illegal, it will, as an independent and primary obligation, indemnify that Finance Party immediately on demand against any cost, loss or liability it incurs as a result of a Borrower not paying any amount which would, but for such unenforceability, invalidity or illegality, have been payable by it under any Finance Document on the date when it would have been due. The amount payable by a Guarantor under this indemnity will not exceed the amount it would have had to pay under this clause 28 if the amount claimed had been recoverable on the basis of a guarantee.

28.2 **Continuing guarantee**

This guarantee is a continuing guarantee and will extend to the ultimate balance of sums payable by any Obligor under the Finance Documents, regardless of any intermediate payment or discharge in whole or in part.

28.3 **Reinstatement**

If any discharge, release or arrangement (whether in respect of the obligations of any Obligor or any security for those obligations or otherwise) is made by a Finance Party in whole or in part on the basis of any payment, security or other disposition which is avoided or must be restored in insolvency, liquidation, administration or otherwise, without limitation, then the liability of each Guarantor under this clause 28 will continue or be reinstated as if the discharge, release or arrangement had not occurred.

28.4 **Waiver of defences**

The obligations of each Guarantor under this clause 28 will not be affected by an act, omission, matter or thing which, but for this clause, would reduce, release or prejudice any of its obligations under this clause 28 (without limitation and whether or not known to it or any Finance Party) including:

- (a) any time, waiver or consent granted to, or composition with, any Obligor or other person;
- (b) the release of any other Obligor or any other person under the terms of any composition or arrangement with any creditor of any member of the Group;
- (c) the taking, variation, compromise, exchange, renewal or release of, or refusal or neglect to perfect, take up or enforce, any rights against, or security over assets of, any Obligor or other person or any non-presentation or non-observance of any formality or other requirement in respect of any instrument or any failure to realise the full value of any security;
- (d) any legal limitation, incapacity or lack of power, authority or legal personality of or dissolution or change in the members or status of an Obligor or any other person;
- (e) any amendment, novation, supplement, extension, restatement (however fundamental and whether or not more onerous) or replacement of any Finance Document or any other document or security including without limitation any change in the purpose of, any extension of or any increase in any facility or the addition of any new facility under any Finance Document or other document or security;
- (f) any unenforceability, illegality, invalidity or frustration of any obligation of any person under any Finance Document or any other document or security;
- (g) the failure of any member of the Group to enter into or be bound by any Finance Document;
- (h) any action (or decision not to act) taken by a Finance Party (or any trustee or agent on its behalf) in accordance with clause 28.7 (Appropriations); or
- (i) any insolvency, dissolution or similar proceedings or from any law, regulation or order.

28.5 **Guarantor intent**

Without prejudice to the generality of clause 28.4 (Waiver of defences), each Guarantor expressly confirms that it intends that this guarantee shall extend from time to time to any (however fundamental) variation, increase, extension or addition of or to any of the Finance Documents and/or any facility or amount made available under any of the Finance Documents for the purposes of or in connection with any of the following: acquisitions of any nature; increasing working capital; enabling investor distributions to be made; carrying out restructurings; refinancing existing facilities; refinancing any other indebtedness; making facilities available to new borrowers; any other variation or extension of the purposes for which any such facility or amount might be made available from time to time; and any fees, costs and/or expenses associated with any of the foregoing.

28.6 **Immediate recourse**

Each Guarantor waives any right it may have of first requiring any Finance Party (or any trustee or agent on its behalf) to proceed against or enforce any other rights or security or claim payment from any person before claiming from that Guarantor under this clause 28. This waiver applies irrespective of any law or any provision of a Finance Document to the contrary.

28.7 **Appropriations**

Until all amounts which may be or become payable by the Obligors under or in connection with the Finance Documents have been irrevocably paid in full, each Finance Party (or any trustee or agent on its behalf) may:

- (a) refrain from applying or enforcing any other moneys, security or rights held or received by that Finance Party (or any trustee or agent on its behalf) in respect of those amounts, or apply and enforce the same in such manner and order as it sees fit (whether against those amounts or otherwise) and no Guarantor shall be entitled to the benefit of the same; and
- (b) hold in an interest-bearing suspense account any moneys received from any Guarantor or on account of any Guarantor's liability under this clause 28.

28.8 **Deferral of Guarantors' rights**

- (a) Until all amounts which may be or become payable by the Obligors under or in connection with the Finance Documents have been irrevocably paid in full and unless the Agent otherwise directs, no Guarantor will exercise any rights which it may have by reason of performance by it of its obligations under the Finance Documents or by reason of any amount being payable, or liability arising, under this clause 28:
 - (i) to be indemnified by an Obligor;
 - (ii) to claim any contribution from any other guarantor of any Obligor's obligations under the Finance Documents;
 - (iii) to take the benefit (in whole or in part and whether by way of subrogation or otherwise) of any rights of the Finance Parties under the Finance Documents or of any other guarantee or security taken pursuant to, or in connection with, the Finance Documents by any Finance Party;
 - (iv) to bring legal or other proceedings for an order requiring any Obligor to make any payment, or perform any obligation, in respect of which any Guarantor has given a guarantee, undertaking or indemnity under clause 28 (Guarantee and Indemnity);

-
- (v) to exercise any right of set-off against any Obligor; and/or
 - (vi) to claim or prove as a creditor of any Obligor in competition with any Finance Party.
- (b) If a Guarantor receives any benefit, payment or distribution in relation to such rights it shall hold that benefit, payment or distribution to the extent necessary to enable all amounts which may be or become payable to the Finance Parties by the Obligors under or in connection with the Finance Documents to be repaid in full on trust for the Finance Parties and shall promptly pay or transfer the same to the Agent or as the Agent may direct for application in accordance with clause 40 (Payment mechanics).

28.9 Release of Guarantors' right of contribution

If any Guarantor (a Retiring Guarantor) ceases to be a Guarantor in accordance with the terms of the Finance Documents for the purpose of any sale or other disposal of that Retiring Guarantor then on the date such Retiring Guarantor ceases to be a Guarantor:

- (a) that Retiring Guarantor is released by each other Guarantor from any liability (whether past, present or future and whether actual or contingent) to make a contribution to any other Guarantor arising by reason of the performance by any other Guarantor of its obligations under the Finance Documents; and
- (b) each other Guarantor waives any rights it may have by reason of the performance of its obligations under the Finance Documents to take the benefit (in whole or in part and whether by way of subrogation or otherwise) of any rights of the Finance Parties under any Finance Document where such rights are granted by or in relation to the assets of the Retiring Guarantor.

28.10 Additional security

This guarantee is in addition to and is not in any way prejudiced by any other guarantee or security now or subsequently held by any Finance Party.

28.11 Guarantee Limitations - U.S.

Any term or provision of this clause 28 or any other term in this Agreement or any Finance Document notwithstanding, the maximum aggregate amount of the obligations for which any U.S. Guarantor shall be liable under this Agreement shall in no event exceed an amount equal to the largest amount that would not render such U.S. Guarantor's obligations under this Agreement, subject to avoidance under applicable United States federal or state fraudulent transfer, fraudulent conveyance or similar laws.

28.12 Guarantee Limitation – Deemed Dividends

Any term or provision of this clause 28 or any other term in this Agreement or any Finance Document notwithstanding:

- (a) no member of the Group or other person that constitutes a “controlled foreign corporation” under Section 957 of the Code will have any obligation or liability, directly or indirectly, as guarantor under this Agreement or any Finance Document with respect to any obligation or liability arising under any this Agreement or any Finance Document of any U.S. Obligor (the “**U.S. Obligations**”); and

-
- (b) not more than 65% of the voting stock or other voting equity interests (measured by the total combined voting power of the issued and outstanding voting stock or other equity interests) of any member of the Group that constitutes a “controlled foreign corporation” under Section 957 of the Code, and none of the assets or property of such member, may be pledged directly or indirectly as security for any U.S. Obligations,

in each case to the extent such obligation, liability or pledge would cause or result in any “deemed dividend” or other tax liability to any U.S. Obligor pursuant to Section 956 of the Code (or any successor provision thereto).

28.13 **Financial Condition of Obligors; Independence of Guarantors**

- (a) Each Guarantor is presently informed of the financial condition of each other Obligor and of all other circumstances which diligent inquiry would reveal and which bear upon the risk of nonpayment of the amounts due hereunder. Each Guarantor hereby covenants that it will make its own investigation and will continue to keep itself informed of each Obligor’s financial condition, the status of other guarantors, if any, of all other circumstances which bear upon the risk of nonpayment and that it will continue to rely upon sources other than the Finance Parties for such information and will not rely upon the Finance Parties for any such information. Absent a written request for such information by Guarantor to the Finance Parties, each Guarantor hereby waives its right, if any, to require the Finance Parties to disclose to such Guarantor any information which the Finance Parties may now or hereafter acquire concerning such condition or circumstances including, but not limited to, the release of or revocation by any other guarantor. Each Guarantor has independently reviewed this Agreement and related agreements and has made an independent determination as to the validity and enforceability thereof and thereof, and in executing and delivering this Agreement, each Guarantor is not in any manner relying upon the validity, and/or enforceability, and/or attachment, and/or perfection of any liens or security interests of any kind or nature granted by any Obligor or any other guarantor to any Finance Party, now or at any time and from time to time in the future. Each Guarantor has received, or will receive, direct or indirect benefit from making its guarantee under this Agreement.
- (b) Each Guarantor has and will continue to have independent means of obtaining information concerning each Obligor’s affairs, financial conditions and business. No Finance Party shall have any duty or responsibility to provide any Guarantor with any credit or other information concerning any Obligor’s affairs, financial condition or business which may come into such Finance Party’s possession.

29. **COSTS AND EXPENSES**

29.1 **Transaction expenses**

The Parent shall promptly on demand pay the Agent and the Mandated Lead Arrangers the amount of all costs and expenses (including legal fees and due diligence costs) reasonably incurred by any of them in connection with the negotiation, preparation, printing, execution, completion, syndication and perfection of:

- (a) this Agreement and any other documents referred to in this Agreement; and
- (b) any other Finance Documents executed after the date of this Agreement.

29.2 **Amendment costs**

If (a) an Obligor requests an amendment, waiver or consent or (b) an amendment is required pursuant to clause 40.9 (Change of currency), the Parent shall, within three

Business Days of demand, reimburse each of the Agent for the amount of all costs and expenses (including legal fees) reasonably incurred by the Agent in responding to, evaluating, negotiating or complying with that request or requirement.

29.3 **Enforcement and preservation costs**

The Parent shall, within three Business Days of demand, pay to the Mandated Lead Arrangers and each other Finance Party on a full indemnity basis the amount of all costs and expenses (including legal, valuation, accountancy and consulting fees and commission and out of pocket expenses) and any VAT thereon incurred by it in connection with the enforcement of or the preservation of or the release of any rights under any Finance Document or any of the documents referred to in such documents in any jurisdiction.

30. **REPRESENTATIONS**

30.1 **General**

Each Obligor makes the representations and warranties set out in this clause 30 to each Finance Party in accordance with clause 21.33 (Times when representations made).

30.2 **Status**

- (a) It and each of its Subsidiaries is a corporation or limited liability company, as applicable, duly incorporated or formed, and validly existing and, in the case of any U.S. Obligor, in good standing, under the law of its jurisdiction of incorporation.
- (b) It and each of its Subsidiaries has the power to own its assets and carry on its business as it is being conducted.

30.3 **Binding obligations**

Subject to the Legal Reservations, the obligations expressed to be assumed by it in each Finance Document to which it is a party are legal, valid, binding and enforceable obligations.

30.4 **Non-conflict with other obligations**

The entry into and performance by it of, and the transactions contemplated by, the Finance Documents do not and will not conflict with:

- (a) any law or regulation applicable to it;
- (b) its constitutional documents; or
- (c) any agreement or instrument binding upon it or any member of the Group or any member of the Group's assets or constitute a default or termination event (however described) under any such agreement or instrument to any extent which is reasonably likely to have a Material Adverse Effect.

30.5 **Power and authority**

- (a) It has the power to enter into, perform and deliver, and has taken all necessary action to authorise its entry into, performance and delivery of, the Finance Documents to which it is or will be a party and the transactions contemplated by those Finance Documents.
- (b) No limit on its powers will be exceeded as a result of the borrowing or giving of guarantees or indemnities contemplated by the Finance Documents to which it is a party.

30.6 **Validity and admissibility in evidence**

- (a) All Authorisations required:
- (i) to enable it lawfully to enter into, exercise its rights and comply with its obligations in the Finance Documents to which it is a party; and
 - (ii) to make the Finance Documents to which it is a party admissible in evidence in its Relevant Jurisdictions, have been obtained or effected and are in full force and effect.
- (b) All Authorisations necessary for the conduct of the business, trade and ordinary activities of members of the Group have been obtained or effected and are in full force and effect, save where failure to do so is not reasonably likely to have a Material Adverse Effect, and any such Authorisation is not likely to be revoked or amended, and no notice of an intention to terminate any such Authorisation has been received by any member of the Group, where such revocation, amendment or termination is reasonably likely to have a Material Adverse Effect.

30.7 **Governing law and enforcement**

- (a) The law expressed to be the governing law in each Finance Document will be recognised and enforced in the Relevant Jurisdictions of each Obligor executing that Finance Document.
- (b) Any judgment obtained in relation to a Finance Document in the jurisdiction of the governing law of that Finance Document will be recognised and enforced in its Relevant Jurisdictions.

30.8 **Insolvency**

No:

- (a) corporate action, legal proceeding or other procedure or step described in clause 34.7(a) (Insolvency proceedings); or
- (b) creditors' process described in clause 34.8 (Creditors' process),

has been taken or, to the knowledge of the Parent, threatened in relation to a member of the Group; and none of the circumstances described in clause 34.6 (Insolvency) applies to any member of the Group.

30.9 **No filing or stamp taxes**

Under the laws of its Relevant Jurisdiction it is not necessary that any Finance Document be filed, recorded or enrolled with any court or other authority in that jurisdiction or that any stamp, registration, notarial or similar Taxes or fees be paid on or in relation to the Finance Documents or the transactions contemplated by the Finance Documents.

30.10 **Deduction of Tax**

It is not required to make any deduction for or on account of Tax from any payment it may make under any Finance Document.

30.11 **No default**

- (a) No Event of Default and, on the date of this Agreement and the first Utilisation Date, no Default is continuing or is reasonably likely to result from the making of any Loan or the entry into, the performance of, or any transaction contemplated by, any Finance Document.

-
- (b) No other event or circumstance is outstanding which constitutes (or, with the expiry of a grace period, the giving of notice, the making of any determination or any combination of any of the foregoing would constitute) a default or termination event (however described) under any other agreement or instrument which is binding on it or any of its Subsidiaries or to which its (or any of its Subsidiaries') assets are subject which has or is reasonably likely to have a Material Adverse Effect.

30.12 No misleading information

- (a) Any written factual information provided to the Agent by any Obligor was true and accurate in all material respects as at the date the information is expressed to be given.
- (b) Any financial projection or forecast provided to the Agent by any Obligor has been prepared on the basis of recent historical information and on the basis of reasonable assumptions and was fair (as at the date the projection or forecast was provided) and arrived at after careful consideration.
- (c) The expressions of opinion or intention provided by or on behalf of an Obligor to the Agent in any report or document were made after careful consideration and (as at the date of the report or document containing the expression of opinion or intention) were fair and based on reasonable grounds.
- (d) No event or circumstance has occurred or arisen and no information has been omitted from any report or document provided to the Agent by any Obligor and no information has been given or withheld that results in the information, opinions, intentions, forecasts or projections contained in the relevant report being untrue or misleading in any material respect.
- (e) All material information provided to a Finance Party by or on behalf of the Parent or any Obligor in connection with any Permitted Acquisition at the time such information is provided and not superseded before that date is accurate and not misleading in any material respect and all projections provided to any Finance Party at the time such information is provided have been prepared in good faith on the basis of assumptions which were reasonable at the time at which they were prepared and supplied.
- (f) All other written information provided by any Obligor or any member of the Group (including its advisers) to a Finance Party or the provider of any report was true, complete and accurate in all material respects as at the date it was provided and is not misleading in any respect.

30.13 Original Financial Statements

- (a) Its Original Financial Statements were prepared in accordance with the Accounting Principles consistently applied unless expressly disclosed to the Agent in writing to the contrary.
- (b) Its Original Financial Statements prior to them having been audited fairly represent its financial condition and results of operations for the relevant period unless expressly disclosed to the Agent in writing to the contrary prior to the date of this Agreement.

-
- (c) There has been no material adverse change in its assets, business or financial condition (or the assets, business or consolidated financial condition of the Group, in the case of the Parent) since the date of the Original Financial Statements.
 - (d) Its most recent financial statements delivered pursuant to clause 31.2 (Financial statements):
 - (i) have been prepared in accordance with the Accounting Principles as applied to the Original Financial Statements; and
 - (ii) give a true and fair view of (if audited) or fairly present (if unaudited) its consolidated financial condition as at the end of, and consolidated results of operations for, the period to which they relate.
 - (e) The budgets and forecasts supplied under this Agreement were arrived at after careful consideration and have been prepared in good faith on the basis of recent historical information and on the basis of assumptions which were reasonable as at the date they were prepared.
 - (f) Since the date of the most recent financial statements delivered pursuant to clause 31.2 (Financial statements) there has been no material adverse change in the business, assets or financial condition of the Group.

30.14 No proceedings pending or threatened

No litigation, arbitration or administrative proceedings or investigations of, or before, any court, arbitral body or agency which, if adversely determined, are reasonably likely to have a Material Adverse Effect, have (to the best of its knowledge and belief (having made due and careful enquiry)) been started or threatened against it or any of its Subsidiaries.

30.15 No breach of laws

- (a) It has not (and none of its Subsidiaries has) breached any law or regulation which breach has or is reasonably likely to have a Material Adverse Effect.
- (b) No labour disputes are current or, to the best of its knowledge and belief (having made due and careful enquiry), threatened against any member of the Group which have or are reasonably likely to have a Material Adverse Effect.

30.16 Taxation

- (a) It is not (and none of its Subsidiaries is) materially overdue in the filing of any Tax returns and it is not (and none of its Subsidiaries is) overdue in the payment of any amount in respect of Tax of U.S.\$1,000,000 (or its equivalent in any other currency) or more.
- (b) No claims or investigations are being or are reasonably likely to be made or conducted against it (or any of its Subsidiaries) with respect to Taxes such that a liability of, or claim against, any member of the Group of U.S.\$1,000,000 (or its equivalent in any other currency) or more is reasonably likely to arise.
- (c) It is resident for Tax purposes only in the jurisdiction of its incorporation.

30.17 Security and Financial Indebtedness

- (a) No Security or Quasi-Security exists over all or any of the present or future assets of any member of the Group other than as permitted by this Agreement.
- (b) No member of the Group has any Financial Indebtedness outstanding other than as permitted by this Agreement.

30.18 **Ownership**

Each of the Obligors is a direct or indirect wholly owned subsidiary of the Parent.

30.19 **Group Structure Chart**

The Group Structure Chart is true, complete and accurate in all material respects.

30.20 **Financial Year end**

The end of the Financial Year for each member of the Group is 31 December.

30.21 **Centre of main interests and establishments**

In relation to each Obligor incorporated in a member state of the European Union, for the purposes of The Council of the European Union Regulation No. 1346/2000 on Insolvency Proceedings (the “Regulation”), its centre of main interest (as that term is used in Article 3(1) of the Regulation) is situated in its jurisdiction of incorporation and it has no “establishment” (as that term is used in Article 2(h) of the Regulations) in any other jurisdiction.

30.22 **Immunity**

- (a) The execution by it of each Finance Document constitutes, and the exercise by it of its rights and performance of its obligations under each Finance Document will constitute private and commercial acts performed for private and commercial purposes.
- (b) It will not be entitled to claim immunity from suit, execution, attachment or other legal process in any proceedings taken in its Relevant Jurisdictions in relation to any Finance Document.

30.23 **No adverse consequences**

- (a) It is not necessary under the laws of its Relevant Jurisdictions:
 - (i) in order to enable any Finance Party to enforce its rights under any Finance Document; or
 - (ii) by reason of the execution of any Finance Document or the performance by it of its obligations under any Finance Document, that any Finance Party should be licensed, qualified or otherwise entitled to carry on business in any of its Relevant Jurisdictions.
- (b) No Finance Party is or will be deemed to be resident, domiciled or carrying on business in its Relevant Jurisdictions by reason only of the execution, performance and/or enforcement of any Finance Document.

30.24 **Pensions**

Each member of the Group is in compliance in all material respects with all applicable laws, regulations and contracts relating to the provision of pension schemes and any pension scheme(s) it operates or participates in. All contributions due to be paid by the relevant member of the Group to each such pension scheme have been paid.

30.25 **Net Worth**

On the date of this Agreement, the Consolidated Tangible Net Worth of the Parent is not less than U.S.\$1,500,000,000.

30.26 **ERISA**

- (a) No Obligor has underlying assets which constitute “plan assets” within the Plan Asset Rules; and
- (b) No ERISA Event has occurred, is occurring or is reasonably expected to occur that, individually or in the aggregate, has resulted in, results or will reasonably be expected to result in a Material Adverse Effect.

30.27 **Federal Reserve Regulations**

- (a) No Obligor is engaged or will engage, principally or as one of its important activities, in the business of purchasing or carrying Margin Stock or extending credit for the purpose of purchasing or carrying Margin Stock.
- (b) None of the proceeds of the Loans or other extensions of credit under this Agreement will be used, directly or indirectly, for the purpose of buying or carrying any Margin Stock, for the purpose of reducing or retiring any Financial Indebtedness that was originally incurred to buy or carry any Margin Stock or for any other purpose which might cause all or any Loans or other extensions of credit under this Agreement to be considered a “purpose credit” within the meaning of Regulation U or Regulation X.

30.28 **Investment Companies**

No Obligor, person controlling an Obligor or Subsidiary of an Obligor is or is required to be registered as an “investment company” under the U.S. Investment Company Act of 1940 (the “**1940 Act**”).

30.29 **Anti-Terrorism Laws and other U.S. Regulators**

- (a) No Obligor nor any Affiliate thereof: (i) is, or is controlled by, a Restricted Party; (ii) has received funds or other property from a Restricted Party; or (iii) is in breach of or is the subject of any action or investigation under any Anti-Terrorism Law.
- (b) Each Obligor and each Affiliate thereof has taken reasonable measures to ensure compliance with the Anti-Terrorism Laws.
- (c) No part of the proceeds of the Loans or other extensions of credit under this Agreement will be used, directly or indirectly, for any payments to any governmental official or employee, political party, official of a political party, candidate for political office, or anyone else acting in an official capacity, in order to obtain, retain or direct business or obtain any improper advantage, in violation of the United States Foreign Corrupt Practices Act of 1977, as amended.
- (d) None of the U.S. Obligors nor any of their respective Subsidiaries is subject to regulation under the U.S. Federal Power Act or the U.S. Interstate Commerce Act or under any other U.S. federal or state statute or regulation which may limit its ability to incur Financial Indebtedness or which may otherwise render all or any portion of their respective obligations under the Finance Documents unenforceable.

30.30 Solvency

The U.S. Obligors are Solvent. As used in this clause, “Solvent” means, with respect to a particular date and U.S. Obligor, that on such date (i) the present fair market value (or present fair saleable value) of the assets of such U.S. Obligor is not less than the total amount required to pay the probable liabilities of such U.S. Obligor on its total existing debts and liabilities (including contingent liabilities) as they become absolute and matured, (ii) such U.S. Obligor is able to realize upon its assets and pay its debts and other liabilities, contingent obligations and commitments as they mature and become due in the normal course of business, (iii) assuming the incurrence of the Loans as contemplated by this Agreement, such U.S. Obligor is not incurring debts or liabilities beyond its ability to pay as such debts and liabilities mature, (iv) such U.S. Obligor is not engaged in any business or transaction, and is not about to engage in any business or transaction, for which its property would constitute unreasonably small capital after giving due consideration to the prevailing practice in the industry in which such U.S. Obligor is engaged, and (v) such U.S. Obligor could not be deemed to be unable to pay its debts for the purpose of Section 123 (1) or (2) of the Insolvency Act 1986 (for this purpose omitting the words “proved to the satisfaction of the court” from Section 123(1)(e)). In computing the amount of such contingent liabilities at any time, it is intended that such liabilities will be computed at the amount that, in the light of all the facts and circumstances existing at such time, represents the amount that can reasonably be expected to become an actual or matured liability.

30.31 Sanctions

No Obligor, nor any of its Subsidiaries or directors, is either:

- (a) listed, or is owned or controlled, directly or indirectly, by any person which is listed, on an SDN List;
- (b) located, organised or resident in a country which is the subject of sanctions by any applicable Authority; or
- (c) a governmental agency, authority, or body or state-owned enterprise of any country which is the subject of sanctions by any applicable Authority.

30.32 Anti-corruption Law

Each member of the Group conducts its business in compliance with applicable anti-corruption laws and has instituted and maintained policies and procedures designed to promote and achieve compliance with such laws.

30.33 Times when representations made

- (a) All the representations and warranties in this clause 30 are made by each Obligor on the date of this Agreement.
- (b) The Repeating Representations are deemed to be made by each Obligor on the date of each Utilisation Request, on each Utilisation Date, on the first day of each Interest Period and, if an Interest Period is longer than six Months, on the dates falling at six Monthly intervals after the first day of that Interest Period (except that those contained in clauses 30.13(a) to 30.13(d) (Original Financial Statements) will cease to be so made once subsequent financial statements have been delivered under this Agreement).
- (c) The representations and warranties in clause 30.12(e) (No misleading information) are deemed to be made on the date of completion of the relevant Permitted Acquisition.

-
- (d) All the representations and warranties in this clause 30:
 - (i) are deemed to be made by the Parent and each Additional Obligor on the day on which that Additional Obligor becomes (or it is proposed that it becomes) an Additional Obligor;
 - (ii) (except clause 30.12 (No misleading information), clause 30.19 (Group Structure Chart) and clause 30.23 (No adverse consequences)) are deemed to be made by any other Additional Obligor on the day on which it becomes (or it is proposed that it becomes) an Additional Obligor.
 - (e) Each representation or warranty deemed to be made after the date of this Agreement shall be deemed to be made by reference to the facts and circumstances existing at the date the representation or warranty is deemed to be made.

31. INFORMATION UNDERTAKINGS

31.1 General

- (a) The undertakings in this clause 31 remain in force from the date of this Agreement for so long as any amount is outstanding under the Finance Documents or any Commitment is in force.
- (b) In this clause 31:
 - (i) **“Annual Financial Statements”** means the financial statements for a Financial Year delivered pursuant to clause 31.2 (Financial statements); and
 - (ii) **“Quarterly Financial Statements”** means the financial statements for a Financial Quarter delivered pursuant to clause 31.2 (Financial statements).

31.2 Financial statements

The Parent shall procure that each Obligor shall deliver to the Agent in sufficient copies for all the Lenders:

- (a) as soon as they are available, but in any event within 120 days (or 75 days in respect of the Parent) after the end of each of its Financial Years:
 - (i) the audited consolidated financial statements of the Parent for that Financial Year;
 - (ii) the audited financial statements of each Obligor for that Financial Year or, if such Obligor is not required to produce audited financial statements and has not done so for that Financial Year, its management schedules for such Financial Year, together with an agreed-upon procedures report from the Auditors in relation to such management schedules, provided that any Additional Obligor which is not otherwise required to produce audited financial statements must also provide audited financial statements if the Agent so requests;
- (b) as soon as they are available, but in any event within 45 days after the end of the Financial Quarter of each of its Financial Years, the consolidated financial statements of the Parent for that Financial Quarter; and
- (c) in the case of each member of the Group with consolidated loss and LAE reserves in excess of \$25,000,000, as soon as it is available, but in any event within 120 days after the end of each of their respective Financial Years, an actuarial report on the sufficiency of its consolidated loss and LAE reserves conducted by a duly qualified independent actuarial company.

31.3 **Provision and contents of Compliance Certificate**

- (a) The Parent shall supply a Compliance Certificate to the Agent with each set of its audited consolidated Annual Financial Statements and (other than Quarterly Financial Statements for the fourth Financial Quarter of each Financial Year) each set of its consolidated Quarterly Financial Statements.
- (b) The Compliance Certificate shall, amongst other things, set out (in reasonable detail) computations as to compliance with clause 32 (Financial Covenants) including confirmation that the Parent is in compliance with clause 32.2(c) (Requisite Rating).
- (c) Each Compliance Certificate shall be signed by two directors and, if required to be delivered with the consolidated Annual Financial Statements of the Parent, shall be reported on by the Parent's Auditors in the form agreed by the Parent and the Majority Lenders.

31.4 **Requirements as to financial statements**

- (a) The Parent shall procure that each set of Annual Financial Statements and Quarterly Financial Statements includes a balance sheet, profit and loss account and cashflow statement. In addition, the Parent shall procure that:
 - (i) each set of Annual Financial Statements shall where required be audited by the Auditors; and
 - (ii) each set of Quarterly Financial Statements is accompanied by a cash distribution schedule in respect of the Group relating to the twelve month period commencing at the end of the relevant Financial Quarter.
- (b) Each set of financial statements delivered pursuant to clause 31.2 (Financial Statements):
 - (i) shall be certified by the Chief Financial Officer of the Parent as giving a true and fair view of (in the case of Annual Financial Statements for any Financial Year), or fairly representing (in other cases), the financial condition and operations of the relevant person or persons covered by those financial statements as at the date as at which those financial statements were drawn up and, in the case of the Annual Financial Statements, shall be accompanied by any letter addressed to the management of the relevant company by the Auditors and accompanying those Annual Financial Statements;
 - (ii) in the case of consolidated financial statements of the Group, shall be accompanied by a statement by the Chief Financial Officer of the Parent comparing actual performance for the period to which the financial statements relate to:
 - (A) the projected performance for that period set out in the Budget; and
 - (B) the actual performance for the corresponding period in the preceding Financial Year of the Group; and
 - (iii) shall be prepared using the Accounting Principles, accounting practices and financial reference periods consistent with those applied in the preparation of the Original Financial Statements of the Obligor or other member of the

Group concerned, unless, in relation to any set of financial statements, the Parent notifies the Agent that there has been a change in the Accounting Principles or the accounting practices and its Auditors (or, if appropriate, the Auditors of the Obligor) deliver to the Agent:

- (A) a description of any change necessary for those financial statements to reflect the Accounting Principles or accounting practices upon which the Original Financial Statements of the Obligor or other member of the Group concerned were prepared; and
- (B) sufficient information, in form and substance as may be reasonably required by the Agent, to enable the Lenders to determine whether clause 32 (Financial Covenants) has been complied with and to make an accurate comparison between the financial position indicated in those financial statements and the Original Financial Statements of the Obligor or other member of the Group concerned.

Any reference in this Agreement to any financial statements shall be construed as a reference to those financial statements as adjusted to reflect the basis upon which the Original Financial Statements were prepared.

- (c) If the Agent receives a report from the Parent's Auditors pursuant to clause 31.4(b)(iii) above, the Majority Lenders (in consultation with the Parent and the Auditors) may require such changes to the covenants set out in clause 32 (Financial covenants) as are necessary solely to reflect the changes notified to them.

31.5 **Budget**

- (a) The Parent shall supply to the Agent in sufficient copies for all the Lenders, as soon as the same become available but in any event not less than 60 days after the start of each of its Financial Years, an annual Budget for that Financial Year.
- (b) The Parent shall ensure that each Budget:
 - (i) is in a format reasonably acceptable to the Agent and includes a projected consolidated profit and loss, balance sheet and cash distribution schedule for the Group, projected financial covenant calculations and Capital Expenditure to be incurred and its anticipated timing; and
 - (ii) is prepared in accordance with the Accounting Principles and the accounting practices and financial reference periods applied to financial statements under clause 31.2 (Financial statements).
- (c) If the Parent updates or changes the Budget, it shall promptly deliver to the Agent, in sufficient copies for each of the Lenders, such updated or changed Budget together with a written explanation of the main changes in that Budget.

31.6 **Year-end**

- (a) The Parent shall procure that the end of each Financial Year of each member of the Group falls on 31 December.
- (b) The Parent shall procure that each quarterly accounting period and each Financial Quarter of each member of the Group ends on a Quarter Date.

