IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE

In re: NEW STREAM SECURED CAPITAL, INC., a Delaware corporation, Debtor.	Chapter 11
In re: NEW STREAM INSURANCE, LLC, a Delaware limited liability company, Debtor.	Chapter 11
In re: NEW STREAM CAPITAL LLC, a Delaware limited liability company, Debtor.	Chapter 11
In re: NEW STREAM SECURED CAPITAL L.P., a Delaware limited partnership, Debtor.	Chapter 11

DISCLOSURE STATEMENT IN CONNECTION WITH THE PREPETITION SOLICITATION OF VOTES IN RESPECT OF THE JOINT PLAN OF REORGANIZATION UNDER CHAPTER 11 OF THE BANKRUPTCY CODE

NO CASES UNDER CHAPTER 11 OF THE BANKRUPTCY CODE HAVE YET BEEN COMMENCED. THIS DISCLOSURE STATEMENT HAS NOT BEEN APPROVED BY ANY U.S. BANKRUPTCY COURT AS CONTAINING ADEQUATE INFORMATION WITHIN THE MEANING OF SECTION 1125(a) OF THE BANKRUPTCY CODE.

REED SMITH LLP
599 LEXINGTON AVENUE
22ND FLOOR
NEW YORK, NY 10022
Telephone: (212) 521 5400
Facsimile: (212) 521 5450

REED SMITH LLP
1201 MARKET STREET
SUITE 1500
WILMINGTON, DE 19801
Telephone: (302) 778 7512
Facsimile: (302) 778 7575

Proposed Counsel for the Debtors

THIS DISCLOSURE STATEMENT FOR THE PREPETITION SOLICITATION OF VOTES IN RESPECT OF THE JOINT PLAN OF REORGANIZATION OF NEW STREAM SECURED CAPITAL, INC. AND ITS AFFILIATED DEBTORS UNDER CHAPTER 11 OF THE UNITED STATES BANKRUPTCY CODE, THE ACCOMPANYING BALLOTS AND RELATED MATERIALS DELIVERED HEREWITH, ARE BEING PROVIDED BY THE DEBTORS TO KNOWN HOLDERS OF CLAIMS AND EQUITY INTERESTS PURSUANT TO SECTIONS 1125(g) AND 1126 OF THE BANKRUPTCY CODE IN CONNECTION WITH THE DEBTORS' SOLICITATION OF VOTES TO ACCEPT THE PLAN.

ALL CREDITORS ENTITLED TO VOTE THEREON ARE URGED TO VOTE IN FAVOR OF THE PLAN, WHICH IS ANNEXED TO THIS DISCLOSURE STATEMENT AS EXHIBIT 1.

A SUMMARY OF THE VOTING INSTRUCTIONS IS SET FORTH IN ARTICLE II OF THIS DISCLOSURE STATEMENT. ADDITIONAL INSTRUCTIONS ARE CONTAINED ON THE BALLOTS DISTRIBUTED TO CREDITORS ENTITLED TO VOTE ON THE PLAN (THE "BALLOTS").

TO BE COUNTED, YOUR BALLOT MUST BE DULY COMPLETED, EXECUTED AND RECEIVED BY 5:00 P.M., PREVAILING PACIFIC STANDARD TIME, ON FEBRUARY 22, 2011 (THE "VOTING DEADLINE"), UNLESS EXTENDED IN WRITING BY THE DEBTORS.

IN THE EVENT THE DEBTORS DETERMINE TO COMMENCE CHAPTER 11 CASES, THE PLAN CAN BE CONFIRMED BY THE BANKRUPTCY COURT AND THEREBY MADE BINDING UPON YOU IF IT IS ACCEPTED BY THE HOLDERS OF TWO-THIRDS IN AMOUNT AND MORE THAN ONE-HALF IN NUMBER OF CLAIMS IN EACH CLASS OF CLAIMS THAT IS ENTITLED TO VOTE THAT VOTES ON THE PLAN, OR IF THE PLAN OTHERWISE SATISFIES THE REQUIREMENTS OF SECTION 1129 OF THE BANKRUPTCY CODE.

THE DEBTORS HAVE NOT AT THIS TIME TAKEN ANY ACTION TO COMMENCE CASES FOR THE DEBTORS UNDER CHAPTER 11 OF THE BANKRUPTCY CODE. IF YOU VOTE IN FAVOR OF THE PLAN, YOUR VOTE ON THE PLAN CAN BE USED BY THE DEBTORS IN CONNECTION WITH A FUTURE BANKRUPTCY FILING.

ANY STATEMENTS IN THIS DISCLOSURE STATEMENT CONCERNING THE PROVISIONS OF ANY DOCUMENT ARE NOT NECESSARILY COMPLETE, AND IN EACH INSTANCE REFERENCE IS MADE TO SUCH DOCUMENT FOR THE FULL TEXT THEREOF.

THE EFFECTIVENESS OF THE PROPOSED PLAN IS SUBJECT TO MATERIAL CONDITIONS PRECEDENT, SOME OF WHICH MAY NOT BE SATISFIED, OR WAIVED BY THE RELEVANT PARTIES. SEE ARTICLE XIV.B.

NO PERSON IS AUTHORIZED BY ANY OF THE DEBTORS IN CONNECTION WITH THE PLAN OR THE SOLICITATION OF ACCEPTANCES OF THE PLAN TO GIVE ANY INFORMATION OR TO MAKE ANY REPRESENTATION

THIS DISCLOSURE STATEMENT AND THE RELATED DOCUMENTS SUBMITTED HEREWITH ARE THE ONLY DOCUMENTS TO BE USED IN CONNECTION WITH THE SOLICITATION OF VOTES ON THE PLAN. THE DEBTORS HAVE NOT AUTHORIZED ANY REPRESENTATIONS CONCERNING THE DEBTORS OR THE VALUE OF THEIR PROPERTY OTHER THAN THOSE SET FORTH IN THIS DISCLOSURE STATEMENT. HOLDERS OF CLAIMS SHOULD NOT RELY ON ANY INFORMATION, REPRESENTATIONS OR INDUCEMENTS MADE TO OBTAIN YOUR ACCEPTANCE OF THE PLAN THAT ARE OTHER THAN, OR INCONSISTENT WITH, THE INFORMATION CONTAINED HEREIN AND IN THE PLAN.

THERE HAS BEEN NO INDEPENDENT AUDIT OF THE INFORMATION CONTAINED IN THIS DISCLOSURE STATEMENT EXCEPT AS MAY BE EXPRESSLY INDICATED HEREIN. THIS DISCLOSURE STATEMENT WAS COMPILED FROM INFORMATION OBTAINED BY THE DEBTORS FROM NUMEROUS SOURCES AND IS BELIEVED TO BE ACCURATE TO THE BEST OF THE DEBTORS' KNOWLEDGE, INFORMATION AND BELIEF. HOLDERS OF CLAIMS MUST RELY ON THEIR OWN EXAMINATION OF THE TERMS OF THE PLAN, INCLUDING THE MERITS AND RISKS INVOLVED. BEFORE SUBMITTING BALLOTS, HOLDERS OF CLAIMS ENTITLED TO VOTE ON THE PLAN SHOULD CAREFULLY REVIEW THE PLAN, THIS DISCLOSURE STATEMENT AND THE EXHIBITS TO BOTH DOCUMENTS IN THEIR ENTIRETY.

FOR THE CONVENIENCE OF HOLDERS OF CLAIMS AND EQUITY INTERESTS, THIS DISCLOSURE STATEMENT SUMMARIZES THE TERMS OF THE PLAN BUT DOES NOT CONTAIN ALL OF ITS TERMS AND PROVISIONS. ALL PARTIES WHO ARE ENTITLED TO VOTE ON THE PLAN ARE STRONGLY ADVISED TO REVIEW THE PLAN IN ITS ENTIRETY BEFORE VOTING ON THE PLAN. TO THE EXTENT OF ANY INCONSISTENCY BETWEEN THE PLAN OR ANY PLAN DOCUMENT AND THIS DISCLOSURE STATEMENT, THE TERMS OF THE PLAN OR THE PLAN DOCUMENT ARE CONTROLLING.

THIS DISCLOSURE STATEMENT MAY NOT BE RELIED ON FOR ANY PURPOSE OTHER THAN TO DETERMINE (IN CONJUNCTION WITH A REVIEW OF THE PLAN) WHETHER TO VOTE TO ACCEPT OR REJECT THE PLAN. NOTHING STATED HEREIN SHALL BE DEEMED OR CONSTRUED AS AN ADMISSION OF ANY FACT OR LIABILITY BY ANY PARTY, OR BE ADMISSIBLE IN ANY PROCEEDING INVOLVING THE DEBTORS OR ANY OTHER PARTY, OR BE DEEMED CONCLUSIVE EVIDENCE OF THE TAX OR OTHER LEGAL EFFECTS OF THE PLAN ON THE DEBTORS OR HOLDERS OF CLAIMS OR EQUITY INTERESTS. HOLDERS OF CLAIMS AND EQUITY INTERESTS SHOULD NOT CONSTRUE THE CONTENTS OF THIS DISCLOSURE STATEMENT AS PROVIDING ANY LEGAL, BUSINESS, FINANCIAL OR TAX ADVICE. THEREFORE, EACH SUCH HOLDER SHOULD CONSULT WITH ITS OWN LEGAL, BUSINESS, FINANCIAL AND TAX ADVISORS AS TO ANY SUCH MATTERS CONCERNING THE SOLICITATION, THE PLAN AND THE TRANSACTIONS CONTEMPLATED THEREBY. THE STATEMENTS CONTAINED HEREIN ARE MADE AS OF THE DATE HEREOF, UNLESS ANOTHER TIME IS SPECIFIED. CERTAIN STATEMENTS CONTAINED IN THIS DISCLOSURE STATEMENT, BY THEIR NATURE, ARE FORWARD-LOOKING AND CONTAIN ESTIMATES AND ASSUMPTIONS. THERE CAN BE NO ASSURANCE THAT SUCH STATEMENTS WILL REFLECT ACTUAL OUTCOMES. THE DELIVERY OF THIS DISCLOSURE STATEMENT SHALL NOT BE DEEMED OR CONSTRUED TO CREATE ANY IMPLICATION THAT THE INFORMATION CONTAINED IN THIS DISCLOSURE STATEMENT IS CORRECT AT ANY TIME AFTER THE DATE HEREOF.

TABLE OF CONTENTS

Page

TABLE OF SCHEDULES AND EXHIBITS

I. INTRODUCTION

New Stream Secured Capital, Inc. ("NSCI"), New Stream Insurance, LLC ("NSI"), New Stream Capital LLC ("NSC"), and New Stream Secured Capital L.P. ("NSSC" or the "Master Fund", and, collectively with NSCI, NSI, and NSC, the "Debtors")[1] intend to file voluntary petitions for relief under Chapter 11 of title 11 of the United States Code (the "Bankruptcy Code") in the United States Bankruptcy Court for the District of Delaware (the "Bankruptcy Court"). The purpose of the filing is to finalize the Debtors' reorganization by, among other things, (i) facilitating the Insurance Portfolio Sale and liquidation of the Bermuda feeder fund, (ii) implementing a restructuring of the remaining two feeder funds that will enable them to maximize the value of remaining assets and (iii) implementing a global settlement that will resolve the Claims of Creditors, allocate assets in the Debtors' investment portfolio and provide mechanisms for liquidating those assets and returning value to Creditors.

If the Plan is not confirmed, the Debtors believe they may be forced to liquidate under Chapter 7 of the Bankruptcy Code. In such event, the Debtors believe that Investors and other Creditors would realize a less favorable distribution of value, or, in certain cases, none at all, for their Claims. See Article XVIII.B, *infra*, and the values set forth in the Liquidation Analysis attached hereto as Exhibit 7.

The Debtors are the proponents of the Plan within the meaning of Section 1129 of the Bankruptcy Code.

[1] Capitalized terms used but not defined herein shall have the meanings ascribed to such terms in the Plan or in the Bankruptcy Code.

All capitalized terms not defined in this Introduction have the meanings ascribed to them in Article 1 of the Plan, a copy of which is annexed to this Disclosure Statement. For ease of reference, a glossary of defined terms is also annexed to this Disclosure Statement as Schedule 1.

Chapter 11 of the Bankruptcy Code allows debtors to sponsor a plan of reorganization that proposes how to dispose of a debtor's assets and treat claims against, and interests in, such debtor. The confirmation of a plan, which is the vehicle for satisfying the rights of holders of claims against and interests in a debtor, is the overriding purpose of a Chapter 11 case. Upon confirmation of the plan, it becomes binding on the debtor and all of its creditors and stakeholders, and the obligations owed by the debtor to those parties are compromised and exchanged for the obligations specified in the plan.

As of the date hereof, the Debtors ***have not filed*** Chapter 11 cases. If a legally sufficient amount and number of impaired Claims vote in favor of the Plan, the Debtors intend to file Chapter 11 cases and seek confirmation of the Plan. A plan of reorganization may provide for a debtor-in-possession to reorganize by continuing to operate, to liquidate by selling assets of the estate or to implement a combination of both. Here, the Plan proposed by the Debtors is a combination. The Debtor is proposing to sell its life settlement portfolio, either by (i) a pre-packaged consensual Chapter 11 sale under the Plan or (ii) an expedited sale pursuant to Section 363 of the Bankruptcy Code, free and clear of all claims, liens and encumbrances, followed by confirmation of the Plan pursuant to the cram-down requirements of Section 1129(b) of the Bankruptcy Code. The sale proceeds will be transferred to the Bermuda Liquidation Account upon receipt and allocated among various constituencies in accordance with their legal rights and priorities, and pursuant to certain settlements. The remaining assets will be allocated among Creditors Classes and utilized by the reorganized Debtors to maximize the returns for Creditors.