31.7 **Information: miscellaneous**

The Parent shall supply to the Agent (in sufficient copies for all the Lenders, if the Agent so requests):

- (a) within 30 days after submission to the relevant governmental or regulatory authority, all material returns required to be prepared by any member of the Group in accordance with any applicable law, rule, regulation or direction of the Bermuda Monetary Authority, the PRA, FCA or any other governmental or regulatory authority;
- (b) at the same time as they are dispatched, copies of all documents dispatched by the Parent to its shareholders generally (or any class of them) or dispatched by the Parent or any Obligor to its creditors generally (or any class of them);
- (c) promptly upon becoming aware of them, the details of any litigation, arbitration or administrative proceedings which are current, threatened or pending against any member of the Group outside the normal course of business, and which, if adversely determined would involve a liability, or a potential or alleged liability, exceeding U.S.\$2,000,000 (or its equivalent in other currencies);
- (d) written notice of any business or transaction undertaken by the Borrower or any member of the Group involving (directly or indirectly) any of Sudan, Iran, Myanmar (Burma), Cuba, North Korea, Syria, Russia, Crimea or the Donbas region of Ukraine to the extent possible in advance of, and in any event promptly upon, the Borrower or such member of the Group commencing such business or transaction, together with sufficient details of such business or transaction as any Finance Party may require to satisfy any sanctions-related laws, regulations or requirements to which it is subject;
- (e) promptly, copies of any material correspondence, documentation or other communication dispatched by or to the PRA, FCA or other relevant regulatory body in respect of any member of the Group's regulatory capital requirements
- (f) promptly, copies of any agreement for the acquisition or disposal of a Subsidiary or for an insurance business transfer to or from any member of the Group, together with copies of all documents sent to policyholders in connection with any such insurance business transfer; and
- (g) promptly on request, such further information regarding the financial condition, assets and operations of the Group and/or any member of the Group (including any requested amplification or explanation of any item in the financial statements, budgets or other material provided by any Obligor under this Agreement and an up to date copy of its shareholders' register (or equivalent in its jurisdiction of incorporation)) as any Finance Party through the Agent may reasonably request.

31.8 **Notification of default**

- (a) Each Obligor shall notify the Agent of any Default (and the steps, if any, being taken to remedy it) promptly upon becoming aware of its occurrence (unless that Obligor is aware that a notification has already been provided by another Obligor).
- (b) Promptly upon a request by the Agent, the Parent shall supply to the Agent a certificate signed by two of its directors or senior officers on its behalf certifying that no Default is continuing (or if a Default is continuing, specifying the Default and the steps, if any, being taken to remedy it).

31.9 “Know your customer” checks

- (a) If:
- (i) the introduction of or any change in (or in the interpretation, administration or application of) any law or regulation made after the date of this Agreement;
 - (ii) any change in the status of an Obligor or the composition of the shareholders of an Obligor after the date of this Agreement; or
 - (iii) a proposed assignment or transfer by a Lender of any of its rights and/or obligations under this Agreement to a party that is not a Lender prior to such assignment or transfer,

obliges the Agent or any Lender (or, in the case of clause 31.9(a)(iii) above, any prospective new Lender) to comply with “know your customer” or similar identification procedures in circumstances where the necessary information is not already available to it, each Obligor shall (and the Parent shall ensure that each Obligor shall) promptly upon the request of the Agent or any Lender supply, or procure the supply of, such documentation and other evidence as is reasonably requested by the Agent (for itself or on behalf of any Lender) or any Lender (for itself or, in the case of the event described in clause 31.9(a)(iii) above, on behalf of any prospective new Lender) in order for the Agent, such Lender or, in the case of the event described in clause 31.9(a)(iii) above, any prospective new Lender to carry out and be satisfied with the results of all necessary “know your customer” or other checks in relation to any relevant person pursuant to the transactions contemplated in the Finance Documents.

- (b) Each Lender shall promptly upon the request of the Agent supply, or procure the supply of, such documentation and other evidence as is reasonably requested by the Agent (for itself) in order for the Agent to carry out and be satisfied with the results of all necessary “know your customer” or other checks on Lenders or prospective new Lenders pursuant to the transactions contemplated in the Finance Documents.
- (c) The Parent shall, by not less than 10 Business Days’ prior written notice to the Agent, notify the Agent (which shall promptly notify the Lenders) of its intention to request that one of its Subsidiaries becomes an Additional Obligor pursuant to clause 36 (Changes to the Obligors).
- (d) Following the giving of any notice pursuant to clause 31.9(c) above, if the accession of such Additional Obligor obliges the Agent or any Lender to comply with “know your customer” or similar identification procedures in circumstances where the necessary information is not already available to it, the Parent shall promptly upon the request of the Agent or any Lender supply, or procure the supply of, such documentation and other evidence as is reasonably requested by the Agent (for itself or on behalf of any Lender) or any Lender (for itself or on behalf of any prospective new Lender) in order for the Agent, or such Lender or any prospective new Lender to carry out and be satisfied it has complied with all necessary “know your customer” or other checks in relation to any relevant person pursuant to the accession of such Subsidiary to this Agreement as an Additional Obligor.

31.10 **ERISA**

The Parent shall promptly notify the Lender(s) if:

- (a) any Obligor has underlying assets which constitute “plan assets” within the Plan Asset Rules; and
- (b) an ERISA Event occurs or is reasonably expected to occur that, individually or in the aggregate, results or will reasonably be expected to result in a Material Adverse Effect.

32. **FINANCIAL COVENANTS**

32.1 **Financial definitions**

In this clause 32:

“**Consolidated Tangible Net Worth**” means, at any time, the aggregate of the Equity Shareholders Funds of the Parent on the last day of the Relevant Period minus any goodwill, Intellectual Property or other intangible assets included in the calculation of Equity Shareholders Funds, in each case so that no amount shall be included or excluded more than once.

“**Consolidated Financial Indebtedness**” means, at any time, the aggregate outstanding principal, capital or nominal amount (and any fixed or minimum premium payable on prepayment or redemption) of any Financial Indebtedness of members of the Group, excluding any such obligations to any other member of the Group and including, in the case of finance leases only, their capitalised value.

“**Equity Shareholders Funds**” means the aggregate amount of paid up or credited as paid up on the issued share capital of the Parent (including on the share premium account) and of the amounts standing to the credit of revenue reserves of the Parent excluding, in each case, and for the avoidance of doubt, any non-controlling interests as detailed in the most recent consolidated financial statements of the Parent.

“**Financial Quarter**” means the period commencing on the day after one Quarter Date and ending on the next Quarter Date.

“**Financial Year**” means each period of twelve months ending on 31 December.

“**Quarter Date**” means each of 31 March, 30 June, 30 September and 31 December.

“**Relevant Period**” means:

- (a) for the purposes of any calculation in a Compliance Certificate to be delivered pursuant to clause 31.3 (Provision and contents of Compliance Certificate) each period of twelve months (or, if shorter, the period from the date of this Agreement) ending on each Quarter Date; and
- (b) for all other purposes each period of twelve months ending on the relevant calculation date.

“**Total Capital**” means, in respect of any Relevant Period, the sum of the Consolidated Financial Indebtedness of the Parent on the last day of that Relevant Period and the Consolidated Tangible Net Worth of the Parent on the last day of that Relevant Period.

32.2 **Financial condition**

The Parent shall ensure that:

- (a) Borrower Net Worth: the Consolidated Tangible Net Worth of the Parent shall at all times not be less than the aggregate of:
 - (i) U.S.\$1,500,000,000;

- (ii) 50 per cent of the net income available for distribution to common shareholders of the Parent at any time after 30 June 2014; and
- (iii) 75 per cent of the proceeds of any common stock issuance of the Parent made after the date of this Agreement.
- (b) Gearing Ratio: the Consolidated Financial Indebtedness of the Parent shall not at any time be more than 35 per cent of the Total Capital.
- (c) Requisite Rating: the weighted average rating of the aggregate cash and fixed income portfolio (determined by reference to the lowest individual rating given by any Rating Agency to each investment) of the Group shall not at any time be less than BBB (or its equivalent).

32.3 Financial testing

- (a) The financial covenant set out in clause 32.2(a) (Borrower Net Worth) shall be calculated in accordance with the generally accepted accounting principles in the United States of America and the financial covenants set out in clauses 32.2(b) (Gearing Ratio) and 32.2(c) (Requisite Rating) shall be calculated in accordance with the Accounting Principles and, in each case, shall be tested first by reference to the Quarterly Financial Statements and where available, by reference to the Annual Financial Statements (each delivered in accordance with clause 31.2(a) and 22.2(b) (Financial Statements) and each Compliance Certificate delivered pursuant to clause 31.3 (Provision and contents of Compliance Certificate)).
- (b) No item shall be deducted or credited more than once in any calculation.
- (c) Where an amount in any financial statement or Compliance Certificate is not denominated in U.S. Dollars, it shall be converted into U.S. Dollars at the rate specified in the financial statements so long as such rate has been set in accordance with the Accounting Principles.
- (d) The financial covenants in clauses 32.2(a) (Borrower Net Worth) to 32.2(c) (Requisite Rating) of clause 32.2 (Financial condition) shall apply on a continuing basis but shall be tested on each Quarter Date commencing with the 30 September 2014 Quarter Date.

33. GENERAL UNDERTAKINGS

The undertakings in this clause 33 remain in force from the date of this Agreement for so long as any amount is outstanding under the Finance Documents or any Commitment is in force.

33.1 Authorisations

Each Obligor shall promptly:

- (a) obtain, comply with and do all that is necessary to maintain in full force and effect; and
- (b) supply certified copies to the Agent of,

any Authorisation required under any law or regulation of a Relevant Jurisdiction to enable it to: (i) perform its obligations under the Finance Documents; (ii) ensure the legality, validity, enforceability or admissibility in evidence of any Finance Document; and (iii) carry on its business where failure to do so has or is reasonably likely to have a Material Adverse Effect.

33.2 **Compliance with laws**

Each Obligor shall (and the Parent shall ensure that each member of the Group will) comply in all respects with all laws to which it may be subject, if failure so to comply has or is reasonably likely to have a Material Adverse Effect.

33.3 **Taxation**

- (a) Each Obligor shall (and the Parent shall ensure that each member of the Group will) pay and discharge all Taxes imposed upon it or its assets within the time period allowed without incurring penalties unless and only to the extent that:
- (i) such payment is being contested in good faith;
 - (ii) adequate reserves are being maintained for those Taxes; and
 - (iii) such payment can be lawfully withheld and failure to pay those Taxes does not have or is not reasonably likely to have a Material Adverse Effect.
- (b) No Obligor may change its residence for Tax purposes.

33.4 **Merger**

Other than in the case of a Permitted Transaction, no Obligor shall (and the Parent shall ensure that no member of the Group will) enter into (or agree to enter into) any amalgamation, demerger, merger, consolidation or corporate reconstruction.

33.5 **Change of business**

The Parent shall procure that no substantial change is made to the general nature of the business of the Parent or the Group taken as a whole from that carried on at the date of this Agreement.

33.6 **Acquisitions**

- (a) Except as permitted under clause 33.6(b) below, no Obligor shall (and the Parent shall ensure that no member of the Group will) acquire a company or any shares or securities or a business or undertaking (or, in each case, any interest in any of them).
- (b) Clause 33.6(a) above does not apply to a Permitted Acquisition.

33.7 **Holding Companies**

No Obligor shall trade, carry on any business, own any assets or incur any liabilities except for:

- (a) the provision of administrative services to other members of the Group of a type customarily provided by a holding company to its Subsidiaries;
- (b) ownership of shares in its Subsidiaries, intra-Group debit balances, intra-Group credit balances and other credit balances in bank accounts, cash and Cash Equivalent Investments;

-
- (c) any liabilities under the Finance Documents to which it is a party and professional fees and administration costs in the ordinary course of business as a holding company;
 - (d) making claims (and the receipt of any related proceeds) for rebates or indemnification in respect of Taxes;
 - (e) liabilities in connection with any litigation or court or other proceedings that are, in each case, being contested in good faith;
 - (f) liabilities arising under the issue of shares to its shareholders and capital contributions to its direct Subsidiaries;
 - (g) the making of any payment or distribution, or the advancing of any loan not prohibited by this Agreement;
 - (h) liabilities arising from entering into and performing any rights or obligations in respect of (i) any agreement with a Rating Agency and (ii) engagement letters and reliance letters in respect of legal, accounting and other advice or reports received or commissioned by it, in each case, in relation to transactions which are not prohibited by this Agreement; or
 - (i) liabilities incurred as a result of operation of law.

33.8 **Pari passu ranking**

Each Obligor shall ensure that at all times any unsecured and unsubordinated claims of a Finance Party against it under the Finance Documents rank at least pari passu with the claims of all its other unsecured and unsubordinated creditors except those creditors whose claims are mandatorily preferred by laws of general application to companies.

33.9 **Negative pledge**

- (a) Except as permitted under clause 33.9(b) below:
 - (i) No Obligor shall (and the Parent shall ensure that no member of the Group will) create or permit to subsist any Security over any of its assets.
 - (ii) No Obligor shall (and the Parent shall ensure that no member of the Group will):
 - (A) sell, transfer or otherwise dispose of any of its assets on terms whereby they are or may be leased to or re-acquired by any other member of the Group;
 - (B) sell, transfer or otherwise dispose of any of its receivables on recourse terms;
 - (C) enter into any arrangement under which money or the benefit of a bank or other account may be applied, set-off or made subject to a combination of accounts; or
 - (D) enter into any other preferential arrangement having a similar effect,
- in circumstances where the arrangement or transaction is entered into primarily as a method of raising Financial Indebtedness or of financing the acquisition of an asset. A transaction referred to in this paragraph (c) is termed Quasi-Security.

(b) Clause 24.9(a) above does not apply to any Security or (as the case may be) Quasi-Security, which is:

- (i) Permitted Security; or
- (ii) given under the Finance Documents.

33.10 Disposals

(a) Except as permitted under clause 33.10(b) below, no Obligor shall (and the Parent shall ensure that no member of the Group will) enter into a single transaction or a series of transactions (whether related or not) and whether voluntary or involuntary to sell, lease, surrender, set-off, transfer, licence or otherwise dispose of any asset.

(b) Clause 33.10(a) above does not apply to any sale, lease, transfer or other disposal which is:

- (i) a Permitted Disposal; or
- (ii) a Permitted Transaction which is referred to in paragraph (a) of the definition of that term.

33.11 Arm's length basis

(a) Except as permitted by clause 33.11(a) below, no Obligor (and the Parent shall ensure that no member of the Group will) shall enter into any transaction with any person except on bona fide arm's length terms.

(b) The payment of fees, costs and expenses payable under the Finance Documents in the amounts set out in the Finance Documents delivered to the Agent under clause 13.1 (Initial conditions precedent) or agreed by the Agent shall not be a breach of clause 33.11(a).

33.12 No Guarantees or indemnities

(a) Except as permitted under clause 33.12(b) below, no Obligor shall (and the Parent shall ensure that no member of the Group will) incur or allow to remain outstanding any guarantee, bond or indemnity in respect of any obligation of any person.

(b) Clause 33.12(a) above does not apply to a guarantee which is:

- (i) a Permitted Guarantee; or
- (ii) a Permitted Transaction which is referred to in paragraph (a) of the definition of that term.

33.13 Financial Indebtedness

(a) Except as permitted under clause 33.13(b) below, no Obligor shall (and the Parent shall ensure that no member of the Group will) incur or allow to remain outstanding any Financial Indebtedness.

(b) Clause 33.13(a) above does not apply to Financial Indebtedness which is:

- (i) Permitted Financial Indebtedness;
- (ii) contemplated by paragraph (a) of the definition of Permitted Transaction; or
- (iii) incurred by the Parent.

33.14 **Share capital**

No Obligor (other than the Parent) shall (and the Parent shall ensure that no member of the Group (other than the Parent) will) issue any shares except pursuant to a Permitted Share Issue.

33.15 **Pensions**

- (a) The Parent shall ensure that all pension schemes operated by or maintained for the benefit of members of the Group incorporated in the United Kingdom and/or any of their employees are funded in accordance with the requirements of the Pensions Act 1995 in relation to the minimum funding requirement (where the scheme is subject to the minimum funding requirement under that Act) and in accordance with the requirements of the Pensions Act 2004 in relation to the statutory funding objective (where the scheme is subject to the statutory funding objective under that Act) and that no action or omission is taken by any such member of the Group in relation to such a pension scheme which has or is reasonably likely to have a Material Adverse Effect (including the termination or commencement of winding-up proceedings of any such pension scheme or any member of the Group ceasing to employ any such member of such a pension scheme).
- (b) Except for the pension schemes (if any) for the time being operated by the Parent or in which it participates, the Parent shall ensure that no member of the Group incorporated in the United Kingdom is or has been at any time an employer (for the purposes of Sections 38 to 51 of the Pensions Act 2004) of an occupational pension scheme which is not a money purchase scheme (both terms as defined in the Pension Schemes Act 1993) or “connected” with or an “associate” of (as those terms are under in Sections 39 or 43 of the Pensions Act 2004) such an employer.
- (c) The Parent shall ensure that each member of the Group incorporated outside the United Kingdom is in compliance in all material respects with all applicable laws, regulations and contracts relating to the provision of pension schemes and any pension scheme(s) it operates or participates in.

33.16 **Access**

Each Obligor shall (not more than once in every Financial Year unless the Agent reasonably suspects a Default is continuing or may occur), permit the Agent and/or accountants or other professional advisers and contractors of the Agent free access at all reasonable times and on reasonable notice at the risk and cost of the Obligor to (a) the premises, assets, books, accounts and records of each member of the Group and (b) meet and discuss matters with Richard Harris, David Rocke and Gareth Nokes.

33.17 **Amendments**

- (a) No Obligor shall (and the Parent shall ensure that no member of the Group will) amend, vary, novate, supplement, supersede, waive or terminate any document delivered to the Agent pursuant to clause 4.1 (Initial Conditions Precedent) or clause 27 (Changes to the Obligors) or enter into any agreement with any shareholders of the Parent except in writing in a way which could not reasonably be expected to materially and adversely affect the interests of the Lenders and would not change the date, amount or method of payment of the dividends on the Parent’s shares.
- (b) The Parent shall promptly supply to the Agent a copy of any document relating to any of the matters referred to in clause 33.17(a) above.

33.18 **Financial assistance**

Each Obligor shall comply in all respects with any legislation governing the granting of financial assistance in its jurisdiction of incorporation including in relation to payment of amounts due under this Agreement.

33.19 **Treasury Transactions**

No Obligor shall enter into any Treasury Transaction for speculative purposes.

33.20 **Regulatory Compliance**

Each Obligor shall observe and comply with all applicable acts, byelaws and regulations (including, without limitation, under the Financial Services and Markets Act 2000 (and related subordinate legislation) and the FCA Rules and the PRA Rules (as amended from time to time) and any conditions or requirements prescribed under any applicable acts, byelaws and regulations), the failure to observe or comply with which would reasonably be expected to have a Material Adverse Effect.

33.21 **Maintenance of Regulatory Capital**

- (a) Each Obligor shall ensure that the Regulatory Cover of each Regulated Insurance Entity shall at all times be more than 1.1:1 or as otherwise agreed with the regulator of the relevant Regulated Insurance Entity.
- (b) No Event of Default under clause 25.3 (Other obligations) in relation to this clause 24.21 (Maintenance of Regulatory Capital) will occur if:
 - (i) the proceeds of an additional contributed surplus or any Permitted Share Issue (which are designated in writing by the Parent to the Agent as being provided for the purpose of this clause 24.21 (Maintenance of Regulatory Capital)) and/or any debt (subordinated on terms approved by the Agent acting reasonably) (in each case the “**New Regulatory Investment**”) is invested in the relevant Regulated Entity within five Business Days of the date on which the Parent becomes aware of a breach of clause 24.21(a) (Maintenance of Regulatory Capital); and
 - (ii) promptly following receipt by the relevant Regulated Entity of the proceeds of such New Regulatory Investment (and in any event prior to the expiry of such five Business Day period), a certificate signed by the finance director of the Parent is delivered to the Agent confirming that on recalculating the ratio set out in clause 24.21(a) (Maintenance of Regulatory Capital) would be complied with and attaching reasonable details of such calculations.

33.22 **Insurance**

- (a) Each Obligor shall (and the Parent shall ensure that each member of the Group will) maintain insurances on and in relation to its business and assets against those risks and to the extent as is usual for companies carrying on the same or substantially similar business.
- (b) All insurances must be with reputable independent insurance companies or underwriters.

33.23 **ERISA**

- (a) Each Obligor shall ensure that the affairs of each Obligor are conducted so that the underlying assets of each Obligor do not constitute “plan assets” within the meaning of the Plan Asset Rules.

-
- (b) No ERISA Event shall occur that, individually or in the aggregate, results or will reasonably be expected to result in a Material Adverse Effect.
 - (c) Each Plan shall be maintained and administered in all material respects with the applicable requirements of the Code, ERISA, and any other applicable law.

33.24 Federal Reserve Regulations

Each U.S. Borrower will use the Facility without violating Regulations T, U and X.

33.25 Compliance with U.S. Regulations

No Obligor shall (and the Parent shall ensure that no other member of the Group shall) become an “investment company,” or an “affiliated person” of, or “promoter” or “principal underwriter” for, an “investment company,” as such terms are defined in the 1940 Act. Neither the making of any Loan, or the application of the proceeds or repayment of any Loan by any Obligor nor the consummation of the other transactions contemplated by this Agreement will violate any provision of such act or any rule, regulation or order of the SEC under the 1940 Act.

33.26 Sanctions

Each Obligor will ensure that none of the proceeds of any Loan will, directly or indirectly, be used or paid for the purposes of any transaction related to either:

- (a) any person which is listed on the SDN List, or is owned or controlled, directly or indirectly, by any person listed on the SDN List; or
- (b) any country which is the subject of sanctions by any Authority.

33.27 Anti-corruption Law

- (a) No Obligor shall (and the Parent shall ensure that no other member of the Group will) directly or indirectly use the proceeds of the Facility for any purpose which would breach the Bribery Act 2010, the United States Foreign Corrupt Practices Act of 1977 or other similar legislation in other jurisdictions.
- (b) Each Obligor shall (and the Parent shall ensure that each other member of the Group will):
 - (i) take reasonable measures to conduct its businesses in compliance with applicable anti-corruption laws; and
 - (ii) take reasonable measures to maintain policies and procedures designed to promote and achieve compliance with such laws.

34. EVENTS OF DEFAULT

Each of the events or circumstances set out in this clause 34 is an Event of Default (save for clause 34.20 (Acceleration)).

34.1 Non-payment

An Obligor does not pay on the due date any amount payable pursuant to a Finance Document in the manner in which it is expressed to be payable unless:

- (a) its failure to pay is caused by:
 - (i) administrative or technical error by a bank in the transmission of funds; or
 - (ii) a Disruption Event; and
- (b) payment is made within five Business Days of its due date.

34.2 **Financial covenants and other obligations**

- (a) Any requirement of clause 32 (Financial Covenants) is not satisfied.
- (b) An Obligor does not comply with the provisions of clauses 31.1 to 31.6 (Information Undertakings) inclusive.

34.3 **Other obligations**

- (a) An Obligor does not comply with any provision of the Finance Documents (other than those referred to in clause 34.1 (Non-payment) and clause 34.2 (Financial covenants and other obligations)).
- (b) No Event of Default under clause 34.3(a) above will occur if the failure to comply is capable of remedy and is remedied within 10 Business Days after the earlier of the Agent giving notice to the Parent or relevant Obligor or the Parent or an Obligor becoming aware of the failure to comply.

34.4 **Misrepresentation**

- (a) Any representation, warranty or statement made or deemed to be made by an Obligor in the Finance Documents or any other document delivered by or on behalf of any Obligor under or in connection with any Finance Document is or proves to have been incorrect or misleading when made or deemed to be made.
- (b) No Event of Default under clause 34.4(a) above will occur if the failure to comply is capable of remedy and is remedied within 10 Business Days after the earlier of the Agent giving notice to the Obligor's Agent or relevant Obligor or the Obligor's Agent or an Obligor becoming aware of the failure to comply.

34.5 **Cross default**

- (a) Any Financial Indebtedness of any member of the Group is not paid when due nor within any originally applicable grace period.
- (b) Any Financial Indebtedness of any member of the Group is declared to be or otherwise becomes due and payable prior to its specified maturity as a result of an event of default (however described).
- (c) Any commitment for any Financial Indebtedness of any member of the Group is cancelled or suspended by a creditor of any member of the Group as a result of an event of default (however described).
- (d) Any creditor of any member of the Group becomes entitled to declare any Financial Indebtedness of any member of the Group due and payable prior to its specified maturity as a result of an event of default (however described).
- (e) No Event of Default will occur under this clauses 34.5 if the aggregate amount of Financial Indebtedness or commitment for Financial Indebtedness falling within clauses 34.5(a) to 34.5(d) above is less than U.S.\$10,000,000.

34.6 **Insolvency**

- (a) An Obligor or any member of the Group is unable or admits inability to pay its debts as they fall due or is deemed to or declared to be unable to pay its debts

under applicable law, suspends or threatens to suspend making payments on any of its debts or, by reason of actual or anticipated financial difficulties, commences negotiations with one or more of its creditors with a view to rescheduling any of its indebtedness.

- (b) The value of the assets of any Obligor or any member of the Group is less than its liabilities (taking into account contingent and prospective liabilities).
- (c) A moratorium is declared in respect of any indebtedness of any Obligor or any member of the Group. If a moratorium occurs, the ending of the moratorium will not remedy any Event of Default caused by that moratorium.
- (d) Any Obligor shall in any U.S. jurisdiction:
 - (i) apply for, or consent to, the appointment of, or the taking of possession by, a receiver, custodian, trustee, examiner or liquidator of itself or of all or a substantial part of its property;
 - (ii) make a general assignment for the benefit of its creditors;
 - (iii) commence a voluntary case under Title 11 of the United States of America Code entitled Bankruptcy (or any successor thereof), as amended;
 - (iv) file a petition with respect to itself seeking to take advantage of any other law relating to bankruptcy, insolvency, reorganisation, liquidation, dissolution, arrangement or winding up, or composition or readjustment of debts; or
 - (v) take any corporate action for the purpose of effecting any of the foregoing with respect to itself.

34.7 Insolvency proceedings

- (a) Any corporate action, legal proceedings or other procedure or step is taken in relation to:
 - (i) the suspension of payments, a moratorium of any indebtedness, winding-up, dissolution, administration or reorganisation (by way of voluntary arrangement, scheme of arrangement or otherwise) of any Obligor or any member of the Group other than in respect of a solvent liquidation or reorganisation of any member of the Group;
 - (ii) a composition, compromise, assignment or arrangement with any creditor of any Obligor or any member of the Group;
 - (iii) the appointment of a liquidator (other than in respect of a solvent liquidation or reorganisation of any member of the Group), receiver, administrative receiver, administrator, compulsory manager or other similar officer in respect of any Obligor or any member of the Group or any of its assets; or
 - (iv) enforcement of any Security over any assets of any Obligor or any member of the Group,or any analogous procedure or step is taken in any jurisdiction.
- (b) Clause 34.7(a) above shall not apply to any winding-up petition which is frivolous or vexatious and is discharged, stayed or dismissed within 14 days of commencement, or, if earlier, the date on which it is advertised.

-
- (c) In respect of any Obligor, a proceeding or case shall be commenced, without the application or consent of such Obligor, in any U.S. court of competent jurisdiction, seeking:
- (i) its reorganisation, liquidation, dissolution, arrangement or winding-up or the composition or readjustment of its debts;
 - (ii) the appointment of a receiver, custodian, trustee, examiner, liquidator or the like of the Obligor or of all or any substantial part of its property; or
 - (iii) similar relief in respect of any Obligor under any law relating to the bankruptcy insolvency, reorganisation, winding-up or composition or adjustment of debts,

and any such proceeding or case referred to in paragraphs (i)-(iii) above shall continue undismissed, or an order, judgment or decree approving or ordering any of the foregoing shall be entered and continue unstayed and in effect, for a period of 21 or more days, or an order for relief against such Obligor shall be entered in an involuntary case under Title 11 of the United States of America Code entitled Bankruptcy (or any successor thereto) as amended.

34.8 Creditors' process

Any expropriation, attachment, sequestration, distress or execution or any analogous process in any jurisdiction affects any asset or assets of an Obligor or a member of the Group having an aggregate value of U.S.\$5,000,000 or more and is not discharged within 7 days.

34.9 Unlawfulness and invalidity

- (a) It is or becomes unlawful for an Obligor to perform any of its obligations under the Finance Documents.
- (b) Any Finance Document ceases to be in full force and effect or is alleged by an Obligor to be ineffective.

34.10 Cessation of business

Any Obligor or any member of the Group suspends or ceases to carry on (or threatens to suspend or cease to carry on) all or a material part of its business except as a result of a disposal which is a Permitted Disposal or a Permitted Transaction which is contemplated in paragraph (a) of the definition of that term.

34.11 Change of ownership

An Obligor (other than the Parent) ceases to be a wholly-owned Subsidiary of the Parent.

34.12 Audit qualification

The Auditors of the Group adversely qualify the audited annual consolidated financial statements of the Parent.

34.13 Expropriation

The authority or ability of any Obligor or any member of the Group to conduct its business is limited or wholly or substantially curtailed by any seizure, expropriation, nationalisation, intervention, restriction or other action (each an "**Expropriation Action**") by or on behalf of any governmental, regulatory or other authority or other person in relation to any Obligor or any member of the Group or any of its assets and such Expropriation Action could reasonably be expected to have a Material Adverse Effect.

34.14 **Repudiation and rescission of agreements**

An Obligor (or any other relevant party other than a Finance Party) or the Shareholder rescinds or purports to rescind or repudiates or purports to repudiate a Finance Document or evidences an intention to rescind or repudiate a Finance Document.

34.15 **Litigation**

Any litigation, arbitration, administrative, governmental, regulatory or other investigations, proceedings or disputes are commenced or threatened in relation to the Finance Documents or the transactions contemplated in the Finance Documents or against any Obligor or any member of the Group or its assets and which if successful would be reasonably likely to have a Material Adverse Effect.

34.16 **Regulatory Sanctions**

Any fine, levy or sanctions are imposed upon any member of the Group by the PRA or the FCA or by any equivalent regulatory authority in any other jurisdiction or under FSMA or any equivalent legislation or regulation in any other jurisdiction which the Majority Lenders reasonably believe has or is reasonably likely to have a Material Adverse Effect.

34.17 **Cessation of licences**

- (a) The cessation, variation or imposition of limitations (for any reason) of any consent, authorisation, licence and/or exemption which is required to enable the Parent or any Subsidiary to carry on its business, or the taking by any governmental, regulatory or other authority of any action in relation to the Parent or any Subsidiary which the Majority Lenders reasonably believe has or is reasonably likely to have a Material Adverse Effect.
- (b) No Event of Default under paragraph (a) above will occur if the failure to comply is capable of remedy and is remedied within 20 Business Days of the earlier of (1) the Agent giving notice to the Parent and (2) the Parent becoming aware of the failure to comply.

34.18 **Material adverse change**

Any event or circumstance occurs which the Majority Lenders reasonably believe has or is reasonably likely to have a Material Adverse Effect.

34.19 **ERISA**

- (a) Any Obligor has underlying assets which constitute "plan assets" within the Plan Asset Rules.
- (b) An ERISA Event shall occur that, individually or in the aggregate, results or will reasonably be expected to result in a Material Adverse Effect.

34.20 **Acceleration**

On and at any time after the occurrence of an Event of Default which is continuing the Agent may, and shall if so directed by the Majority Lenders, by notice to the Parent:

- (a) cancel the Total Commitments at which time they shall immediately be cancelled;

-
- (b) declare that all or part of the Loans, together with accrued interest, and all other amounts accrued or outstanding under the Finance Documents be immediately due and payable, at which time they shall become immediately due and payable; and/or
 - (c) declare that all or part of the Loans be payable on demand, at which time they shall immediately become payable on demand by the Agent on the instructions of the Majority Lenders,

provided that if an Event of Default under Clause 25.6(d) or 25.7(c) shall occur, then without notice to such Obligor or any other act by the Agent or any other person, the Loans, interest thereon, and all other amounts owed by such Obligor under the Finance Documents shall become immediately due and payable without presentment, demand, protest or notice of any kind, all of which are expressly waived.

35. CHANGES TO THE LENDERS

35.1 Assignments and transfers by the Lenders

Subject to this clause 35, a Lender (Existing Lender) may:

- (a) assign any of its rights; or
- (b) transfer by novation any of its rights and obligations, under any Finance Document to another bank or financial institution or to a trust, fund or other entity which is regularly engaged in or established for the purpose of making, purchasing or investing in loans, securities or other financial assets (“**New Lender**”).

35.2 Conditions of assignment or transfer

- (a) The consent of the Parent is required for an assignment or transfer by an Existing Lender unless the assignment or transfer is:
 - (i) to another Lender or an Affiliate of a Lender;
 - (ii) if the Existing Lender is a fund, to a fund which is a Related Fund of the Existing Lender; or
 - (iii) made at a time when an Event of Default is continuing.
- (b) The consent of the Parent to an assignment or transfer by an Existing Lender must not be unreasonably withheld or delayed. The Parent will be deemed to have given its consent five Business Days after the Existing Lender has requested it unless consent is expressly refused by the Parent within that time.
- (c) An assignment will only be effective on:
 - (i) receipt by the Agent (whether in the Assignment Agreement or otherwise) of written confirmation from the New Lender (in form and substance satisfactory to the Agent) that the New Lender will assume the same obligations to the other Finance Parties as it would have been under if it was an Original Lender; and
 - (ii) the performance by the Agent of all necessary “know your customer” or other similar checks under all applicable laws and regulations in relation to such assignment to a New Lender, the completion of which the Agent shall promptly notify to the Existing Lender and the New Lender.

(d) A transfer will only be effective if the procedure set out in clause 35.5 (Procedure for transfer) is complied with.

(e) If:

- (i) a Lender assigns or transfers any of its rights or obligations under the Finance Documents or changes its Facility Office; and
- (ii) as a result of circumstances existing at the date the assignment, transfer or change occurs, an Obligor would be obliged to make a payment to the New Lender or Lender acting through its new Facility Office under clause 24 (Tax gross-up and indemnities) or clause 25.1 (Increased costs),

then (unless the assignment, transfer or charge has been made in mitigation in accordance with clause 27 (Mitigation by the Lenders)) the New Lender or Lender acting through its new Facility Office is only entitled to receive payment under those clauses to the same extent as the Existing Lender or Lender acting through its previous Facility Office would have been if the assignment, transfer or change had not occurred. This paragraph (e) shall not apply in relation to clause 24.2 (Tax gross up), to a Treaty Lender that has included a confirmation of its scheme reference number and its jurisdiction of tax residence in accordance with paragraph (g) of clause 24.2 (Tax gross-up) if the Obligor making the payment has not made a Borrower DTTP Filing in respect of that Treaty Lender.

- (f) Each New Lender, by executing the relevant Transfer Certificate or Assignment Agreement, confirms, for the avoidance of doubt, that the Agent has authority to execute on its behalf any amendment or waiver that has been approved by or on behalf of the requisite Lender or Lenders in accordance with this Agreement on or prior to the date on which the transfer or assignment becomes effective in accordance with this Agreement and that it is bound by that decision to the same extent as the Existing Lender would have been had it remained a Lender.

35.3 **Assignment or transfer fee**

Unless the Agent otherwise agrees and excluding an assignment or transfer:

- (a) to an Affiliate of a Lender;
- (b) to a Related Fund; or
- (c) made in connection with primary syndication of the Facility,

the New Lender shall, on the date upon which an assignment or transfer takes effect, pay to the Agent (for its own account) a fee of £1,000.

35.4 **Limitation of responsibility of Existing Lenders**

- (a) Unless expressly agreed to the contrary, an Existing Lender makes no representation or warranty and assumes no responsibility to a New Lender for:
 - (i) the legality, validity, effectiveness, adequacy or enforceability of the Finance Documents or any other documents;
 - (ii) the financial condition of any Obligor;
 - (iii) the performance and observance by any Obligor or any other member of the Group of its obligations under the Finance Documents or any other documents; or
 - (iv) the accuracy of any statements (whether written or oral) made in or in connection with any Finance Document or any other document,

and any representations or warranties implied by law are excluded.

- (b) Each New Lender confirms to the Existing Lender and the other Finance Parties that it:
 - (i) has made (and shall continue to make) its own independent investigation and assessment of the financial condition and affairs of each Obligor and its related entities in connection with its participation in this Agreement and has not relied exclusively on any information provided to it by the Existing Lender or any other Finance Party in connection with any Finance Document; and
 - (ii) will continue to make its own independent appraisal of the creditworthiness of each Obligor and its related entities whilst any amount is or may be outstanding under the Finance Documents or any Commitment is in force.
- (c) Nothing in any Finance Document obliges an Existing Lender to:
 - (i) accept a re-transfer or reassignment from a New Lender of any of the rights and obligations assigned or transferred under this clause 35; or
 - (ii) support any losses directly or indirectly incurred by the New Lender by reason of the non-performance by any Obligor of its obligations under the Finance Documents or otherwise.

35.5 Procedure for transfer

- (a) Subject to the conditions set out in clause 35.2 (Conditions of assignment or transfer) a transfer is effected in accordance with clause 35.5(c) below when the Agent executes an otherwise duly completed Transfer Certificate delivered to it by the Existing Lender and the New Lender. The Agent shall, subject to clause 35.5(b) below, as soon as reasonably practicable after receipt by it of a duly completed Transfer Certificate appearing on its face to comply with the terms of this Agreement and delivered in accordance with the terms of this Agreement, execute that Transfer Certificate.
- (b) The Agent shall only be obliged to execute a Transfer Certificate delivered to it by the Existing Lender and the New Lender upon its completion of all “know your customer” or other checks relating to any person that it is required to carry out in relation to the transfer to such New Lender.
- (c) Subject to clause 35.9 (Pro Rata Interest Settlement), on the Transfer Date:
 - (i) to the extent that in the Transfer Certificate the Existing Lender seeks to transfer by novation its rights, benefits and obligations under the Finance Documents, each of the Obligors and the Existing Lender shall be released from further obligations towards one another under the Finance Documents and their respective rights against one another under the Finance Documents shall be cancelled (being the **“Discharged Rights and Obligations”**);
 - (ii) each of the Obligors and the New Lender shall assume obligations towards one another and/or acquire rights and benefits against one another which differ from the Discharged Rights and Obligations only insofar as that Obligor or other member of the Group and the New Lender have assumed and/or acquired the same in place of that Obligor and the Existing Lender;

- (iii) the Agent, the Mandated Lead Arrangers, the New Lender and the other Lenders shall acquire the same rights and assume the same obligations between themselves as they would have acquired and assumed had the New Lender been an Original Lender with the rights, and/or obligations acquired or assumed by it as a result of the transfer and to that extent the Agent, the Mandated Lead Arrangers and the Existing Lender shall each be released from further obligations to each other under the Finance Documents; and
- (iv) the New Lender shall become a Party as a “**Lender**”.

35.6 Procedure for assignment

- (a) Subject to the conditions set out in clause 35.2 (Conditions of assignment or transfer) an assignment may be effected in accordance with clause 35.6(c) below when the Agent executes an otherwise duly completed Assignment Agreement delivered to it by the Existing Lender and the New Lender. The Agent shall, subject to clause 35.6(b) below, as soon as reasonably practicable after receipt by it of a duly completed Assignment Agreement appearing on its face to comply with the terms of this Agreement and delivered in accordance with the terms of this Agreement, execute that Assignment Agreement.
- (b) The Agent shall only be obliged to execute an Assignment Agreement delivered to it by the Existing Lender and the New Lender upon its completion of all “know your customer” or other checks relating to any person that it is required to carry out in relation to the assignment to such New Lender.
- (c) Subject to clause 35.9 (Pro Rata Interest Settlement), on the Transfer Date:
 - (i) the Existing Lender will assign absolutely to the New Lender its rights under the Finance Documents expressed to be the subject of the assignment in the Assignment Agreement;
 - (ii) the Existing Lender will be released from the obligations (“**Relevant Obligations**”) expressed to be the subject of the release in the Assignment Agreement; and
 - (iii) the New Lender shall become a Party as a Lender and will be bound by obligations equivalent to the Relevant Obligations.
- (d) Lenders may utilise procedures other than those set out in this clause 35 to assign their rights under the Finance Documents (but not, without the consent of the relevant Obligor or unless in accordance with clause 35.5 (Procedure for transfer), to obtain a release by that Obligor from the obligations owed to that Obligor by the Lenders nor the assumption of equivalent obligations by a New Lender) provided that they comply with the conditions set out in clause 35.2 (Conditions of assignment or transfer).

35.7 Copy of Transfer Certificate or Assignment Agreement to Parent

The Agent shall, as soon as reasonably practicable after it has executed a Transfer Certificate or an Assignment Agreement, send to the Parent (acting for itself and in its capacity of Obligor’s Agent) a copy of that Transfer Certificate or Assignment Agreement.

35.8 **Security Interests over Lenders' rights**

- (a) In addition to the other rights provided to Lenders under this clause 35, each Lender may without consulting with or obtaining consent from any Obligor, at any time charge, assign or otherwise create Security in or over (whether by way of collateral or otherwise) all or any of its rights under any Finance Document to secure obligations of that Lender including, without limitation:
 - (i) any charge, assignment or other Security to secure obligations to a federal reserve or central bank; and
 - (ii) in the case of any Lender which is a fund, any charge, assignment or other Security granted to any holders (or trustee or representatives of holders) of obligations owed, or securities issued, by that Lender as security for those obligations or securities,
- (b) except that no such charge, assignment or Security shall:
 - (i) release a Lender from any of its obligations under the Finance Documents or substitute the beneficiary of the relevant charge, assignment or Security for the Lender as a party to any of the Finance Documents; or
 - (ii) require any payments to be made by an Obligor or grant to any person any more extensive rights than those required to be made or granted to the relevant Lender under the Finance Documents.

35.9 **Pro Rata Interest Settlement**

If the Agent has notified the Lenders that it is able to distribute interest payments on a "pro rata basis" to Existing Lenders and New Lenders then (in respect of any transfer pursuant to clause 35.5 (Procedure for transfer) or any assignment pursuant to clause 26.6 (Procedure for assignment)) the Transfer Date of which, in each case, is after the date of such notification and is not on the last day of an Interest Period):

- (a) any interest or fees in respect of the relevant participation which are expressed to accrue by reference to the lapse of time shall continue to accrue in favour of the Existing Lender up to but including the Transfer Date ("**Accrued Amounts**") and shall become due and payable to the Existing Lender (without further interest accruing on them) until the last day of the current Interest Period (or, if the Interest Period is longer than six Months, on the next of the dates which falls at six Monthly intervals after the first day of that Interest Period); and
- (b) the rights assigned or transferred by the Existing Lender will not include the right to the Accrued Amounts so that, for the avoidance of doubt:
 - (i) when the Accrued Amounts become payable, those Accrued Amounts will be payable for the account of the Existing Lender, and
 - (ii) the amount payable to the New Lender on that date will be the amount which would, but for the application of this clause 26.9, have been payable to it on that date, but after deduction of the Accrued Amounts.

35.10 **Prohibition on Debt Purchase Transactions**

The Parent shall not, and shall procure that each other member of the Group shall not, enter into any Debt Purchase Transaction or beneficially own all or any part of the share capital of a company that is a Lender or a party to a Debt Purchase Transaction of the type referred to in paragraphs (b) or (c) of the definition of Debt Purchase Transaction.

35.11 **Assignment to Federal Reserve Bank**

Any Lender may at any time pledge or assign a security interest in all or any portion of its rights under this Agreement, without notice to or consent of any Party, to any U.S. Federal Reserve Bank **provided that** (i) no Lender shall be relieved of any of its

obligations under this Agreement as a result of any such assignment and pledge and (ii) in no event shall such U.S. Federal Reserve Bank be considered to be a "Lender" or be entitled to require the assigning Lender to take or omit to take any action under this Agreement.

35.12 **The Register**

For U.S. federal income tax purposes only, the Agent, acting solely for this purpose as an agent of the Obligors, shall maintain at one of its offices a copy of each Transfer Certificate or Assignment Agreement, as applicable, delivered to it and a register (the "**Register**") for the recordation of the names and addresses of each Lender and the Commitments of and the principal amounts and stated interest of the obligations owing to each Lender pursuant to the terms hereof and the other Finance Documents. Without limitation of any other provision of this clause 35 (Changes to the Lenders), no transfer shall be effective until recorded in the Register. The entries in the Register shall be conclusive absent manifest error and each Obligor, the Agent and each Lender may treat each person whose name is recorded in the Register as a Lender notwithstanding any notice to the contrary. The Register shall be available for inspection by each Obligor at any reasonable time and from time to time upon reasonable prior notice. The foregoing provisions are intended to comply with the registration requirements in U.S. Treasury Regulation Section 5f.103-1 so that the Loans are considered to be in "registered form" pursuant to such regulation.

36. **CHANGES TO THE OBLIGORS**

36.1 **Assignment and transfers by Obligors**

No Obligor or any other member of the Group may assign any of its rights or transfer any of its rights or obligations under the Finance Documents.

36.2 **Additional Borrowers**

- (a) Subject to compliance with the provisions of clause 31.9 ("Know your customer" checks), the Parent may request that any of its direct or indirect Subsidiaries becomes an Additional Borrower. That Subsidiary shall become an Additional Borrower if:
- (i) it is incorporated in Bermuda, the United States of America or the United Kingdom or any other jurisdiction approved by the Lenders;
 - (ii) all the Lenders approve the addition of that Subsidiary;
 - (iii) the Parent and that Subsidiary deliver to the Agent a duly completed and executed Accession Letter;
 - (iv) the Subsidiary is (or becomes) a Guarantor prior to, or at the same time as, becoming a Borrower;
 - (v) the Parent confirms that no Default is continuing or would occur as a result of that Subsidiary becoming an Additional Borrower; and
 - (vi) the Agent has received all of the documents and other evidence listed in part 2 of schedule 6 (Conditions precedent) in relation to that Additional Borrower, each in form and substance satisfactory to the Agent.
- (b) The Agent shall notify the Parent and the Lenders promptly upon being satisfied that it has received (in form and substance satisfactory to it) all the documents and other evidence listed in part 2 of schedule 6 (Conditions precedent).

36.3 **Additional Guarantors**

- (a) Subject to compliance with the provisions of clause 31.9 (“Know your customer” checks), the Parent may request that any of its wholly owned Subsidiaries become an Additional Guarantor.
- (b) A member of the Group shall become an Additional Guarantor if:
 - (i) the Parent and the proposed Obligor deliver to the Agent a duly completed and executed Accession Letter; and
 - (ii) the Agent has received all of the documents and other evidence listed in part 2 of schedule 6 (Conditions precedent) in relation to that Additional Guarantor, each in form and substance satisfactory to the Agent.
- (c) The Agent shall notify the Parent and the Lenders promptly upon being satisfied that it has received (in form and substance satisfactory to it) all the documents and other evidence listed in part 2 of schedule 6 (Conditions precedent).

36.4 **Repetition of Representations**

Delivery of an Accession Letter constitutes confirmation by the relevant Subsidiary that the representations and warranties referred to in clause 30.33 (Times when representations made) are true and correct in relation to it as at the date of delivery as if made by reference to the facts and circumstances then existing.

36.5 **Resignation on disposal of an Obligor**

- (a) In this clause, “**Third Party Disposal**” means the disposal of an Obligor to a person which is not a member of the Group where that disposal is permitted under clause 33.10 (Disposals) or made with the approval of the Lenders (and the Parent has confirmed this is the case).
- (b) If a Borrower or a Guarantor is or is proposed to be the subject of a Third Party Disposal then:
 - (i) the Parent shall confirm that no Default is continuing or would result from the Third Party Disposal; and
 - (ii) if a Borrower is being disposed of then prior to such Third Party Disposal the Parent shall ensure that the Borrower is under no actual or contingent obligations as a Borrower under any Finance Documents.

37. **ROLE OF THE AGENT, THE MANDATED LEAD ARRANGERS AND OTHERS**

37.1 **Appointment of the Agent**

- (a) The Mandated Lead Arrangers and each of the Lenders appoints the Agent to act as its agent under and in connection with the Finance Documents.
- (b) The Mandated Lead Arrangers and each of the Lenders authorises the Agent to perform the duties, obligations and responsibilities and to exercise the rights, powers, authorities and discretions specifically given to the Agent under or in connection with the Finance Documents together with any other incidental rights, powers, authorities and discretions.

37.2 **Instructions**

- (a) The Agent shall:
 - (i) unless a contrary indication appears in a Finance Document, exercise or refrain from exercising any right, power, authority or discretion vested in it as Agent in accordance with any instructions given to it by:
 - (A) all Lenders if the relevant Finance Document stipulates the matter is an all Lender decision; and
 - (B) in all other cases, the Majority Lenders; and
 - (ii) not be liable for any act (or omission) if it acts (or refrains from acting) in accordance with paragraph (i) above.
- (b) The Agent shall be entitled to request instructions, or clarification of any instruction, from the Majority Lenders (or, if the relevant Finance Document stipulates the matter is a decision for any other Lender or group of Lenders, from that Lender or group of Lenders) as to whether, and in what manner, it should exercise or refrain from exercising any right, power, authority or discretion. The Agent may refrain from acting unless and until it receives any such instructions or clarification that it has requested.
- (c) Save in the case of decisions stipulated to be a matter for any other Lender or group of Lenders under the relevant Finance Document and unless a contrary indication appears in a Finance Document, any instructions given to the Agent by the Majority Lenders shall override any conflicting instructions given by any other Parties and will be binding on all Finance Parties.
- (d) The Agent may refrain from acting in accordance with any instructions of any Lender or group of Lenders until it has received any indemnification and/or security that it may in its discretion require (which may be greater in extent than that contained in the Finance Documents and which may include payment in advance) for any cost, loss or liability which it may incur in complying with those instructions.
- (e) In the absence of instructions, the Agent may act (or refrain from acting) as it considers to be in the best interest of the Lenders.
- (f) The Agent is not authorised to act on behalf of a Lender (without first obtaining that Lender's consent) in any legal or arbitration proceedings relating to any Finance Document.

37.3 **Duties of the Agent**

- (a) Subject to paragraph (b) below, the Agent shall promptly forward to a Party the original or a copy of any document which is delivered to the Agent for that Party by any other Party excluding, for the avoidance of doubt, any Fee Letter.
- (b) Without prejudice to clause 35.7 (Copy of Transfer Certificate or Assignment Agreement to Company), paragraph (a) above shall not apply to any Transfer Certificate or any Assignment Agreement.
- (c) Except where a Finance Document specifically provides otherwise, the Agent is not obliged to review or check the adequacy, accuracy or completeness of any document it forwards to another Party.
- (d) If the Agent receives notice from a Party referring to this Agreement, describing a Default and stating that the circumstance described is a Default, it shall promptly notify the other Finance Parties.

-
- (e) If the Agent is aware of the non-payment of any principal, interest, commitment fee or other fee payable to a Finance Party (other than the Agent or the Mandated Lead Arrangers) under this Agreement it shall promptly notify the other Finance Parties.
 - (f) The Agent's duties under the Finance Documents are solely mechanical and administrative in nature.

37.4 **Role of the Mandated Lead Arrangers**

Except as specifically provided in the Finance Documents, the Mandated Lead Arrangers have no obligations of any kind to any other Party under or in connection with any Finance Document.

37.5 **No fiduciary duties**

- (a) Nothing in this Agreement constitutes the Agent and/or the Mandated Lead Arrangers as a trustee or fiduciary of any other person.
- (b) None of the Agent or the Mandated Lead Arrangers shall be bound to account to any Lender for any sum or the profit element of any sum received by it for its own account.

37.6 **Business with the Group**

The Agent and the Mandated Lead Arrangers may accept deposits from, lend money to and generally engage in any kind of banking or other business with any Obligor or any member of the Group.

37.7 **Rights and discretions**

- (a) The Agent may rely on:
 - (i) any representation, communication, notice or document believed by it to be genuine, correct and appropriately authorised;
 - (ii) assume that:
 - (A) any instructions received made by it from the Majority Lenders, any Lenders or any group of Lenders are duly given in accordance with the terms of the Finance Documents; and
 - (B) unless it has received notice of revocation, that those instructions have not been revoked; and
 - (iii) rely on a certificate from any person;
 - (A) as to any matter of fact or circumstance which might reasonably be expected to be within the knowledge of that person; or
 - (B) to the effect that such person approves of any particular dealing, transaction, step, action or thing
- as sufficient evidence that that is the case and, in the case of paragraph (A) above, may assume the truth and accuracy of that certificate.

-
- (b) The Agent may assume (unless it has received notice to the contrary in its capacity as agent for the Lenders) that:
 - (i) no Default has occurred (unless it has actual knowledge of a Default arising under clause 34.1 (Non-payment));
 - (ii) any right, power, authority or discretion vested in any Party or any group of Lenders has not been exercised; and
 - (iii) any notice or request made by the Parent (other than a Utilisation Request) is made on behalf of and with the consent and knowledge of all the Obligors.
 - (c) The Agent may engage and pay for advice or services of any lawyers, accountants, tax advisers, surveyors or other professional advisers or experts.
 - (d) Without prejudice to the generality of paragraph (c) above or paragraph (e) below, the Agent may at any time engage and pay for the services of any lawyers to act as independent counsel to the Agent (and so separate from any lawyers instructed by the Lenders) if the Agent in its reasonable opinion deems this to be necessary.
 - (e) The Agent may rely on the advice or services of any lawyers, accountants, tax advisers, surveyors or other professional advisers or experts (whether obtained by the Agent or by any other Party) and shall not be liable for any damages, costs or losses to any person, any diminution in value or any liability whatsoever arising as a result of its so relying.
 - (f) The Agent may act in relation to the Finance Documents through its officers, employees and agents.
 - (g) Notwithstanding any other provision of any Finance Document to the contrary, none of the Agent or the Mandated Lead Arrangers is obliged to do or omit to do anything if it would or might in its reasonable opinion constitute a breach of any law or regulation or a breach of a fiduciary duty or duty of confidentiality.
 - (h) Notwithstanding any provision of any Finance Document to the contrary, the Agent is not obliged to expend or risk its own funds or otherwise incur any financial liability in the performance of its duties, obligations or responsibilities or the exercise of any right, power, authority or discretion if it has grounds for believing the repayment of such funds or adequate indemnity against, or security, such risk or liability is not reasonably assured to it.

37.8 Responsibility for documentation

Neither the Agent nor the Mandated Lead Arrangers is responsible or liable for:

- (a) the adequacy, accuracy and/or completeness of any information (whether oral or written) supplied by the Agent, a Mandated Lead Arranger, an Obligor or any other person given in or in connection with any Finance Document or the transactions contemplated in the Finance Documents; or
- (b) the legality, validity, effectiveness, adequacy or enforceability of any Finance Document or any other agreement, arrangement or document entered into, made or executed in anticipation of or in connection with any Finance Document.

37.9 No duty to monitor

The Agent shall not be bound to enquire:

- (a) whether or not any Default has occurred;
- (b) as to the performance, default or any breach by any Party of its obligations under any Finance Document; or
- (c) whether any other event specified in any Finance Document has occurred.

37.10 **Exclusion of liability**

- (a) Without limiting clause 37.10(b) below and without prejudice to the provisions of clause 40.10 (Disruption to the Payment Systems etc.) or any other provision of any Finance Document excluding or limiting the liability of the Agent, the Agent will not be liable for:
- (i) any damages, costs or losses to any person, any diminution in value, or any liability whatsoever arising as a result of taking or not taking any action under or in connection with any Finance Document, unless directly caused by its gross negligence or wilful misconduct;
 - (ii) exercising, or not exercising, any right, power, authority or discretion given to it by, or in connection with, any Finance Document or any other agreement, arrangement or document entered into, made or executed in anticipation of, under or in connection with, any Finance Document, other than by reason of its gross negligence or wilful misconduct; or
 - (iii) without prejudice to the generality of paragraphs (i) and (ii) above, any damages, costs or losses to any person, any diminution in value or any liability whatsoever (including, without limitation, for negligence or any other category of liability whatsoever but not including any claim based on the fraud of the Agent) arising as a result of:
 - (A) any act, event or circumstance not reasonably within its control; or
 - (B) the general risks of investment in, or the holding of assets in, any jurisdiction,including (in each case and without limitation) such damages, costs, losses, diminution in value or liability arising as a result of: nationalisation, expropriation or other governmental actions; any regulation, currency restriction, devaluation or fluctuation; market conditions affecting the execution or settlement of transactions or the value of assets (including any Disruption Event); breakdown, failure or malfunction of any third party transport, telecommunications, computer services or systems; natural disasters or acts of God; war, terrorism, insurrection or revolution; or strikes or industrial action.
- (b) No Party (other than the Agent) may take any proceedings against any officer, employee or agent of the Agent in respect of any claim it might have against the Agent, or in respect of any act or omission of any kind by that officer, employee or agent in relation to any Finance Document and any officer, employee or agent of the Agent, may rely on this clause subject to clause 10.3 (Third party rights) and the provisions of the Third Parties Act.
- (c) The Agent will not be liable for any delay (or any related consequences) in crediting an account with an amount required under the Finance Documents to be paid by the Agent if the Agent has taken all necessary steps as soon as reasonably practicable to comply with the regulations or operating procedures of any recognised clearing or settlement system used by the Agent for that purpose.
- (d) Nothing in this Agreement shall oblige the Agent or the Mandated Lead Arrangers to carry out any “know your customer” or other checks in relation to any person on behalf of any Lender and each Lender confirms to the Agent and the Mandated Lead Arrangers that it is solely responsible for any such checks it is required to carry out and that it may not rely on any statement in relation to such checks made by the Agent or the Mandated Lead Arrangers.

-
- (e) Without prejudice to any provision of any Finance Document excluding or limiting the Agent's liability, any liability of the Agent arising under or in connection with any Finance Document shall be limited to the amount of actual loss which has been suffered (as determined by reference to the date of default of the Agent or, if later, the date on which the loss arises as a result of such default) but without reference to any special conditions or circumstances known to the Agent at any time which increase the amount of that loss. In no event shall the Agent be liable for any loss of profits, goodwill, reputation, business opportunity or anticipated saving, or for special, punitive, indirect or consequential damages, whether or not the Agent has been advised of the possibility of such loss or damages.

37.11 Lenders' indemnity to the Agent

Each Lender shall (in proportion to its share of the Total Commitments or, if the Total Commitments are then zero, to its share of the Total Commitments immediately prior to their reduction to zero) indemnify the Agent, within three Business Days of demand, against any cost, loss or liability (including, without limitation, for negligence or any other category of liability whatsoever) incurred by the Agent (otherwise than by reason of the Agent's gross negligence or wilful misconduct) (or in the case of any costs, loss or liability pursuant to clause 40.10 (Disruption to Payment Systems etc.) notwithstanding the Agent's negligence, gross negligence or any other category of liability whatsoever but not including any claim based on the fraud of the Agent) in acting as Agent under the Finance Documents (unless the Agent has been reimbursed by an Obligor pursuant to a Finance Document).

37.12 Resignation of the Agent

- (a) The Agent may resign and appoint one of its Affiliates acting through an office in the United Kingdom as successor by giving notice to the Lenders and the Parent.
- (b) Alternatively the Agent may resign by giving notice to the Lenders and the Parent, in which case the Majority Lenders (after consultation with the Parent) may appoint a successor Agent.
- (c) If the Majority Lenders have not appointed a successor Agent in accordance with clause 37.12(b) above within 30 days after notice of resignation was given, the Agent (after consultation with the Parent) may appoint a successor Agent (acting through an office in the United Kingdom).
- (d) The retiring Agent shall, at its own cost, make available to the successor Agent such documents and records and provide such assistance as the successor Agent may reasonably request for the purposes of performing its functions as Agent under the Finance Documents.
- (e) The Agent's resignation notice shall only take effect upon the appointment of a successor.
- (f) Upon the appointment of a successor, the retiring Agent shall be discharged from any further obligation in respect of the Finance Documents (other than its obligations under clause 37.12(c) above) but shall remain entitled to the benefit of clause 26.3 (Indemnity to the Agent) and this clause 37 (and any agency fees for the account of the retiring Agent shall cease to accrue from (and shall be payable on) that date). Any successor and each of the other Parties shall have the same rights and obligations amongst themselves as they would have had if such successor had been an original Party.

-
- (g) After consultation with the Parent, the Majority Lenders may, by notice to the Agent, require it to resign in accordance with clause 37.12(b) above. In this event, the Agent shall resign in accordance with clause 37.12(b) above.
 - (h) The Agent shall resign in accordance with paragraph (b) above (and, to the extent applicable, shall use reasonable endeavours to appoint a successor Agent pursuant to paragraph (c) above) if on or after the date which is three months before the earliest FATCA Application Date relating to any payment to the Agent under the Finance Documents, either:
 - (i) the Agent fails to respond to a request under clause 24.8 (FATCA Information) and a Lender reasonably believes that the Agent will not be (or will have ceased to be) a FATCA Exempt Party on or after that FATCA Application Date;
 - (ii) the information supplied by the Agent pursuant to clause 24.8 (FATCA Information) indicates that the Agent will not be (or will have ceased to be) a FATCA Exempt Party on or after that FATCA Application Date; or
 - (iii) the Agent notifies the Parent and the Lenders that the Agent will not be (or will have ceased to be) a FATCA Exempt Party on or after that FATCA Application Date;

and (in each case) a Lender reasonably believes that a Party will be required to make a FATCA Deduction that would not be required if the Agent were a FATCA Exempt Party, and that Lender, by notice to the Agent, requires it to resign.

37.13 Confidentiality

- (a) In acting as agent for the Finance Parties, the Agent shall be regarded as acting through its agency division which shall be treated as a separate entity from any other of its divisions or departments.
- (b) If information is received by another division or department of the Agent, it may be treated as confidential to that division or department and the Agent shall not be deemed to have notice of it.
- (c) Notwithstanding any other provision of any Finance Document to the contrary, neither the Agent nor the Mandated Lead Arrangers are obliged to disclose to any other person (i) any confidential information, or (ii) any other information if the disclosure would or might in its reasonable opinion constitute a breach of any law or a breach of a fiduciary duty.

37.14 Relationship with the Lenders

- (a) Subject to clause 35.9 (Pro rata Interest Settlement), the Agent may treat the person shown in its records as Lender at the opening of business (in the place of the Agent's principal office as notified to the Finance Parties from time to time) as the Lender acting through its Facility Office:
 - (i) entitled to or liable for any payment due under any Finance Document on that day; and
 - (ii) entitled to receive and act upon any notice, request, document or communication or make any decision or determination under any Finance Document made or delivered on that day,

unless it has received not less than five business days prior notice from that Lender to the contrary in accordance with the terms of this Agreement.

-
- (b) Any Lender may by notice to the Agent appoint a person to receive on its behalf all notices, communications, information and documents to be made or despatched to that Lender under the Finance Documents. Such notice shall contain the address, fax number and (where communication by electronic mail or other electronic means is permitted under clause 42.5 (Electronic communication)) electronic mail address and/or any other information required to enable the sending and receipt of information by that means (and, in each case, the department or officer, if any, for whose attention communication is to be made) and be treated as a notification of a substitute address, fax number, electronic mail address, department and officer by that Lender for the purposes of clause 42.2 (Addresses) and clause 42.5(a)(ii) (Electronic communication) and the Agent shall be entitled to treat such person as the person entitled to receive all such notices, communications, information and documents as though that person were that Lender.

37.15 Credit appraisal by the Lenders

Without affecting the responsibility of any Obligor for information supplied by it or on its behalf in connection with any Finance Document, each Lender confirms to the Agent and the Mandated Lead Arrangers that it has been, and will continue to be, solely responsible for making its own independent appraisal and investigation of all risks arising under or in connection with any Finance Document including but not limited to:

- (a) the financial condition, status and nature of each Obligor and each member of the Group;
- (b) the legality, validity, effectiveness, adequacy or enforceability of any Finance Document and any other agreement, arrangement or document entered into, made or executed in anticipation of, under or in connection with any Finance Document;
- (c) whether that Finance Party has recourse, and the nature and extent of that recourse, against any Party or any of its respective assets under or in connection with any Finance Document, the transactions contemplated by the Finance Documents or any other agreement, arrangement or document entered into, made or executed in anticipation of, under or in connection with any Finance Document; and
- (d) the adequacy, accuracy and/or completeness of any information provided by the Agent, any Party or by any other person under or in connection with any Finance Document, the transactions contemplated by the Finance Documents or any other agreement, arrangement or document entered into, made or executed in anticipation of, under or in connection with any Finance Document.

37.16 Deduction from amounts payable by the Agent

If any Party owes an amount to the Agent under the Finance Documents the Agent may, after giving notice to that Party, deduct an amount not exceeding that amount from any payment to that Party which the Agent would otherwise be obliged to make under the Finance Documents and apply the amount deducted in or towards satisfaction of the amount owed. For the purposes of the Finance Documents that Party shall be regarded as having received any amount so deducted.

37.17 Reliance and engagement letters

Each Finance Party confirms that each Mandated Lead Arranger and the Agent has authority to accept on its behalf (and ratifies the acceptance on its behalf of any letters or reports already accepted by a Mandated Lead Arranger or Agent) the terms of any reliance letter or engagement letters relating to the Report or letters provided by accountants or actuaries in connection with the Finance Documents or the transactions

contemplated in the Finance Documents (including any net asset letter in connection with the financial assistance procedures) and to bind it in respect of those reports or letters and to sign such letters on its behalf and further confirms that it accepts the terms and qualifications set out in such letters.