Under Section 1125(g) of the Bankruptcy Code, a vote to accept or reject the Plan may be solicited from Holders of Claims and/or Interests prior to the commencement of a case under Chapter 11 of the Bankruptcy Code if such solicitation complies with applicable non-bankruptcy law. The Debtors urge Holders of Claims entitled to vote on the Plan to read the Plan and the Disclosure Statement in their entirety ***before voting*** to accept or reject the Plan. To the extent, if any, that the Disclosure Statement is inconsistent with the Plan, the Plan will govern.

No solicitation materials other than this Disclosure Statement and any schedules and exhibits attached thereto or referenced therein, or otherwise enclosed in the solicitation package with this Disclosure Statement, have been authorized by the Debtors for use in soliciting acceptances of the Plan.

A. Why You Are Receiving This Document

The Debtors are providing this Disclosure Statement to all Creditors who are being solicited to vote to accept or reject the Plan, and to other Persons only for informational and notice purposes. This Disclosure Statement summarizes the Plan's content and provides information relating to the Plan and the process the Bankruptcy Court will follow in determining whether to confirm the Plan. This Disclosure Statement also describes the negotiation of the Plan, discusses the events leading to the Debtors' filing their Chapter 11 cases, and, finally, summarizes and analyzes the Plan. This Disclosure Statement also describes certain U.S. Federal income tax consequences of the Plan to the Debtors and Holders of Claims and Equity Interests, voting procedures and the confirmation process.

The Bankruptcy Code requires that, in connection with soliciting creditors and interest holders, the party proposing a Chapter 11 plan must provide the creditors and interest holders with "adequate information." When the solicitation occurs after the commencement of a Chapter 11 case, the proponent is required to prepare and file with the bankruptcy court a document

called a "disclosure statement", which the Bankruptcy Code mandates must contain sufficient information to enable parties who are affected by the plan to vote knowingly for or against the plan, or object to the plan, as the case may be. Ordinarily, the plan proponent is permitted to disseminate the plan and disclosure statement and solicit creditors and interest holders only after the bankruptcy court finds that the proposed disclosure statement contains such information.

Here, however, because the Debtors' solicitation is occurring prior to the commencement of a Chapter 11 case, there is no requirement that this Disclosure Statement be reviewed or approved by the Bankruptcy Court ***prior*** to the solicitation. The Debtors are proposing a "pre-packaged Chapter 11", which is a form of consensual Chapter 11 that enables a debtor to solicit acceptances and rejections of a plan ***prior*** to filing a bankruptcy petition. In a pre-packaged Chapter 11, prior to filing a Chapter 11 petition, a debtor negotiates with key creditors and/or interest holders to develop a plan. The debtor then solicits votes on that plan prior to filing a Chapter 11 petition. If the debtor obtains the required acceptances, it then files its Chapter 11 petition simultaneously with the plan and disclosure statement. The bankruptcy court thereafter conducts a hearing to review the adequacy of the disclosure statement and may then confirm the plan.

The Debtors expect that the Plan will be accepted by the requisite number and amount of Holders of Claims in Class 1 (NSI Secured Lenders) and Class 2 (NSSC Bermuda Lenders) because the Receivers have affirmed their intent to vote in favor of the Plan on behalf of their constituencies by signing the Plan Support Agreements. If the requisite number and amount of Holders of Claims in Class 3 (US/Cayman Fund Class) vote to accept the Plan, the Debtors will file the Plan as a pre-packaged consensual plan (the "Consensual Process"), and effectuate the approval of the Insurance Portfolio Sale as part of confirmation of the Plan, within

approximately 60 days or less after the Petition Date, with the closing of the Insurance Portfolio Sale set for the Effective Date. If the requisite number and amount of Holders of US/Cayman Fund Claims do not vote to accept the Plan, the Debtors will seek to confirm the Plan pursuant to the cram-down requirements of Section 1129(b) of the Bankruptcy Code (the "Cramdown Process"). In the event the Debtors seek to confirm the Plan pursuant to the Cramdown Process, the Debtors will move for approval of the Insurance Portfolio Sale under Section 363 of the Bankruptcy Code within three days after the Petition Date, with the closing of the sale set for approximately 40 days or less following the filing of the 363 Sale Motion. In either event, the Debtors will transfer the proceeds from the sale of the Insurance Portfolio Sale to the Bermuda Liquidation Account upon receipt, which proceeds will be used for further distributions to the NSI Secured Lenders and the NSSC Bermuda Lenders.

This Disclosure Statement has been compiled by the Debtors to accompany the Plan. The factual statements, projections, financial information, and other information contained in this Disclosure Statement have been taken from documents prepared by the Debtors. The information provided in this Disclosure Statement represents the Debtors' best information regarding facts and financial information and is true to the best of their knowledge. Nothing contained in this Disclosure Statement shall have any preclusive effect against any party (whether by waiver, admission, estoppel or otherwise) in any cause or proceeding that may currently exist or occur in the future. This Disclosure Statement shall not be construed as or deemed to constitute an acceptance of fact or an admission by any party, including the Receivers, with regard to any of the statements made herein. This Disclosure Statement contains statements which constitute the Debtors' view of certain facts and events. All such disclosures should be read as assertions by the Debtors only and not by any other party.

The statements contained in this Disclosure Statement are made as of the date hereof unless another time is specified herein, and neither delivery of this Disclosure Statement nor any exercise of rights granted in connection with the Plan, should be read to imply that there has been no change in the information set forth herein since the date of this Disclosure Statement.

Certain of the information contained in this Disclosure Statement, by its nature, is forward looking, contains estimates and assumptions which may prove to be inaccurate, and contains projections which may prove to be wrong, or which may be materially different from actual future results. Each Creditor, Interest Holder, and any other party receiving this Disclosure Statement should independently verify the information contained herein and in the Plan and Plan documents, as well as the effect of the Plan, and should consult its individual attorney and accountant as to the effect of the Plan on such individual Creditor or Interest Holder. Your rights may be affected, even if you are not a Holder of a Claim against the Debtors. .

All Creditors should carefully review both this Disclosure Statement and the Plan before voting to accept or reject the Plan. Indeed, Creditors should not rely solely on the Disclosure Statement but should also read the Plan. The Plan provisions will govern if there are any inconsistencies between the Plan and the Disclosure Statement.

THIS DISCLOSURE STATEMENT HAS NOT BEEN APPROVED OR DISAPPROVED BY THE SECURITIES AND EXCHANGE COMMISSION NOR HAS THE SECURITIES AND EXCHANGE COMMISSION PASSED UPON THE ACCURACY OR ADEQUACY OF THE STATEMENTS CONTAINED HEREIN.

THE FOLLOWING IS A VERY BRIEF SUMMARY OF THE PROVISIONS OF THE PROPOSED PLAN. ALL PARTIES ARE ENCOURAGED TO READ THE PLAN IN ITS ENTIRETY BEFORE VOTING TO ACCEPT OR REJECT THE PLAN. IF THE BANKRUPTCY COURT CONFIRMS THE PLAN, THEN THE PLAN WILL BE BINDING ON ALL CLAIM HOLDERS AND EQUITY INTEREST HOLDERS, REGARDLESS OF WHETHER OR HOW SUCH CREDITOR OR EQUITY INTEREST HOLDER VOTED.

B. Plan Overview

1. Purpose

The purpose of the Plan is to provide for the sale of a substantial portion of the Debtors' assets and the distribution of the proceeds of the sale among the Debtors' various Creditors, including, an allocation of the remaining assets among two senior classes of secured Creditors, which are the Segregated Account classes in the Bermuda Fund, and the reorganization of the Debtors' structure and operations to provide for the administration of the remaining assets within a structure that will be wholly owned by the Investors in the US Fund and the Cayman Funds, on a *pro rata* basis. The Debtors believe that the restructuring contemplated by the Plan is in the best interests of all of their Creditors and Investors.

In addition, if the Plan is not accepted by the requisite majorities in number and amount of the Debtors' Creditors entitled to vote on the Plan, and is not confirmed in accordance with the timelines set forth in the Asset Purchase Agreement, the DIP Credit Agreement and the Plan Support Agreements, there is no assurance that (i) the Debtors will be able to consummate a sale of their assets to Purchaser, (ii) any other offer for the Debtors' assets will be available and (iii) the Debtors will be able to continue to finance payments to maintain the value of their life insurance settlement and premium finance loan portfolio.

If the Plan is not confirmed, the Debtors believe that they will be forced either to develop an alternate plan of reorganization or to liquidate under Chapter 7 or Chapter 11 of the Bankruptcy Code. In either event, the Debtors believe that the Debtors' Investors and other Creditors would realize a less favorable distribution of value, or, in certain cases, none at all, for their Claims.

2. Summary of Plan Treatment

The Plan provides for, among other things, the sale of the life insurance settlement and premium finance loan portfolio owned by NSI ("NSI Insurance Portfolio") either pursuant to the Consensual Process or the Cramdown Process. The terms of the Insurance Portfolio Sale will be pursuant to the Asset Purchase Agreement, substantially in the form annexed to the Plan and incorporated therein. If the Debtors file Chapter 11 petitions with the Bankruptcy Court, the DIP Lenders will provide the DIP Facility on the terms and conditions set forth on Exhibit 5 attached hereto. The sole purpose of that financing will be to support and maintain the NSI Insurance Portfolio pending a closing of the Insurance Portfolio Sale to Purchaser.

In the event the Debtors seek to sell the NSI Insurance Portfolio to anyone other than Purchaser, the Pre-Petition Secured Notes and any amounts outstanding under the DIP Facility will be immediately due and owing in full. Hence, a sale to any party other than Purchaser would require a purchase price sufficient to repay all amounts due and owing to the Note Lenders and the DIP Lenders. If the sale to Purchaser is consummated, Purchaser will contribute the outstanding principal balance owed to the Note Lenders and the DIP Lenders to the purchase price of $127.5 million, and forgive repayment of those balances (other than interest and fees accrued under the DIP Facility).

In the event the closing of the Insurance Portfolio Sale occurs prior to Confirmation of the Plan, the proceeds from the Insurance Portfolio Sale will be contributed to the Bermuda Liquidation Account and distributed pursuant to the terms of the Plan as finally confirmed by the Bankruptcy Court.

In negotiating the terms of the Plan, the Receivers have agreed to waive certain rights and/or Claims in order for the Debtors to have additional assets available for distribution to the US/Cayman subordinated creditor class. If the Plan is not confirmed, there can be no assurance

that such concessions would be available to enhance the recoveries of Creditors other than the Segregated Account classes of the Bermuda Fund.

The terms of the reorganization that are embodied in the Plan, were negotiated over a period of several months and thereafter agreed upon by the Debtors and certain of the Debtors' Creditors and equity Holders, including, certain Investors holding Interests in Segregated Account Class C, Segregated Account Class F and Segregated Account Class I, McKenna, certain Investors holding Interests in consenting Segregated Account Classes B, E, H, K, L, N and O of the Bermuda Fund, the Joint NSSC Receivers, certain consenting US-Cayman Investors, the Note Lenders and the Purchaser. That agreement is reflected in the IPSA, and the subsequent Plan Support Agreement (which essentially reflects the amended Timelines), copies of which are annexed as Exhibit 2 and 3 to this Disclosure Statement, and the provisions of which are deemed incorporated herein.[2]

By the Plan Support Agreements, the signatories thereto have agreed to support confirmation of the Plan subject to certain terms and conditions. The Debtors believe that those terms and conditions will be met and therefore, the parties to the Plan Support Agreements will be required to vote in favor of and/or otherwise support and facilitate confirmation of the Plan.

Subject to the foregoing, Claims against and Interests in the consolidated Debtors are classified in the Plan as follows:

Class 1: NSI Secured Lender Claims. Class 1 consists of all Claims, liens, rights and interests, including, without limitation, all accrued but unpaid interest thereon and any Claims

[2] The descriptions of the provisions of each of the Plan Support Agreements set forth in this Disclosure Statement do not purport to be a precise or complete statement of all the terms and provisions of the Plan Support Agreements and reference is made to the text of the Plan Support Agreements for a full and complete description of such terms and provisions.

arising under Section 507(b) of the Bankruptcy Code of any nature held by the Bermuda Fund on behalf of Segregated Account Class C, Segregated Account Class F and Segregated Account Class I. Class 1 is Impaired and, therefore, each Holder of a Class 1 Claim is entitled to vote to accept or reject the Plan. The Debtors believe that the Plan is in compliance with the provisions of the Plan Support Agreements and therefore they expect that Class 1 will vote to accept the Plan.

Class 2: NSSC Bermuda Lender Claims. Class 2 consists of all Claims, liens, rights and interests, including, without limitation, all accrued but unpaid interest thereon and any Claims arising under Section 507(b) of the Bankruptcy Code of any nature held by the NSSC Bermuda Lenders. Class 2 is Impaired and, therefore, each Holder of a Class 2 Claim is entitled to vote to accept or reject the Plan. The Debtors believe that the Plan is in compliance with the provisions of each of the Plan Support Agreements and therefore they expect that Class 2 will vote to accept the Plan.

Class 3: US/Cayman Funds Class Claims. Class 3 consists of all US-Cayman Claims to the extent that they are Secured Claims. Class 3 is Impaired and, therefore, each Holder of a Class 3 Claim is entitled to vote to accept or reject the Plan.

Classes 4 (a) – (d) General Unsecured Claims. General Unsecured Claims against the Debtors are classified as follows:

Class 4(a): General Unsecured Claims against NSI.

Class 4(b): General Unsecured Claims against NSSC.