38. **CONDUCT OF BUSINESS BY THE FINANCE PARTIES**

No provision of any Finance Document will:

- (a) interfere with the right of any Finance Party to arrange its affairs (tax or otherwise) in whatever manner it thinks fit;
- (b) oblige any Finance Party to investigate or claim any credit, relief, remission or repayment available to it or the extent, order and manner of any claim; or
- (c) oblige any Finance Party to disclose any information relating to its affairs (tax or otherwise) or any computations in respect of Tax except as required under clauses 24.5 (Tax Documentation) and 24.8 (FATCA Information).

39. **SHARING AMONG THE FINANCE PARTIES**

39.1 **Payments to Finance Parties**

If a Finance Party (“**Recovering Finance Party**”) receives or recovers any amount from an Obligor other than in accordance with clause 40 (Payment mechanics) and applies that amount to a payment due under the Finance Documents then:

- (a) the Recovering Finance Party shall, within three Business Days, notify details of the receipt or recovery, to the Agent;
- (b) the Agent shall determine whether the receipt or recovery is in excess of the amount the Recovering Finance Party would have been paid had the receipt or recovery been received or made by the Agent and distributed in accordance with clause 40 (Payment mechanics), without taking account of any Tax which would be imposed on the Agent in relation to the receipt, recovery or distribution; and
- (c) the Recovering Finance Party shall, within three Business Days of demand by the Agent, pay to the Agent an amount (“**Sharing Payment**”) equal to such receipt or recovery less any amount which the Agent determines may be retained by the Recovering Finance Party as its share of any payment to be made, in accordance with clause 40.5 (Partial payments).

39.2 **Redistribution of payments**

The Agent shall treat the Sharing Payment as if it had been paid by the relevant Obligor and distribute it between the Finance Parties (other than the Recovering Finance Party) in accordance with clause 40.5 (Partial payments).

39.3 **Recovering Finance Party’s rights**

- (a) On a distribution by the Agent under clause 39.2 (Redistribution of payments), the Recovering Finance Party will be subrogated to the rights of the Finance Parties which have shared in the redistribution.
- (b) If and to the extent that the Recovering Finance Party is not able to rely on its rights under clause 39.3(a) above, the relevant Obligor shall be liable to the Recovering Finance Party for a debt equal to the Sharing Payment which is immediately due and payable.

39.4 **Reversal of redistribution**

If any part of the Sharing Payment received or recovered by a Recovering Finance Party becomes repayable and is repaid by that Recovering Finance Party, then:

- (a) each Finance Party which has received a share of the relevant Sharing Payment pursuant to clause 39.2 (Redistribution of payments) shall, upon request of the Agent, pay to the Agent for account of that Recovering Finance Party an amount equal to the appropriate part of its share of the Sharing Payment (together with an amount as is necessary to reimburse that Recovering Finance Party for its proportion of any interest on the Sharing Payment which that Recovering Finance Party is required to pay); and
- (b) that Recovering Finance Party's rights of subrogation in respect of any reimbursement shall be cancelled and the relevant Obligor will be liable to the reimbursing Finance Party for the amount so reimbursed.

39.5 **Exceptions**

- (a) This clause 39 shall not apply to the extent that the Recovering Finance Party would not, after making any payment pursuant to this clause, have a valid and enforceable claim against the relevant Obligor.
- (b) A Recovering Finance Party is not obliged to share with any other Finance Party any amount which the Recovering Finance Party has received or recovered as a result of taking legal or arbitration proceedings, if:
 - (i) it notified the other Finance Party of the legal or arbitration proceedings; and
 - (ii) the other Finance Party had an opportunity to participate in those legal or arbitration proceedings but did not do so as soon as reasonably practicable having received notice and did not take separate legal or arbitration proceedings.

40. **PAYMENT MECHANICS**

40.1 **Payments to the Agent**

- (a) On each date on which an Obligor or a Lender is required to make a payment under a Finance Document, that Obligor or Lender shall (and the Parent shall ensure that such Obligor will) make the same available to the Agent (unless a contrary indication appears in a Finance Document) for value on the due date at the time and in such funds specified by the Agent as being customary at the time for settlement of transactions in the relevant currency in the place of payment.
- (b) Payment shall be made to such account with such bank as the Agent specifies.

40.2 **Distributions by the Agent**

Each payment received by the Agent under the Finance Documents for another Party shall, subject to clause 40.3 (Distributions to an Obligor) and clause 40.4 (Clawback) be made available by the Agent as soon as practicable after receipt to the Party entitled to receive payment in accordance with this Agreement (in the case of a Lender, for the account of its Facility Office), to such account as that Party may notify to the Agent by not less than five Business Days' notice.

40.3 **Distributions to an Obligor**

The Agent may (with the consent of the Obligor or in accordance with clause 41 (Set-off)) apply any amount received by it for that Obligor in or towards payment (on the date and in the currency and funds of receipt) of any amount due from that Obligor under the Finance Documents or in or towards purchase of any amount of any currency to be so applied.

40.4 **Clawback**

- (a) Where a sum is to be paid to the Agent under the Finance Documents for another Party, the Agent is not obliged to pay that sum to that other Party (or to enter into or perform any related exchange contract) until it has been able to establish to its satisfaction that it has actually received that sum.
- (b) If the Agent pays an amount to another Party and it proves to be the case that the Agent had not actually received that amount, then the Party to whom that amount (or the proceeds of any related exchange contract) was paid by the Agent shall on demand refund the same to the Agent together with interest on that amount from the date of payment to the date of receipt by the Agent, calculated by the Agent to reflect its cost of funds.

40.5 **Partial payments**

- (a) If the Agent receives a payment for application against amounts due in respect of any Finance Documents that is insufficient to discharge all the amounts then due and payable by an Obligor under those Finance Documents, the Agent shall apply that payment towards the obligations of that Obligor under those Finance Documents in the following order:
 - (i) **first**, in or towards payment pro rata of any unpaid fees, costs and expenses of the Agent under the Finance Documents;
 - (ii) **secondly**, in or towards payment pro rata of any accrued interest, fee or commission due but unpaid under this Agreement;
 - (iii) **thirdly**, in or towards payment pro rata of any principal amount due but unpaid under this Agreement; and
 - (iv) **fourthly**, in or towards payment pro rata of any other sum due but unpaid under the Finance Documents.
- (b) The Agent shall, if so directed by the Majority Lenders, vary the order set out in paragraphs (a) to (d) above.
- (c) clauses 40.5(a) and 40.5(b) above will override any appropriation made by an Obligor.

40.6 **No set-off by Obligors**

All payments to be made by an Obligor under the Finance Documents shall be calculated and be made without (and free and clear of any deduction for) set-off or counterclaim.

40.7 **Business Days**

- (a) Any payment which is due to be made on a day that is not a Business Day shall be made on the next Business Day in the same calendar month (if there is one) or the preceding Business Day (if there is not).
- (b) During any extension of the due date for payment of any principal or Unpaid Sum under this Agreement interest is payable on the principal or Unpaid Sum at the rate payable on the original due date.

40.8 **Currency of account**

- (a) Subject to clauses 40.8(b) to 40.8(e) below, the Base Currency is the currency of account and payment for any sum due from an Obligor under any Finance Document.
- (b) A repayment of a Loan or Unpaid Sum or a part of a Loan or Unpaid Sum shall be made in the currency in which that Loan or Unpaid Sum is denominated on its due date.
- (c) Each payment of interest shall be made in the currency in which the sum in respect of which the interest is payable was denominated when that interest accrued.
- (d) Each payment in respect of costs, expenses or Taxes shall be made in the currency in which the costs, expenses or Taxes are incurred.
- (e) Any amount expressed to be payable in a currency other than the Base Currency shall be paid in that other currency.

40.9 **Change of currency**

- (a) Unless otherwise prohibited by law, if more than one currency or currency unit are at the same time recognised by the central bank of any country as the lawful currency of that country, then:
 - (i) any reference in the Finance Documents to, and any obligations arising under the Finance Documents in, the currency of that country shall be translated into, or paid in, the currency or currency unit of that country designated by the Agent (after consultation with the Parent); and
 - (ii) any translation from one currency or currency unit to another shall be at the official rate of exchange recognised by the central bank for the conversion of that currency or currency unit into the other, rounded up or down by the Agent (acting reasonably).
- (b) If a change in any currency of a country occurs, this Agreement will, to the extent the Agent (acting reasonably and after consultation with the Parent) specifies to be necessary, be amended to comply with any generally accepted conventions and market practice in the London interbank market and otherwise to reflect the change in currency.

40.10 **Disruption to Payment Systems etc.**

If either the Agent determines (in its discretion) that a Disruption Event has occurred or the Agent is notified by the Parent that a Disruption Event has occurred:

- (a) the Agent may, and shall if requested to do so by the Parent, consult with the Parent with a view to agreeing with the Parent such changes to the operation or administration of the Facility as the Agent may deem necessary in the circumstances;
- (b) the Agent shall not be obliged to consult with the Parent in relation to any changes mentioned in paragraph (a) if, in its opinion, it is not practicable to do so in the circumstances and, in any event, shall have no obligation to agree to such changes;

-
- (c) the Agent may consult with the Finance Parties in relation to any changes mentioned in paragraph (a) but shall not be obliged to do so if, in its opinion, it is not practicable to do so in the circumstances;
 - (d) any such changes agreed upon by the Agent and the Parent shall (whether or not it is finally determined that a Disruption Event has occurred) be binding upon the Parties as an amendment to (or, as the case may be, waiver of) the terms of the Finance Documents notwithstanding the provisions of clause 46 (Amendments and Waivers);
 - (e) the Agent shall not be liable for any damages, costs or losses whatsoever (including, without limitation for negligence, gross negligence or any other category of liability whatsoever but not including any claim based on the fraud of the Agent) arising as a result of its taking, or failing to take, any actions pursuant to or in connection with this clause 40.10; and
 - (f) the Agent shall notify the Finance Parties of all changes agreed pursuant to paragraph (d) above.

41. **SET-OFF**

A Finance Party may set off any matured obligation due from an Obligor under the Finance Documents (to the extent beneficially owned by that Finance Party) against any matured obligation owed by that Finance Party to that Obligor, regardless of the place of payment, booking branch or currency of either obligation. If the obligations are in different currencies, the Finance Party may convert either obligation at a market rate of exchange in its usual course of business for the purpose of the set-off. No security interest is created by this clause 41.

42. **NOTICES**

42.1 **Communications in writing**

Any communication to be made under or in connection with the Finance Documents shall be made in writing and, unless otherwise stated, may be made by fax or letter.

42.2 **Addresses**

The address and fax number (and the department or officer, if any, for whose attention the communication is to be made) of each Party for any communication or document to be made or delivered under or in connection with the Finance Documents is:

- (a) in the case of the Parent, that identified with its name in the Restatement Agreement;
- (b) in the case of each Lender or any other Obligor, that identified with its name in the Restatement Agreement or otherwise notified in writing to the Agent on or prior to the date on which it becomes a Party; and
- (c) in the case of the Agent, that identified with its name in the Restatement Agreement,

or any substitute address, fax number or department or officer as the Party may notify to the Agent (or the Agent may notify to the other Parties, if a change is made by the Agent) by not less than five Business Days' notice.

42.3 **Delivery**

- (a) Any communication or document made or delivered by one person to another under or in connection with the Finance Documents will only be effective:
 - (i) if by way of fax, when received in legible form; or
 - (ii) if by way of letter, when it has been left at the relevant address or five Business Days after being deposited in the post postage prepaid in an envelope addressed to it at that address,and, if a particular department or officer is specified as part of its address details provided under clause 42.2 (Addresses), if addressed to that department or officer.
- (b) Any communication or document to be made or delivered to the Agent will be effective only when actually received by the Agent and then only if it is expressly marked for the attention of the department or officer identified with the Agent's signature below (or any substitute department or officer as the Agent shall specify for this purpose).
- (c) All notices from or to an Obligor shall be sent through the Agent.
- (d) Any communication or document made or delivered to the Parent in accordance with this clause 42 will be deemed to have been made or delivered to each of the Obligors or any other member of the Group party to a Finance Document.

42.4 **Notification of address and fax number**

Promptly upon receipt of notification of an address and fax number or change of address or fax number pursuant to clause 42.2 (Addresses) or changing its own address or fax number, the Agent shall notify the other Parties.

42.5 **Electronic communication**

- (a) Any communication to be made between any two Parties under or in connection with the Finance Documents may be made by electronic mail or other electronic means, to the extent that those two Parties agree, that unless and until notified to the contrary, this is to be an accepted form of communication and if those two Parties:
 - (i) notify each other in writing of their electronic mail address and/or any other information required to enable the sending and receipt of information by that means; and
 - (ii) notify each other of any change to their address or any other such information supplied by them by not less than five Business Days' notice.
- (b) Any electronic communication made between those two Parties will be effective only when actually received in readable form and in the case of any electronic communication made by a Party to the Agent only if it is addressed in such a manner as the Agent shall specify for this purpose.
- (c) Any electronic communication which becomes effective, in accordance with paragraph (b) above, after 5.00 p.m. in the place of receipt shall be deemed only to become effective on the following day.

42.6 **Use of websites**

- (a) The Parent may satisfy its obligation under this Agreement to deliver any information in relation to those Lenders (“**Website Lenders**”) who accept this method of communication by posting this information onto an electronic website designated by the Parent and the Agent (“**Designated Website**”) if:
- (i) the Agent expressly agrees (after consultation with each of the Lenders) that it will accept communication of the information by this method;
 - (ii) both the Parent and the Agent are aware of the address of and any relevant password specifications for the Designated Website; and
 - (iii) the information is in a printable format or otherwise capable of being downloaded by the relevant Website Lender and is in a format previously agreed between the Parent and the Agent.

If any Lender (“**Paper Form Lender**”) does not agree to the delivery of information electronically then the Agent shall notify the Parent accordingly and the Parent shall at its own cost supply the information to the Agent (in sufficient copies for each Paper Form Lender) in paper form. In any event the Parent shall at its own cost supply the Agent with at least one copy in paper form of any information required to be provided by it.

- (b) The Agent shall supply each Website Lender with the address of and any relevant password specifications for the Designated Website following designation of that website by the Parent and the Agent.
- (c) The Parent shall promptly upon becoming aware of its occurrence notify the Agent if:
- (i) the Designated Website cannot be accessed due to technical failure;
 - (ii) the password specifications for the Designated Website change;
 - (iii) any new information which is required to be provided under this Agreement is posted onto the Designated Website;
 - (iv) any existing information which has been provided under this Agreement and posted onto the Designated Website is amended; or
 - (v) the Parent becomes aware that the Designated Website or any information posted onto the Designated Website is or has been infected by any electronic virus or similar software.

If the Parent notifies the Agent under paragraphs (a) to (c) above, all information to be provided by the Parent under this Agreement after the date of that notice shall be supplied in paper form unless and until the Agent and each Website Lender is satisfied that the circumstances giving rise to the notification are no longer continuing.

- (d) Any Website Lender may request, through the Agent, one paper copy of any information required to be provided under this Agreement which is posted onto the Designated Website. The Parent shall at its own cost comply with any such request within 10 Business Days.

42.7 **English language**

- (a) Any notice given under or in connection with any Finance Document must be in English.
- (b) All other documents provided under or in connection with any Finance Document must be:
 - (i) in English; or
 - (ii) if not in English, and if so required by the Agent, accompanied by a certified English translation and, in this case, the English translation will prevail unless the document is a constitutional, statutory or other official document.

43. **CALCULATIONS AND CERTIFICATES**

43.1 **Accounts**

In any litigation or arbitration proceedings arising out of or in connection with a Finance Document, the entries made in the accounts maintained by a Finance Party are prima facie evidence of the matters to which they relate.

43.2 **Certificates and determinations**

Any certification or determination by a Finance Party of a rate or amount under any Finance Document is, in the absence of manifest error, conclusive evidence of the matters to which it relates.

43.3 **Day count convention**

Any interest, commission or fee accruing under a Finance Document will accrue from day to day and is calculated on the basis of the actual number of days elapsed and a year of 360 days or, in any case where the practice in the London interbank market differs, in accordance with that market practice.

44. **PARTIAL INVALIDITY**

If, at any time, any provision of the Finance Documents is or becomes illegal, invalid or unenforceable in any respect under any law of any jurisdiction, neither the legality, validity or enforceability of the remaining provisions nor the legality, validity or enforceability of such provision under the law of any other jurisdiction will in any way be affected or impaired.

45. **REMEDIES AND WAIVERS**

No failure to exercise, nor any delay in exercising, on the part of any Finance Party, any right or remedy under the Finance Documents shall operate as a waiver, nor shall any single or partial exercise of any right or remedy prevent any further or other exercise or the exercise of any other right or remedy. The rights and remedies provided in this Agreement are cumulative and not exclusive of any rights or remedies provided by law.

46. **AMENDMENTS AND WAIVERS**

46.1 **Required consents**

- (a) Subject to clause 46.2 (Exceptions) any term of the Finance Documents may be amended or waived only with the consent of the Majority Lenders and the Obligors' Agent and any such amendment or waiver will be binding on all Parties.

-
- (b) The Agent may effect, on behalf of any Finance Party, any amendment or waiver permitted by this clause 46.
 - (c) No amendment or waiver may be made before the date falling ten Business Days after the terms of that amendment or waiver have been notified by the Agent to the Lenders. The Agent shall notify the Lenders reasonably promptly of any amendments or waivers proposed by the Parent.
 - (d) Each Obligor agrees to any such amendment or waiver permitted by this clause 46 which is agreed to by the Obligors' Agent.

46.2 **Exceptions**

- (a) An amendment or waiver that has the effect of changing or which relates to:
 - (i) the definition of "**Majority Lenders**" in clause 10.1 (Definitions);
 - (ii) the definition of "**Screen Rate**" in clause 10.1 (Definitions);
 - (iii) an extension to the date of payment of any amount under the Finance Documents;
 - (iv) a reduction in the Margin or a reduction in the amount of any payment of principal, interest, fees or commission payable;
 - (v) a change in currency of payment of any amount under the Finance Documents;
 - (vi) an increase in or an extension of any Commitment or the Total Commitments or any requirement that a cancellation of Commitments reduces the Commitments of the Lenders rateably under the relevant Facility;
 - (vii) a change to any Borrower or Guarantor other than in accordance with clause 36 (Changes to the Obligors);
 - (viii) any provision which expressly requires the consent of all the Lenders;
 - (ix) clause 11.2 (Finance Parties' rights and obligations), clause 18 (Mandatory prepayment - Exit), clause 35 (Changes to the Lenders), this clause 46, clause 41 (Governing Law) or clause 42.1 (Jurisdiction of English courts);
 - (x) the nature or scope of the guarantee and indemnity granted under clause 28 (Guarantee and Indemnity); or
 - (xi) any extension of an Availability Period,shall not be made without the prior consent of all the Lenders,
- (b) An amendment or waiver which relates to the rights or obligations of the Agent or the Mandated Lead Arrangers may not be effected without the consent of the Agent or the Mandated Lead Arrangers.

47. **CONFIDENTIALITY**

47.1 **Confidential Information**

Each Finance Party agrees to keep all Confidential Information confidential and not to disclose it to anyone, save to the extent permitted by clause 47.2 (Disclosure of

Confidential Information) and clause 38.6 (Disclosure to numbering service providers), and to ensure that all Confidential Information is protected with security measures and a degree of care that would apply to its own confidential information.

47.2 **Disclosure of Confidential Information**

Any Finance Party may disclose:

- (a) to any of its Affiliates and Related Funds and any of its or their officers, directors, employees, professional advisers, auditors, partners and Representatives such Confidential Information as that Finance Party shall consider appropriate if any person to whom the Confidential Information is to be given pursuant to this paragraph (a) is informed in writing of its confidential nature and that some or all of such Confidential Information may be price-sensitive information except that there shall be no such requirement to so inform if the recipient is subject to professional obligations to maintain the confidentiality of the information or is otherwise bound by requirements of confidentiality in relation to the Confidential Information;
- (b) to any person:
 - (i) to (or through) whom it assigns or transfers (or may potentially assign or transfer) all or any of its rights and/or obligations under one or more Finance Documents and to any of that person's Affiliates, Related Funds, Representatives and professional advisers;
 - (ii) with (or through) whom it enters into (or may potentially enter into), whether directly or indirectly, any sub-participation in relation to, or any other transaction under which payments are to be made or may be made by reference to, one or more Finance Documents and/or one or more Obligors and to any of that person's Affiliates, Related Funds, Representatives and professional advisers;
 - (iii) appointed by any Finance Party or by a person to whom paragraph (b)(i) or (ii) above applies to receive communications, notices, information or documents delivered pursuant to the Finance Documents on its behalf;
 - (iv) who invests in or otherwise finances (or may potentially invest in or otherwise finance), directly or indirectly, any transaction referred to in paragraph b(i) or (b)(ii) above;
 - (v) to whom information is required or requested to be disclosed by any court of competent jurisdiction, any governmental, banking, taxation or other regulatory authority or similar body, the rules of any relevant stock exchange or pursuant to any applicable law or regulation;
 - (vi) to whom or for whose benefit that Finance Party charges, assigns or otherwise creates Security (or may do so) pursuant to clause 35.8 (Security Interests over Lender's rights)
 - (vii) to whom information is required to be disclosed in connection with, and for the purposes of, any litigation, arbitration, administrative or other investigations, proceedings or disputes;
 - (viii) who is a Party; or
 - (ix) with the consent of the Parent;

in each case, such Confidential Information as that Finance Party shall consider appropriate if:

- (A) in relation to paragraphs (b)(i), (b)(ii) and (b)(iii) above, the person to whom the Confidential Information is to be given has entered into a Confidentiality Undertaking except that there shall be no requirement for a Confidentiality Undertaking if the recipient is a professional adviser and is subject to professional obligations to maintain the confidentiality of the Confidential Information;
 - (B) in relation to paragraph (b)(iv) above, the person to whom the Confidential Information is to be given has entered into a Confidentiality Undertaking or is otherwise bound by requirements of confidentiality in relation to the Confidential Information they receive and is informed that some or all of such Confidential Information may be price-sensitive information;
 - (C) in relation to paragraphs (b)(v), (b)(vi) and (b)(vii) above, the person to whom the Confidential Information is to be given is informed of its confidential nature and that some or all of such Confidential Information may be price-sensitive information except that there shall be no requirement to so inform if, in the opinion of that Finance Party, it is not practicable so to do in the circumstances;
- (c) to any person appointed by that Finance Party or by a person to whom sub paragraph (b)(i) or (b)(ii) above applies to provide administration or settlement services in respect of one or more of the Finance Documents including without limitation, in relation to the trading of participations in respect of the Finance Documents, such Confidential Information as may be required to be disclosed to enable such service provider to provide any of the services referred to in this paragraph (c) if the service provider to whom the Confidential Information is to be given has entered into a confidentiality agreement substantially in the form of the LMA Master Confidentiality Undertaking for Use With Administration/Settlement Service Providers or such other form of confidentiality undertaking agreed between the Parent and the relevant Finance Party;
 - (d) to any rating agency (including its professional advisers) such Confidential Information as may be required to be disclosed to enable such rating agency to carry out its normal rating activities in relation to the Finance Documents and/or the Obligors if the rating agency to whom the Confidential Information is to be given is informed of its confidential nature and that some or all of such Confidential Information may be price-sensitive information.

47.3 Confidentiality and Disclosure

- (a) The Agent and each Obligor agree to keep each Funding Rate (and, in the case of the Agent, each Reference Bank Quotation) confidential and not to disclose it to anyone, save to the extent permitted by paragraphs (b), (c) and (d) below.
- (b) The Agent may disclose:
 - (i) any Funding Rate (but not, for the avoidance of doubt, any Reference Bank Quotation) to the Parent pursuant to clause 11.4 (Notification of Rates of Interest); and
 - (ii) any Funding Rate or any Reference Bank Quotation to any person appointed by it to provide administration services in respect of one or more of the Finance Documents to the extent necessary to enable such service provider

to provide those services if the service provider to whom that information is to be given has entered into a confidentiality agreement substantially in the form of the LMA Master Confidentiality Undertaking for Use With Administration/Settlement Service Providers or such other form of confidentiality undertaking agreed between the Agent and the relevant Lender or Reference Bank, as the case may be.

- (c) The Agent may disclose any Funding Rate or any Reference Bank Quotation, and each Obligor may disclose any Funding Rate, to:
- (i) any of its Affiliates and any of its or their officers, directors, employees, legal advisers, auditors, partners and Representatives if any person to whom that Funding Rate or Reference Bank Quotation is to be given pursuant to this paragraph (i) is informed in writing of its confidential nature and that it may be price-sensitive information except that there shall be no such requirement to so inform if the recipient is subject to professional obligations to maintain the confidentiality of that Funding Rate or Reference Bank Quotation or is otherwise bound by requirements of confidentiality in relation to it;
 - (ii) any person to whom information is required or requested to be disclosed by any court of competent jurisdiction or any governmental, banking, taxation or other regulatory authority or similar body, the rules of any relevant stock exchange or pursuant to any applicable law or regulation if the person to whom that Funding Rate or Reference Bank Quotation is to be given is informed in writing of its confidential nature and that it may be price-sensitive information except that there shall be no requirement to so inform if, in the opinion of the Agent or the relevant Obligor, as the case may be, it is not practicable to do so in the circumstances;
 - (iii) any person to whom information is required to be disclosed in connection with, and for the purposes of, any litigation, arbitration, administrative or other investigations, proceedings or disputes if the person to whom that Funding Rate or Reference Bank Quotation is to be given is informed in writing of its confidential nature and that it may be price-sensitive information except that there shall be no requirement to so inform if, in the opinion of the Agent or the relevant Obligor, as the case may be, it is not practicable to do so in the circumstances; and
 - (iv) any person with the consent of the relevant Lender or Reference Bank, as the case may be.
- (d) The Agent's obligations in this clause 38.3 (Confidentiality and Disclosure) relating to Reference Bank Quotations are without prejudice to its obligations to make notifications under clause 11.4 (Notifications of Rates of Interest) provided that (other than pursuant to paragraph (b) (i) above) the Agent shall not include the details of any individual Reference Bank Quotation as part of any such notification.

47.4 Other Obligations

- (a) The Agent and each Obligor acknowledge that each Funding Rate (and, in the case of the Agent, each Reference Bank Quotation) is or may be price-sensitive information and that its use may be regulated or prohibited by applicable legislation including securities law relating to insider dealing and market abuse and the Agent and each Obligor undertake not to use any Funding Rate or, in the case of the Agent, any Reference Bank Quotation for any unlawful purpose.

-
- (b) The Agent and each Obligor agree (to the extent permitted by law and regulation) to inform the relevant Lender or Reference Bank, as the case may be:
- (i) of the circumstances of any disclosure made pursuant to clause 47.3 (Confidentiality and Disclosure) except where such disclosure is made to any of the persons referred to in that paragraph during the ordinary course of its supervisory or regulatory function; and
 - (ii) upon becoming aware that any information has been disclosed in breach of clause 47.3 (Confidentiality and Disclosure) or this clause 47.4 (Other Obligations).

47.5 No Event of Default

No Event of Default will occur under clause 25.3 (Other obligations) by reason only of an Obligor's failure to comply with clause 38.3 (Confidentiality and Disclosure) or clause 38.4 (Other Obligations).

47.6 Disclosure to numbering service providers

- (a) Any Finance Party may disclose to any national or international numbering service provider appointed by that Finance Party to provide identification numbering services in respect of this Agreement, the Facility and/or one or more Obligors the following information:
- (i) names of Obligors;
 - (ii) country of domicile of Obligors;
 - (iii) place of incorporation of Obligors;
 - (iv) date of this Agreement;
 - (v) clause 50 (Governing Law);
 - (vi) the names of the Agent and the Arrangers;
 - (vii) date of each amendment and restatement of this Agreement;
 - (viii) amount of, and name of, the Facility;
 - (ix) amount of Total Commitments;
 - (x) currencies of the Facility;
 - (xi) type of Facility;
 - (xii) ranking of Facility;
 - (xiii) Termination Date for the Facility;
 - (xiv) changes to any of the information previously supplied pursuant to paragraphs (i) to (xiii) above; and
 - (xv) such other information agreed between such Finance Party and the Parent,
- to enable such numbering service provider to provide its usual syndicated loan numbering identification services.

-
- (b) The Parties acknowledge and agree that each identification number assigned to this Agreement, the Facility and/or one or more Obligor by a numbering service provider and the information associated with each such number may be disclosed to users of its services in accordance with the standard terms and conditions of that numbering service provider.
 - (c) Each Obligor represents that none of the information set out in paragraphs (i) to (xv) of paragraph (a) above is, nor will at any time be, unpublished price-sensitive information.
 - (d) The Agent shall notify the Company and the other Finance Parties of:
 - (i) the name of any numbering service provider appointed by the Agent in respect of this Agreement, the Facility and/or one or more Obligors; and
 - (ii) the number or, as the case may be, numbers assigned to this Agreement, the Facility and/or one or more Obligors by such numbering service provider.

47.7 Entire agreement

This clause 47 constitutes the entire agreement between the Parties in relation to the obligations of the Finance Parties under the Finance Documents regarding Confidential Information and supersedes any previous agreement, whether express or implied, regarding Confidential Information.

47.8 Inside information

Each of the Finance Parties acknowledges that some or all of the Confidential Information is or may be price-sensitive information and that the use of such information may be regulated or prohibited by applicable legislation including securities law relating to insider dealing and market abuse and each of the Finance Parties undertakes not to use any Confidential Information for any unlawful purpose.

47.9 Notification of disclosure

Each of the Finance Parties agrees (to the extent permitted by law and regulation) to inform the Parent of the circumstances of any disclosure by it of Confidential Information made pursuant to paragraph (b)(v) of clause 47.2 (Disclosure of Confidential Information) except where such disclosure is made to any of the persons referred to in that paragraph during the ordinary course of its supervisory or regulatory function.

47.10 Continuing obligations

The obligations in this clause 47 are continuing and, in particular, shall survive and remain binding on each Finance Party for a period of twelve months from the earlier of:

- (a) the date on which all amounts payable by the Obligors under or in connection with the Finance Documents have been paid in full and all Commitments have been cancelled or otherwise cease to be available; and
- (b) the date on which such Finance Party otherwise ceases to be a Finance Party.

48. COUNTERPARTS

Each Finance Document may be executed in any number of counterparts, and this has the same effect as if the signatures on the counterparts were on a single copy of the Finance Document.

49. **USA PATRIOT ACT**

Each Lender hereby notifies each Obligor that pursuant to the requirements of the USA Patriot Act, such Lender is required to obtain, verify and record information that identifies such Obligor, which information includes the name and address of such Obligor and other information that will allow such Lender to identify such Obligor in accordance with the USA Patriot Act.

50. **GOVERNING LAW**

This Agreement and all non-contractual obligations arising in any way whatsoever out of or in connection with this Agreement shall be governed by, construed and take effect in accordance with English law.

51. **ENFORCEMENT**

51.1 **Jurisdiction of English courts**

- (a) The courts of England shall have exclusive jurisdiction to settle any claim, dispute or matter of difference which may arise in any way whatsoever out of or in connection with the Finance Documents expressed to be governed by English law (including a dispute regarding the existence, validity or termination of any Finance Document or any claim for set off) or the legal relationships established by any Finance Document (a “**Dispute**”), only where such Dispute is the subject of proceedings commenced by the Obligor.
- (b) Where a Dispute is the subject of proceedings commenced by one or more Finance Parties, the Finance Parties are entitled to bring such proceedings in any court or courts of competent jurisdiction (including but not limited to the courts of England). If any Obligor raises a counter-claim in the context of proceedings commenced by one or more Finance Parties, that Obligor shall bring such counter-claim before the court seized of the Finance Party’s claim and no other court.
- (c) The commencement of legal proceedings in one or more jurisdictions shall not, to the extent allowed by law, preclude the Finance Parties from commencing legal actions or proceedings in any other jurisdiction, whether concurrently or not.
- (d) To the extent allowed by law, each Obligor irrevocably waives any objection it may now or hereafter have on any grounds whatsoever to the laying of venue of any legal proceeding, and any claim it may now or hereafter have that any such legal proceeding has been brought in an inappropriate or inconvenient forum.

51.2 **Service of process**

- (a) Without prejudice to any other mode of service allowed under any relevant law, each Obligor (other than an Obligor incorporated in England and Wales):
 - (i) irrevocably appoints Enstar (EU) Limited. (Attention: Derek Reid, Avaya House, 2 Cathedral Hill, Guildford, Surrey GU2 7YL) as its agent for service of process in relation to any proceedings before the English courts in connection with any Finance Document;
 - (ii) agrees that failure by an agent for service of process to notify the relevant Obligor of the process will not invalidate the proceedings concerned; and
 - (iii) if any person appointed as an agent for service of process is unable for any reason to act as agent for service of process, the Parent (on behalf of all the Obligors) must immediately (and in any event within five days of such event taking place) appoint another agent on terms acceptable to the Agent. Failing this, the Agent may appoint another agent for this purpose.

-
- (b) The Parent confirms that Enstar (EU) Limited has expressly agreed and consented to the provisions of clause 50 (Governing law) and of clause 51 (Enforcement).
 - (c) Notwithstanding the foregoing, each U.S. Obligor hereby irrevocably and unconditionally submits for itself and its property in any legal action or proceeding relating to this Agreement and/or any other Finance Document to which it is a party, or for recognition and enforcement of any judgment in respect thereof, to the non-exclusive general jurisdiction of the courts of the State of New York, the State of Delaware, the federal courts of the United States of America for the Southern District of New York and the District of Delaware, and in each case appellate courts from any thereof. Each U.S. Obligor further consents that any such action or proceeding may be brought in such courts and, to the extent permitted by law, waives any objection that it may now or hereafter have to the venue of any such action or proceeding in any such court or that such action or proceeding was brought in an inconvenient court and agrees not to plead or claim the same.

51.3 **Waiver of Immunity**

Each Obligor (to the fullest extent permitted by law) irrevocably and unconditionally:

- (a) agrees not to claim any immunity from proceedings brought against it by any Finance Party in relation to any Finance Document, and to ensure that no such claim is made on its behalf;
- (b) waives all rights of immunity in respect of it or its assets; and
- (c) consents generally in respect of such proceedings to the giving of relief or the issue of any process in connection with such proceedings.

52. **WAIVER OF JURY TRIAL**

EACH OF THE PARTIES TO THIS AGREEMENT AGREES TO WAIVE IRREVOCABLY ITS RIGHTS TO A JURY TRIAL OF ANY CLAIM BASED UPON OR ARISING OUT OF THIS AGREEMENT OR ANY OF THE DOCUMENTS REFERRED TO IN THIS AGREEMENT OR ANY TRANSACTION CONTEMPLATED IN THIS AGREEMENT. This waiver is intended to apply to all Disputes. Each party acknowledges that: (a) this waiver is a material inducement to enter into this Agreement, (b) it has already relied on this waiver in entering into this Agreement; and (c) it will continue to rely on this waiver in future dealings. Each party represents that it has reviewed this waiver with its legal advisers and that it knowingly and voluntarily waives its jury trial rights after consultation with its legal advisers. In the event of litigation, this Agreement may be filed as a written consent to a trial by the court.

This Agreement has been entered into on the date stated at the beginning of this Agreement.

SCHEDULE 5

The Parties as at the Effective Date

Part 1

The Original Borrowers

<u>Name of Original Borrower</u>	<u>Jurisdiction of Incorporation, Registration Number (if applicable)</u>
Enstar Group Limited	Bermuda, EC30916
Enstar (EU) Finance Limited	England and Wales, 03168082
Enstar Holdings (U.S.) Inc.	State of Delaware

Part 2

The Original Guarantors

<u>Name of Original Guarantor</u>	<u>Jurisdiction of Incorporation, Registration Number (if applicable)</u>
Enstar Group Limited	Bermuda, EC30916
Enstar Holdings (U.S.) Inc.	State of Delaware
Enstar (EU) Finance Limited	England and Wales, 03168082

Part 3

The Lenders as at the Effective Date – other than UK non-bank Lenders

<u>Name of Lender</u>	<u>Commitments (U.S.\$)</u>
National Australia Bank Limited (ABN 12 004 044 9371)	166,250,000.00
Barclays Bank PLC	166,250,000.00
Royal Bank of Canada	166,250,000.00
Lloyds Bank plc	166,250,000.00

Part 4

The Lenders as at the Effective Date - UK non-bank Lenders

<u>Name of Lender</u>	<u>Commitments U.S.\$</u>
None	

SCHEDULE 6

Conditions Precedent

Part 1

Conditions precedent to Initial Utilisation

[Already satisfied]

1. Obligors

- 1.1 A certified copy of the Constitutional Documents of each Original Obligor.
- 1.2 A certified copy of a resolution of the board of directors of each Original Obligor:
 - (a) approving the terms of, and the transactions contemplated by, the Finance Documents to which it is a party and resolving that it execute, deliver and perform the Finance Documents to which it is a party;
 - (b) authorising a specified person or persons to execute the Finance Documents to which it is a party on its behalf; and
 - (c) authorising a specified person or persons, on its behalf, to sign and/or despatch all documents and notices (including, if relevant, any Utilisation Request) to be signed and/or despatched by it under or in connection with the Finance Documents to which it is a party.
- 1.3 A specimen of the signature of each person authorised by the resolution referred to in paragraph 1.2 above in relation to the Finance Documents and related documents.
- 1.4 A certified copy of a resolution signed by all the holders of the issued shares in Enstar (EU) Finance Limited, approving the terms of, and the transactions contemplated by, the Finance Documents to which it is a party.
- 1.5 A certificate of the Parent (signed by a director) confirming that borrowing or guaranteeing, as appropriate, the Total Commitments would not cause any borrowing, guarantee or similar limit binding on any Original Obligor to be exceeded.
- 1.6 A certificate of an authorised signatory of each Original Obligor certifying that each copy document relating to it specified in this part 1 of schedule 6 is correct, complete and in full force and effect and has not been amended or superseded as at a date no earlier than the date of this Agreement or, to the extent such document has previously been delivered to the Agent that such document has not been amended or superseded since the date of such delivery.
- 1.7 A certified copy of a good standing certificate from the jurisdiction of organization of each Obligor incorporated in the U.S., each dated as of no earlier than the date which is no earlier than 10 Business Days prior the first Utilisation Date.

2. Finance Documents

- 2.1 This Agreement executed by the members of the Group party to this Agreement.
- 2.2 The Fee Letters executed by the Parent.

3. Legal Opinion

The following legal opinions, each addressed to the Agent and the Original Lenders, to be in agreed form:

- (a) a legal opinion of Ashurst LLP, legal advisers to the Agent and the Arrangers as to English law substantially in the form distributed to the Original Lenders prior to signing this Agreement.
- (b) a legal opinion of Wakefield Quin Limited, legal advisers to the Agent and the Arrangers as to Bermudian law substantially in the form distributed to the Original Lenders prior to signing this Agreement.
- (c) a legal opinion of Drinker Biddle & Reith LLP, legal advisers to the Obligors as to Delaware law substantially in the form distributed to the Original Lenders prior to the signing of this Agreement.

4. Other Documents And Evidence

- 4.1 Evidence that Enstar (EU) Limited has accepted its appointment as process agent referred to in clause 51.2 (Service of process) and confirmed it agrees and consents to the provisions of clause 50 (Governing law) and of clause 51 (Enforcement).
- 4.2 The Group Structure Chart.
- 4.3 Evidence that at least two Rating Agencies have publicly assigned a senior unsecured long-term and non-credit enhanced debt rating (or equivalent) to the Parent of BBB- (or its equivalent) or higher.
- 4.4 A copy, certified by an authorised signatory of the Parent to be a true copy, of the Original Financial Statements.
- 4.5 A copy of any other Authorisation or other document, opinion or assurance which the Agent notifies the Parent is necessary or desirable in connection with the entry into and performance of the transactions contemplated by any Finance Document or for the validity and enforceability of any Finance Document.
- 4.6 Any information and evidence in respect of any Obligor required by any Finance Party to enable it to be satisfied with the results of all “know your customer” or other checks which it is required to carry out in relation to such person.
- 4.7 A certificate of the Parent (signed by a director) certifying that all necessary or desirable Authorisations from any governmental authority or other regulatory body in connection with the entry into and performance of the transactions contemplated by any Finance Document (or for the validity or enforceability of any of those documents) have been obtained and are in full force and effect together with certified copies of those obtained.
- 4.8 Evidence that the arrangement fee and initial agency fee was paid on or before the date of this Agreement.
- 4.9 Evidence that all amounts due under the Existing Facility Agreement have or will on the first Utilisation Date be repaid in full and all Security relating to the Existing Facility Agreement has been released in full.

Part 2

Conditions precedent required to be delivered by an Additional Obligor

1. An Accession Letter (if relevant) executed by the Additional Obligor and the Parent.
2. A certified copy of the constitutional documents of the Additional Obligor, with such amendments as the Agent may reasonably require and in the case of each Obligor that is a U.S. Obligor, such constitutional documents shall be certified as of a recent date together with a certificate of good standing.
3. A certified copy of a resolution of the board of directors of the Additional Obligor:
 - 3.1 approving the terms of, and the transactions contemplated by, the Accession Letter and the Finance Documents and resolving that it execute, deliver and perform the Accession Letter and any other Finance Document to which it is party;
 - 3.2 authorising a specified person or persons to execute the Accession Letter and other Finance Documents on its behalf;
 - 3.3 authorising a specified person or persons, on its behalf, to sign and/or despatch all other documents and notices (including, in relation to an Additional Borrower, any Utilisation Request) to be signed and/or despatched by it under or in connection with the Finance Documents to which it is a party; and
 - 3.4 authorising the Parent to act as its agent in connection with the Finance Documents.
4. A specimen of the signature of each person authorised by the resolution referred to in paragraph 3 above.
5. A certified copy of a resolution signed by all the holders of the issued shares of the Additional Obligor, approving the terms of, and the transactions contemplated by, the Finance Documents to which the Additional Obligor is a party as applicable.
6. A certificate of the Additional Obligor (signed by a director or an officer (as applicable)) confirming that borrowing or guaranteeing or securing, as appropriate, the Total Commitments would not cause any borrowing, guarantee, security or similar limit binding on it to be exceeded.
7. A certificate of an authorised signatory of the Additional Obligor certifying that each copy document listed in this part 2 of schedule 6 is correct, complete and in full force and effect and has not been amended or superseded as at a date no earlier than the date of the Accession Letter.
8. If available, certified copies of each of the latest audited financial statements of the Additional Obligor.
9. The following legal opinions, each addressed to the Agent and the Lenders:
 - 9.1 A legal opinion of Ashurst LLP as advisers to the Agent in England, as to English law in the form distributed to the Lenders prior to signing the Accession Letter.
 - 9.2 If the Additional Obligor is incorporated in or has its “centre of main interest” or “establishment” in a jurisdiction other than England and Wales or is executing a Finance Document which is governed by a law other than English law, a legal opinion of the legal advisers to the Agent (or in the case of an U.S. Obligor, U.S. advisers to the Obligors) in the jurisdiction of its incorporation, “centre of main interest” or “establishment” (as applicable) or, as the case may be, the jurisdiction of the governing law of that Finance Document (“**Applicable Jurisdiction**”) as to the law of the Applicable Jurisdiction and in the form distributed to the Lenders prior to signing the Accession Letter.

-
10. If the proposed Additional Obligor is incorporated in a jurisdiction other than England and Wales, evidence that Enstar (EU) Limited as any process agent referred to in clause 51.2 (Service of process) has accepted its appointment and confirmed it agrees and consents to the provisions of clause 50 (Governing law) and of clause 51 (Enforcement).
 11. Such documentary evidence as legal counsel to the Agent may require that such Additional Obligor has complied with any law in its jurisdiction relating to financial assistance or analogous process.
 12. Evidence that all necessary or desirable Authorisations from any government authority or other regulatory body in connection with the entry into and performance of the transactions contemplated by the Accession Letter, any Finance Document or Finance Document to which the Additional Obligor is party or for the validity or enforceability of any of those documents have been obtained and are in full force and effect, together with certified copies of those obtained.
 13. A certificate of the Parent confirming that no Default is continuing or would occur as a result of the Additional Obligor executing the Accession Letter or the Finance Documents or the Finance Documents to which it is party.

SCHEDULE 7

Utilisation Request

From: [Borrower]/[Parent]

To: National Australia Bank Limited (ABN 12 004 044 9371) (as Agent)

Dated:

Dear Sirs

Enstar Group Limited – Facility Agreement originally dated 16 September 2014 (as amended and restated on the Effective Date) (Facility Agreement)

14. We refer to the Facility Agreement. This is a Utilisation Request. Terms defined in the Facility Agreement have the same meaning in this Utilisation Request unless given a different meaning in this Utilisation Request.
15. We wish to borrow a Loan on the following terms:
- 15.1 Borrower: []
- 15.2 Proposed Utilisation Date: [] (or, if that is not a Business Day, the next Business Day)
- 15.3 Amount: [] or, if less, the Available Facility
- 15.4 Interest Period: []
- 15.5 Purpose: []
16. We confirm that each condition specified in clause 13.2 (Further conditions precedent) is satisfied on the date of this Utilisation Request.
17. This Utilisation Request is irrevocable.

Yours faithfully

authorised signatory for

[the Parent on behalf of *[insert name of relevant Borrower]*]/*[insert name of Borrower]*

SCHEDULE 8

Form of Transfer Certificate

To: National Australia Bank Limited (ABN 12 004 044 9371) as Agent

From: [the Existing Lender] (“Existing Lender”) and [the New Lender] (“New Lender”)

Dated:

Enstar Group Limited – Facility Agreement originally dated 16 September 2014 (as amended and restated on the Effective Date) (Facility Agreement)

18. We refer to the Facility Agreement. This agreement (the “Agreement”) shall take effect as a Transfer Certificate for the purposes of the Facility Agreement. Terms defined in the Facility Agreement have the same meaning in this Agreement unless given a different meaning in this Agreement.
19. We refer to clause 35.5 (Procedure for transfer):
- (a) The Existing Lender and the New Lender agree to the Existing Lender transferring to the New Lender by novation and in accordance with clause 35.5 (Procedure for transfer), all of the Existing Lender’s rights and obligations under the Facility Agreement and the other Finance Documents which relate to that portion of the Existing Lender’s Commitment(s) and participations in Loans under the Facility Agreement as specified in the Schedule.
 - (b) The proposed Transfer Date is [***].
 - (c) The Facility Office and address, fax number and attention details for notices of the New Lender for the purposes of clause 42.2 (Addresses) are set out in the Schedule.
20. [*** The/Each ***] New Lender expressly acknowledges the limitations on the Existing Lender[’s][s’] obligations set out in paragraph (c) of clause 35.4 (Limitation of responsibility of Existing Lenders).
21. [*** The/Each ***] New Lender confirms, for the benefit of the Agent and without liability to any Obligor, that it is:
- (a) [a Qualifying Lender (other than a Treaty Lender);]
 - (b) [a Treaty Lender;]
 - (c) [not a Qualifying Lender].
22. [*** The/Each New Lender confirms that the person beneficially entitled to interest payable to that Lender in respect of an advance under a Finance Document is either:
- (a) a company resident in the United Kingdom for United Kingdom tax purposes; or
 - (b) a partnership each member of which is:
 - (i) a company so resident in the United Kingdom; or
 - (ii) a company not so resident in the United Kingdom which carries on a trade in the United Kingdom through a permanent establishment and which brings into account in computing its chargeable profits (within the meaning of section 19 of the CTA) the whole of any share of interest payable in respect of that advance that falls to it by reason of part 17 of the CTA; or
 - (c) a company not so resident in the United Kingdom which carries on a trade in the United Kingdom through a permanent establishment and which brings into account interest payable in respect of that advance in computing the chargeable profits (within the meaning of section 19 of the CTA) of that company.]

-
23. [The New Lender confirms that it holds a passport under the HMRC DT Treaty Passport scheme (reference number []) and is tax resident in []*, so that interest payable to it by borrowers is generally subject to full exemption from UK withholding tax and requests that the Parent notify:
- (d) each Borrower which is a Party as a Borrower as at the Transfer Date; and
 - (e) each Additional Borrower which becomes an Additional Borrower after the Transfer Date, that it wishes that scheme to apply to the Facility Agreement.]
24. This Agreement may be executed in any number of counterparts and this has the same effect as if the signatures on the counterparts were on a single copy of this Agreement.
25. This Agreement and any non-contractual obligations arising out of or in connection with it are governed by English law.
26. This Agreement has been entered into on the date stated at the beginning of this Agreement.

The Schedule

Commitment/rights and obligations to be transferred

[insert relevant details]

[Facility Office address, fax number and attention details for notices and account details for payments,]

[Existing Lender]

[New Lender]

By:

By:

This Transfer Certificate is accepted as a Transfer Certificate for the purposes of the Facility Agreement by the Agent, and the Transfer Date is confirmed as [●].

[Agent]

By:

[*** OR FOR GLOBAL TRANSFER CERTIFICATES ***]

Part 1

The Existing Lenders

[●]

[●]

[●]

Part 2

The New Lenders

[●]

[●]

[●]

Part 3

Details of portion of outstanding Loans and Commitment

Lender

[*list here existing and new lenders*] [●]

Commitment

[●]

Loans

[●]

Part 4

New Lenders' Administrative Details

<u>New Lender</u> [●]	<u>Facility office Address/Fax no. Attention of</u> [●]	<u>Address for service of notices (if different)</u> [●]	<u>Account for Payment</u> [●]	<u>Website or Paper Form Lender</u> [●]
EXECUTED as a Deed by [*** Each Existing Lender ***]))		Authorised Signatory	
Dated:				
Executed as a Deed by [*** Each New Lender ***]))		Authorised Signatory	
Dated:				
The Transfer Certificate is accepted by the Agent and the Transfer Date is confirmed by the Agent as [***]))))			
Signed by [National Australia Bank Limited (ABN 12 004 044 9371) (as Agent)]				
Dated:				

SCHEDULE 9

Form of Assignment Agreement

To: NationalAustralia Bank Limited (ABN 12 004 044 9371) as Agent

From: [the Existing Lender] (“**Existing Lender**”) and [the New Lender] (“**New Lender**”)

Dated: [***]

Enstar Group Limited – Facility Agreement originally dated 16 September 2014 (as amended and restated on the Effective Date) (Facility Agreement)

27. We refer to the Facility Agreement. This is an Assignment Agreement. This agreement (the “**Agreement**”) shall take effect as an Assignment Agreement for the purpose of the Facility Agreement. Terms defined in the Facility Agreement have the same meaning in this Agreement unless given a different meaning in this Agreement.
28. We refer to clause 35.6 (Procedure for assignment):
- (a) The Existing Lender assigns absolutely to the New Lender all the rights of the Existing Lender under the Facility Agreement and the other Finance Documents which correspond to that portion of the Existing Lender’s Commitments and participations in Loans under the Facility Agreement as specified in the Schedule;
 - (b) The Existing Lender is released from all the obligations of the Existing Lender which correspond to that portion of the Existing Lender’s Commitments and participations in Loans under the Facility Agreement specified in the Schedule.
 - (c) The New Lender becomes a Party as a Lender, assumes and is bound by obligations equivalent to those from which the Existing Lender is released under paragraph (c) above.
29. The proposed Transfer Date is [***].
30. On the Transfer Date the New Lender becomes:
- (a) Party to the Finance Documents as a Lender; and
 - (b) Party to [*** other relevant agreements in other relevant capacity***].
31. The New Lender expressly acknowledges the limitations on the Existing Lender’s obligations set out in paragraph (c) of clause 35.4 (Limitation of responsibility of Existing Lenders).
32. The Facility Office and address, fax number and attention details for notices of the New Lender for the purposes of clause 42.2 (Addresses) are set out in the Schedule to this Assignment Agreement.
33. The Existing Lender represents and warrants that:
- (a) the rights assigned hereunder are assigned free of any rights of set-off in favour of any Obligor and free of any lien, security interest or other encumbrance; and
 - (b) immediately prior to the Transfer Date, the Existing Lender is the beneficial owner of the rights to be assigned hereunder.
34. [*** The/Each ***] New Lender confirms, for the benefit of the Agent and without liability to any Obligor, that it is:
- (a) [a Qualifying Lender (other than a Treaty Lender);]

-
- (b) [a Treaty Lender;]
- (c) [not a Qualifying Lender].
35. [*** The New Lender confirms that the person beneficially entitled to interest payable to that Lender in respect of an advance under a Finance Document is either:
- (a) a company resident in the United Kingdom for United Kingdom tax purposes; or
 - (b) a partnership each member of which is:
 - (i) a company so resident in the United Kingdom; or
 - (ii) a company not so resident in the United Kingdom which carries on a trade in the United Kingdom through a permanent establishment and which brings into account in computing its chargeable profits (within the meaning of section 19 of the CTA) the whole of any share of interest payable in respect of that advance that falls to it by reason of Part 17 of the CTA; or
 - (c) a company not so resident in the United Kingdom which carries on a trade in the United Kingdom through a permanent establishment and which brings into account interest payable in respect of that advance in computing the chargeable profits (within the meaning of section 19 of the CTA) of that company].
36. [The New Lender confirms that it holds a passport under the HMRC DT Treaty Passport scheme (reference number []) and is tax resident in []*, so that interest payable to it by borrowers is generally subject to full exemption from UK withholding tax and requests that the Parent notify:
- (f) each Borrower which is a Party as a Borrower as at the Transfer Date; and
 - (g) each Additional Borrower which becomes an Additional Borrower after the Transfer Date, that it wishes that scheme to apply to the Agreement.]
37. This Agreement acts as notice to the Facility Agent (on behalf of each Senior Finance Party) and, upon delivery in accordance with clause 35.7 (Copy of Transfer Certificate or Assignment Agreement to Parent) of the Facilities Agreement, to the Parent (on behalf of each Obligor) of the assignment referred to in this Agreement.
38. This Agreement may be executed in any number of counterparts and this has the same effect as if the signatures on the counterparts were on a single copy of this Agreement.
39. This Agreement and any non-contractual obligations arising out of or in connection with it are governed by English law.
40. This Agreement has been entered into on the date stated at the beginning of this Agreement.

THE SCHEDULE

Commitment/rights and obligations to be transferred by assignment, release and accession

[*** insert relevant details ***]

[*** Facility office address, fax number and attention details for notices and account details for payments ***]

[*** Existing Lender ***]

[*** New Lender ***]

By:

By:

This Agreement is accepted as an Assignment Agreement for the purposes of the Facility Agreement by the Agent, and the Transfer Date is confirmed as [***].

[*** Signature of this Assignment Agreement by the Agent constitutes confirmation by the Agent of receipt of notice of the assignment referred to herein, which notice the Agent receives on behalf of each Finance Party. ***]

[*** Agent ***]

By:

SCHEDULE 10

Form of Accession Letter

To: National Australia Bank Limited (ABN 12 004 044 9371) as Agent

From: [Subsidiary] and Enstar Group Limited

Dated:

Dear Sirs

Enstar Group Limited – Facility Agreement originally dated 16 September 2014 (as amended and restated on the Effective Date) (Facility Agreement)

41. We refer to the Facility Agreement. This is an Accession Letter. Terms defined in the Facility Agreement have the same meaning in this Accession Letter unless given a different meaning in this Accession Letter.
42. [Subsidiary] agrees to become an [Additional Borrower]/[Additional Guarantor] and to be bound by the terms of the Facility Agreement and the other Finance Documents as an [Additional Borrower]/[Additional Guarantor] pursuant to clause [36.2 (Additional Borrowers)]/[36.3 (Additional Guarantors)] of the Facility Agreement is a company duly incorporated under the laws of [name of relevant jurisdiction] and is a limited liability company and registered number [].
43. [Subsidiary's] administrative details are as follows:
Address:
Fax No.:
Attention:
44. This Accession Letter is governed by English Law,
[This Accession Letter is entered into by deed.]

For and on behalf of
Enstar Group Limited

For and on behalf of
[Subsidiary]

SCHEDULE 11

Form of Compliance Certificate

To: National Australia Bank Limited (ABN 12 004 044 9371) as Agent

From: Enstar Group Limited

Dated:

Dear Sirs

Enstar Group Limited – Facility Agreement originally dated 16 September 2014 (as amended and restated on the Effective Date) (Facility Agreement)

45. We refer to the Facility Agreement. This is a Compliance Certificate. Terms defined in the Facility Agreement have the same meaning when used in this Compliance Certificate unless given a different meaning in this Compliance Certificate.

46. We confirm that as at [*** insert the relevant testing date/ the Testing Date ***]:

(a) Borrower Net Worth:

(i) the Consolidated Tangible Net Worth of the Parent was [*];

(ii) [50] per cent of the net income available for distribution to common shareholders of the Parent at any time after 30 June 2014 was [*];
and

(iii) [75] per cent of the proceeds of any common stock issuance of the Parent made after the date of the Facility Agreement was [*],
and therefore the requirements of clause 32.2(a) (Borrower Net Worth) have been met;

(b) Gearing Ratio: The Consolidated Financial Indebtedness of the Parent was [*] and Consolidated Tangible Net Worth of the Parent was [*], the Total Capital was [*] such that the Consolidated Financial Indebtedness of the Parent was [*] per cent. of the Total Capital and that the requirements of clause 32.2(b) (Gearing Ratio) have been met.

(c) Requisite Rating the average rating of the aggregate investment portfolio (determined by reference to the [lowest] individual rating given by any Rating Agency to each investment) of the Parent is not less than BBB+ (or its equivalent) and therefore the requirements of clause 23.2(c) (Requisite Rating) have been met; and

in each case as demonstrated below. [attach details of calculations, including a breakdown of how the average rating of the aggregate investment portfolio is calculated setting out the per cent of the total value of investments held in each rating or category]

47. We confirm that no Default is continuing.

[insert applicable certification language]

for and on behalf of
[name of Auditors of Enstar Group Limited]

SCHEDULE 12

Timetables

Loans

	<u>Loans in U.S. Dollars</u>	<u>Loans in other currencies</u>
Agent notifies the Parent if a currency is approved as an Optional Currency in accordance with clause 13.3 (Conditions relating to Optional Currencies)		4 Business Days prior to the date of the Loan 9.30 a.m.
Delivery of a duly completed Utilisation Request (clause 14.1 (Delivery of a Utilisation Request)) (clause 21.1 (Selection of Interest Periods and Terms))	3 Business Days prior to the date of the Loan 9.30 a.m.	3 Business Days prior to the date of the Loan 9.30 a.m.
Agent notifies the Lenders of the Loan in accordance with clauses 14.4 (Lenders' participation)	3 Business Days prior to the date of the Loan 3.00 p.m.	3 Business Days prior to the date of the Loan 3.00 p.m.
LIBOR or EURIBOR is fixed	Quotation Day as of 11.00 a.m.	Quotation Day as of 11.00 a.m.

SCHEDULE 13

U.S. TAX COMPLIANCE CERTIFICATE

Part 1

For Foreign Lenders that are not Partnerships for U.S. Federal Income Tax Purposes

Reference is hereby made to the Credit Agreement dated as of [] (as amended, supplemented or otherwise modified from time to time, the "Credit Agreement"), among [], and each lender from time to time party thereto.

Pursuant to the provisions of clause 24 (Tax Gross Up and Indemnities) of the Credit Agreement, the undersigned hereby certifies that (i) it is the sole record and beneficial owner of the Loan(s) (as well as any note(s) evidencing such Loan(s)) in respect of which it is providing this certificate, (ii) it is not a bank within the meaning of Section 881(c)(3)(A) of the Code, (iii) it is not a ten percent shareholder of the Obligor within the meaning of Section 871(h)(3)(B) of the Code and (iv) it is not a controlled foreign corporation related to the Obligor as described in Section 881(c)(3)(C) of the Code.

The undersigned has furnished the Agent and the Obligor with a certificate of its non-U.S. Person status on IRS Form W-8BEN or W-8BEN-E. By executing this certificate, the undersigned agrees that if the information provided on this certificate changes, the undersigned shall promptly so inform the Obligor and the Agent.

Unless otherwise defined herein, terms defined in the Credit Agreement and used herein shall have the meanings given to them in the Credit Agreement.

[NAME OF LENDER]

By: _____

Name:

Title:

Date: _____, 20[]

Part 2

For Foreign Participants that are not Partnerships for U.S. Federal Income Tax Purposes

Reference is hereby made to the Credit Agreement dated as of [] (as amended, supplemented or otherwise modified from time to time, the "Credit Agreement"), among [], and each lender from time to time party thereto.

Pursuant to the provisions of clause 24 (Tax Gross Up and Indemnities) of the Credit Agreement, the undersigned hereby certifies that (i) it is the sole record and beneficial owner of the participation in respect of which it is providing this certificate, (ii) it is not a bank within the meaning of Section 881(c)(3)(A) of the Code, (iii) it is not a ten percent shareholder of the Obligor within the meaning of Section 871(h)(3)(B) of the Code, and (iv) it is not a controlled foreign corporation related to the Obligor as described in Section 881(c)(3)(C) of the Code.

The undersigned has furnished its participating Lender with a certificate of its non-U.S. Person status on IRS Form W-8BEN or W-8BEN-E. By executing this certificate, the undersigned agrees that if the information provided on this certificate changes, the undersigned shall promptly so inform such Lender in writing.

Unless otherwise defined herein, terms defined in the Credit Agreement and used herein shall have the meanings given to them in the Credit Agreement.

[NAME OF PARTICIPANT]

By: _____

Name:

Title:

Date: _____, 20[]

Part 3

For Foreign Participants that are Partnerships for U.S. Federal Income Tax Purposes

Reference is hereby made to the Credit Agreement dated as of [] (as amended, supplemented or otherwise modified from time to time, the "Credit Agreement"), among [], and each lender from time to time party thereto.

Pursuant to the provisions of clause 24 (Tax Gross Up and Indemnities) of the Credit Agreement, the undersigned hereby certifies that (i) it is the sole record owner of the participation in respect of which it is providing this certificate, (ii) its direct or indirect partners/members are the sole beneficial owners of such participation, (iii) with respect such participation, neither the undersigned nor any of its direct or indirect partners/members is a bank extending credit pursuant to a loan agreement entered into in the ordinary course of its trade or business within the meaning of Section 881(c)(3)(A) of the Code, (iv) none of its direct or indirect partners/members is a ten percent shareholder of the Obligor within the meaning of Section 871(h)(3)(B) of the Code and (v) none of its direct or indirect partners/members is a controlled foreign corporation related to the Obligor as described in Section 881(c)(3)(C) of the Code.

The undersigned has furnished its participating Lender with IRS Form W-8IMY accompanied by one of the following forms from each of its partners/members that is claiming the portfolio interest exemption: (i) an IRS Form W-8BEN or W-8BEN-E or (ii) an IRS Form W-8IMY accompanied by an IRS Form W-8BEN or W-8BEN-E from each of such partner's/member's beneficial owners that is claiming the portfolio interest exemption. By executing this certificate, the undersigned agrees that if the information provided on this certificate changes, the undersigned shall promptly so inform such Lender.

Unless otherwise defined herein, terms defined in the Credit Agreement and used herein shall have the meanings given to them in the Credit Agreement.

[NAME OF PARTICIPANT]

By: _____

Name:

Title:

Date: _____, 20[]

Part 4

For Foreign Lenders that are Partnerships for U.S. Federal Income Tax Purposes

Reference is hereby made to the Credit Agreement dated as of [] (as amended, supplemented or otherwise modified from time to time, the "Credit Agreement"), among [], and each lender from time to time party thereto.

Pursuant to the provisions of clause 24 (Tax Gross Up and Indemnities) of the Credit Agreement, the undersigned hereby certifies that (i) it is the sole record owner of the Loan(s) (as well as any note(s) evidencing such Loan(s)) in respect of which it is providing this certificate, (ii) its direct or indirect partners/members are the sole beneficial owners of such Loan(s) (as well as any note(s) evidencing such Loan(s)), (iii) with respect to the extension of credit pursuant to this Credit Agreement or any other Finance Document, neither the undersigned nor any of its direct or indirect partners/members is a bank extending credit pursuant to a loan agreement entered into in the ordinary course of its trade or business within the meaning of Section 881(c)(3)(A) of the Code, (iv) none of its direct or indirect partners/members is a ten percent shareholder of the Obligor within the meaning of Section 871(h)(3)(B) of the Code and (v) none of its direct or indirect partners/members is a controlled foreign corporation related to the Obligor as described in Section 881(c)(3)(C) of the Code.

The undersigned has furnished the Agent and the Obligor with IRS Form W-8IMY accompanied by one of the following forms from each of its partners/members that is claiming the portfolio interest exemption: (i) an IRS Form W-8BEN or W-8BEN-E or (ii) an IRS Form W-8IMY accompanied by an IRS Form W-8BEN or W-8BEN-E from each of such partner's/member's beneficial owners that is claiming the portfolio interest exemption. By executing this certificate, the undersigned agrees that if the information provided on this certificate changes, the undersigned shall promptly so inform the Obligor and the Agent.