Class 4(c): General Unsecured Claims against NSC.

Class 4(d): General Unsecured Claims against NSCI.

Class 5 (a) – (d) Interests. Interests in the Debtors are classified as follows:

Class 5(a): Interest in NSI.

Class 5(b): Interests in NSSC.

Class 5(c): Interests in NSC.

Class 5(d): Interests in NSCI.

The Plan's provisions with respect to the treatment of Claims is fully described in Section VIII of this Disclosure Statement.

3. Global Settlement

In addition to distributions to which the Holders of Class 3 Claims will be entitled in exchange for their Claims under the Plan, those Holders of Class 3 Claims who return a ballot accepting the Plan will be entitled to receive Cash payments that will be funded by parties other than the Debtors, as is more fully described below in Article XV.D.6 hereof.

Holders of Class 3 Claims that do not timely return a ballot accepting the Plan will not receive a share of the Cash payments funded by such third parties, although if the Plan is confirmed they will participate in the periodic distributions that will be made to all Holders of Class 3 Claims as certain designated assets are liquidated. Such distributions will be made to Holders of Class 3 Claims without regard to the manner in which they vote on the Plan.

Cash payments that will be made on the Effective Date to Holders of Class 3 Claims voting in favor of the Plan are being offered by the Purchaser and by various Segregated Account Classes of the Bermuda Fund. **These Cash payments are not being offered by the Debtors or paid from the Estates.**

These Cash payments are being offered to induce the Holders of Class 3 Claims to vote in favor of the Plan, support confirmation and agree to Plan provisions that provide releases for various parties. The terms of these Cash payments, the requirements to participate and the releases that are given in connection with these Cash payments are set forth in Section 12.7 of

the Plan. The Cash payments are being made with funds provided solely by the Purchaser and by the Bermuda Fund on behalf of certain Segregated Account Classes, including Segregated Account Class C, Segregated Account Class F and Segregated Account Class I. In the event that any vote on the Plan by a Creditor holding an Allowed Claim in Class 3 is designated pursuant to Section 1126(e) of the Bankruptcy Code or is otherwise not counted for purposes of determining whether Class 3 has accepted the Plan, and such Creditor has timely returned a ballot indicating its acceptance of the Plan, then any such Creditor Holding an Allowed Claim in Class 3 shall nonetheless be entitled to receive its Percentage Share of the Global Settlement Payment.

The Debtors are not offering any inducements to any Creditors in consideration of their votes to accept the Plan other than the treatment that is specifically set forth in the Plan.

Each Holder of a Claim in Class 3 is entitled to vote either to accept or reject the Plan. If the Plan is confirmed, except as described in the Plan, each Holder of a Claim in Class 3 shall receive the same treatment and distribution under the Plan as all other Holders of a Claim in Class 3, regardless of how such Holder may have voted.

4. Executory Contracts and Unexpired Leases

As of the Effective Date, the Debtors will assume or assume and assign, as applicable, only the executory contracts or unexpired leases of the Debtors that are identified in Schedule 2 to the Plan or are subject to the Asset Purchase Agreement. Subject to the consent of the Purchaser for any executory contract that may be subject to the Asset Purchase Agreement, the Debtors reserve the right to amend such Schedule not later than ten (10) days prior to the Confirmation Hearing either to: (a) delete any executory contract or lease listed therein and provide for its rejection pursuant to Section 6.4 of the Plan; or (b) add any executory contract or lease to such Schedule, thus providing for its assumption or assumption and assignment, as applicable.

Except for those executory contracts and unexpired leases that are (a) assumed pursuant to the Plan, (b) the subject of previous orders of the Bankruptcy Court providing for their assumption or rejection pursuant to Bankruptcy Code Section 365, (c) subject to the Asset Purchase Agreement or (d) the subject of a pending motion before the Bankruptcy Court with respect to the assumption or assumption and assignment of such executory contracts and unexpired leases, as of the Effective Date, all executory contracts and unexpired leases of the Debtors shall be rejected pursuant to Section 365 of Bankruptcy Code; *provided*, *however*, that neither the inclusion by the Debtors of a contract or lease on Schedule 2 to the Plan nor anything contained in the Plan shall constitute an admission by any Debtor that such contract or lease is an executory contract or unexpired lease

C. Voting and Confirmation

Each Holder of a Claim in Classes 1, 2, 3 and 4(c) shall be entitled to vote either to accept or reject the Plan.

Pursuant to Section 1126(f) of the Bankruptcy Code, Holders of Claims in Classes 4(a) and 4(d) and the Holders of Interests in Classes 5(a) and 5(d) are conclusively deemed to have accepted the Plan and solicitation of acceptances of the Holders of Claims or Interests in such Classes is not required.

Pursuant to Section 1126(g) of the Bankruptcy Code, Holders of Claims in Class 4(b) and Interests in Classes 5(b) and 5(c) are deemed not to have accepted the Plan and they will not be entitled to vote.

Each Class of Claims that is entitled to vote shall have accepted the Plan if (i) the Holders of at least two-thirds in dollar amount of the Allowed Claims actually voting in each such Class have voted to accept the Plan, and (ii) the Holders of more than one-half in number of the Allowed Claims actually voting in each such Class have voted to accept the Plan.

1. Voting by US-Cayman Investors

For purposes of voting on, and receiving distributions under, the Plan, each US-Cayman Investors will be entitled to cast a ballot in Class 3, whether their Claims are held through the US Fund or the Cayman Funds. For purposes of voting on the Plan, each such Investor will be entitled to execute a Ballot, and as a result, if such Investor accepts the Plan, to receive distributions from the Global Settlement Fund in exchange for granting the third-party releases provided for in the Plan.

Investors in the US Fund will be able to cast a US Fund Investor Ballot that provides direction to the managing member of the US Fund for the manner in which it should vote its single Claim. The US Fund will vote its single Claim in the manner directed by those Investors, who timely return a US Fund Investor Ballot, holding a majority of the Interests in the US Fund; and, any Holder of an Interest in the US Fund who does not object in writing within the period set forth in the US Fund Investor Ballot will be deemed to have consented to the manner in which the US Fund casts its ballot.

The US Fund Investor Ballot also will provide the mechanism by which US Investors can participate in the distributions from the Global Settlement Fund.[3] As described in more detail *infra* (see, pages 125 -126), each US Investor who votes timely to accept the Plan will be entitled to receive a payment from the Global Settlement Fund that is calculated based on the ratio that such Investor's Percentage Share bears to the aggregate of the Percentage Shares of all US-Cayman Investors who vote to accept the Plan. Notwithstanding the foregoing, the

[3] For this purpose, the determination will be made in accordance with §§1.25 and 1.31 of the Limited Liability Company Agreement, made effective as of November 15, 2007, by and among NSC and the US Investors (the "US Operating Agreement"). Moreover, pursuant to §10.9 of the US Operating Agreement, any Investor in the US Fund who does not object in writing is deemed to have consented to the action taken by the Managing Member.

determination as whether Class 3 Creditors have voted to accept or reject the Plan will be made in accordance with Section 1126 of the Bankruptcy Code. For the avoidance of doubt, this will require that (i) Holders of a majority of the Interests in the US Fund (determined pursuant to the provisions of the US Operating Agreement) direct the US Fund on the manner in which to vote its Claim, and (ii) each Investor in the Cayman Funds vote its Claims. Notwithstanding the foregoing, the right to receive a Cash payment from the Global Settlement Fund will be determined by the manner in which each US-Cayman Creditor casts its individual ballot. For purposes of voting on the Plan, the aggregate amount of the Class 3 Claims is $319,346,652.90.

2. Confirmation Hearing Procedures

Assuming the requisite acceptances are obtained, the Debtors intend to file their respective Chapter 11 petitions and seek confirmation of the Plan at a confirmation hearing which will be scheduled by the Bankruptcy Court.

This Disclosure Statement sets forth the deadlines, procedures and instructions for voting to accept or reject the Plan and the applicable standards that will be utilized for tabulating ballots. See Article II, *infra*.

D. Risk Factors and Disclaimer

Prior to deciding whether and how to vote on the Plan, each Holder of a Claim should carefully read this Disclosure Statement, with all attachments and enclosures, in its entirety, and consult with their own advisors, in order to formulate an informed opinion as to the manner in which the Plan affects any Claim(s) they may hold against the Debtors or any other parties and to determine whether to vote to accept the Plan. Holders of Claims should particularly consider the risk factors described in Article XIX below.

Holders of Claims should also read the Plan carefully and in its entirety. The Disclosure Statement contains a summary of the Plan for convenience, but the terms of the Plan supersede and control the summary.

In formulating the Plan, the Debtors relied on financial data derived from their books and records. The Debtors represent that everything stated in this Disclosure Statement is true to the best of their knowledge. The Debtors nonetheless cannot, and do not, confirm the current accuracy of all statements appearing in this Disclosure Statement.

The discussion in this Disclosure Statement regarding the Debtors may contain "forward looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. Such statements consist of any statement other than a recitation of historical fact and can be identified by the use of forward-looking terminology such as "may," "expect," "believe," "anticipate," "estimate" or "continue" or the negative thereof or other variations thereon or comparable terminology. The reader is cautioned that all forward looking statements are necessarily speculative, and there are certain risks and uncertainties that could cause actual events or results to differ materially from those referred to in such forward looking statements. Any forward-looking statements are qualified in their entirety by reference to the factors discussed throughout this Disclosure Statement. The liquidation analyses, distribution projections and other information described herein are estimates only, and the timing and amounts of actual distributions to Creditors may be affected by many factors that cannot be predicted. Therefore, any analyses, estimates or recovery projections may or may not turn out to be accurate.

Nothing contained in this Disclosure Statement is, or shall be deemed to be, an admission or statement against interest by the Debtors for purposes of any pending or future litigation matter or proceeding.

Although the attorneys, accountants, advisors and other professionals employed by the Debtors have assisted in preparing this Disclosure Statement based upon factual information and assumptions respecting financial, business and accounting data found in the books and records of the Debtors, they have not independently verified such information and make no representations as to the accuracy thereof. The attorneys, accountants, advisors and other professionals employed by the Debtors shall have no liability for the information in this Disclosure Statement.

The Debtors and their professionals also have made a diligent effort to identify in this Disclosure Statement, and in the Plan, pending litigation claims and projected Causes of Action and objections to Claims. However, no reliance should be placed on the fact that a particular litigation Claim or projected Cause of Action or objection to Claim is, or is not, identified in this Disclosure Statement or the Plan. The Debtors or the Plan Administrator, as applicable, may seek to investigate, file and prosecute litigation Claims and projected Causes of Action and objections to Claims, in the manner contemplated by the provisions of the Plan, after the Confirmation Date or Effective Date of the Plan irrespective of whether this Disclosure Statement or the Plan identifies any such Claims, Causes of Action or objections to Claims.

While these factors could affect distributions available to Holders of Allowed Claims or Allowed Interests under the Plan, the occurrence or impact of such factors will not affect the validity of the vote of the Impaired Classes entitled to vote to accept or reject the Plan (the "Voting Classes") or require a re-solicitation of the votes of the Holders of Claim in such Voting Classes.

II. VOTING PROCEDURES AND REQUIREMENTS

A. Classes Entitled to Vote

The following Classes are the Voting Classes, which are the only Classes entitled to vote to accept or reject the Plan:

Class	Claim	Estimated Amount[4]	Status
1	NSI Secured Lenders	$ 81,573,375	Impaired
2	NSSC Bermuda Lenders	$369,066,322	Impaired
3	US/Cayman Fund Class	$319,346,652	Impaired
4(c)	General Unsecured Claims against NSC	unknown	Impaired

If your Claim or Interest is not included in Classes 1, 2, 3 or 4(c), you are not entitled to vote and you will not receive a complete solicitation package ("Solicitation Package") which is comprised of (A) this Disclosure Statement, (B) all exhibits to the Disclosure Statement including the Plan, (C) the Class-specific Ballot, (D) the Class-specific voting instructions for the respective Ballots (the "Ballot Instructions"), and (D) a memorandum from New Stream (the "Solicitation Memorandum"). If your Claim is in Classes 1, 2, 3 or 4(c), you should receive a complete Solicitation Package, and you should read the documents provided and follow the instructions listed on the Ballot and Ballot Instructions carefully. Please use only the Ballot that accompanies this Disclosure Statement as each Voting Class has a distinct Ballot.

NOTWITHSTANDING THE FOREGOING, IF YOU ARE AN INVESTOR IN THE BERMUDA FUND, YOU ARE NOT ENTITLED TO VOTE TO ACCEPT OR REJECT THE PLAN. INVESTORS IN THE BERMUDA FUND WILL RECEIVE A

[4] This is the Debtors' estimate of the aggregate of all Claims that it believes, as of December 31, 2010, will be Allowed in each of the identified Voting Classes. The Debtors intend to Schedule these amounts if they commence Chapter 11 cases. The Face Amount of Filed Claims may be higher, which could reduce the value of any distributions made to Creditors in the Voting Classes if the Claims were Allowed in such higher amounts.