Unless otherwise defined herein, terms defined in the Credit Agreement and used herein shall have the meanings given to them in the Credit Agreement.

[NAME OF LENDER]

By: _____

Name:

Title:

Date: _____, 20[]

SCHEDULE 14

Existing Security

Material Companies - Letter of Credit/Ordinary Course Security

<u>Company Name</u>	<u>Registered Number</u>	<u>Security document</u>	<u>Date created</u>	<u>Date registered</u>	<u>Person entitled</u>
Cavell Insurance Company Limited	157661	Security agreement	17.12.92	30.12.92	Citibank N.A.
		Amendment letter	15.02.94	22.02.94	Citibank N.A.
		Security agreement	30.03.98	08.04.98	Citibank N.A.
		Reinsurance deposit agreement	30.03.98	14.04.98	Citibank N.A.
Clarendon Holdings, Inc.		Stock Pledge Agreement	08.07.11		National Australia Bank Limited (ABN 12 004 044 9371)
		Security Agreement	08.07.11		National Australia Bank Limited (ABN 12 004 044 9371)
Enstar Investments Inc.		Stock Pledge Agreement	08.07.11		National Australia Bank Limited (ABN 12 004 044 9371)
Marlon Insurance Company Limited	998720	Security agreement	15.11.95	24.11.95	Citibank N.A.
		Reinsurance deposit agreement	15.11.95	24.11.95	Citibank N.A.
Longmynd Insurance Company Limited	1454023	Charge	06.11.87	26.11.87	Citibank N.A.
Fieldmill Insurance Company Limited	1457354	Charge	06.11.87	14.11.87	Citibank N.A.
River Thames Insurance Company Limited	462838	Reinsurance deposit agreement	11.07.88	20.07.88	Citibank N.A.
		Security agreement	11.07.88	20.07.88	Citibank N.A.
		Security agreement	06.01.89	11.01.89	Citibank N.A.

		Security agreement	12.06.90	19.06.90	Citibank N.A
		Security agreement	02.01.96	09.01.96	Citibank N.A
Brampton Insurance Company Limited	1272965	Reinsurance deposit agreement	23.02.96	29.02.96	Citibank N.A.
Unione Italiana (U.K.) Reinsurance Company Limited	199059	Charge	02.12.87	09.12.87	Citibank N.A.
Hillcot Re Limited	1457317	Charge	19.11.87	02.12.87	Citibank N.A.
Knapton Insurance Limited	14644	Reinsurance deposit agreement	25.09.09	12.10.09	Citibank N.A.
Gordian Runoff Limited	052179647	Fixed (ASIC Charge No: 373330)	30.12.92	25.01.93	004325080, Citigroup Pty Limited
		Fixed (ASIC Charge No: 1344254)	16.08.06	25.08.06	004325080, Citigroup Pty Limited
		Fixed (ASIC Charge No: 1344258)	16.08.06	25.08.06	079478612. The Royal Bank of Scotland N.V.
		Fixed (ASIC Charge No: 1344262)	16.08.06	25.08.06	079478612. The Royal Bank of Scotland N.V.
		Floating (ASIC Charge No: 373432)	21.12.92	27.01.93	064874531, Bank of America, National Association
		Fixed (ASIC Charge No: 510034)	13.09.95	04.10.95	064874531, Bank of America, National Association
Enstar Australia Holdings Pty Limited	128812546	Fixed (ASIC Charge No: 1596644)	28.02.08	29.02.08	004044937, National Australia Bank Limited (ABN 12 004 044 9371)
AG Australia Holdings Limited	054573401	Fixed (ASIC Charge No: 1614223)	25.03.08	03.04.08	004044937, National Australia Bank Limited (ABN 12 004 044 9371)

Enstar Group Limited	EC30916	Security and Control Agreement	31.12.10	4 January 2011	Connecticut General Life Insurance Company
Courtenay Holdings Ltd.	EC40159	Account Charge	22.04.10	11 May 2010	Barclays Bank plc

SIGNATURES

Signature pages not restated.

Signatories to the Restatement Agreement

Parent

ENSTAR GROUP LIMITED

By: /s/ Richard Harris
Richard Harris

Notice Details

Address: Windsor Place, 3rd Floor, 22 Queen Street, Hamilton, HM 11, Bermuda

Fax No: 001 441 296 0895

Attention: Richard Harris

Borrowers

ENSTAR GROUP LIMITED

By: /s/ Richard Harris
Richard Harris

Notice Details

Address: Windsor Place, 3rd Floor, 22 Queen Street, Hamilton, HM 11, Bermuda

Fax No: 001 441 296 0895

Attention: Richard Harris

ENSTAR (EU) FINANCE LIMITED

By: /s/ Derek Reid
Derek Reid

Notice Details

Address: Windsor Place, 3rd Floor, 22 Queen Street, Hamilton, HM 11, Bermuda

Fax No: 001 441 296 0895

Attention: Richard Harris

Signatories to the Restatement Agreement

ENSTAR HOLDINGS (US) INC.

By: /s/ Thomas J. Balkan
Thomas J. Balkan, Secretary

Notice Details

Address: Windsor Place, 3rd Floor, 22 Queen Street, Hamilton, HM 11, Bermuda

Fax No: 001 441 296 0895

Attention: Richard Harris

Guarantors

ENSTAR GROUP LIMITED

By: /s/ Richard Harris
Richard Harris

Notice Details

Address: Windsor Place, 3rd Floor, 22 Queen Street, Hamilton, HM 11, Bermuda

Fax No: 001 441 296 0895

Attention: Richard Harris

ENSTAR (EU) FINANCE LIMITED

By: /s/ Derek Reid
Derek Reid

Notice Details

Address: Windsor Place, 3rd Floor, 22 Queen Street, Hamilton, HM 11, Bermuda

Fax No: 001 441 296 0895

Attention: Richard Harris

ENSTAR HOLDINGS (US) INC.

By: /s/ Thomas J. Balkan
Thomas J. Balkan, Secretary

Notice Details

Address: Windsor Place, 3rd Floor, 22 Queen Street, Hamilton, HM 11, Bermuda

Fax No: 001 441 296 0895

Attention: Richard Harris

Signatories to the Restatement Agreement

Mandated Lead Arrangers

NATIONAL AUSTRALIA BANK LIMITED

(ABN 12 004 044 9371)

By: /s/ Eoin Naughton
Eoin Naughton

Notice Details

Address: 88 Wood Street, London, EC2V 7QQ

Attention: Eoin Naughton (eoin.naughton@eu.nabgroup.com)

BARCLAYS BANK PLC

By: /s/ Arti Sugunan
Arti Sugunan

Notice Details

Address: Level 11, 1 Churchill Place, London, E14 5HP

Attention: Andrew Lloyd

ROYAL BANK OF CANADA

By: /s/ Philip Ball
Philip Ball

Notice Details

Address: Riverbank House, 2 Swan Lane, London, ELYR 3BF

Attention:

LLOYDS BANK PLC

By: /s/ Michael Hubbard
Michael Hubbard

Notice Details

Address: 10 Gresham Street, London, EC2V 7AE

Attention: Michael Hubbard

Signatories to the Restatement Agreement

Lenders

NATIONAL AUSTRALIA BANK LIMITED

(ABN 12 004 044 9371)

By: /s/ Eoin Naughton
Eoin Naughton

Notice Details

Address: 88 Wood Street, London, EC2V 7QQ

Attention: Eoin Naughton (eoin.naughton@eu.nabgroup.com)

BARCLAYS BANK PLC

By: /s/ Arti Sugunan
Arti Sugunan

Notice Details

Address: Level 11, 1 Churchill Place, London, E14 5HP

Attention: Andrew Lloyd

ROYAL BANK OF CANADA

By: /s/ Philip Ball
Philip Ball

Notice Details

Address: Riverbank House, 2 Swan Lane, London, EC4R 3BF

Attention:

LLOYDS BANK PLC

By: /s/ Michael Hubbard
Michael Hubbard

Notice Details

Address: 10 Gresham Street, London, EC2V 7RE

Attention: Michael Hubbard

Signatories to the Restatement Agreement

Agent

NATIONAL AUSTRALIA BANK LIMITED

(ABN 12 004 044 9371)

By: /s/ Carole Palmer
Carole Palmer

For administrative matters:

Contact: Lending Administration
Address: Level 24, 255 George Street, Sydney, 2000, Australia
Fax No.: +44 207 726 0781
E-mail: lendingadminlon@eu.nabgroup.com
Copied to: Wholesale.Agency.London@eu.nabgroup.com

For credit matters:

Contact: Carole Palmer
Address: 88 Wood Street, London EC2V 7QQ, United Kingdom
E-mail: Wholesale.Agency.London@eu.nabgroup.com

**AMENDED AND RESTATED
SHAREHOLDERS' AGREEMENT**

between

NORTHSHORE HOLDINGS LIMITED

and

THE SHAREHOLDERS NAMED HEREIN

dated as of

5 March, 2015

TABLE OF CONTENTS

Article I	Definitions	1
Article II	Management and Operation of the Company	8
	Section 2.01 Board of Directors	8
	Section 2.02 Voting Arrangements	10
	Section 2.03 Consultation on CEO Matters	11
	Section 2.04 Atrium Underwriting Group Limited	11
Article III	Transfer of Interests	12
	Section 3.01 General Restrictions on Transfer	12
	Section 3.02 Right of First Offer	14
	Section 3.03 Enstar Drag-along Rights	17
	Section 3.04 Tag-along Rights	19
	Section 3.05 Enstar Call Right and Trident Put Right	22
Article IV	Pre-emptive Rights and Other Agreements	24
	Section 4.01 Initial Shareholder and Dowling Shareholder Pre-emptive Right	24
	Section 4.02 Corporate Opportunities	26
	Section 4.03 Confidentiality	27
	Section 4.04 Registration Rights	28
Article V	Cessation of Employment	28
Article VI	Information Rights	28
	Section 6.01 Financial Statements and Reports	28
	Section 6.02 Inspection Rights	29
Article VII	Representations and Warranties	29
	Section 7.01 Representations and Warranties	29
Article VIII	Term and Termination	30
	Section 8.01 Termination	30
	Section 8.02 Effect of Termination	31
Article IX	Miscellaneous	31
	Section 9.01 Expenses	31
	Section 9.02 Release of Liability	31
	Section 9.03 Notices	32
	Section 9.04 Interpretation	33
	Section 9.05 Headings	34
	Section 9.06 Severability	34
	Section 9.07 Entire Agreement	34
	Section 9.08 Successors and Assigns	34
	Section 9.09 No Third-Party Beneficiaries	34
	Section 9.10 Amendment and Modification; Waiver	34
	Section 9.11 Governing Law	35
	Section 9.12 Submission to Jurisdiction; Waiver of Jury Trial	35
	Section 9.13 Equitable Remedies	36
	Section 9.14 Counterparts	36

**AMENDED AND RESTATED
SHAREHOLDERS' AGREEMENT**

This Amended and Restated Shareholders' Agreement (this "**Agreement**"), dated as of March 5, 2015, is entered into among Northshore Holdings Limited, a Bermuda exempted company (the "**Company**"), Kenmare Holdings Ltd (the "**Enstar Shareholder**"), Trident V, L.P., Trident V Parallel Fund, L.P. and Trident V Professionals Fund, L.P. (each, a "**Trident Shareholder**" and, collectively, the "**Trident Shareholders**" and, together with the Enstar Shareholder, the "**Initial Shareholders**"), Dowling Capital Partners I, L.P. (the "**Dowling Shareholder**"), Atrium Nominees Limited (the "**Atrium Nominee**"), each other Person who after the date hereof acquires Common Shares of the Company and becomes a party to this Agreement by executing a Joinder Agreement (such Persons, collectively with the Initial Shareholders, the Dowling Shareholder and the Atrium Nominee, the "**Shareholders**") and, solely for purposes of **Section 3.05** hereof, Enstar Group Limited ("**Enstar**").

RECITALS

WHEREAS, Atrium has adopted the Plans, under which certain employees of the Atrium Group may become entitled (subject to the rules of the Plans) to receive or acquire a beneficial interest in Common Shares from time to time; and

WHEREAS, the Initial Shareholders, the Dowling Shareholder and the other parties hereto deem it in their best interests and in the best interests of the Company to amend and restate the Shareholders' Agreement originally entered into on September 6, 2013, and amended and restated by and among the Company, the Initial Shareholders, the Dowling Shareholder and Enstar on May 8, 2014, to set forth in this Agreement their respective rights and obligations in connection with their shareholdings in the Company given the adoption of the Plans.

NOW, THEREFORE, in consideration of the mutual covenants and agreements hereinafter set forth and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

**ARTICLE I
DEFINITIONS**

Capitalized terms used herein and not otherwise defined shall have the meanings set forth in this Article I:

"**Affiliate**" means with respect to any Person, any other Person who, directly or indirectly (including through one or more intermediaries), controls, is controlled by, or is under common control with, such Person. For purposes of this definition, "control," when used with respect to any specified Person, shall mean the power, direct or indirect, to direct or cause the direction of the management and policies of such Person, whether

through ownership of voting securities or partnership or other ownership interests, by contract or otherwise; and the terms “controlling” and “controlled” shall have correlative meanings.

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

“**Applicable Law**” means all applicable provisions of (a) constitutions, treaties, statutes, laws (including the common law), rules, regulations, decrees, ordinances, codes, proclamations, declarations or orders of any Governmental Authority, (b) any consents or approvals of any Governmental Authority and (c) any orders, decisions, advisory or interpretative opinions, injunctions, judgments, awards, decrees of, or agreements with, any Governmental Authority.

“**Arden Re**” means Arden Reinsurance Company Limited.

“**Atrium**” means Atrium Underwriting Group Limited (a company incorporated in England and Wales under registered number 02860390 and whose registered office is at Room 790, Lime Street, London EC3M 7DQ).

“**Atrium Group**” means Atrium and any Subsidiary of Atrium from time to time and references to “**Atrium Group Company**” and “**member of the Atrium Group**” shall be construed accordingly.

“**Atrium Nominee**” has the meaning set forth in the preamble.

“**Atrium Nominee Tag Notice**” has the meaning set forth in **Section 3.04(c)**.

“**Beneficial Owner**” means any current or former employee or officer of a member of the Atrium Group (or their successor) who acquires any beneficial interest in Common Shares (or other shares of the Company which are issued pursuant to a scheme approved by the Board for the return of income or capital to shareholders) or who may become entitled to acquire a beneficial interest in Common Shares (or other shares of the Company which are issued pursuant to a scheme approved by the Board for the return of income or capital to shareholders) as a result of the operation of a Plan.

“**Board**” has the meaning set forth in **Section 2.01(a)**.

“**Business Day**” means a day other than a Saturday, Sunday or other day on which commercial banks in Bermuda are authorized or required to close.

“**Bye-laws**” means the bye-laws of the Company, as amended, modified, supplemented or restated from time to time in accordance with the terms of this Agreement.

“**Call Right**” has the meaning set forth in **Section 3.05(a)**.

“**Change of Control**” means any transaction or series of related transactions (as a result of a tender offer, merger, consolidation or otherwise) that results in, or that is in connection with, (a) any Third Party Purchaser or “group” (within the meaning of Section 13(d)(3) of the Exchange Act) of Third Party Purchasers acquiring beneficial ownership, directly or indirectly, of all or substantially all of the then issued and outstanding Common Shares or (b) the sale, lease, exchange, conveyance, transfer or other disposition (for cash, shares of stock, securities or other consideration) of all or substantially all of the property and assets of the Company and its Subsidiaries, on a consolidated basis, to any Third Party Purchaser or “group” (within the meaning of Section 13(d)(3) of the Exchange Act) of Third Party Purchasers (including any liquidation, dissolution or winding up of the affairs of the Company, or any other distribution made, in connection therewith).

“**Commitment Letters**” has the meaning set forth in **Section 7.01(e)**.

“**Common Shares**” means the common shares, par value \$1.00 per share, of the Company and any securities issued in respect thereof, or in substitution therefor, in connection with any stock split, dividend or combination, or any reclassification, recapitalization, merger, consolidation, exchange or similar reorganization.

“**Company**” has the meaning set forth in the preamble.

“**Committee**” means the Atrium Remuneration and Nomination Committee from time to time.

“**Director**” has the meaning set forth in **Section 2.01(a)**.

“**Dowling Shareholder**” has the meaning set forth in the preamble and shall also include any Permitted Transferees of the Dowling Shareholder that become Shareholders pursuant to the terms of this Agreement.

“**Drag-along Notice**” has the meaning set forth in **Section 3.03(b)**.

“**Drag-along Sale**” has the meaning set forth in **Section 3.03(a)**.

“**Drag-along Shareholder**” has the meaning set forth in **Section 3.03(a)**.

“**Enstar**” has the meaning set forth in the preamble.

“**Enstar Director**” has the meaning set forth in **Section 2.01(a)**.

“**Enstar Shareholder**” has the meaning set forth in the preamble and shall also include any Permitted Transferees of the Enstar Shareholder that become Shareholders pursuant to the terms of this Agreement.

“**Exchange Act**” means the United States Securities Exchange Act of 1934, as amended, or any successor federal statute, and the rules and regulations thereunder, which shall be in effect at the time.

“**Excluded Securities**” means any Common Shares or other equity securities issued in connection with (a) a grant to any existing or prospective consultants, employees, officers or Directors pursuant to any stock option, employee stock purchase or similar equity-based plans or other compensation agreement, including, but not limited to, the Plans; (b) the exercise or conversion of options to purchase Common Shares, or Common Shares issued to any existing or prospective consultants, employees, officers or Directors pursuant to any stock option, employee stock purchase or similar equity-based plans or any other compensation agreement, including, but not limited to, the Plans; (c) a scheme approved by the Board for the return of income or capital to Shareholders; (d) any acquisition by the Company of the stock, assets, properties or business of any Person; (e) any merger, consolidation or other business combination involving the Company; (f) the commencement of any Initial Public Offering or any transaction or series of related transactions involving a Change of Control; (g) a stock split, stock dividend or any similar recapitalization; or (h) any issuance of Financing Equity.

“**Exercise Period**” has the meaning set forth in **Section 4.01(c)**.

“**Exercising Shareholder**” has the meaning set forth in **Section 4.01(d)**.

“**Extended ROFO Notice Period**” has the meaning set forth in **Section 3.02(d)**.

“**Fair Market Value**” has the meaning set forth in **Section 3.05(c)**.

“**Financing Equity**” means any Common Shares, warrants or other similar rights to purchase Common Shares issued to lenders or other institutional investors (excluding the Shareholders) in any arm’s length transaction providing debt financing to the Company.

“**Fiscal Year**” means for financial accounting purposes, January 1 to December 31.

“**GAAP**” means United States generally accepted accounting principles in effect from time to time.

“**Government Approval**” means any authorization, consent, approval, waiver, exception, variance, order, exemption, publication, filing, declaration, concession, grant, franchise, agreement, permission, permit, or license of, from or with any Governmental Authority, the giving notice to, or registration with, any Governmental Authority or any other action in respect of any Governmental Authority.

“**Governmental Authority**” means any federal, state, local or foreign government or political subdivision thereof, or any agency or instrumentality of such government or

political subdivision, or any self-regulated organization or other non-governmental regulatory authority or quasi-governmental authority (to the extent that the rules, regulations or orders of such organization or authority have the force of Law), or any arbitrator, court or tribunal of competent jurisdiction.

“**Independent Appraiser**” has the meaning set forth in **Section 3.05(c)(i)**.

“**Information**” has the meaning set forth in **Section 4.03(b)**.

“**Initial Public Offering**” means any offering of Common Shares of the Company, or shares or other equity interests of any Material Subsidiary, pursuant to a registration statement filed in accordance with the Securities Act.

“**Initial Shareholders**” has the meaning set forth in the preamble and shall also include any Permitted Transferees of the Enstar Shareholder and the Trident Shareholders that become Shareholders, but shall not include the Dowling Shareholder or the Atrium Nominee.

“**Investors Agreement**” has the meaning set forth in **Section 7.01(e)**.

“**Issuance Notice**” has the meaning set forth in **Section 4.01(b)**.

“**Joinder Agreement**” means the joinder agreement in form and substance of Exhibit A attached hereto.

“**Leaver Sale**” has the meaning set forth in **Section 5.01**.

“**Leaver Sale Provisions**” means the mechanism for the sale of any Common Shares (or other shares of the Company which are issued pursuant to a scheme approved by the Board for the return of income or capital to shareholders) held by the Atrium Nominee (as Nominee) on behalf of a relevant Beneficial Owner who becomes a Leaver as set out in the Nominee Agreement applicable to such Beneficial Owner.

“**Lien**” means any lien, claim, charge, mortgage, pledge, security interest, option, preferential arrangement, right of first offer, encumbrance or other restriction or limitation of any nature whatsoever.

“**Lock-up Period**” has the meaning set forth in **Section 3.01(a)**.

“**Material Subsidiary**” means Arden Re, Atrium and any other material direct or indirect Subsidiary of the Company.

“**Memorandum of Association**” means the memorandum of association of the Company, as filed on August 14, 2009 with the Registrar of Companies of Bermuda and as amended, modified, supplemented or restated from time to time in accordance with the terms of this Agreement.

“**New Securities**” has the meaning set forth in **Section 4.01(a)**.

“**Non-exercising Shareholder**” has the meaning set forth in **Section 4.01(d)**.

“**Nominee**” means the Atrium Nominee acting in its capacity as nominee on behalf of a Beneficial Owner (or such other nominee jointly selected by the Committee and the Board).

“**Nominee Agreements**” means the individual nominee agreements between the Atrium Nominee (as Nominee), the Company, Atrium and each Beneficial Owner in relation to the Plans and any Common Shares (or other shares of the Company which are issued pursuant to a scheme approved by the Board for the return of income or capital to shareholders) held by the Atrium Nominee (as Nominee) on behalf of such Beneficial Owner and “**Nominee Agreement**” means any one of them with respect to an applicable Beneficial Owner.

“**Offered Shares**” has the meaning set forth in **Section 3.02(a)**.

“**Offering Shareholder**” has the meaning set forth in **Section 3.02(a)**.

“**Offering Shareholder Notice**” has the meaning set forth in **Section 3.02(b)**.

“**Organizational Documents**” means the Bye-laws and the Memorandum of Association.

“**Over-allotment Exercise Period**” has the meaning set forth in **Section 4.01(d)**.

“**Over-allotment New Securities**” has the meaning set forth in **Section 4.01(d)**.

“**Over-allotment Notice**” has the meaning set forth in **Section 4.01(d)**.

“**Participation Notice**” has the meaning set forth in **Section 3.05(b)**.

“**Permitted Transferee**” means (i) with respect to any Shareholder (other than the Atrium Nominee), any Affiliate of such Shareholder, and (ii) with respect to the Atrium Nominee (in its capacity as Nominee), any replacement or successor nominee of the Beneficial Owners from time to time approved in writing by the Board and the Committee.

“**Person**” means an individual, corporation, company, partnership, joint venture, limited liability company, Governmental Authority, unincorporated organization, trust, association or other entity.

“**Plans**” means the Rollover Long Term Incentive Plan, the Annual Long Term Incentive Plan and the Rollover Matching Share Plan adopted by the Committee and the Company with effect from April 17, 2014 and the Annual Matching Share Plan which is currently anticipated to be adopted by the Committee and the Company in March 2015.

“**Pre-emptive Pro Rata Portion**” has the meaning set forth in **Section 4.01(c)**.

“**Pre-emptive Shareholder**” has the meaning set forth in **Section 4.01(a)**.

“**Proposed Transferee**” has the meaning set forth in **Section 3.04(a)**.

“**Purchasing Shareholder**” has the meaning set forth in **Section 3.02(d)**.

“**Put Notice**” has the meaning set forth in **Section 3.05(b)**.

“**Put Notice Period**” has the meaning set forth in **Section 3.05(b)**.

“**Put Right**” has the meaning set forth in **Section 3.05(b)**.

“**Related Party Agreement**” means any agreement, arrangement or understanding between (a) (i) the Company and (ii) any Shareholder or any Affiliate of a Shareholder or any Director, officer or employee of the Company, as such agreement may be amended, modified, supplemented or restated in accordance with the terms of this Agreement, and (b) (i) Arden Re, Atrium or any other direct or indirect Subsidiary of the Company and (ii) the Company, any Shareholder or any Affiliate of Arden Re, Atrium, the Company, a Shareholder or any Director, officer or employee of Arden Re, Atrium or any direct or indirect Subsidiary of the Company, as such agreement may be amended, modified, supplemented or restated in accordance with the terms of this Agreement.

“**Relevant Shareholder(s)**” has the meaning set forth in **Section 3.05(c)**.

“**Representative**” means, with respect to any Person, any and all directors, officers, employees, consultants, financial advisors, counsel, accountants and other agents of such Person and its Affiliates (*provided, that* portfolio companies of the Trident Shareholders shall not be Representatives).

“**ROFO Notice**” has the meaning set forth in **Section 3.02(d)**.

“**ROFO Notice Period**” has the meaning set forth in **Section 3.02(b)**.

“**Sale Notice**” has the meaning set forth in **Section 3.04(b)**.

“**Securities Act**” means the United States Securities Act of 1933, as amended, or any successor federal statute, and the rules and regulations thereunder, which shall be in effect at the time.

“**Selling Shareholder**” has the meaning set forth in **Section 3.04(a)**.

“**Share Purchase Agreement**” has the meaning set forth in **Section 7.01(e)**.

“**Shareholders**” has the meaning set forth in the preamble.

“**Subsidiary**” means with respect to any Person, any other Person of which a majority of the outstanding shares or other equity interests having the power to vote for directors or comparable managers are owned, directly or indirectly, by the first Person.

“**Tag-along Notice**” has the meaning set forth in **Section 3.04(c)**.

“**Tag-along Period**” has the meaning set forth in **Section 3.04(c)**.

“**Tag-along Sale**” has the meaning set forth in **Section 3.04(a)**.

“**Tag-along Shareholder**” has the meaning set forth in **Section 3.04(a)**.

“**Third Party Purchaser**” means any Person who, immediately prior to the contemplated transaction, (a) does not directly or indirectly own or have the right to acquire any outstanding Common Shares or (b) is not a Permitted Transferee of any Person who directly or indirectly owns or has the right to acquire any Common Shares.

“**Transfer**” means to, directly or indirectly, sell, transfer, assign, pledge, encumber, hypothecate or similarly dispose of, either voluntarily or involuntarily, or to enter into any contract, option or other arrangement or understanding with respect to the sale, transfer, assignment, pledge, encumbrance, hypothecation or similar disposition of, any Common Shares owned by a Person or any interest (including a beneficial interest) in any Common Shares owned by a Person.

“**Trident Director**” has the meaning set forth in **Section 2.01(a)**.

“**Trident Shareholder**” has the meaning set forth in the preamble and shall also include any Permitted Transferees of the Trident Shareholder that become Shareholders pursuant to the terms of this Agreement.

“**Waived ROFO Transfer Period**” has the meaning set forth in **Section 3.02(f)**.

ARTICLE II

MANAGEMENT AND OPERATION OF THE COMPANY

Section 2.01 Board of Directors.

(a) The Shareholders agree that the business and affairs of the Company shall be managed through a board of directors (the “**Board**”) consisting of five members (each, a “**Director**”). The Directors shall be elected to the Board in accordance with the following procedures:

(i) The Enstar Shareholder shall have the right to designate three Directors, who shall initially be Paul O’Shea, Nick Packer and Richard Harris (the “**Enstar Directors**”); and

(ii) The Trident Shareholders shall have the right to designate two Directors, who shall initially be Darran A. Baird and James D. Carey (the “**Trident Directors**”).

Notwithstanding the foregoing, the Enstar Director(s) present at any meeting of the Board or committee thereof shall collectively exercise voting power equal to the Enstar Shareholder's percentage ownership of the Company divided by the aggregate percentage ownership of the Company held by the Enstar Shareholder and the Trident Shareholders, and the Trident Director(s) present at any meeting of the Board or committee thereof shall collectively exercise voting power equal to the Trident Shareholders' percentage ownership of the Company divided by the aggregate percentage ownership of the Company held by the Enstar Shareholder and the Trident Shareholders.

(b) Each Shareholder shall vote all Common Shares over which such Shareholder has voting control and shall take all other necessary or desirable actions within such Shareholder's control (including in its capacity as shareholder, director, member of a board committee or officer of the Company or otherwise, and whether at a regular or special meeting of the Shareholders or by written consent in lieu of a meeting) to elect to the Board any individual designated by an Initial Shareholder pursuant to **Section 2.01(a)**.

(c) Each Initial Shareholder shall have the right at any time to remove (with or without cause) any Director designated by such Initial Shareholder for election to the Board and each other Shareholder shall vote all Common Shares over which such Shareholder has voting control and shall take all other necessary or desirable actions within such Shareholder's control (including in its capacity as shareholder, director, member of a board committee or officer of the Company or otherwise, and whether at a regular or special meeting of the Shareholders or by written consent in lieu of a meeting) to remove from the Board any individual designated by such Initial Shareholder that such Initial Shareholder desires to remove pursuant to this **Section 2.01(c)**. Except as provided in the preceding sentence, unless an Initial Shareholder shall otherwise consent in writing, no other Shareholder shall take any action to cause the removal of any Director(s) designated by an Initial Shareholder.

(d) In the event a vacancy is created on the Board at any time and for any reason (whether as a result of death, disability, retirement, resignation or removal pursuant to **Section 2.01(c)**), the Initial Shareholder who designated such individual shall have the right to designate a different individual to replace such Director and each other Shareholder shall vote all Common Shares over which such Shareholder has voting control and shall take all other necessary or desirable actions within such Shareholder's control (including in its capacity as shareholder, director, member of a board committee or officer of the Company or otherwise, and whether at a regular or special meeting of the Shareholders or by written consent in lieu of a meeting) to elect to the Board any individual designated by such Initial Shareholder.

(e) The Board shall have the right to establish any committee of Directors as the Board shall deem appropriate from time to time. Subject to this Agreement, the Organizational Documents and Applicable Law, committees of the Board shall have the rights, powers and privileges granted to such committee by the Board from time to time. Any delegation of authority to a committee of Directors to take any action must be approved in the same manner as would be required for the Board to approve such action directly. Any committee of Directors shall be composed of the same proportion of Enstar Directors and Trident Directors as the Initial Shareholders shall then be entitled to appoint to the Board pursuant to this **Section 2.01**.

(f) The presence of a majority of Directors then in office shall constitute a quorum; *provided, that* at least one Trident Director is present at such meeting. If a quorum is not achieved at any duly called meeting, such meeting may be postponed to a time no earlier than 48 hours after written notice of such postponement has been given to the Directors. If no Trident Director is present for three consecutive meetings, then the presence, in person or by proxy, of Directors designated by Shareholders holding at least 51% of the Common Shares shall constitute a quorum for the next meeting.

Section 2.02 Voting Arrangements. In addition to any vote or consent of the Board or the Shareholders of the Company required by Applicable Law, without the consent of the Trident Shareholders the Company shall not take any action or enter into any commitment to take any action to (and shall cause its Material Subsidiaries to not take any action or enter into any commitment to take any action to):

- (a) amend, modify or waive the Organizational Documents or the charter, bye-laws or other organizational documents of any Material Subsidiary;
- (b) make any material changes in the tax or accounting methods or policies or the tax elections of the Company or any Material Subsidiary (other than as required by Applicable Law or GAAP) that would have a materially adverse impact on the Trident Shareholders;
- (c) enter into, amend in any material respect, waive or terminate any Related Party Agreement other than (i) the entry into a Related Party Agreement that is on an arm's length basis and on terms no less favorable to the Company or the applicable Material Subsidiary than those that could be obtained from an unaffiliated third party and (ii) any reinsurance or other risk transfer arrangement with any Affiliate of the Enstar Shareholder in which all or substantially all of the underlying insurance risk is borne by the Affiliate of the Enstar Shareholder, *provided, however*, that any such reinsurance or other risk transfer transaction provides the Company a market rate fronting fee;
- (d) enter into or effect any material transaction or series of related transactions outside of the ordinary course of business involving the purchase, lease, license, exchange or other acquisition (including by merger, consolidation, acquisition of stock or acquisition of assets) by the Company or any Material Subsidiary of any assets and/or

equity interests of any Person that are material in amount to the Company and its Subsidiaries taken as a whole, other than the acquisition by the Company of Arden Re and Atrium;

(e) except for a Change of Control effected in accordance with **Section 3.03** which will not require the consent of the Trident Shareholders, enter into or effect any material transaction or series of related transactions outside of the ordinary course of business involving the sale, lease, license, exchange or other disposition (including by merger, consolidation, sale of stock or sale of assets) by the Company or any Material Subsidiary of any stock or assets that are material in amount to the Company and its Subsidiaries taken as a whole;

(f) except as permitted under the Plans, grant or authorize the grant of Common Shares or other equity securities of the Company or any Subsidiary of the Company in an amount greater than 10% of the value of the then-outstanding Common Shares to any existing or prospective officers, directors, employees or consultants of the Company or any Subsidiary of the Company pursuant to any stock option, employee stock purchase or similar equity-based plans or other compensation agreements;

(g) initiate or consummate an Initial Public Offering or make a public offering and sale of Common Shares or any other securities; or

(h) dissolve, wind-up or liquidate the Company or any Material Subsidiary or initiate a bankruptcy proceeding involving the Company or any Material Subsidiary.

For purposes of this **Section 2.02**, the “ordinary course of business” of the Company and its Subsidiaries shall include the acquisition of insurance and reinsurance companies in run-off and portfolios of insurance and reinsurance business in run-off.

Section 2.03 Consultation on CEO Matters. The Company shall consult with, but need not obtain the consent of, the Trident Shareholders prior to taking any action or entering into any commitment to take any action to appoint or remove (with or without cause) the Company’s or any Material Subsidiary’s chief executive officer or enter into or amend any material term of any employment agreement or arrangement with the Company’s or any Material Subsidiary’s chief executive officer.

Section 2.04 Atrium Underwriting Group Limited. The Trident Shareholders shall have the right to designate one member of the board of directors of Atrium Underwriting Group Limited. The Initial Shareholders shall, and shall cause their Director designees to, take all such actions as may be necessary or desirable to give effect to this provision.

ARTICLE III
TRANSFER OF INTERESTS

Section 3.01 General Restrictions on Transfer.

(a) Except as permitted pursuant to **Section 3.01(c)**, each Shareholder (other than the Atrium Nominee) agrees that such Shareholder will not, directly or indirectly, voluntarily or involuntarily Transfer any of its Common Shares prior to September 6, 2018 (the “**Lock-up Period**”).

(b) Except as otherwise permitted or required pursuant to the terms of this Agreement or the Leaver Sale Provisions, the Atrium Nominee agrees that it will not, directly or indirectly, voluntarily or involuntarily Transfer any Common Shares prior to a Change of Control or an Initial Public Offering (including, any Common Shares held by the Atrium Nominee on behalf of a Beneficial Owner).

(c) The provisions of **Section 3.01(a)**, **Section 3.01(b)**, **Section 3.02**, **Section 3.03** and **Section 3.04** shall not apply to any of the following Transfers by any Shareholder of any of its Common Shares (i) to a Permitted Transferee, (ii) pursuant to a merger, consolidation or other business combination of the Company with a Third Party Purchaser that has been approved in compliance with **Section 2.02(e)** (iii) pursuant to a scheme approved by the Board for the return of income or capital to Shareholders or (iv) which is otherwise approved in writing by Shareholders holding not less than two-thirds of the issued and outstanding Common Shares of the Company immediately prior to the Transfer.

(d) In addition to any legends required by Applicable Law:

(i) each certificate (if any) representing the Common Shares of the Company shall bear a legend substantially in the following form (and if the Common Shares are not certificated, the Company’s ledger shall include a notation substantially in the following form omitting the reference to a certificate):

“THE SECURITIES REPRESENTED BY THIS CERTIFICATE ARE SUBJECT TO A SHAREHOLDERS’ AGREEMENT (A COPY OF WHICH IS ON FILE WITH THE SECRETARY OF THE COMPANY). NO TRANSFER, SALE, ASSIGNMENT, PLEDGE, HYPOTHECATION OR OTHER DISPOSITION OF THE SECURITIES REPRESENTED BY THIS CERTIFICATE MAY BE MADE EXCEPT IN ACCORDANCE WITH THE PROVISIONS OF SUCH SHAREHOLDERS’ AGREEMENT AND (A) PURSUANT TO A REGISTRATION STATEMENT EFFECTIVE UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED, OR (B) PURSUANT TO AN EXEMPTION FROM REGISTRATION THEREUNDER. THE HOLDER OF THIS CERTIFICATE, BY ACCEPTANCE OF THIS CERTIFICATE, AGREES TO BE BOUND BY ALL OF THE PROVISIONS OF SUCH SHAREHOLDERS’ AGREEMENT.”

(ii) each certificate (if any) representing the Common Shares of the Company issued under or in connection with a Plan shall bear an additional legend substantially in the following form (and if such Common Shares are not certificated, the Company's ledger shall include a notation substantially in the following form omitting the reference to a certificate):

“THE SECURITIES REPRESENTED BY THIS CERTIFICATE ARE HELD BY THE LEGAL OWNER SUBJECT TO A NOMINEE AGREEMENT (A COPY OF WHICH IS ON FILE WITH THE SECRETARY OF THE COMPANY). THE BENEFICIAL OWNER OF THE SECURITIES REPRESENTED BY THIS CERTIFICATE IS NOT THE SAME ENTITY AS THE LEGAL OWNER. NO TRANSFER, SALE, ASSIGNMENT, PLEDGE, HYPOTHECATION OR OTHER DISPOSITION OF THE SECURITIES REPRESENTED BY THIS CERTIFICATE MAY BE MADE EXCEPT IN ACCORDANCE WITH THE PROVISIONS OF SUCH NOMINEE AGREEMENT.”

(e) Prior notice shall be given to the Company by the transferor of any Transfer (whether or not to a Permitted Transferee) of any Common Shares. Prior to consummation of any Transfer by any Shareholder of any of its Common Shares, such party shall cause the transferee thereof to execute and deliver to the Company a Joinder Agreement and agree to be bound by the terms and conditions of this Agreement. Upon any Transfer by any Shareholder of any of its Common Shares, in accordance with the terms of this Agreement, the transferee thereof shall be substituted for, and shall assume all the rights and obligations under this Agreement of, the transferor thereof.

(f) Notwithstanding any other provision of this Agreement, each Shareholder agrees that it will not, directly or indirectly, Transfer any of its Common Shares (i) except as permitted under the Securities Act and other applicable federal, state or foreign securities laws, and then, if requested by the Company, only upon delivery to the Company of an opinion of counsel in form and substance satisfactory to the Company to the effect that such Transfer may be effected without registration under the Securities Act or any applicable foreign securities laws, (ii) if it would cause the Company or any of its Subsidiaries to be required to register as an investment company under the United States Investment Company Act of 1940, as amended, or any comparable foreign law, or (iii) if it would cause the assets of the Company or any of its Subsidiaries to be deemed plan assets as defined under the United States Employee Retirement Income Security Act of 1974 or its accompanying regulations or any comparable foreign law or result in any “prohibited transaction” thereunder involving the Company. In any event, the Board may refuse the Transfer to any Person if (i) such Transfer would have a material adverse effect on the Company as a result of any regulatory or other restrictions imposed by any Governmental Authority or (ii) any non-de minimis adverse tax consequence to the Company, any Subsidiary of the Company, or any Shareholder or any of their Affiliates would result from such Transfer.

(g) Any Transfer or attempted Transfer of any Common Shares in violation of this Agreement shall be null and void, no such Transfer shall be recorded on the

Company's books and the purported transferee in any such Transfer shall not be treated (and the purported transferor shall continue be treated) as the owner of such Common Shares for all purposes of this Agreement.

Section 3.02 Right of First Offer.

(a) At any time that a Shareholder is permitted to Transfer Common Shares hereunder, and subject to the terms and conditions specified in this **Section 3.02**, each Initial Shareholder shall have a right of first offer if any other Shareholder (such Shareholder, an "**Offering Shareholder**") proposes to Transfer any Common Shares (the "**Offered Shares**") owned by it to any Third Party Purchaser. Each time the Offering Shareholder proposes to Transfer any Offered Shares (other than Transfers permitted pursuant to **Section 3.01** and Transfers made pursuant to **Section 3.03**), the Offering Shareholder shall first make an offering of the Offered Shares to the Initial Shareholders (other than itself, as applicable) in accordance with the following provisions of this **Section 3.02**.

(b) The Offering Shareholder shall give written notice (the "**Offering Shareholder Notice**") to the Company and the Initial Shareholders (other than itself, as applicable) stating its bona fide intention to Transfer the Offered Shares and specifying the number of Offered Shares and the material terms and conditions, including the price, pursuant to which the Offering Shareholder proposes to Transfer the Offered Shares. The Offering Shareholder Notice shall constitute the Offering Shareholder's offer to Transfer the Offered Shares to such Initial Shareholders, which offer shall be irrevocable for a period of 20 Business Days (the "**ROFO Notice Period**").

(c) By delivering the Offering Shareholder Notice, the Offering Shareholder represents and warrants to the Company and to each Initial Shareholder receiving such notice that: (i) the Offering Shareholder has full right, title and interest in and to the Offered Shares; (ii) the Offering Shareholder has all the necessary power and authority and has taken all necessary action to Transfer such Offered Shares as contemplated by this **Section 3.02**; and (iii) the Offered Shares are free and clear of any and all Liens other than those arising as a result of or under the terms of this Agreement.

(d) Upon receipt of the Offering Shareholder Notice, each Initial Shareholder receiving such notice shall have until the end of the ROFO Notice Period to elect to purchase any amount of the Offered Shares by delivering a written notice (a "**ROFO Notice**") to the Offering Shareholder and the Company stating that it agrees to purchase such specified amount of Offered Shares on the terms specified in the Offering Shareholder Notice. Any ROFO Notice shall be binding upon delivery and irrevocable by the applicable Shareholder. Each Initial Shareholder that delivers a ROFO Notice shall be a "**Purchasing Shareholder**." If the Purchasing Shareholder is the Trident Shareholder, then at the same time as the Trident Shareholder delivers a ROFO Notice to the Company it shall also deliver a copy of such notice to the Dowling Shareholder whereupon the

Dowling Shareholder shall be entitled upon written notice to the Offering Shareholder, the Company and the Trident Shareholder within ten (10) Business Days after the end of the ROFO Notice Period (the “**Extended ROFO Notice Period**”) to participate in such right of first offer under this **Section 3.02** as if it were an Initial Shareholder in accordance with and subject to the terms of this **Section 3.02** (and references to the Purchasing Shareholder and the Initial Shareholder for the purposes of this **Section 3.02** shall be construed accordingly). If the Initial Shareholders do not, in the aggregate, elect to purchase all of the Offered Shares by the end of the ROFO Notice Period or the Extended ROFO Notice Period (as the case may be), each Purchasing Shareholder shall then have the right to purchase all or any portion of the remaining Offered Shares not elected to be purchased by the Initial Shareholders. As promptly as practicable following the ROFO Notice Period or the Extended ROFO Notice Period (as the case may be), the Offering Shareholder shall deliver a written notice to each Purchasing Shareholder stating the number of remaining Offered Shares available for purchase. For a period of 10 Business Days following the receipt of such notice, each Purchasing Shareholder shall have the right to elect to purchase all or any portion of the remaining Offered Shares by delivering a subsequent ROFO Notice specifying the number of additional Offered Shares it desires to purchase. Notwithstanding the foregoing, the Initial Shareholders may only exercise their rights under this **Section 3.02** to purchase the Offered Shares if, after giving effect to all elections made under this **Section 3.02(d)**, no less than all of the Offered Shares will be purchased by the Purchasing Shareholders. If the Purchasing Shareholders elect to purchase an amount of Shares that exceeds the amount of Offered Shares, then each Purchasing Shareholder’s right to purchase the Offered Shares shall be limited to an amount equal to the lesser of (x) the aggregate number of Offered Shares the Purchasing Shareholder proposes to buy as stated in the ROFO Notice and (y) the product of the aggregate number of Offered Shares multiplied by a fraction (A) the numerator of which is equal to the number of Common Shares then held by the Purchasing Shareholder and (B) the denominator of which is equal to the number of shares then held by all of the Purchasing Shareholders; provided that if the application of the foregoing formula results in less than all the Offered Shares being allocated to the Purchasing Shareholders, the remaining Offered Shares shall be allocated among the Purchasing Shareholders who received less than the number of Offered Shares they proposed to buy as stated in their ROFO Notice by successive application of the foregoing formula to the aggregate number of unallocated Offered Shares *mutatis mutandis*, including adjusting clause (x) of the formula as necessary to reflect the number of Offered Shares previously allocated to each such Purchasing Shareholder and the removal from clause (y)(B) of the formula of any Common Shares held by any Purchasing Shareholder previously allocated all of the Offered Shares they proposed to buy as stated in their ROFO Notice.

(e) If an Initial Shareholder does not deliver a ROFO Notice during the ROFO Notice Period or the Dowling Shareholder does not deliver a ROFO Notice during the Extended ROFO Notice Period, then such Initial Shareholder or the Dowling Shareholder (as the case may be) shall be deemed to have waived all of such Shareholder’s rights to

purchase the Offered Shares under this **Section 3.02**. For the avoidance of doubt, if the Trident Shareholder does not deliver a ROFO Notice during the ROFO Notice Period, then the Dowling Shareholder shall not be entitled to participate in the right of first offer hereunder and shall not be deemed to be a Purchasing Shareholder or an Initial Shareholder for the purposes of this **Section 3.02**.

(f) If no Initial Shareholder delivers a ROFO Notice or if the Purchasing Shareholders elect to purchase less than all of the Offered Shares in accordance with **Section 3.02(d)**, the Offering Shareholder may, during the 180-day period immediately following the expiration of the ROFO Notice Period, which period may be extended for a reasonable time not to exceed 270 days to the extent reasonably necessary to obtain any Government Approvals (the “**Waived ROFO Transfer Period**”), and subject to the provisions of **Section 3.04**, Transfer all of the Offered Shares to a Third Party Purchaser on terms and conditions no more favorable to the Third Party Purchaser than those set forth in the Offering Shareholder Notice. If the Offering Shareholder does not consummate the Transfer of the Offered Shares within the Waived ROFO Transfer Period, the rights provided hereunder shall be deemed to be revived and the Offered Shares shall not be offered to any Person unless first re-offered to the Initial Shareholders (other than itself, as applicable) in accordance with this **Section 3.02**.

(g) Each Shareholder shall take all actions as may be reasonably necessary to consummate any Transfer contemplated by this **Section 3.02**, including entering into agreements and delivering certificates and instruments and consents as may be deemed necessary or appropriate.

(h) At the closing of any Transfer pursuant to this **Section 3.02**, the Offering Shareholder shall deliver to the Purchasing Shareholders the certificate or certificates representing the Offered Shares to be sold (if any), accompanied by stock powers and all necessary stock transfer taxes paid and stamps affixed, if necessary, against receipt of the purchase price therefor from such Purchasing Shareholders by certified or official bank check or by wire transfer of immediately available funds.

(i) Notwithstanding the foregoing provisions of this **Section 3.02**, the Atrium Nominee shall be permitted to Transfer Common Shares to the Company or the Company’s designee in connection with any Leaver Sale without complying with the terms of this **Section 3.02**.

(j) The provisions of this **Section 3.02** shall not apply to a Transfer to the Company (or as the Company may direct) pursuant to a scheme approved by the Board for the return of income or capital to Shareholders.

Section 3.03 Enstar Drag-along Rights.

(a) If at any time following the Lock-up Period the Enstar Shareholder (together with its Permitted Transferees) holds no less than 55% of the aggregate number of outstanding Common Shares of the Company held by the Initial Shareholders at such time and receives a bona fide offer from a Third Party Purchaser to consummate, in one transaction, or a series of related transactions, a Change of Control (a “**Drag-along Sale**”), the Enstar Shareholder shall have the right to require that each other Shareholder (each, a “**Drag-along Shareholder**”) participate in such Transfer in the manner set forth in this **Section 3.03**, *provided, however*, that no Drag-along Shareholder shall be required to participate in the Drag-along Sale if the consideration for the Drag-along Sale is other than cash or registered securities listed on an established U.S. or foreign securities exchange. Notwithstanding anything to the contrary in this Agreement, each Drag-along Shareholder shall vote in favor of the transaction and take all actions to waive any dissenters, appraisal or other similar rights.

(b) The Enstar Shareholder shall exercise its rights pursuant to this **Section 3.03** by delivering a written notice (the “**Drag-along Notice**”) to the Company and each Drag-along Shareholder no later than 20 days prior to the closing date of such Drag-along Sale. The Drag-along Notice shall make reference to the Enstar Shareholder’s rights and obligations hereunder and shall describe in reasonable detail:

(i) the number of Common Shares to be sold by the Enstar Shareholder, if the Drag-along Sale is structured as a Transfer of Common Shares;

(ii) the identity of the Third Party Purchaser;

(iii) the proposed date, time and location of the closing of the Drag-along Sale;

(iv) the per share purchase price and the other material terms and conditions of the Transfer, including a description of any non-cash consideration in sufficient detail to permit the valuation thereof; and

(v) a copy of any form of agreement proposed to be executed in connection therewith.

(c) If the Drag-along Sale is structured as a Transfer of Common Shares, then, subject to **Section 3.03(d)**, each Drag-along Shareholder shall Transfer the number of shares equal to the product of (x) the number of Common Shares held by such Drag-along Shareholder and (y) a fraction (A) the numerator of which is equal to the number of Common Shares the Enstar Shareholder proposes to sell or transfer in the Drag-along Sale and (B) the denominator of which is equal to the number of Common Shares then held by the Enstar Shareholder.

(d) The consideration to be received by a Drag-along Shareholder shall be the same form and amount of consideration per share of Common Shares to be received by the Enstar Shareholder (or, if the Enstar Shareholder is given an option as to the form and amount of consideration to be received, the same option shall be given) and the terms and conditions of such Transfer shall, except as otherwise provided in the immediately succeeding sentence, be the same as those upon which the Enstar Shareholder Transfers its Common Shares. Each Drag-along Shareholder shall make or provide the same representations, warranties, covenants, indemnities and agreements as the Enstar Shareholder makes or provides in connection with the Drag-along Sale (except that in the case of representations, warranties, covenants, indemnities and agreements pertaining specifically to the Enstar Shareholder, the Drag-along Shareholder shall make the comparable representations, warranties, covenants, indemnities and agreements pertaining specifically to itself); *provided, that* all representations, warranties, covenants and indemnities shall be made by the Enstar Shareholder and each Drag-along Shareholder severally and not jointly and any indemnification obligation shall be pro rata based on the consideration received by the Enstar Shareholder and each Drag-along Shareholder, in each case in an amount not to exceed the aggregate proceeds received by the Enstar Shareholder and each such Drag-along Shareholder in connection with the Drag-along Sale.

(e) The fees and expenses of the Enstar Shareholder incurred in connection with a Drag-along Sale and for the benefit of all Shareholders (it being understood that costs incurred by or on behalf of a Enstar Shareholder for its sole benefit will not be considered to be for the benefit of all Shareholders), to the extent not paid or reimbursed by the Company or the Third Party Purchaser, shall be shared by all the Shareholders on a pro rata basis, based on the aggregate consideration received by each Shareholder; *provided, that* no Shareholder shall be obligated to make or reimburse any out-of-pocket expenditure prior to the consummation of the Drag-along Sale.

(f) Each Shareholder shall take all actions as may be reasonably necessary to consummate the Drag-along Sale, including entering into agreements and delivering certificates and instruments, in each case consistent with the agreements being entered into and the certificates being delivered by the Enstar Shareholder.

(g) The Enstar Shareholder shall have 180 days following the date of the Drag-along Notice in which to consummate the Drag-along Sale, on the terms set forth in the Drag-along Notice (which such 180-day period may be extended for a reasonable time not to exceed 270 days to the extent reasonably necessary to obtain any Government Approvals). If at the end of such period, the Enstar Shareholder has not completed the Drag-along Sale, the Enstar Shareholder may not then effect a transaction subject to this **Section 3.03** without again fully complying with the provisions of this **Section 3.03**.

Section 3.04 Tag-along Rights.

(a) If at any time that a Shareholder is permitted to Transfer Common Shares hereunder, a Shareholder (the “**Selling Shareholder**”) proposes to Transfer any shares of its Common Shares to a Third Party Purchaser (the “**Proposed Transferee**”) (and if the Selling Shareholder is the Enstar Shareholder and it cannot or has not elected to exercise its drag-along rights set forth in **Section 3.03**), each other Shareholder (other than the Atrium Nominee) (each, a “**Tag-along Shareholder**”) shall be permitted to participate in such Transfer (a “**Tag-along Sale**”) on the terms and conditions set forth in this **Section 3.04**.

(b) Prior to the consummation of any such Transfer of Common Shares described in **Section 3.04(a)**, and after satisfying its obligations pursuant to **Section 3.02**, the Selling Shareholder shall deliver to the Company and each other Shareholder a written notice (a “**Sale Notice**”) of the proposed Tag-along Sale subject to this **Section 3.04** no later than 20 Business Days prior to the closing date of the Tag-along Sale. The Sale Notice shall make reference to the Tag-along Shareholders’ rights hereunder and shall describe in reasonable detail:

(i) the aggregate number of Common Shares the Proposed Transferee has offered to purchase.

(ii) the identity of the Proposed Transferee;

(iii) the proposed date, time and location of the closing of the Tag-along Sale;

(iv) the per share purchase price and the other material terms and conditions of the Transfer, including a description of any non-cash consideration in sufficient detail to permit the valuation thereof; and

(v) a copy of any form of agreement proposed to be executed in connection therewith.

(c) Each Tag-along Shareholder shall exercise its right to participate in a Transfer of Common Shares by the Selling Shareholder subject to this **Section 3.04** by delivering to the Selling Shareholder and the Company a written notice (a “**Tag-along Notice**”) stating its election to do so and specifying the number of Common Shares to be Transferred by it no later than five Business Days after receipt of the Sale Notice (the “**Tag-along Period**”). If all of the Tag-along Shareholders deliver to the Selling Shareholder and the Company Tag-along Notices with respect to all of the Common Shares held by such Tag-along Shareholders, then the Company shall deliver a notice to the Atrium Nominee within three Business Days of the end of the Tag-along Period notifying the Atrium Nominee of that fact whereupon the Atrium Nominee shall be entitled to elect to participate in such Tag-along Sale under this **Section 3.04** alongside

the other Shareholders in respect of all of the Common Shares held by it (but not part only thereof) by delivering to the Selling Shareholder and the Company a written notice (a “**Atrium Nominee Tag Notice**”) within fifteen (15) Business Days after the end of the Tag-along Period stating its election to do so (and in which case references hereafter to “Tag-along Shareholder(s)” shall be construed to include the Atrium Nominee accordingly). The offer of each Tag-along Shareholder set forth in a Tag-along Notice (or an Atrium Nominee Tag Notice, as applicable) shall be irrevocable, and, to the extent such offer is accepted, such Tag-along Shareholder shall be bound and obligated to Transfer in the proposed Transfer on the terms and conditions set forth in this **Section 3.04**. The Selling Shareholder and each Tag-along Shareholder shall have the right to Transfer in a Transfer subject to this **Section 3.04** the number of Common Shares equal to the product of (x) the aggregate number of Common Shares the Proposed Transferee proposes to buy as stated in the Sale Notice and (y) a fraction (A) the numerator of which is equal to the number of Common Shares then held by the Selling Shareholder or such Tag-along Shareholder, as the case may be, and (B) the denominator of which is equal to the number of shares then held by the Selling Shareholder and each Tag-along Shareholder.

(d) Each Tag-along Shareholder who does not deliver a Tag-along Notice (or a Atrium Nominee Tag Notice, as applicable) in compliance with **Section 3.04(c)** above shall be deemed to have waived all of such Tag-along Shareholder’s rights to participate in such Transfer, and the Selling Shareholder shall (subject to the rights of any participating Tag-along Shareholder) thereafter be free to Transfer to the Proposed Transferee its Common Shares at a per share price that is no greater than the per share price set forth in the Sale Notice and on other terms and conditions which are not materially more favorable to the Selling Shareholder than those set forth in the Sale Notice without any further obligation to the non-accepting Tag-along Shareholders.

(e) Each Tag-along Shareholder participating in a Transfer pursuant to this **Section 3.04** shall receive the same consideration per share as the Selling Shareholder after deduction of such Tag-along Shareholder’s proportionate share of the related expenses in accordance with **Section 3.04(g)** below.

(f) Each Tag-along Shareholder shall make or provide the same representations, warranties, covenants, indemnities and agreements as the Selling Shareholder makes or provides in connection with the Tag-along Sale (except that in the case of representations, warranties, covenants, indemnities and agreements pertaining specifically to the Selling Shareholder, the Tag-along Shareholder shall make the comparable representations, warranties, covenants, indemnities and agreements pertaining specifically to itself); *provided, that* all representations, warranties, covenants and indemnities shall be made by the Selling Shareholder and each Tag-along Shareholder severally and not jointly and any indemnification obligation in respect of breaches of representations and warranties shall be pro rata based on the consideration

received by the Selling Shareholder and each Tag-along Shareholder, in each case in an amount not to exceed the aggregate proceeds received by the Selling Shareholder and each such Tag-along Shareholder in connection with any Tag-along Sale.

(g) The fees and expenses of the Selling Shareholder incurred in connection with a Tag-along Sale and for the benefit of all Shareholders (it being understood that costs incurred by or on behalf of the Selling Shareholder for its sole benefit will not be considered to be for the benefit of all Shareholders), to the extent not paid or reimbursed by the Company or the Proposed Transferee, shall be shared by all the Shareholders participating in the Tag-along Sale on a pro rata basis, based on the aggregate consideration received by each such Shareholder; *provided, that* no Shareholder shall be obligated to make or reimburse any out-of-pocket expenditure prior to the consummation of the Tag-along Sale.

(h) Each Tag-along Shareholder shall take all actions as may be reasonably necessary to consummate the Tag-along Sale, including entering into agreements and delivering certificates and instruments, in each case consistent with the agreements being entered into and the certificates being delivered by the Selling Shareholder.

(i) The Selling Shareholder shall have 180 days following the expiration of the Tag-along Period in which to Transfer the Common Shares described in the Sale Notice, on the terms set forth in the Sale Notice (which such 180-day period may be extended for a reasonable time not to exceed 270 days to the extent reasonably necessary to obtain any Government Approvals). If at the end of such period, the Selling Shareholder has not completed such Transfer, the Selling Shareholder may not then effect a Transfer of Common Shares subject to this **Section 3.04** without again fully complying with the provisions of this **Section 3.04**.

(j) If the Selling Shareholder Transfers to the Proposed Transferee any of its Common Shares in breach of this **Section 3.04**, then each Tag-along Shareholder shall have the right to Transfer to the Selling Shareholder, and the Selling Shareholder undertakes to purchase from each Tag-along Shareholder, the number of Common Shares that such Tag-along Shareholder would have had the right to Transfer to the Proposed Transferee pursuant to this **Section 3.04**, for a per share amount and form of consideration and upon the terms and conditions on which the Proposed Transferee bought such Common Shares from the Selling Shareholder, but without indemnity being granted by any Tag-along Shareholder to the Selling Shareholder; *provided, that*, nothing contained in this **Section 3.04** shall preclude any Shareholder from seeking alternative remedies against such Selling Shareholder as a result of its breach of this **Section 3.04**.

(k) Notwithstanding the foregoing provisions of this **Section 3.04**, the Atrium Nominee shall be permitted to Transfer Common Shares to the Company or the Company's designee in connection with any Leaver Sale without complying with the terms of this **Section 3.04**.

Section 3.05 Enstar Call Right and Trident Put Right.

(a) At any time during the period beginning on September 6, 2018, and ending on December 5, 2018, or at any time following September 6, 2020, the Enstar Shareholder shall have the right (a “**Call Right**”) by written notice to the other Shareholders to purchase all, but not less than all, of the Common Shares owned by the other Shareholders and their Permitted Transferees.

(b) At any time after September 6, 2020, the Trident Shareholders, acting collectively, shall have the right (the “**Put Right**”) to require the Enstar Shareholder to purchase all, but not less than all, of the Common Shares held by the Trident Shareholders and their Permitted Transferees collectively. In the event that the Trident Shareholders elect to exercise their rights under this **Section 3.05(b)**, then the Trident Shareholders shall give written notice (a “**Put Notice**”) to the Company, the Enstar Shareholder and the other Shareholders (other than the Atrium Nominee) stating their bona fide intention to exercise their Put Right over their Common Shares. Upon receipt of the Put Notice, each other Shareholder (other than the Enstar Shareholder, the Trident Shareholders or the Atrium Nominee) receiving such notice shall have 20 Business Days (the “**Put Notice Period**”) to elect to participate in such exercise of the Put Right by the Trident Shareholders by delivering a written notice (a “**Participation Notice**”) to the Company, the Enstar Shareholder and the Trident Shareholders requiring the Enstar Shareholder to purchase all, but not less than all, of the Common Shares held by such Shareholder and its Permitted Transferees. Any Participation Notice shall be binding upon delivery and irrevocable by the applicable Shareholder. Each Shareholder that does not deliver a Participation Notice during the Put Notice Period shall be deemed to have waived all of such Shareholder’s rights to participate in the exercise of the Put Right. By delivering a Participation Notice, the relevant Shareholder represents and warrants to the Company and to the Enstar Shareholder that: (i) it has full right, title and interest in and to the Common Shares which are the subject of the Participation Notice; (ii) it has all the necessary power and authority and has taken all necessary action to Transfer such Common Shares as contemplated by this **Section 3.05(b)**; and (iii) such Common Shares are free and clear of any and all Liens other than those arising as a result of or under the terms of this Agreement.

(c) The purchase price payable by the Enstar Shareholder upon the exercise of the Call Right or the Put Right, as the case may be, shall be equal to fair market value of the Common Shares held by the relevant Shareholder(s) and their Permitted Transferees which are the subject of the Call Right or the Put Right as exercised pursuant to this **Section 3.05** (the “**Relevant Shareholder(s)**”) calculated based on the overall fair market value of the Company determined on a going concern basis as between a willing buyer and willing seller with no discount for illiquidity or a minority interest, as such value may be mutually agreed upon by the Enstar Shareholder and the Trident Shareholder or, if no such agreement is reached, determined in accordance with the procedures set forth below (the “**Fair Market Value**”):

(i) Promptly after determining that the Enstar Shareholder and the Trident Shareholders are unable to agree upon a Fair Market Value but, in any event, no later than 30 Business Days after the exercise of the Call Right or the Put Right, as the case may be, the Enstar Shareholder and the Trident Shareholders shall appoint a mutually acceptable independent appraiser (the “**Independent Appraiser**”) to determine the Fair Market Value (determined on a going concern basis as between a willing buyer and a willing seller with no discount for illiquidity or a minority interest) of the Common Shares held by the Relevant Shareholder(s) and their Permitted Transferees. Each of the Enstar Shareholder and the Trident Shareholders (acting together) shall provide the Independent Appraiser with its respective determination of Fair Market Value, together with the supporting calculations and analyses prepared by such Initial Shareholder with respect thereto. The Enstar Shareholder and the Trident Shareholders shall instruct the Independent Appraiser to determine, in writing within 30 days of such Independent Appraiser’s appointment, which of the Enstar Shareholder’s and the Trident Shareholders’ determination of Fair Market Value is the more reasonable, and such determination shall be final for all purposes of this **Section 3.05**. The costs and expenses of the Independent Appraiser shall be borne equally by the Enstar Shareholder and the Trident Shareholders.

(ii) To enable the Independent Appraiser to conduct the valuation, the Enstar Shareholder, the Relevant Shareholder(s) and the Company shall furnish to the Independent Appraiser such information as the Independent Appraiser may request, including information regarding the business of the Company and its Subsidiaries and the Company’s assets, properties, financial condition, earnings and prospects.

(d) Within 90 days after the date of the final determination of the Fair Market Value pursuant to this **Section 3.05** (which period shall be extended solely to the extent needed to obtain any required Government Approvals, *provided, that* the Shareholders shall, and shall cause their Permitted Transferees to, have used their reasonable best efforts to obtain such approvals in a timely manner, and *provided, further, that* in no event shall the Enstar Shareholder be obligated to pay the purchase price for a sale and purchase pursuant to the Put Right in cash due to any failure to obtain any Government Approvals that are required to permit the Relevant Shareholders to acquire or hold any unrestricted ordinary shares of Enstar), the Relevant Shareholders shall, and shall cause their Permitted Transferees to, sell to the Enstar Shareholder, free and clear of any Liens, all of the Common Shares held by them.

(e) Each Shareholder shall take all actions as may be reasonably necessary to consummate the sale contemplated by this **Section 3.05**, including entering into agreements and delivering certificates and instruments and consents as may be deemed necessary or appropriate.