COPY OF THIS DISCLOSURE STATEMENT AND THE PLAN WITHOUT A BALLOT IN ORDER TO PROVIDE YOU WITH DISCLOSURE OF, AMONG OTHER THINGS, THE TERMS OF THE PLAN, THE INSURANCE PORTFOLIO SALE, AND THE PROCESS FOR VOTING THE SEGREGATED ACCOUNT CLASSES BY INDIVIDUALS OR ENTITIES EMPOWERED TO DO SO BY JUDICIAL DECREE, WRITTEN AGREEMENT, OR BOTH. EVEN IF YOU ARE NOT ENTITLED TO VOTE, CONFIRMATION OF THE PLAN MAY AFFECT YOUR RIGHTS. ACCORDINGLY, EVEN IF YOU ARE NOT ENTITLED TO VOTE, THE DEBTORS URGE YOU TO READ THIS DISCLOSURE STATEMENT, THE PLAN, AND THE EXHIBITS TO THE DISCLOSURE STATEMENT AND THE PLAN IN THEIR ENTIRETY. THE RECEIVERS WILL HAVE RECEIVED A CLASS 1 OR CLASS 2 BALLOT, AS APPLICABLE, AND ARE ENTITLED TO VOTE ON BEHALF OF THE SEGREGATED ACCOUNT CLASSES OF THE BERMUDA FUND, AS APPLICABLE.

FURTHER, NOTWITHSTANDING THE FOREGOING, IF YOU ARE AN INVESTOR IN THE US FUND YOU WILL RECEIVE THE US FUND INVESTOR BALLOT AS PART OF THE SOLICITATION PACKAGE. THE US FUND INVESTOR BALLOT ALLOWS INVESTORS IN THE US FUND TO INDICATE TO THE MANAGING MEMBER OF THE US FUND WHETHER TO VOTE FOR OR AGAINST THE PLAN IN THE US FUND'S CAPACITY AS A CREDITOR IN CLASS 3 OF THE PLAN. IN SUCH REGARD, YOU HAVE BEEN GIVEN A COPY OF THE DISCLOSURE STATEMENT TO PROVIDE YOU WITH A PLENARY DISCLOSURE OF, AMONG OTHER THINGS, THE TERMS OF THE PLAN, THE INSURANCE PORTFOLIO SALE, AND THE PROCESS FOR VOTING BY INDIVIDUALS OR

ENTITIES EMPOWERED BY JUDICIAL DECREE, WRITTEN AGREEMENT, OR BOTH, WHICH VOTING PROCESS MAY AFFECT YOUR RIGHTS. ACCORDINGLY, THE DEBTORS URGE YOU TO READ THE DISCLOSURE STATEMENT AND ITS EXHIBITS IN THEIR ENTIRETY.

B. Vote Required for Acceptance by a Class

Under the Bankruptcy Code, acceptance of a plan by a Class of Claims is determined by calculating both the number and the dollar amount of Claims voting to accept, based on the actual total allowed Claims voting in such class. Acceptance by a Class requires an affirmative vote of more than one-half in number and two-thirds in amount of the total allowed Claims voting in such Class.

C. Classes Not Entitled to Vote

Under the Bankruptcy Code, Creditors are not entitled to vote if their contractual rights are Unimpaired by the Plan or if they will receive no distribution of property under the Plan. Based on this Standard, the following Classes of Claims or Interests will not be entitled to vote on the Plan:

Class	Claim or Interest	Status	Voting Rights
4(a)	General Unsecured Claims against NSI	Unimpaired	Presumed to Accept
4(d)	General Unsecured Claims against NSCI	Unimpaired	Presumed to Accept
5(a)	Interests in NSI	Unimpaired	Presumed to Accept
5(d)	Interests in NSCI	Unimpaired	Presumed to Accept
4(b)	General Unsecured Claims against NSSC	Impaired	Deemed to Reject
5(b)	Interests in NSSC	Impaired	Deemed to Reject
5(c)	Interests in NSC	Impaired	Deemed to Reject
	Intercompany Claims	Impaired	Deemed to Reject

D. Solicitation Procedures

1. Solicitation Agent

The Debtors have retained Kurtzman Carson Consultants LLC (the "Solicitation Agent") to, among other things, act as the Solicitation Agent in connection with the solicitation of votes to accept or reject the Plan.

2. Solicitation Package

The following materials shall constitute the complete Solicitation Package provided to parties in interest entitled to vote on the Plan:

(A) a Solicitation Memorandum from the Debtors specific to each Class solicited;[5]

(B) the appropriate Ballot(s) and applicable voting instructions, together with a pre- addressed, postage pre-paid return envelope; and,

(C) this Disclosure Statement (with all exhibits thereto, including the Plan).

3. Distribution of the Solicitation Package

The solicitation period for eligible Creditors to vote to accept or reject the Plan will commence prior to the Petition Date. Through the Solicitation Agent, the Debtors intend to distribute the Solicitation Packages not less than 28 days in advance of the Voting Deadline, as defined below.

The Disclosure Statement will be served in CD-ROM format, together with a paper form of the applicable Ballots and Solicitation Memorandum, *via* first class or overnight mail upon the Holders of Claims that comprise each Voting Class as of December 31, 2010, which is the voting record date (the "Voting Record Date"). The Solicitation Package (except the Ballots) also may

[5] The US Fund Investor Solicitation Package will also include a notice memorandum from the managing member of the US Fund.

be obtained from the Solicitation Agent by: (a) calling (888) 733-1541 or (310) 751-2637 (for international callers) or (b) writing to New Stream Ballot Processing Center, c/o Kurtzman Carson Consultants LLC, 2335 Alaska Avenue, El Segundo, California 90245.

IF A BALLOT IS DAMAGED OR LOST, OR IF YOU HAVE ANY QUESTIONS CONCERNING THE BALLOT, YOU MAY CONTACT THE SOLICITATION AGENT AT (888) 733-1541 OR (310) 751-2637 (FOR INTERNATIONAL CALLERS).

E. Voting Procedures

The Voting Record Date, as defined above, is the date for determining (1) which Holders of Claims are entitled to vote to accept or reject the Plan and therefore receive the Solicitation Package and (2) whether Claims have been properly assigned or transferred to an assignee such that the assignee can vote as the Holder of a Claim. The Voting Record Date and all of the Debtors' solicitation and voting procedures shall apply to all of the Debtors' Creditors and other parties in interest.

Under the Plan, Holders of Claims in the Voting Classes are entitled to vote to accept or reject the Plan. In order for the Holder of a Claim in the Voting Classes to have such Holder's Ballot counted as a vote to accept or reject the Plan, such Holder's Ballot must be properly completed, executed and delivered by either:

(i) electronic mail to newstreaminfo@kccllc.com;

(ii) facsimile to 1.310.776.8357 or

(iii) regular mail, overnight delivery or hand delivery to: [6]

NEW STREAM BALLOT PROCESSING CENTER
C/O KURTZMAN CARSON CONSULTANTS LLC
2335 ALASKA AVENUE
EL SEGUNDO, CA 90245
TOLL FREE: 888.733.1541
TELEPHONE: 310.751.2637 (for international callers)
FACSIMILE: 310.776.8357
EMAIL: NEWSTREAMINFO@KCCLLC.COM

TO BE COUNTED, THE SOLICITATION AGENT MUST RECEIVE – AS THE CASE MAY BE --THE CLASS 1, 2, 3 OR 4(C) BALLOT, OR THE US FUND INVESTOR BALLOT INDICATING ACCEPTANCE OR REJECTION OF THE PLAN **NO LATER THAN 5:00 P.M., PREVAILING PACIFIC TIME, ON FEBRUARY 22, 2011** (THE "VOTING DEADLINE") UNLESS COUNSEL TO THE DEBTORS, EXTENDS OR WAIVES THE PERIOD DURING WHICH VOTES WILL BE ACCEPTED BY THE SOLICITATION AGENT, IN WHICH CASE THE TERM "VOTING DEADLINE" FOR SUCH SOLICITATION SHALL MEAN THE LAST TIME AND DATE TO WHICH SUCH SOLICITATION IS EXTENDED. IF A BALLOT IS RECEIVED AFTER THE VOTING DEADLINE, IT WILL NOT BE COUNTED UNLESS THE DEBTORS DETERMINE OTHERWISE IN THEIR SOLE AND ABSOLUTE DISCRETION.

1. Change of Vote

Whenever a Holder of a Claim in a Voting Class casts more than one Ballot voting the same Claim prior to the Voting Deadline, the last Ballot physically received by the Solicitation Agent prior to the Voting Deadline shall be deemed to reflect the voter's intent and thus shall supersede and replace any prior cast Ballot(s), and **any prior cast Ballot(s), shall not be counted**.

[6] If a Ballot is sent via facsimile or electronic mail, the Debtors request that the voter send the signed original via mail or courier to the Solicitation Agent; the failure to return the signed original prior to the Voting Deadline will not affect the validity or timeliness of the Ballot.

2. Non-voting or Voting Errors

Under the Bankruptcy Code, for purposes of determining whether the requisite acceptances have been received, only Holders of an existing Claim who actually vote will be counted. The failure of a Holder to deliver a duly executed Ballot to the Solicitation Agent by the Voting Deadline will be deemed to constitute an abstention by such Holder with respect to voting on the Plan and such abstentions will not be counted as votes for or against the Plan.

A Holder of a Claim must vote all of its Claims in a particular Class to either accept or reject the Plan in order for such Holder's votes in that particular Class to be counted. For example, a Holder of two Claims in Class 3 must vote both Claims to accept the Plan or both Claims to reject the Plan in order for such Holder's Class 3 Ballots to be counted. Such Holder's Class 3 Ballots, for example, will not be counted if such Holder votes one Claim to accept the Plan and abstains from voting one Claim. However, if such Holder of Class 3 Claims votes both Class 3 Claims to accept the Plan and also votes its only Class 2 Claim to reject the Plan, all three Ballots in this scenario will be counted. If such Holder originally voted its Claims in each Class consistently, but later changed its vote, then that Holder must change its vote with respect to all of its Claims in that particular Class in order for the Holder's votes in that Class to be counted.

ANY EXECUTED BALLOT OR COMBINATION OF BALLOTS REPRESENTING CLAIMS IN THE SAME CLASS HELD BY THE SAME HOLDER THAT DOES NOT IN EACH CASE CONSISTENTLY INDICATE EITHER ACCEPTANCE OR REJECTION OF THE PLAN, OR THAT INDICATES BOTH AN ACCEPTANCE AND REJECTION OF THE PLAN, SHALL NOT BE COUNTED.

3. Fiduciaries and Other Representatives

If a Ballot is signed by a trustee, executor, administrator, guardian, attorney-in-fact, officer of a corporation, receiver, or a person or entity acting in a fiduciary or representative capacity, such person should indicate such capacity when signing, and may be required, upon request, to promptly submit proper evidence satisfactory to the Debtors of authority to so act. Authorized signatories should submit the separate Ballot of each Claim Holder for whom they are voting.

ANY UNSIGNED BALLOT SHALL **NOT** BE COUNTED. ALL BALLOTS MUST BE SIGNED BY THE HOLDER OF AN EXISTING CLAIM OR ANY PERSON WHO ON SUCH DATE OF EXECUTION IS AUTHORIZED TO ACT IN A REPRESENTATIVE CAPACITY; HOWEVER, SUCH SIGNATURE NEED NOT BE AN ORIGINAL SIGNATURE, IF THE BALLOT IS SUBMITTED TO THE SOLICITATION AGENT VIA ELECTRONIC MAIL OR FACSIMILE, PROVIDED THAT AN ORIGINAL SIGNED COPY IS ALSO MAILED TO THE SOLICITATION AGENT.

4. Agreements upon Furnishing Ballots

The delivery of an accepting Ballot pursuant to one of the procedures set forth above will constitute the agreement of the creditor(s) with respect to such Ballot to accept (i) all of the terms of, and conditions to, this solicitation of votes to accept or reject the Plan and (ii) the terms of the Plan including the exculpations and releases set forth in Sections 11.4 and 12.5 therein.

5. Waivers of Defects, Irregularities, *Etc*.

Unless otherwise directed by the Bankruptcy Court, all questions as to the validity, form, eligibility (including time of receipt), acceptance and revocation or withdrawal of Ballots will be determined by the Debtors in their sole discretion, which determination will be final and binding. Effective withdrawals of Ballots must be delivered to the Solicitation Agent prior to the Solicitation Deadline. The Debtors reserve the absolute right to contest the validity of any such withdrawal. The Debtors also reserve the right to reject any and all Ballots not in proper form,

the acceptance of which would, in the opinion of the Debtors or their counsel, be unlawful. The interpretation (including the Ballots and the respective instructions thereto) by the Debtors, unless otherwise directed by the Bankruptcy Court, will be final and binding on all parties. Unless waived, any defects or irregularities in connection with deliveries of Ballots must be cured within such time as the Debtors (or the Bankruptcy Court) determine.

THE DEBTORS, WITHOUT NOTICE, SUBJECT TO CONTRARY ORDER OF THE COURT, MAY WAIVE ANY DEFECT IN ANY BALLOT AT ANY TIME, EITHER BEFORE OR AFTER THE CLOSE OF VOTING.

Neither the Debtors nor any other person will be under any duty to provide notification of defects or irregularities with respect to deliveries of Ballots nor will any of them incur any liabilities for failure to provide such notification. Unless otherwise directed by the Bankruptcy Court, delivery of such Ballots will not be deemed to have been made until such irregularities have been cured or waived. Ballots previously furnished (and as to which any irregularities have not theretofore been cured or waived) will be invalid.

WHERE APPLICABLE, THE DEBTORS, IN THEIR SOLE DISCRETION, MAY REQUEST THAT THE SOLICITATION AGENT ATTEMPT TO CONTACT SUCH VOTERS TO CURE ANY SUCH DEFECTS IN THE BALLOTS. SUCH DETERMINATIONS WILL BE DISCLOSED IN THE VOTING REPORT FILED WITH THE BANKRUPTCY COURT PRIOR TO THE CONFIRMATION HEARING.

ANY BALLOT THAT IS PROPERLY COMPLETED AND TIMELY RECEIVED SHALL NOT BE COUNTED IF SUCH BALLOT WAS SENT IN ERROR TO, OR BY, THE VOTING PARTY, BECAUSE THE VOTING PARTY DID NOT HAVE A CLAIM THAT WAS ENTITLED TO BE VOTED IN THE RELEVANT VOTING CLASS AS OF THE VOTING RECORD DATE.

6. Further Information, Additional Copies

If you have any questions or require further information about the voting procedures for voting your Claims or about the Solicitation Package you received, or if you wish to obtain an

additional copy of the Plan, the Solicitation Memorandum, or any exhibits to such documents, please contact the Solicitation Agent.

IT IS IMPORTANT TO FOLLOW THE SPECIFIC INSTRUCTIONS PROVIDED ON EACH BALLOT, AS APPROPRIATE, WHEN SUBMITTING A VOTE.

III. CONFIRMATION OF THE PLAN

A. Confirmation Hearing for the Plan

The Debtors believe that the solicitation of acceptance or rejection of the Plan as contemplated herein will satisfy the requirements of Sections 1125(g) and 1126(b) of the Bankruptcy Code because the solicitation documents contain adequate information and disclosure in accordance with any applicable non-bankruptcy law and Section 1125(a) of the Bankruptcy Code. In the event the Debtors determine to commence cases under Chapter 11 of the Bankruptcy Code, they intend to seek approval of the Disclosure Statement and the solicitation process at the Confirmation Hearing.

At the Confirmation Hearing, the Bankruptcy Court will confirm the Plan only if all of the applicable requirements of Section 1129 of the Bankruptcy Code for confirmation are met. Among such requirements are that, among other things, the Plan: (1) is accepted by the requisite Holders of Claims and in each Impaired Class under the Plan; (2) provides that each Creditor in the Impaired Classes will receive as much as it would if the Debtors were instead liquidated pursuant to Chapter 7 of the Bankruptcy Code; and (3) is not likely to be followed by the liquidation, or need for further financial reorganization, of the Debtors.

The "cramdown" provisions of Section 1129(b) of the Bankruptcy Code permit confirmation of a Chapter 11 plan of reorganization in certain circumstances even if the plan is not accepted by all impaired classes of Claims and Interests. The Debtors have reserved the right

to request Confirmation pursuant to the cramdown provisions of the Bankruptcy Code if, inter alia, Classes 3 or 4(c) fail to accept the Plan.

If the Debtors commence their respective Chapter 11 Cases and seek confirmation of the Plan, the Bankruptcy Court will schedule the Confirmation Hearing to consider whether to confirm the Plan and to consider objections to Confirmation, if any. Notice of the Confirmation Hearing will be sent to all Creditors in the manner required by the Bankruptcy Rules. The Confirmation Hearing may be continued from time to time, without notice, other than an announcement of a continuance date at such hearing or a continued hearing, or by posting such continuance on the Court's docket.

B. Any Objections to Confirmation of the Plan

Any responses or objections to confirmation of the Plan must be in writing and must be filed with the Clerk of the Bankruptcy Court with a copy to the Court's Chambers, together with a proof of service thereof, and served on counsel for the Debtors and the Office of United States Trustee on or before such deadline as the Bankruptcy Court may fix. Bankruptcy Rule 3020 governs the form of any such objection.

Counsel on whom objections must be served are:

Counsel for the Debtors
REED SMITH LLP
599 Lexington Avenue
New York, NY 10022
Attn: Michael J. Venditto

REED SMITH LLP
1201 Market Street, Suite 1500
Wilmington, DE 19801
Attn: Kurt F. Gwynne
Kimberley E. Lawson

Counsel for the United States Trustee

Office of the United States Trustee
844 N. King Street, Second Floor
Wilmington, DE 19801

Counsel for the Joint NSSC Receivers
DEWEY & LEBOEUF LLP
1301 Avenue Of The Americas
New York, NY 10019
Attention: Timothy Q. Karcher

Counsel for MIO, the Purchaser, the Note Lenders and the DIP Lenders
HOGAN LOVELLS US LLP
875 Third Avenue
New York, NY 10022
Attention: Robin E. Keller

Counsel for McKenna
GOODWIN PROCTER LLP
The New York Times Building
620 8th Avenue
New York, New York 10018
Attention: Emanuel C. Grillo

THE DEBTORS BELIEVE THAT THE PLAN IS IN THE BEST INTERESTS OF ALL OF THEIR CREDITORS AS A WHOLE. THE DEBTORS THEREFORE RECOMMEND THAT ALL HOLDERS OF CLAIMS ENTITLED TO VOTE SUBMIT BALLOTS TO ACCEPT THE PLAN.

IV. EVENTS LEADING TO THE PROPOSED PLAN

A. Introduction

The Debtors are an inter-related group of companies that collectively comprise an investment fund, headquartered in Ridgefield, Connecticut, that is colloquially referred to as "New Stream." Until very recently, New Stream had been focused on investments that provided funding solutions for complex transactions in a wide range of industries.

The primary operating entity for this enterprise is NSSC, a limited partnership. All of the working capital for the investments made by NSSC was provided by Investors, each of whom have invested through one of three feeder funds, which are described below. Two of the feeder funds, one in Bermuda and the other in the Cayman Islands, are vehicles for investments made by nonresident aliens and foreign entities. The other feeder fund is the vehicle through which U.S. residents have made investments. Neither NSSC nor any of the three (3) feeder funds is registered, or is required to be registered, with the U.S. Securities and Exchange Commission or otherwise.

The vast majority of New Stream's Investors are "Fund of Funds", meaning that they are themselves pooled investment vehicles with investors of their own, they invest in other funds,

and an investment with the Debtors is among several investments the Fund of Funds has made. The balance of the investors in the Debtors consists largely of pension funds, private bank/trust accounts and investment/wealth advisors.

Since 2005, NSSC and its subsidiaries (including both debtor and non-debtor entities) have invested in a specialized portfolio that yielded positive returns for investors. These investments included commercial loans, real estate holdings and investments in oil and gas investments. But, one of their largest and most valuable assets is the NSI Insurance Portfolio[7] held by NSI, another of the Debtors.

B. Changes in Financial Markets Prompt Flood of Redemptions

In late September 2008, the first of a series of fund failures (most notably, an allegedly fraudulent ABL fund run by Thomas Petters) had an adverse effect on many of the Investors. A substantial number of redemption requests were made as a result of the Petters fraud and similar events during the last week of September 2008, comprising approximately 40% of the value of the Debtors' "Feeder Funds".[8]

As a result of these redemptions, the Debtors made a decision in October, 2008 to take necessary actions to put all Investors who had not yet requested redemption or whose redemptions had not yet become effective on an equal footing with investors submitting requests in the most recent wave, with respect to any cash to be distributed by the Bermuda, US and Cayman Feeders. This was to avoid a situation in which Investors in such Feeder Funds who had

[7] A "life settlement" is a life insurance policy that the policy holder has sold to a third party. The third party makes premium payments going forward and receives the death benefit upon the death of the insured. These policies are bought and sold in privately negotiated transactions in which the transaction price is based on an estimated life expectancy –expressed in months– of the insured. As discussed *infra*, this life expectancy calculation is based on mortality data that is published by third-party agencies.

[8] For a discussion of the Feeder Funds and their role in the Debtors' organization and capital structure, please see Article V.A.

not sought to redeem, primarily because they had no impairment issues themselves and were satisfied with the Debtors' performance, would find themselves with concentration or other adverse selection issues in a fund that would be shrinking by 60%[9]. In the US Feeder and the Cayman Feeders, actions were taken to reject the latest wave of redemption requests (that is, all redemptions which had not become effective on or before October 1, 2008). This would have kept all such Investors in the US Fund and the Cayman Fund, with the intent to pay them (and investors who had not requested redemption) on a *pro rata* basis from the net proceeds generated from the liquidation of NSSC's assets in the ordinary course.

In contrast, the Bermuda Fund took no action to prevent redemption requests taking effect in the ordinary course because there were hardly any investors who had not requested redemption. However, NSC had verbal discussions with all of the investors in the Bermuda Fund and explained that the Debtors intended to pay out redemptions in the Bermuda Fund which had not become effective on or before September 30, 2008 in the same manner as was adopted for the US Fund and the Cayman Fund.

C. Changes in the Life Settlement Market Exacerbates the Problem

On November 28, 2008, before discussions with the investors had begun in earnest, a second catastrophic event occurred. AVS, the largest rating agency for life settlements, announced that it was revising its methodology for determining life expectancy. In simple terms, AVS extended its views on mortality and extending life expectancies, which reduced the implicit value of a life settlements. Over the following three months, secondary sales of life settlements progressively dried up. Buyers and sellers were unable to translate the changes in mortalities and

[9] Redemptions from September 2008 together with earlier redemptions would cause the fund to shrink by 60% in the aggregate.

life expectancies into current policy values, as so few sales were being transacted. Policies that had clear value, using any reasonable estimate of life expectancy, frequently would receive no bids when brought to market. By late February, 2009, the combination of uncertainty around values and general market illiquidity effectively shut down the life settlement market.

These events impacted the Debtors in two ways. First, as of November 30, 2008, 42% of NSSC assets were in life settlements or life settlement related investments (such as premium finance loans). These assets needed to be marked to reflect the rating agencies' changing views on mortality. The Debtors engaged a respected, independent actuary, Milliman Inc., to revalue the life assets. This complex and time-consuming analysis was completed in late February 2009. As a result, the Debtors took a markdown against the NSI Insurance Portfolio (valued at $194 million in November 2008), resulting in $71 million of unrealized losses for NSSC at December 31, 2008**.** Second, the Debtors' ability to monetize assets in the NSI Insurance Portfolio at reasonable value in the short term was impaired. Sales could only be achieved at distressed, not fair, value. The Debtors needed time for the market to normalize and reasonable trading to resume. Indications from leading participants were that the market would re-emerge over time. The Debtors expected this to take between 12 to 24 months. This estimate is still valid, as limited liquidity is only just beginning to return to the market. Third, regular cash payments to service the premiums of the individual policies in the NSI Insurance Portfolio requires frequent capital expenditures approximating US $5 million per month.

D. Development of the 2009 Restructuring Plan

Faced with the incompatible demands of Investor liquidity, the illiquidity of assets in the Debtors' portfolio, and the cash needed to pay premiums on the NSI Insurance Portfolio, the Debtors were compelled to take decisive action. During April and May of 2009, the Debtors negotiated and restructured their relationships with Investors (hereinafter the "2009

Restructuring"). The purpose of the 2009 Restructuring was to allow the Debtors to prudently liquidate investments over a period of time that would maximize their value. The Debtors solicited the consent of the Investors in the three feeder funds to this restructuring and, it believed that it had obtained their unanimous consent. By May 7, 2009, the Debtors received consents to this restructuring from 100% of Cayman Fund Investors, 90% of US Fund Investors, and 60% of Bermuda Fund investors.

Shortly after the 2009 Restructuring was implemented, two Bermuda Investors who had not consented to the 2009 Restructuring commenced litigation in the Supreme Court of Bermuda. (*see* the discussion of the Bermuda Litigation at Article V.B.2). In June, 2010, one of those Bermuda Investors obtained a declaration that that the terms of the 2009 Restructuring did not apply to two of the Segregated Account Classes invested in by that Investor. And as a result of this ruling, the Debtors were unable to liquidate assets and distribute available funds in the manner anticipated by the 2009 Restructuring. Shortly after the Bermuda Court made its ruling, it appointed a receiver, McKenna, to act on behalf of Segregated Account Class C and Segregated Account Class I, the Bermuda share classes that were affected by the ruling.

The appointment of McKenna created a potential conflict between the interests of the prevailing Bermuda Investors and the Investors in the other Bermuda segregated account classes, which was in addition to the obvious conflict between the Bermuda Investors and the Investors in the US Fund and the Cayman Funds. Accordingly, NSC, in its capacity as the investment manager for the Bermuda Fund, caused the Bermuda Fund to request the Bermuda Court to appoint a receiver to act on behalf of the other Bermuda Investors. In response to that request, on June 18, 2010, the Bermuda Court appointed the Joint Receivers for Segregated Account

Classes B, E, H, K, L, N and O of the Bermuda Fund and appointed McKenna as the Receiver over Class F.

On September 13, 2010, the Bermuda Fund Receivers petitioned the Bermuda Court for the winding up of the Bermuda Fund and by ex parte summons for their appointment as joint provisional liquidators of the Bermuda Fund. They were appointed the joint provisional liquidators that same day. On October 7, 2010, the Bermuda Court ordered that the Bermuda Fund be wound up under the provisions of the Companies Act and confirmed the appointment of the joint provisional liquidators.

In December 2009, an Internet blog reported that United States law enforcement authorities had initiated an investigation of Debtors. Although no regulatory authorities had contacted the Debtors, the Debtors proactively communicated with the U.S. Attorney's Office for the District of Connecticut to offer their assistance in any investigation and voluntarily supplied information and documents. In July 2010, the Debtors were contacted by the U.S. Securities and Exchange Commission ("SEC"), which initially sought copies of the materials provided to the U.S. Attorney's Office. The Debtors, again, voluntarily supplied information and documents. Just recently, in mid-December 2010, in connection with its investigation, the SEC has sought additional materials from the Debtors and the Debtors have been voluntarily complying with that request. The SEC's investigation is ongoing. No proceeding has been initiated by any law enforcement authority. The Debtors intend to fully cooperate with any regulatory or enforcement activity.

E. Negotiations with the Bermuda Fund Receivers

Since the appointments of the Bermuda Fund Receivers, the Debtors have been in negotiations with them, as the court-appointed representatives of the Bermuda Fund Segregated Account Classes, concerning an orderly liquidation of the Debtors. During these discussions,

there was disagreement concerning the use of cash generated from NSSC's portfolio to pay premiums on the NSI Life Settlement Portfolio. Without the use of this cash, NSI was unable to pay premiums and faced the potential loss of value from cancellation of policies for non-payment of premiums.

The Debtors, with encouragement and assent of the Bermuda Receivers, marketed the NSI Insurance Portfolio. That marketing effort culminated in the acceptance of an offer made by the Purchaser, which was the highest and best offer received for the Portfolio, for a cash price of $127.5 million plus a "price-neutral" premium financing in the amount extended under the Pre-Petition Secured Note to fund premium payments until the sale could be closed. (*See,* Article V.C.5 for a more detailed discussion on the sale process and terms of the purchase).

F. The Plan Support Agreements

The Debtors anticipate that consummation of the Insurance Portfolio Sale would serve as the foundation for a reorganization. On November 9, 2010, the Debtors entered into the Initial Plan Support Agreement with, *inter alia*, the Receivers and MIO, which outlines the terms for the Plan. A true and correct copy of the Initial Plan Support Agreement is attached as Exhibit 2.

The Initial Plan Support Agreement contemplated a second Plan Support Agreement that would include copies of the Plan and Disclosure Statement. Accordingly on January 21, 2011, the Debtors entered into the Plan Support Agreement with, *inter alia*, the Receivers and MIO, which attaches copies of the Plan and this Disclosure Statement. The Debtors may continue to seek to have the Plan Support Agreement executed by additional Creditors. A true and correct copy of the Plan Support Agreement is attached as Exhibit 3. In connection with the solicitation the Debtors have requested that the US/Cayman Creditors execute a copy of the Plan Support Agreement. All Creditors have the ability to enter into and be bound by the terms of the Plan Support Agreement at any time.

The Plan, if confirmed, would settle and resolve issues related to the rights of Creditors, the relative priorities and potential claims and causes of action that each them may have against the other. The Plan is intended to achieve a global resolution of all such issues and for that reason the Plan contains broad provisions relating to the distribution of assets, the method of liquidation, the release of claims and the compromise of rights and claims that the Debtors' Creditors may have. If the Plan is confirmed by the Bankruptcy Court, it will be binding on all Creditors, regardless of whether they voted to accept or reject the Plan.

V. The Debtors and Their Business

The businesses of each of the Debtors, and their respective organization and operations, are summarized in this section of this Disclosure Statement. However, a brief overview of the organizational structure, which is based on the "master-feeder fund" structure commonly used by investment managers, will simplify the explanation.

A. The Master Fund and Three Feeder Funds

The master-feeder fund structure is commonly utilized by investment managers to accumulate funds raised from both U.S. and foreign investors and pool them into a single master fund. In this way, the investment manager can achieve a critical mass of investments, realize economies of scale, enhance operating efficiencies and thereby reduce costs.

In this parlance, NSSC is the "master fund." The capital that it invests is obtained from the three feeder funds, one of which is a domestic entity that aggregates investments from U.S. investors. The other two feeder funds are foreign entities that aggregate investments from non-resident investors who are not subject to taxation in the United States.

The US Fund, New Stream Secured Capital (U.S.), LLC, is a Delaware limited liability company and the entity through which U.S. residents have invested in NSSC. Each domestic

investor owns a membership Interest in the US Fund, which indirectly holds an Interest in, and is a secured creditor of, NSSC. The US Fund is not a Debtor in these cases.

As noted, there are two foreign feeder funds, organized primarily for non-U.S. investors, structured to allow nonresident aliens and foreign entities to invest without subjecting their investments to U.S. taxation by taking advantage of the "portfolio interest exemption" under the Internal Revenue Code. To qualify for the portfolio interest exemption, these foreign investments generally are loans and not equity.

1. The Bermuda Fund

One of the two foreign feeders is the Bermuda Fund, which is a segregated accounts company formed in Bermuda pursuant to Bermuda's Segregated Accounts Companies Act of 2000 ("SACA"). Each of the individual share classes of the Bermuda Fund owns notes issued by either NSSC or NSI.

In October 2005, New Stream organized the Bermuda Fund for foreign investors not generally subject to U.S. tax laws. This new fund, now known as New Stream Capital Fund Limited, but then known as PCM Capital Limited, was established as a Bermuda segregated account mutual fund company on October 31, 2005. The Bermuda Fund was formed to offer investment opportunities in NSSC (or NSI) to non-US investors under favorable tax treatment.

Until mid-2008, the directors of the Bermuda Fund were certain of the principals of NSC. However, as part of the amendment to the Bermuda Fund By-Laws which occurred at that time, two independent directors were appointed and they have made decisions for the Bermuda Fund until the appointment of the Bermuda Liquidators. NSC was the manager of the Bermuda Fund until September 8, 2010. Since that time, the Bermuda Fund has been administered by the Bermuda Liquidators.

The investment prospectus for both NSSC and the Bermuda Fund specifically stated that redemptions of Bermuda Investors would be paid subject to the fund manager's ability to liquidate the assets of the Fund. As with NSSC, the Bermuda Fund documents afforded investors only the right to a monthly valuation report and an annual audit, and vested the fund manager and the Bermuda Fund's Directors with the broadest of powers.

The Bermuda Investors made their investments into the Bermuda Fund by purchasing shares in the Segregated Account classes. In turn, each of the Segregated Account classes entered into a loan transaction with either the Master Fund or NSI. Bermuda Loans were set up pursuant to Loan and Security Agreements that had a fixed commitment amount and could be drawn using one or multiple notes. Each of the Loan and Security Agreements is governed by Connecticut law. The Bermuda Fund concluded one Loan and Security Agreement for each Segregated Account. Initially, the Loan and Security Agreements were materially identical for each of the Bermuda Fund's Segregated Account classes. However, each of the Loan and Security Agreements and Loan Notes have been through several rounds of amendments since that time.

For each of the Bermuda Loans to NSSC and NSI, the respective borrowers pledged essentially all of its respective assets as Collateral. Upon expiration of the demand period, or breach of covenant, a default could be declared and various remedies obtained by the lender, including, for certain breaches, foreclosure on the collateral. However, these actions could only be taken pursuant to the terms of the applicable "Collateral Agency Agreements" which the applicable borrower entered into with Wilmington Trust Company, the designated "Collateral Agent" and the respective Segregated Account classes.

Each of the Collateral Agency Agreements (one for NSI and one for NSSC) were a form of inter-creditor agreement and clarified the priority of Claims among the various lenders who had an interest in the same collateral pool of the respective borrowers in the event of foreclosure or liquidation of the collateral or other enforcement of the liens upon the collateral.

The respective Collateral Agency Agreements were implemented in October, 2006 on behalf of all the lenders at that time. The Bermuda Fund was a signatory in respect of each Segregated Account and remedies with respect to the Bermuda Loans were made subject to the terms of the Collateral Agency Agreement. The Collateral Agency Agreements are governed by the law of Delaware.

These documents were prepared solely to deal with the rights of foreclosure and liquidation of collateral following an "Event of Default" under the Loan Notes. To effect a liquidation of the collateral under the Collateral Agency Agreements, each of the lender signatories holding at least 51% of the aggregate debt held by all the lender signatories must have declared a default under the respective loan agreements and given written notice to the Collateral Agent. In 2006, the Segregated Accounts of the Bermuda Fund were the only lenders executing the original Collateral Agency Agreements, therefore, upon any such liquidation of NSSC or NSI (as the case may be), Clause 5(n) stated that proceeds were to be paid first to certain "Senior Lender" bank lines, and then in repayment of the Bermuda loans on a *pari passu* basis.

There has never been any action taken in connection with any Event of Default under the Bermuda Loan Notes.

Neither the Collateral Agency Agreements nor an investor's place in the capital structure has ever had any impact on how redemptions were ordered for payment; all redemptions were

paid in the order in which they were received, in accordance with their effective date. Thus, if a US investor placed a redemption and it became effective prior to the effective date of a Bermuda investor's redemption, the US investor would be paid first, irrespective of the debt/equity split or the capital structure position. As such, this issue of senior or subordinate position was completely irrelevant for most purposes and to most investors, whose primary interest was in safely deploying their capital into a fund that was steadily realizing good returns.

2. The Cayman Feeder

The other foreign feeder is a series of investment corporations organized under the laws of the Cayman Islands (collectively, the "Cayman Funds"). Each of the Cayman Funds is a creditor of NSSC and also owns some of the common stock of NSCI.

The Cayman Funds were originally organized in September 2007 as part of an intended restructuring of foreign investments in NSSC. At that time, all loans to NSSC totaled $552,840,000, which was 3.4 times the amount of equity participations in NSSC (that is, a 3.4:1 debt to equity ratio). Although this debt to equity ratio was permitted under the terms of NSSC's private placement memorandum, it was greater leverage than desired. This was a result of investments being made in the Bermuda Fund at a rate that was six times more than direct investments in NSSC. Since the off-shore investments were all in debt, the growth of off-shore investment had skewed the debt to equity balance.

To offer non-US Investors higher returns by virtue of an equity investment in NSSC, a new feeder fund structure was established: the US Feeder was created for U.S. investors and a series of Cayman Islands exempted companies named New Stream Secured Capital Fund (Cayman), Ltd., one consecutively named company for each investor (collectively, the "Cayman Feeders"), for non-US investors. NSC is the Managing Member of the US Feeder. The Investment Manager of each of the Cayman Feeders is New Stream Capital (Cayman), Ltd.,

which is administered by an independent board of directors domiciled outside of the United States, but the owners of the Investment Manager are the three principals of NSC. The new structure was discussed with many of the investors in advance of the formal announcement, but the formal announcement made on November 28, 2007, together with supporting documentation. The intent of this restructuring was to have all of the direct US investors in NSSC switch their investments to the US Feeder and all the Bermuda investors switch their investments to the Cayman Feeders, which were established for off-shore investors. It was intended that the US and Cayman Feeders would invest through a combination of debt and equity, which would be *pari passu* to each other, thereby reducing leverage. The US-Cayman Investors would share the fee and expense costs of NSSC and their respective feeder funds.

With the creation of the Cayman Fund, the Bermuda Fund was closed to new investment. However, the Debtors could not force Bermuda Investors to move. While it was anticipated that all of the US investors would readily transition to the US Funds, the transition from the Bermuda Fund to the Cayman Funds was more complex. Nevertheless, with a few minor exceptions, the Bermuda Investors were initially positive about the restructuring and almost all gave indications of their intention to move their investment from Bermuda to Cayman. The Debtors anticipated that those who remained in the Bermuda Fund could either be gradually redeemed out of the Bermuda Fund over time or paid out with the proceeds of Senior Debt, which NSSC was actively seeking at such time.

In addition, any investor in any fund who chose to redeem their investment, could also do so at this time. However, the Debtors' expectation – at the end of 2007, when these funds were rolled out – was that investments in the Bermuda Fund would shrink substantially as most Bermuda investors had expressed their interest in moving to the Cayman Funds.

Although the Debtors intended to obtain financing, ultimately they could not obtain such Senior Debt and therefore were unable to redeem the remaining Bermuda investors. In November 2007, the Debtors entered into negotiations with DZ Bank for a line of credit. On March 3, 2008, the Debtors received a commitment from DZ Bank for $75 million of financing to be secured by the NSI Life Settlement Portfolio. The understanding was that this facility could be increased to $150 million over time. It was the Debtors' intent to be able to pay out remaining Bermuda investors from this facility if and as needed. The inability to negotiate mutually agreeable terms caused the commitment to expire on June 24, 2008.

In December 2007, the Debtors opened the Cayman Fund for investment and began moving the Bermuda Fund investors over as it received their written consents. The Debtors also started accepting new investors into the Cayman Feeders. At about the same time, they opened the US Feeder for investment and began moving the US investors, as consents were received. In addition, new investors were also accepted into the US Feeder. Although a few investors moved into the new feeder structures in December 2007, there was substantially more movement beginning in January 2008, particularly among the US investors into the US Feeder. All of the US Investors eventually made the transition into the US Feeder by January 31, 2008. Transition from the Bermuda Fund to the Cayman Feeder was more gradual. Since no deadline was imposed, or could be, and the target outcome – the eventual termination of the Bermuda Fund by either transfer or redemption over time – was part of the overall restructuring plan, but the Debtors continued to discuss with Bermuda investors their intentions and preferences.

The US and Cayman Private Placement Memoranda also disclosed how NSC would be compensated. Specifically, the US and Cayman Feeders would reimburse NSC for all costs and expenses associated with the operation of each feeder, plus the operational costs of NSSC. In

addition, for the US Feeder, NSC is paid a management fee of 0.05% (5 basis points) of the balance of the capital account of each member, which is calculated and paid monthly. For the Cayman Feeder, the Investment Manager is paid a management fee equal to 0.05% (5 basis points) of the Fund's Net Asset Value, as defined in the PPM. The US-Cayman Funds also indirectly paid the management fee and any performance allocation arising out of NSSC. Each month the master fund's general partner, NSC, earns a management fee equal to one-twelfth of 0.45% per annum of the Total Assets of NSSC. In addition, NSC could earn a performance allocation (sometimes referred to as a Profit Share and calculated in accordance with the formula set forth in the private placement memorandum) equal to 25% of all "Net New Profits" over a LIBOR-based hurdle attributable to each limited partner's capital account for the month for which the accrual calculation is being made.[10]

Following the 2007 restructuring, 20-35% of each investment made into the US Feeder was held as equity in the form of an interest in a limited partnership interest in the master fund and the remainder of each investment was loaned to NSSC by the US Feeder through the purchase of loan notes ("US Feeder Loans"). The same proportion of Cayman Feeder investments was applied in equity, not into NSSC, but into NSCI, a Delaware corporation. NSCI then invested this in NSSC equity by acquiring a limited partnership interest. The remainder of the investment in each Cayman Feeder was loaned directly to NSSC through Cayman Feeder Loans.

[10] It should be noted that the percentage amount of the management fees described above was not a percentage increase of the historic management fee. The only change made to the fees related to the inclusion of debt in the asset basis of the calculation. This was done in order to keep the fees aligned with the changes made in the capital structure.

As with the Bermuda Fund Loan and Security Agreements, the loans from the US Fund and Cayman Funds took the form of demand notes secured by all the assets of NSSC and provided that NSSC would have one year from the date of demand to repay the loan. Failure to repay represents an event of default. Security and foreclosure rights are regulated by the NSSC Collateral Agency Agreement. The Collateral Agency Agreement for NSSC was amended and restated to include the US Feeder and the Cayman Feeder as lenders to NSSC such that upon full liquidation, proceeds (after payment of Senior Bank lines) were to be made to the Bermuda Loans on a *pari passu* basis first, and then to the Cayman and US Feeder Loans, *pari passu*.

B. The Restructuring Efforts

While all of the US investors successfully switched into the US Feeder and many Bermuda investors switched into the Cayman Feeders, many investors in the Bermuda Fund declined to move their investments. Because of the inherently illiquid nature of the investments, the Bermuda investors could not immediately be redeemed. As a result, the Bermuda Fund could not be quickly terminated, especially in light of the fact that the Debtors' had been unable to secure Senior Debt.

New investors were not accepted into the Bermuda Fund after the new Cayman feeder fund structure was implemented during 2007 and 2008. However, until late 2008, when market forces outside of the control of the Debtors required a freeze on all redemptions, the intention was that the Bermuda Fund would be terminated, either by the redemption of the remaining interests over time, or by those remaining Bermuda investors changing their decision and deciding to move to the Cayman Feeder, an option that remained available to them.

Beginning in March 2008, the Debtors began to receive substantially increased levels of redemption requests from all of the feeder funds (eventually comprising approximately 20% of the value of all New Stream feeder funds). The flood of redemption requests was a result of the

credit crisis, and generally deteriorating market conditions that impacted the financial world and specifically resulted in additional liquidity requirements for Investors. The Debtors began working toward meeting these redemption requests in the ordinary course as proceeds became available from assets. However, these redemptions occasioned repayment demands representing approximately 20% of NSSC's portfolio.

At that time, NSSC was performing well. It was up by over 7% for the year and there had been new inflows from investors every month of the year. Redemptions were being paid as cash became available from the investment portfolio and new subscriptions. No new investments were accepted into the US or Cayman Feeder after August 2008.

Ultimately, during the global financial crisis beginning in 2008, even the Debtors' solid performance and planning could not insulate the Debtors from the impact of the liquidity needs of their Investors. As noted above (*see,* Article IV.B) a series of fund failures had an adverse effect on many of the Debtors' Investors. A substantial number of further redemption requests were made in the wake of the Petters fraud and similar events during last week of September 2008. Despite no investment in or direct exposure to Petters, redemption requests (including both the approximately $200 million of redemptions already effective, and the further requests received, but not effective, by September 30, 2008) totaled $545 million, as investors with exposure to Petters were forced to seek liquidity. For the Bermuda Fund, the investors who had placed redemptions or who had notified NSSC of their intention to redeem approached 100%.

As a result of these redemptions, NSC made a decision in early October, 2008 to take necessary actions to put all remaining investors who had not yet requested redemption or whose redemptions had not yet become effective on an equal footing with investors submitting requests in the most recent wave, with respect to any cash to be distributed by any of the three feeder

funds. This was to avoid a situation in which Investors who had not sought to redeem, primarily because they had no impairment issues and were happy with the Debtors' performance, would find themselves with concentration or other adverse selection issues in a fund that would be shrinking by 60%. In the US and Cayman Funds, actions were taken to reject the latest wave of redemption requests (that is, all redemptions that had not become effective on or before October 1, 2008). This would keep all such Investors in their respective funds with the intent to pay out all of them (including investors who had not requested redemption) on a pro rata basis from available cash generated from the liquidation of NSSC's assets in the ordinary course. In contrast, the Bermuda Fund took no action to prevent redemption requests taking effect because there were hardly any Investors who had not requested redemption. However, the Debtors advised Investors in the Bermuda Fund that they intended on paying out redemptions in the Bermuda Fund which had not become effective on or before September 30, 2008 in the same manner as was adopted for the US and Cayman Feeders.

In October 2008, the Debtors intended to liquidate the NSSC portfolio in an orderly manner to maximize the value of the portfolio for the benefit of all Investors and so be able to pay the effective redemptions. The intent was to pay the effective redemptions (for all Investors) out of available cash in the order that the redemptions had become effective prior to October 1, 2008, and then to pay the remainder of the investors in all of the Funds (those in the "post-October pool") on a *pari passu* basis thereafter. Investors were notified of this decision during the fall of 2008, and letters were sent to all US and Cayman investors in mid-December confirming what investors had previously been told.

Returning all capital to Investors in the ordinary course gave rise to a structural issue. The Loan Notes accrued interest at a stated rate until called. When called (usually as a result of a

redemption request), the Loan Notes were to be repaid within 12 months. Under ordinary circumstances these demands could be met from principal and interest earned by NSSC. However, with the loans in the NSSC portfolio carrying maturities of two to four years, it was impossible to meet all demands within 12 months; and, because these portfolio loans were made to private companies, there was no trading market for the NSSC instruments. Selling the loans under forced sale conditions, particularly given the global economic crisis of 2008 and virtually no market liquidity, would have resulted in a significant loss of value to investors. As a result, NSC determined it would need to enter into discussions with the directors of the three feeder funds to modify the payment period of their Notes.

Before these discussions could begin in earnest, the AVS announcement (*see,* Article IV.C**)** disrupted the life settlement markets. The combination of uncertainty around values and general market illiquidity effectively shut the life settlement market down by late February 2009, making the NSI Life Settlement Portfolio completely illiquid.

By the first quarter of 2009, the Debtors were facing a confluence of problems, including impending maturities based on the redemptions that were pending at that time, an unprecedented lack of liquidity in the market, which was compounded by the illiquid nature of the underlying assets, and the cash-consuming nature of the NSI Life Settlement Portfolio, which was absorbing most of the liquidity available from the remainder of the portfolio.

1. The 2009 Restructuring Plan

These combined circumstances caused the debtors to conclude that a more comprehensive approach was needed to deal with the situation and protect the interests of its Investors. The aggregate redemption debt owed at this point was $695 million. It was obvious that an orderly liquidation would take several years and that, unless some form of restructuring plan was put in place to commute the payment obligations under the Notes, NSSC and NSI

would have to be placed in some form of liquidation to protect assets and realize their value over time.

In developing options, the Debtors attempted to project financial outcomes in a variety of different scenarios. The analysis indicated that a forced liquidation would have resulted in a loss for the Bermuda Fund, in line with its seniority, of $100 million, with the Cayman and US Investors experiencing a total loss. And this forced liquidation scenario did not contemplate immediate monetization of assets since that was not a viable option.

Projections based on the maturation of non-life assets and a measured sale of the life assets between year-end 2010 and year-end 2012 indicated the potential for a return of as much as $687 million, an amount that would be sufficient to pay a substantial portion of the loan redemptions due by 2012. The Debtors determined that a strategy that would allow for such a controlled monetization would be preferable for all Investors and it set about canvassing support from Investors. However, in formulating a plan, the Debtors had to take into account that fact that it would not be possible to distribute all cash that became available from time to time because of the expenses connected to assets. In particular because of their cash requirements for funding premium payments on the life insurance assets, this portion of the portfolio became the subject of scrutiny. The central question was whether, under these extremely unusual circumstances, it was in the best interests of Investors to continue to pay the premiums to support these assets. The Debtors performed actuarial modeling on the life portfolio that analyzed the annual cash needs and possible cash generation from the life portfolio. As previously noted, the life assets comprised life settlements and premium finance loans. After the mark-down, the net value of life settlements held was $123 million. The net value of the premium finance loans was $135 million (yielding total life asset net value of $258 million). As a result of the adjustment in

underwriting estimates, the life settlements market had become frozen. Furthermore, distressed conditions affecting other participants in the life settlements business had caused some sellers to "dump" policies in the market. The market was over-supplied and dysfunctional. To make matters worse, there was reason to believe that NSSC might wind up being forced to begin making premium payments on approximately $2 billion of premium finance loans, which had been a cash generating asset in the past. The global liquidity crisis had brought about an enhanced likelihood of debtor default on these loans. This made more likely that premium finance loans would not be repaid, and there would be foreclosure on the life policies, the collateral under the loans. The Debtors estimated that a forced sale of all life assets during 2009 (including both life settlements and premium finance loans) would generate around $68 million, if achievable at all given the disarray in the market. Given the estimated net value of $258 million, a forced sale would have realized only up to 25%. On the other hand, if all life assets were held until their maturity (until death of the life assureds) the total gross death benefit was expected to be $2.7 billion. However, the life assets were, and remain, an expensive, significant drag on liquidity. On the most conservative analysis, assuming that (i) all premium finance loans were swapped for their life policy collateral, (ii) no deaths and (iii) highest likely premiums, NSC estimated NSSC would need to pay approximately $250 million in premium payments between 2009 and 2011. That meant the Debtors would need to retain a substantial minimum cash reserve to finance premiums, and that meant reserving more cash just when cash was needed most to repay redemption debts to Investors.

To formulate a comprehensive plan, a decision also had to be made about how cash not needed to pay for life assets and other expenses of NSSC ("*available cash*") was going to be distributed. There were a variety of options. Furthermore, a decision was required whether to

apply distributions in the same way across all redemptions, or to use one methodology for the redemptions which had already taken effect by the end of September 2008 (before the second wave), and a different one for redemptions taking effect after. Proposals involving payment *pari passu* were strongly opposed by many investors, particularly those with effective redemptions who had been waiting for many months. On the other hand, preservation of the payment of redemptions (taking effect before October 2008) received overwhelming investor support. However, any restructuring had to account for (i) the seniority of the Bermuda feeder loans to the US and Cayman feeder loans, and (ii) covenants in certain of the Bermuda Fund's loans that effectively permitted repayment of the US and Cayman feeder loans only if such repayment did not result in the outstanding balance of the Bermuda Loans exceeding 50% of the value of the assets of NSSC.

Ultimately, the Debtors developed a restructuring plan that allowed (i) a two year forbearance period (that is, to May 2011) during which Investors agreed to make no redemptions or prosecute any claims for payment of redemptions; (ii) amendment of the demand notes to allow payment in accordance with an "available cash" methodology; and, (iii) payment of interest, based on a LIBOR methodology, to all holders of demand notes. Another component was that investors in the Bermuda Fund would begin to pay a share of the costs of operating the funds and maintaining the portfolio. To implement the 2009 restructuring plan, the various loan and security agreements were amended to accommodate the available cash methodology in the restructuring plan and to allow sufficient time to repay all of the demand notes through an orderly liquidation of the portfolio.

Given the nature of the contemplated changes to investors' rights and obligations, the directors of the Bermuda Fund and the Cayman Feeders and the managing member of the US

Feeder determined that the consent of each Investor would be solicited prior to implementing the restructuring.

On April 8, 2009, the directors of the Bermuda Fund approved a letter to the Bermuda Investors explaining the restructuring plan and requesting their forbearance and written consent. Subsequently, the 2009 restructuring was implemented with amended and restated loan agreements and related documents were entered into on or about May 1, 2009.

When it was presented to the Investors, it received the support of 90% of the US Investors; 100% of the Cayman Investors; and 60% of the Bermuda Investors. Only two Bermuda Investors failed to consent to the Plan, Tensor Endowment Limited and the Gottex AB Funds, both of which subsequently commenced actions in Bermuda against the Bermuda Fund challenging the restructuring. The restructuring was then implemented on May 1, 2009 for all three feeder funds.

2. The Bermuda Litigation

Two groups of Bermuda Investors commenced actions against the Bermuda Fund objecting to the implementation of the proposed restructuring plan.

Tensor Endowment Limited commenced an action, In the Matter of Class K of New Stream Capital Fund Limited, in the Supreme Court of Bermuda. That action was dismissed by the Bermuda Court in a Judgment dated December 18, 2009. In ruling in favor of the Bermuda Fund, the Bermuda Court found, among other things, no evidence "that the management of the Respondent or its affiliates have been guilty of any serious misconduct," and that the implementation of the 2009 Restructuring Plan was motivated "by the goal of maximizing the returns to all classes of investors." Judgment at pp. 9, 25, respectively. "On the evidence adduced at the substantive hearing . . . the Plan appeared to be a creative and commercially

rational response to the liquidity crisis of 2008 the implementation of which is being supervised by the Respondent's independent [Bermuda] directors." *Id.* at 28.

On or about June 18, 2009, one of the investor groups made up of certain investment funds (hereinafter referred to as the "Gottex AB Funds") acting with and through a corporate nominee (collectively, the "Bermuda Petitioners") filed a claim against the Bermuda Fund in the Bermuda Court seeking, *inter alia*, a declaration that the 2009 Restructuring of the Bermuda Fund was contrary to the provisions of the Bermuda SACA. BNY AIS Nominees Ltd (as nominees for Gottex ABL (Cayman) Ltd., *et al*) v. New Stream Capital Fund Limited. None of the Debtors were a party to that litigation.

In the Bermuda Fund litigation, the Gottex AB Funds sought a declaration that the 2009 Restructuring was *ultra vires* and/or contrary to the bylaws of the Bermuda Fund and/pr contrary to the provisions of the Bermuda SACA and therefore void and without legal effect. The Gottex AB Funds asked the Bermuda Court to invalidate the 2009 Restructuring so that the relationships between their share classes could be restored to their status on April 31, 2009. Their claim asserted, *inter alia*, that (i) provisions of the 2009 Restructuring that provided for a pooling of repayment obligations to make them joint obligations of NSSC and NSI eliminated the segregation of rights and obligations under the then existing loan documents, (ii) substituted debt obligations owed by, and secured by the assets of, NSI to certain of the Segregated Classes with commingled repayment obligations and security interests owed to all other Segregated Classes of the Bermuda Fund and of the US and Cayman Funds; (iii) failed to maintain the segregation of each Segregated Class's assets and economic position and ceased to consider the interests of each Segregated Class individually to maximize its economic position; and (iv) relinquished the senior priority position of Classes C and I in terms of rights to repayment of loans from NSI, the

timing of that repayment obligation, and the security interests that secured that repayment obligation.

After a trial, Justice Ian Kawaley of the Bermuda Supreme Court, the same judge that had presided over the litigation commenced by the other group of investors, in a judgment dated June 8, 2010 ("Bermuda Judgment"), found in favor of the Bermuda Petitioners, finding, *inter alia*, that the proposed 2009 Restructuring Plan contravened the Bermuda Fund's constitutional and statutory segregation obligations and fell beyond the scope of the Bermuda Fund's investment management powers. Bermuda Judgment at ¶ 167. However, the Bermuda Court did find as a matter of fact, that when the Debtors implemented the restructuring on May 1, 2009 it did not definitively know that Gottex AB Funds' consent would be withheld. The Bermuda Court observed that the 2009 Restructuring might be legally egregious in the absence of this consent, but the fact that the investor group "came within a whisker of approving it is proof" that the Debtors sought to cater to their commercial needs, as the negotiating process demonstrated. Bermuda Judgment at ¶184. Nonetheless, the Bermuda Court ruled that the Bermuda statute "requires those managing segregated account companies to firewall the assets belonging to a segregated account from claims asserted by the company's general creditors and claims asserted by other segregated accounts and (subject to any contrary express agreement) third parties who have not transacted business with the relevant segregated account." Bermuda Judgment at ¶130 at 140. It then found that the security interests were an essential element of the repayment obligation under the loan notes, which constituted assets linked to the segregated accounts and were, therefore, required to be kept as a separate fund under the Bermuda SACA. Bermuda Judgment at ¶145.

Justice Kawaley described the 2009 Restructuring plan as a "creative out-of-court restructuring solution," that was approved by the majority of Investors in all of the funds, as well as by the Bermuda directors, which was "developed in a fair manner." Bermuda Judgment at ¶¶ 199 and 205[11]. As a result, the Court declined to invalidate the plan, leaving it applicable to other investors. Bermuda Judgment at ¶ 205. Following the Judgment, the Bermuda Court made a number of declarations on June 18, 2010 such that the various elements of the 2009 Restructuring were void and without effect for Segregated Account Classes C and I.

On May 27, 2010, the Bermuda Court also approved the appointment of a receiver, McKenna, for Segregated Account Classes C and I, stating that "it would be just and equitable to appoint a receiver in the context of the unique statutory framework of [the Bermuda] SACA." Bermuda Judgment at ¶182.

After consultation with Bermuda counsel, the Bermuda Fund determined that it was in the best interest of the Bermuda Fund as a whole and particularly those Segregated Account classes of the Bermuda Fund that hold Loan Notes issued by NSSC and/or consented to the 2009 Restructuring that a receiver be appointed over the assets of such classes.

Subsequent to the appointment, on June 15, 2010, the Bermuda Fund applied for the appointment of Joint Receivers for Segregated Account Classes B, E, H, K, L, N and O of the Bermuda Fund. The Bermuda Court granted the application on June 18, 2010 and simultaneously appointed McKenna as the Receiver over class F of the Bermuda Fund. On June 18, 2010, the Supreme Court of Bermuda appointed Michael Morrison and Charles Thresh, of KPMG Advisory Limited, as interim Joint Receivers for Segregated Account Classes B, E, H, K,

[11] The Joint NSSC Receivers disagree with certain aspects of the Debtors' characterization of the Bermuda Judgment and the Debtors' characterization of certain elements of the Bermuda Litigation. Complete copies of the Bermuda Judgment can be obtained from the Debtors upon request.

L, N and O of the Bermuda Fund pursuant to section 19(1) of the Bermuda SACA and appointed McKenna as the Receiver over Class F. Their appointments were made final on July 16, 2010.

On September 13, 2010, the Bermuda Fund Receivers filed Petition with the Bermuda Court for the winding-up of the Bermuda Fund under the provisions of the Bermuda Companies Act and by ex parte summons for their appointment as joint provisional liquidators of the Bermuda Fund. The Court appointed Messrs. Morrison, Thresh and McKenna Joint Provisional Liquidators on September 13, 2010. On October 7, 2010, the Bermuda Court ordered that the Bermuda Fund be wound up under the provisions of the Companies Act and confirmed the appointment of the Joint Provisional Liquidators.

On November 26, 2010, the Bermuda Court declared that the 2009 Restructuring was void under Bermuda law and therefore has no effect on any of the Segregated Account classes of the Bermuda Fund.

Since the appointments of the Bermuda Fund Receivers, the Debtors have been in negotiations with them, as the court-appointed representatives of the Segregated Account Classes of the Bermuda Fund, concerning a means to maximize the return of value to all of their Creditors in a manner consistent with their respective legal rights and priorities.

By a June 22, 2010 letter agreement, the Debtors agreed to pay fees and expenses incurred by the Joint NSSC Receivers and pursuant to that agreement the Debtors made payments aggregating $1,134,472. Thereafter, as reflected in the Plan Support Agreement, the Debtors have agreed to pay the actual and reasonable fees, costs, and expenses of the Joint NSSC Receivers according to the following schedule: (i) on execution of the Plan Support Agreement, the Debtors paid $1,756,107.52 to satisfy the Joint NSSC Receivers' fees incurred and outstanding on and prior to December 17, 2010; and (ii) immediately prior to the filing of the

Chapter 11 Cases, the Debtors intend to pay the Joint NSSC Receivers' fees incurred and outstanding from December 18, 2010 through such date. Upon the filing of the Chapter 11 Cases, the New Stream Debtors will file a motion seeking authorization from the Bankruptcy Court to pay the Joint NSSC Receivers' fees in the ordinary course during the pendency of the Chapter 11 Cases.

3. Management of the Debtors

NSC acts as the investment manager of the Debtors. The employees of its affiliated entity, New Stream Capital Services LLC ("NSCS") (which is not anticipated to be a debtor in any bankruptcy case), provide the administrative and operational support and investment management services required to operate the Debtors. NSC works with the Debtors' independent auditor to assure accurate and timely financial reporting for Investors. In addition, cash management is effected through a third party administrator, Barfield, Murphy, Shank & Smith, P.C. (a member of the BDO Seidman Alliance), which also provides other administrative services to the Debtors.

NSC is indirectly owned and managed by three individuals, David Bryson, Bart Gutekunst and Donald Porter, who jointly constitute the Debtors' senior management team. Mr. Bryson is Chief Executive Officer and is a member of the Investment Committee. Mr. Bryson manages sales, marketing and product development. Bart Gutekunst is also a member of the Investment Committee. Mr. Porter serves as the Chairman of the Investment Committee.

It is common – indeed, it is generally expected – that the principals of an investment manager participate along with their investors. So, the three principals of NSSC are also Investors in the US Fund. Like the other US Fund investors, they were originally invested directly in NSSC and then, in 2007 when New Stream's structure was revised, each moved his investment to the US Fund. Each of the three principals was fully invested at the time of the

2009 Restructuring and therefore they each await payment along with all of the other US Fund investors.

C. The Debtors

Neither the Bermuda Fund, the US Fund nor the Cayman Funds are debtors in these Chapter 11 cases. To the contrary, they are each Creditors, either of NSSC or NSI.

In the event that Chapter 11 cases are commenced to seek confirmation of the Plan, it is anticipated that the following four (4) entities will be debtors on those cases:

1. New Stream Secured Capital Inc. – the US-Cayman Holding Company

Debtor NSCI is a holding company through which the US Fund and the Cayman Funds hold a limited partnership interest in NSSC. NSCI is a Delaware corporation and is currently the sole limited partner of NSSC.

The equity of NSCI is owned by the Cayman Funds, each of which is managed by New Stream Capital (Cayman), Ltd., as investment manager. In addition to an equity interest in NSCI, each of the Cayman Funds holds notes that were issued by NSSC and that are secured by a pledge of NSSC's investment portfolio.

2. New Stream Secured Capital, L.P. - the Master Fund

NSSC, the master fund, is a Delaware limited partnership. It was formed in October, 2002 (originally under the name Porter Secured Capital Partners, L.P.). As an unregistered investment vehicle, investment in New Stream is available only to "accredited investors" under the Securities Act of 1933 and "qualified purchasers" under Section 2(a)(51)(A) of the Investment Company Act of 1940.

NSSC is a limited partnership. It does not have any employees. All management, investment and administrative functions are provided by NSC, its general partner, either directly or through its affiliate, New Stream Capital Services LLC.

Over the last eight years, NSSC has invested primarily by making loans and equity investments in areas relating to insurance, accounts receivable, inventory, equipment, real property and oil and gas producing properties. Virtually all of these investments have been made by or through various direct and indirect subsidiaries. With the exception of NSI, none of these subsidiaries are intended to be debtors in any bankruptcy proceedings. The ownership and control of these subsidiaries represent a portion of the investment portfolio that is owned and managed by the Debtors.

This investment portfolio has generally included life insurance policies, accounts receivable, inventory, real property and oil and gas producing properties.

The primary debt obligations of NSSC are the following:

(a) the Second Amended and Restated Notes, made by NSSC to each of the Cayman Funds, as each may have been amended, restated, amended and restated, supplemented or otherwise modified from time to time.

(b) the Second Amended and Restated Notes, made by NSSC to the US Fund, as each may have been amended, restated, amended and restated, supplemented or otherwise modified from time to time.

(c) the Second Amended and Restated Notes, made by NSSC to Classes B, E, H, K, L, N and O of the Bermuda Fund, as each may have been amended, restated, amended and restated, supplemented or otherwise modified from time to time.

Pursuant to a Collateral Agency Agreement, dated as of October 5, 2006 (as amended, restated or otherwise modified from time to time) by and among NSSC, the lenders identified above and Wilmington Trust Company, as collateral agent, each of these lenders holds a security interest in NSSC's investment portfolio. The aggregate indebtedness represented by the

foregoing, each of which is secured by a security interest in the investment portfolio of NSSC is approximately $369,066,322.05.

3. New Stream Capital, LLC. – the General Partner

NSC is a Delaware limited liability company. NSC is an unregistered investment adviser and asset management company that serves, among other roles, as the general partner and investment manager for NSSC. It is also the sole member of (a) NSCS, a Delaware limited liability company whose employees provide administrative and operational support and management services to the Debtors and (b) Silver Spring Securities, L.L.C. ("SSS"), a Delaware limited liability company, which is a registered broker/dealer with the U.S. Securities and Exchange Commission and a member in good standing with the Financial Industry Regulatory Authority.

4. New Stream Insurance, LLC

NSI is a Delaware limited liability company that was formed in June, 2004. It is one of the directly-owned subsidiaries of NSSC. Generally speaking, each of these subsidiaries owns a portfolio of particular investments. In the case of NSI, the portfolio consists of insurance-related investments, including the direct ownership of Life Settlements and interests in companies and partnerships that invest in life insurance policies, provide premium financing or invest in other insurance related businesses.

NSSC began marketing direct limited partnership interests to U.S. investors in March 2003. In June 2004, NSSC established a second fund, NSI, then known as Assurance Investments, LLC, to focus on investing in life insurance products; specifically, life settlements and premium finance loans.

NSI was created because NSSC had been investing in this asset class and it was anticipated that it would become too large a percentage of the NSSC portfolio. By breaking out

the insurance portfolio into a separate fund, investment in life insurance products could be directed exclusively into NSI, reducing the concentration risk for NSSC.

NSI operated as an independent fund until June 2007. At that time, the remaining equity investors in NSI were redeemed, with many of those investors transferring their investments, in whole or in part, to NSSC. NSI then became a wholly-owned subsidiary of NSSC, thereby making the life portfolio an indirectly held asset of NSSC.

4(a). New Stream Insurance, LLC – Pre-Petition Indebtedness

The primary debt obligations of NSI are: (i) the Loan and Security Agreement between NSI and Segregated Account Class C, (ii) the Loan and Security Agreement between NSI and Segregated Account Class F and (ii) the Loan and Security Agreement between NSI and Segregated Account Class I, as each may have been amended, restated, amended and restated, supplemented or otherwise modified from time to time. NSI is presently indebted to those classes in the approximate aggregate principal amount of US $79.5 million.

Pursuant to each of above-mentioned Loan and Security Agreements, and a Collateral Agency Agreement, dated as of October 5, 2006 by and among the lenders identified therein, New Stream Insurance and Wilmington Trust Company, as collateral agent, NSI granted Classes C, F and I a security interest in its investment portfolio. This security interest was perfected by the filing of a UCC financing statement by Wilmington Trust Company, as collateral agent, on August 10, 2006.

With the consent of NSI's other lenders, NSI and the Note Lenders entered into the Pre-Petition Secured Note and related loan documents, pursuant to which the Note Lenders initially advanced the sum of $25 million to fund on-going premium payments until a sale of the NSI Insurance