(f) At the closing of any sale and purchase pursuant to this **Section 3.05**, the Relevant Shareholders shall, and shall cause their Permitted Transferees to, deliver to the Enstar Shareholder the certificate or certificates representing their Common Shares (if any), accompanied by stock powers and all necessary stock transfer taxes paid and stamps affixed, if necessary, against receipt of the purchase price therefor from the Enstar Shareholder by, (i) in the case of a sale and purchase pursuant to the Call Right, wire transfer of immediately available funds, or (ii) in the case of a sale and purchase pursuant to the Put Right, at the option of the Enstar Shareholder, either (A) wire transfer of immediately available funds, (B) unrestricted ordinary shares of Enstar (provided that such ordinary shares are then listed or admitted to trading on the NASDAQ Stock Market, the New York Stock Exchange or another national securities exchange), or (C) a combination of (A) and (B). If the purchase price at the closing of any sale and purchase pursuant to this **Section 3.05** consists of unrestricted ordinary shares of Enstar, the value of such ordinary shares will be deemed to equal the average of the last reported sale price of the ordinary shares over the 10 trading day period ending on, and including, the trading day immediately preceding the effective date of any such closing.

(g) Enstar hereby absolutely, unconditionally and irrevocably guarantees to each of the Shareholders (other than the Enstar Shareholder or the Atrium Nominee) and their Permitted Transferees, on the terms and conditions set forth herein, the due and punctual payment, observance, performance and discharge of the Enstar Shareholder's obligations under this **Section 3.05**. Each of the Shareholders hereby agrees that in no event shall Enstar be required to pay any amount to the Shareholders or their Permitted Transferees under, in respect of, or in connection with this Agreement other than as expressly set forth herein.

ARTICLE IV PRE-EMPTIVE RIGHTS AND OTHER AGREEMENTS

Section 4.01 Initial Shareholder and Dowling Shareholder Pre-emptive Right.

(a) The Company hereby grants to each Initial Shareholder and the Dowling Shareholder (each, a "**Pre-emptive Shareholder**") the right to purchase its pro rata portion of any new Common Shares (other than any Excluded Securities) (the "**New Securities**") that the Company may from time to time propose to issue or sell to any Person.

(b) The Company shall give written notice (an "**Issuance Notice**") of any proposed issuance described in subsection (a) above to the Pre-emptive Shareholders within five Business Days following any meeting of the Board at which any such issuance or sale is approved. The Issuance Notice shall set forth the material terms and conditions of the proposed issuance, including:

(i) the number of New Securities proposed to be issued and the percentage of the Company's outstanding Common Shares, on a fully diluted basis, that such issuance would represent;

(ii) the proposed issuance date, which shall be at least 20 Business Days from the date of the Issuance Notice; and

(iii) the proposed purchase price per share.

(c) Each Pre-emptive Shareholder shall for a period of 15 Business Days following the receipt of an Issuance Notice (the “**Exercise Period**”) have the right to elect irrevocably to purchase, at the purchase price set forth in the Issuance Notice, up to the amount of New Securities equal to the product of (x) the total number of New Securities to be issued by the Company on the issuance date and (y) a fraction determined by dividing (A) the number of Common Shares owned by such Pre-emptive Shareholder immediately prior to such issuance by (B) the total number of Common Shares owned by all Initial Shareholders on such date immediately prior to such issuance (the “**Pre-emptive Pro Rata Portion**”) by delivering a written notice to the Company. Such Pre-emptive Shareholder’s election to purchase New Securities shall be binding and irrevocable.

(d) No later than five Business Days following the expiration of the Exercise Period, the Company shall notify each Pre-emptive Shareholder in writing of the number of New Securities that each Pre-emptive Shareholder has agreed to purchase (including, for the avoidance of doubt, where such number is zero) (the “**Over-allotment Notice**”). Each Pre-emptive Shareholder exercising its right to purchase its Pre-emptive Pro Rata Portion of the New Securities in full (an “**Exercising Shareholder**”) shall have a right of over-allotment such that if any other Pre-emptive Shareholder fails to exercise its right under this **Section 4.01** to purchase its Pre-emptive Pro Rata Portion of the New Securities (each, a “**Non-Exercising Shareholder**”), such Exercising Shareholder may purchase all or any portion of such Non-Exercising Shareholder’s allotment (the “**Over-allotment New Securities**”) by giving written notice to the Company (within five Business Days of receipt of the Over-allotment Notice) setting forth the number of Over-allotment New Securities that such Exercising Shareholder is willing to purchase (the “**Over-allotment Exercise Period**”). Such Exercising Shareholder’s election to purchase Over-allotment New Securities shall be binding and irrevocable. If more than one Exercising Shareholder elects to exercise its right of over-allotment, each Exercising Shareholder shall have the right to purchase the number of Over-allotment New Securities it elected to purchase in its written notice; *provided, that* if the over-allotment New Securities are over-subscribed, each Exercising Shareholder shall purchase its pro rata portion of the available Over-allotment New Securities based upon the relative Pre-emptive Pro Rata Portions of the Exercising Shareholders.

(e) The Company shall be free to complete the proposed issuance or sale of New Securities described in the Issuance Notice with respect to any New Securities not elected to be purchased pursuant to **Section 4.01(c)** and **Section 4.01(d)** above in accordance with the terms and conditions set forth in the Issuance Notice (except that the amount of New Securities to be issued or sold by the Company may be reduced) so long as such issuance or sale is closed within 180 days after the expiration of the Over-allotment Exercise Period (subject to the extension of such 180-day period for a reasonable time not to exceed 270 days to the extent reasonably necessary to obtain any Government Approvals). In the event the Company has not sold such New Securities within such time period, the Company shall not thereafter issue or sell any New Securities without first again offering such securities to the Pre-emptive Shareholders in accordance with the procedures set forth in this **Section 4.01**.

(f) Upon the consummation of the issuance of any New Securities in accordance with this **Section 4.01**, the Company shall deliver to each Exercising Shareholder certificates (if any) evidencing the New Securities, which New Securities shall be issued free and clear of any Liens (other than those arising hereunder or under Applicable Law and those attributable to the actions of the purchasers thereof), and the Company shall so represent and warrant to the purchasers thereof, and further represent and warrant to such purchasers that such New Securities shall be, upon issuance thereof to the Exercising Shareholders and after payment therefor, duly authorized and validly issued. Each Exercising Shareholder shall deliver to the Company the purchase price for the New Securities purchased by it by wire transfer of immediately available funds. Each party to the purchase and sale of New Securities shall take all such other actions as may be reasonably necessary to consummate the purchase and sale including entering into such additional agreements as may be necessary or appropriate.

Section 4.02 Corporate Opportunities. Notwithstanding anything contained in this Agreement or under Applicable Law to the contrary (to the full extent permitted by Applicable Law), (i) the Initial Shareholders, the Dowling Shareholder and their respective Affiliates (A) may engage in or possess an interest in other business ventures of any nature and description (whether similar or dissimilar to the business of the Company or any of its Subsidiaries), independently or with others, and none of the Company, any Subsidiary, any other Shareholder, and each of their respective Affiliates shall have any right by virtue of this Agreement in or to any such investment or interest of the Enstar Shareholder, the Trident Shareholders, the Dowling Shareholder, any Enstar Director or any Trident Director and any of its or their respective Affiliates to any income or profits derived therefrom, and the pursuit of any such venture shall not be deemed wrongful or improper, and (B) shall not be obligated to present any investment opportunity to the Company or any Subsidiary even if such opportunity is of a character that, if presented to the Company or any Subsidiary, could be taken by the Company or such Subsidiary, and (ii) the parties hereby waive (and the Company shall cause the Subsidiaries to waive) to the fullest extent permitted by law any fiduciary or other duty of

the Initial Shareholders, the Dowling Shareholder and the Enstar Directors and Trident Directors not expressly set forth in this Agreement, including fiduciary or other duties that may be related to or associated with self-dealing, corporate opportunities or otherwise, in each case so long as such Person acts in a manner consistent with this Agreement.

Section 4.03 Confidentiality.

(a) Each Shareholder shall and shall cause its Representatives to, keep confidential and not divulge any information (including all budgets, business plans and analyses) concerning the Company, including its assets, business, operations, financial condition or prospects (“**Information**”), and to use, and cause its Representatives to use, such Information only in connection with the operation of the Company; *provided, that* nothing herein shall prevent any Shareholder from disclosing such Information (i) upon the order of any court or administrative agency, (ii) upon the request or demand of any regulatory agency or authority having jurisdiction over such Shareholder, (iii) to the extent compelled by legal process or required or requested pursuant to subpoena, interrogatories or other discovery requests, (iv) to the extent necessary in connection with the exercise of any remedy hereunder, (v) to other Shareholders, (vi) to such Shareholder’s Representatives that in the reasonable judgment of such Shareholder need to know such Information or (vii) to any potential Permitted Transferee in connection with a proposed Transfer of Common Shares from such Shareholder as long as such transferee agrees to be bound by the provisions of this **Section 4.03** as if a Shareholder, *provided, further, that* in the case of clause (i), (ii) or (iii), such Shareholder shall notify the other Shareholders of the proposed disclosure as far in advance of such disclosure as practicable and use reasonable efforts to ensure that any Information so disclosed is accorded confidential treatment, when and if available.

(b) The restrictions of **Section 4.03(a)** shall not apply to information that (i) is or becomes generally available to the public other than as a result of a disclosure by a Shareholder or any of its Representatives in violation of this Agreement; (ii) is or becomes available to a Shareholder or any of its Representatives on a non-confidential basis prior to its disclosure to the receiving Shareholder and any of its Representatives, (iii) is or has been independently developed or conceived by such Shareholder without use of the Company’s Information or (iv) becomes available to the receiving Shareholder or any of its Representatives on a non-confidential basis from a source other than the Company, any other Shareholder or any of their respective Representatives, *provided, that* such source is not known by the recipient of the information to be bound by a confidentiality agreement with the disclosing Shareholder or any of its Representatives. Furthermore, **Section 4.03(a)** shall not restrict the Enstar Shareholder and its Affiliates from disclosing any Information required to be disclosed under applicable securities laws or the rules of any stock exchange upon which their securities are traded.

Section 4.04 Registration Rights. Upon the request of any Initial Shareholder or the Dowling Shareholder in connection with a contemplated public offering of the equity of the Company or any of its Subsidiaries that is approved in accordance with **Section 2.02(g)**, the Company shall enter into a registration rights agreement with the Initial Shareholders or the Dowling Shareholder containing customary provisions for a transaction of that type, including (a) in the case of an Initial Shareholder, demand registration rights and piggyback registration rights and (b) in the case of the Dowling Shareholder, including piggyback registration rights but excluding demand registration rights, in each case with ratable cutbacks, if necessary, regardless of the demanding party or piggyback party.

**ARTICLE V
CESSATION OF EMPLOYMENT**

Section 5.01 Leavers. If a Beneficial Owner leaves employment with the Atrium Group and/or otherwise ceases to be an employee or officer of or consultant to a member of the Atrium Group for whatever reason, such Beneficial Owner will become a **“Leaver”** in relation to any Common Shares (or other shares of the Company which are issued pursuant to a scheme approved by the Board for the return of income or capital to shareholders) held by the Atrium Nominee (as Nominee) on behalf of such Beneficial Owner. If the Company elects to exercise its rights under the Leaver Sale Provisions (a **“Leaver Sale”**) then the Atrium Nominee shall be permitted hereunder to Transfer any Common Shares held by the Atrium Nominee on behalf of such Leaver in accordance with the terms of the Leaver Sale Provisions.

**ARTICLE VI
INFORMATION RIGHTS**

Section 6.01 Financial Statements and Reports. In addition to, and without limiting any rights that a Shareholder may have with respect to inspection of the books and records of the Company under Applicable Laws, the Company shall furnish to each Shareholder (other than the Atrium Nominee):

(a) Within 45 days after the end of each quarterly accounting period, an unaudited consolidated balance sheet as of the end of such quarterly accounting period and an unaudited related consolidated income statement, consolidated statement of shareholders' equity and consolidated statement of cash flows for such quarterly accounting period including any footnotes thereto (if any) prepared in accordance with GAAP, consistently applied, together with comparable year-to-date figures;

(b) Within 90 days after the end of each Fiscal Year (or such longer period of time as is approved by the Board), an unaudited consolidated balance sheet as of the end of such Fiscal Year and the related consolidated income statement, consolidated statement of shareholders' equity, and consolidated statement of cash flows including all footnotes thereto for such Fiscal Year prepared in accordance with GAAP, consistently applied; and

(c) Such other financial, accounting or other information relating to the Company and its Subsidiaries or their respective operations as any Initial Shareholder may reasonably request from time to time in form and substance reasonably acceptable to such requesting Shareholder.

Section 6.02 Inspection Rights.

(a) The Company shall, and shall cause its officers, Directors and employees to, (i) afford each Shareholder (other than the Atrium Nominee) that, together with any Affiliates and/or Permitted Transferees, owns at least 5% of the Company's outstanding Common Shares and the Representatives of each such Shareholder, during normal business hours and upon reasonable notice, reasonable access at all reasonable times to its officers, employees, auditors, properties, offices, plants and other facilities and to all books and records, and (ii) afford such Shareholder the opportunity to consult with its officers from time to time regarding the Company's affairs, finances and accounts as each such Shareholder may reasonably request upon reasonable notice.

(b) The right set forth in **Section 6.02(a)** above shall not and is not intended to limit any rights which the Shareholders may have with respect to the books and records of the Company, or to inspect its properties or discuss its affairs, finances and accounts under the laws of the jurisdiction in which the Company is incorporated.

(c) In the event that the Trident Shareholder elects to exercise its rights under Section 6.02(a) it shall be entitled but not obliged to invite the Dowling Shareholder to participate with it for the purposes of such exercise of its rights.

**ARTICLE VII
REPRESENTATIONS AND WARRANTIES**

Section 7.01 Representations and Warranties. Each Shareholder, severally and not jointly, represents and warrants to the Company and each other Shareholder that:

(a) Such Shareholder (if an entity) is a corporation, company, partnership or limited liability company duly organized or formed, validly existing and in good standing under the laws of its jurisdiction of organization.

(b) Such Shareholder (if an entity) has full corporate, company or partnership power and authority to execute and deliver this Agreement, to perform its obligations hereunder and to consummate the transactions contemplated hereby. The execution and delivery of this Agreement, the performance of its obligations hereunder and the consummation of the transactions contemplated hereby have been duly authorized (if such Shareholder is an entity) by all requisite corporate or company action of such Shareholder. Such Shareholder has duly executed and delivered this Agreement.

(c) This Agreement constitutes the legal, valid and binding obligation of such Shareholder, enforceable against such Shareholder in accordance with its terms except as enforceability may be limited by applicable bankruptcy, insolvency, reorganization, moratorium or similar laws affecting the enforcement of creditors' rights generally and by general equitable principles (whether enforcement is sought by proceedings in equity or at law). The execution, delivery and performance of this Agreement and the consummation of the transactions contemplated hereby, require no action by or in respect of, or filing with, any Governmental Authority.

(d) The execution, delivery and performance by such Shareholder of this Agreement and the consummation of the transactions contemplated hereby do not (i) conflict with or result in any violation or breach of any provision of any of the organizational documents of such Shareholder (if an entity), (ii) conflict with or result in any violation or breach of any provision of any Applicable Law or (iii) require any consent or other action by any Person under any provision of any material agreement or other instrument to which the Shareholder is a party.

(e) Except for this Agreement, the Investors Agreement by and among the Initial Shareholders, dated as of July 3, 2013 (the "**Investors Agreement**"), the Commitment Letter of each Initial Shareholder to purchase Common Shares, each dated as of July 3, 2013 (the "**Commitment Letters**"), the Share Purchase Agreement dated as of May 8, 2014 by and among the Company, the Initial Shareholders and the Dowling Shareholder (the "**Share Purchase Agreement**"), the Plans (including the ancillary documentation relating to the acquisition of Common Shares pursuant to the Plans) and the Nominee Agreements, such Shareholder has not entered into or agreed to be bound by any other agreements or arrangements of any kind with any other party with respect to the Common Shares, including agreements or arrangements with respect to the acquisition or disposition of the Common Shares or any interest therein or the voting of the Common Shares (whether or not such agreements and arrangements are with the Company or any other Person).

ARTICLE VIII TERM AND TERMINATION

Section 8.01 Termination. This Agreement shall terminate upon the earliest of:

(a) the consummation of an Initial Public Offering;

(b) the consummation of a merger or other business combination involving the Company whereby the Common Shares becomes a security that is listed or admitted to trading on the NASDAQ Stock Market, the New York Stock Exchange or another national securities exchange;

(c) the date on which no more than one Shareholder holds any Common Shares;

(d) the dissolution, liquidation or winding up of the Company; or

(e) upon the unanimous agreement of the Shareholders.

Section 8.02 Effect of Termination.

(a) The termination of this Agreement shall terminate all further rights and obligations of the Shareholders under this Agreement except that such termination shall not effect:

(i) the existence of the Company;

(ii) the obligation of any Party to pay any amounts arising on or prior to the date of termination, or as a result of or in connection with such termination;

(iii) the rights which any Shareholder may have by operation of law as a shareholder of the Company; or

(iv) the rights contained herein which by their terms are intended to survive termination of this Agreement.

(b) The following provisions shall survive the termination of this Agreement: this **Section 8.02** and **Section 4.03**, **Section 9.03**, **Section 9.11**, **Section 9.12** and **Section 9.13**.

**ARTICLE IX
MISCELLANEOUS**

Section 9.01 Expenses. Except as otherwise expressly provided herein or in the Investors Agreement, all costs and expenses, including fees and disbursements of counsel, financial advisors and accountants, incurred in connection with this Agreement and the transactions contemplated hereby shall be paid by the party incurring such costs and expenses.

Section 9.02 Release of Liability. In the event any Shareholder shall Transfer all of the Common Shares held by such Shareholder in compliance with the provisions of this Agreement without retaining any interest therein, then such Shareholder shall cease to be a party to this Agreement and shall be relieved and have no further liability arising hereunder for events occurring from and after the date of such Transfer.

Section 9.03 Notices. All notices, requests, consents, claims, demands, waivers and other communications hereunder shall be in writing and shall be deemed to have been given (a) when delivered by hand (with written confirmation of receipt), (b) when received by the addressee if sent by an internationally recognized overnight courier (receipt requested), (c) on the date sent by facsimile or email of a PDF document (with confirmation of transmission) if sent during normal business hours of the recipient, and on the next Business Day if sent after normal business hours of the recipient or (d) on the third day after the date mailed, by certified or registered mail, return receipt requested, postage prepaid. Such communications must be sent to the respective parties at the following addresses (or at such other address for a party as shall be specified in a notice given in accordance with this **Section 9.03**):

If to the Company: c/o Enstar Group Limited
PO Box 2267
Windsor Place, 3rd Floor, 22 Queen Street
Hamilton HM JX Bermuda
Facsimile: (441) 296-7319
Email: richard.harris@enstargroup.bm
Attention: Richard J. Harris, Chief Financial Officer

If to the Enstar Shareholder: c/o Enstar Group Limited
PO Box 2267
Windsor Place, 3rd Floor, 22 Queen Street
Hamilton HM JX Bermuda
Facsimile: (441) 296-7319
Email: richard.harris@enstargroup.bm
Attention: Richard J. Harris, Chief Financial Officer

with a copy to (which shall not constitute notice): Drinker Biddle & Reath LLP
One Logan Square, Suite 2000
Philadelphia, PA 19103
Facsimile: (215) 988-2757
Email: robert.juelke@dbr.com
Attention: Robert C. Juelke

If to the Trident Shareholders: c/o Stone Point Capital LLC
20 Horseneck Lane
Greenwich, CT 06830
Facsimile: (203) 862-2929
Email: slevey@stonepoint.com
Attention: Stephen Levey

with a copy to (which shall not constitute notice):

c/o Stone Point Capital LLC
20 Horseneck Lane
Greenwich, CT 06830
Facsimile: (203) 625-8357
Email: contracts@stonepoint.com
Attention: General Counsel

If to the Dowling Shareholder:

c/o Dowling Capital Partners
190 Farmington Avenue
Farmington, CT 06032
Facsimile: 888-502-8715
Email: justin@dowlingcapitalpartners.com
Attention: Justin Faust

If to the Atrium Nominee:

c/o Atrium Underwriters Limited
Room 790, Lloyd's
1 Lime Street
London EC3M 7DQ
Facsimile: +44 (0)20 7327 4878
Email: peter.hargrave@atrium-uw.com
Attention: Peter Hargrave

Section 9.04 Interpretation. For purposes of this Agreement, (a) the words “include,” “includes” and “including” shall be deemed to be followed by the words “without limitation;” (b) the word “or” is not exclusive; and (c) the words “herein,” “hereof,” “hereby,” “hereto” and “hereunder” refer to this Agreement as a whole. The definitions given for any defined terms in this Agreement shall apply equally to both the singular and plural forms of the terms defined. Whenever the context may require, any pronoun shall include the corresponding masculine, feminine and neuter forms. Unless the context otherwise requires, references herein: (x) to Articles, Sections, and Exhibits mean the Articles and Sections of, and Exhibits attached to, this Agreement; (y) to an agreement, instrument or other document means such agreement, instrument or other document as amended, supplemented and modified from time to time to the extent permitted by the provisions thereof and (z) to a statute means such statute as amended from time to time and includes any successor legislation thereto and any regulations promulgated thereunder. This Agreement shall be construed without regard to any presumption or rule requiring construction or interpretation against the party drafting an instrument or causing any instrument to be drafted. The Exhibits referred to herein shall be construed with, and as an integral part of, this Agreement to the same extent as if they were set forth verbatim herein.

Section 9.05 Headings. The headings in this Agreement are for reference only and shall not affect the interpretation of this Agreement.

Section 9.06 Severability. If any term or provision of this Agreement is invalid, illegal or unenforceable in any jurisdiction, such invalidity, illegality or unenforceability shall not affect any other term or provision of this Agreement or invalidate or render unenforceable such term or provision in any other jurisdiction. Upon such determination that any term or other provision is invalid, illegal or unenforceable, the parties hereto shall negotiate in good faith to modify this Agreement so as to effect the original intent of the parties as closely as possible in a mutually acceptable manner in order that the transactions contemplated hereby be consummated as originally contemplated to the greatest extent possible.

Section 9.07 Entire Agreement. This Agreement, the Organizational Documents, the Investors Agreement, the Commitment Letters, the Share Purchase Agreement, the Plans and the Nominee Agreements constitute the sole and entire agreement of the parties with respect to the subject matter contained herein and therein, and supersede all prior and contemporaneous understandings and agreements, both written and oral, with respect to such subject matter. In the event of any inconsistency or conflict between this Agreement and any Organizational Document, the Shareholders and the Company shall, to the extent permitted by Applicable Law, amend such Organizational Document to comply with the terms of this Agreement.

Section 9.08 Successors and Assigns. This Agreement shall be binding upon and shall inure to the benefit of the parties hereto and their respective successors and permitted assigns.

Section 9.09 No Third-Party Beneficiaries. This Agreement is for the sole benefit of the parties hereto and their permitted assigns and nothing herein, express or implied, is intended to or shall confer upon any other Person or entity any legal or equitable right, benefit or remedy of any nature whatsoever under or by reason of this Agreement.

Section 9.10 Amendment and Modification; Waiver. This Agreement may only be amended, modified or supplemented by an agreement in writing signed by each Initial Shareholder; *provided, that* any amendment that would materially and adversely affect the rights or duties of a Shareholder shall require the consent of such Shareholder. No waiver by any party of any of the provisions hereof shall be effective unless explicitly set forth in writing and signed by the party so waiving. No waiver by any party shall operate or be construed as a waiver in respect of any failure, breach or default not expressly identified by such written waiver, whether of a similar or different character, and whether occurring before or after that waiver. No failure to exercise, or delay in exercising, any right, remedy, power or privilege arising from this Agreement shall operate or be construed as a waiver thereof; nor shall any single or partial exercise of any right, remedy, power or privilege hereunder preclude any other or further exercise thereof or the exercise of any other right, remedy, power or privilege.

Section 9.11 Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the State of New York without giving effect to any choice or conflict of law provision or rule (whether of New York or any other jurisdiction) that would cause the application of the laws of any jurisdiction other than those of New York.

Section 9.12 Submission to Jurisdiction; Waiver of Jury Trial.

(a) ANY LEGAL SUIT, ACTION OR PROCEEDING ARISING OUT OF OR BASED UPON THIS AGREEMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY MAY BE INSTITUTED IN THE FEDERAL COURTS OF THE UNITED STATES OF AMERICA OR THE COURTS OF THE STATE OF NEW YORK IN EACH CASE LOCATED IN THE CITY OF NEW YORK AND COUNTY OF NEW YORK, AND EACH PARTY IRREVOCABLY SUBMITS TO THE EXCLUSIVE JURISDICTION OF SUCH COURTS IN ANY SUCH SUIT, ACTION OR PROCEEDING. SERVICE OF PROCESS, SUMMONS, NOTICE OR OTHER DOCUMENT BY MAIL TO SUCH PARTY'S ADDRESS SET FORTH HEREIN SHALL BE EFFECTIVE SERVICE OF PROCESS FOR ANY SUIT, ACTION OR OTHER PROCEEDING BROUGHT IN ANY SUCH COURT. THE PARTIES IRREVOCABLY AND UNCONDITIONALLY WAIVE ANY OBJECTION TO THE LAYING OF VENUE OF ANY SUIT, ACTION OR ANY PROCEEDING IN SUCH COURTS AND IRREVOCABLY WAIVE AND AGREE NOT TO PLEAD OR CLAIM IN ANY SUCH COURT THAT ANY SUCH SUIT, ACTION OR PROCEEDING BROUGHT IN ANY SUCH COURT HAS BEEN BROUGHT IN AN INCONVENIENT FORUM.

(b) EACH PARTY ACKNOWLEDGES AND AGREES THAT ANY CONTROVERSY WHICH MAY ARISE UNDER THIS AGREEMENT IS LIKELY TO INVOLVE COMPLICATED AND DIFFICULT ISSUES AND, THEREFORE, EACH SUCH PARTY IRREVOCABLY AND UNCONDITIONALLY WAIVES ANY RIGHT IT MAY HAVE TO A TRIAL BY JURY IN RESPECT OF ANY LEGAL ACTION ARISING OUT OF OR RELATING TO THIS AGREEMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY. EACH PARTY TO THIS AGREEMENT CERTIFIES AND ACKNOWLEDGES THAT (I) NO REPRESENTATIVE OF ANY OTHER PARTY HAS REPRESENTED, EXPRESSLY OR OTHERWISE, THAT SUCH OTHER PARTY WOULD NOT SEEK TO ENFORCE THE FOREGOING WAIVER IN THE EVENT OF A LEGAL ACTION, (II) SUCH PARTY HAS CONSIDERED THE IMPLICATIONS OF THIS WAIVER, (III) SUCH PARTY MAKES THIS WAIVER VOLUNTARILY, AND (IV) SUCH PARTY HAS BEEN INDUCED TO ENTER INTO THIS AGREEMENT BY, AMONG OTHER THINGS, THE MUTUAL WAIVERS AND CERTIFICATIONS IN THIS SECTION 8.12(b).

Section 9.13 Equitable Remedies. Each party hereto acknowledges that the other parties hereto would be irreparably damaged in the event of a breach or threatened breach by such party of any of its obligations under this Agreement and hereby agrees that in the event of a breach or a threatened breach by such party of any such obligations, each of the other parties hereto shall, in addition to any and all other rights and remedies that may be available to them in respect of such breach, be entitled to an injunction from a court of competent jurisdiction (without any requirement to post bond) granting such parties specific performance by such party of its obligations under this Agreement.

Section 9.14 Counterparts. This Agreement may be executed in counterparts, each of which shall be deemed an original, but all of which together shall be deemed to be one and the same agreement. A signed copy of this Agreement delivered by facsimile, email or other means of electronic transmission shall be deemed to have the same legal effect as delivery of an original signed copy of this Agreement.

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed as of the date first written above by their respective officers thereunto duly authorized.

Northshore Holdings Limited

By: /s/ Richard Harris
Name: Richard Harris
Title: Director

Kenmare Holdings Ltd

By: /s/ Adrian Kimberley
Name: Adrian Kimberley
Title: Director

Enstar Group Limited (solely for purposes of Section 3.05)

By: /s/ Richard Harris
Name: Richard Harris
Title: CFO

Trident V, L.P.

By: Stone Point Capital LLC, its manager

By: /s/ Stephen A. Levey

Name: Stephen A. Levey

Title: Principal and Counsel

Trident V Parallel Fund, L.P.

By: Stone Point Capital LLC, its manager

By: /s/ Stephen A. Levey

Name: Stephen A. Levey

Title: Principal and Counsel

Trident V Professionals Fund, L.P.

By: Stone Point Capital LLC, its manager

By: /s/ Stephen A. Levey

Name: Stephen A. Levey

Title: Principal and Counsel

Dowling Capital Partners I, L.P.

By: Dowling Capital I, LLC, its general partner

By: Dowling Capital SLP I, LLC, its sole member

By: /s/ Vincent J. Dowling, Jr.

Name: Vincent J. Dowling, Jr.

Title: Member

Atrium Nominees Limited

By: /s/ Peter John Hargrave

Name: Peter John Hargrave

Title: Director

EXHIBIT A

Joinder Agreement

Reference is hereby made to the Amended and Restated Shareholders' Agreement, dated as of March 5, 2015 (as amended from time to time, the "**Shareholders' Agreement**"), by and among Northshore Holdings Limited, a Bermuda exempted company (the "**Company**"), Kenmare Holdings Ltd, Trident V, L.P., Trident V Parallel Fund, L.P. and Trident V Professionals Fund, L.P., Dowling Capital Partners I, L.P., [Atrium Nominees Limited] (the "**Atrium Nominee**"), and, solely for purposes of Section 3.05 thereof, Enstar Group Limited. Pursuant to and in accordance with Section 3.01(e) of the Shareholders' Agreement, the undersigned hereby agrees that upon the execution of this Joinder Agreement, it shall become a party to the Shareholders' Agreement and shall be fully bound by, and subject to, all of the covenants, terms and conditions of the Shareholders' Agreement as though an original party thereto and shall be deemed to be a Shareholder of the Company for all purposes thereof.

Capitalized terms used herein without definition shall have the meanings ascribed thereto in the Shareholders' Agreement.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of [DATE].

Northshore Holdings Limited

By: _____
Name:
Title:

[New Shareholder]

By: _____
Name:
Title:

May 11, 2015

Enstar Group Limited
3rd Floor, Windsor Place
22 Queen Street
Hamilton HM 11
Bermuda

With respect to registration statements No. 333-149551, 333-148863, 333-148862 and 333-141793 on Form S-8 and registration statements No. 333-195562 and 333-198718 on Form S-3, we acknowledge our awareness of the use therein of our report dated May 11, 2015 related to our review of interim financial information.

Pursuant to Rule 436 under the Securities Act of 1933 (the Act), such report is not considered part of a registration statement prepared or certified by an independent registered public accounting firm, or a report prepared or certified by an independent registered public accounting firm within the meaning of Sections 7 and 11 of the Act.

/s/ KPMG Audit Limited

Hamilton, Bermuda

**CERTIFICATION PURSUANT TO
RULE 13a-14(a)/15d-14(a),
AS ADOPTED PURSUANT TO SECTION 302
OF THE SARBANES-OXLEY ACT OF 2002**

I, Dominic F. Silvester, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Enstar Group Limited;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Dated: May 11, 2015

/s/ DOMINIC F. SILVESTER

Dominic F. Silvester
Chief Executive Officer

**CERTIFICATION PURSUANT TO
RULE 13a-14(a)/15d-14(a),
AS ADOPTED PURSUANT TO SECTION 302
OF THE SARBANES-OXLEY ACT OF 2002**

I, Richard J. Harris, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Enstar Group Limited;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Dated: May 11, 2015

/s/ RICHARD J. HARRIS

Richard J. Harris
Chief Financial Officer

**CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO SECTION 906
OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Quarterly Report of Enstar Group Limited (the "Company") on Form 10-Q for the quarterly period ended March 31, 2015, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Dominic F. Silvester, certify, pursuant to 18 U.S.C. section 1350, as adopted pursuant to section 906 of the Sarbanes-Oxley Act of 2002, that to the best of my knowledge:

- (1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated: May 11, 2015

/s/ DOMINIC F. SILVESTER

Dominic F. Silvester
Chief Executive Officer

**CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO SECTION 906
OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Quarterly Report of Enstar Group Limited (the "Company") on Form 10-Q for the quarterly period ended March 31, 2015, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Richard J. Harris, certify, pursuant to 18 U.S.C. section 1350, as adopted pursuant to section 906 of the Sarbanes-Oxley Act of 2002, that to the best of my knowledge:

- (1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated: May 11, 2015

/s/ RICHARD J. HARRIS

Richard J. Harris
Chief Financial Officer

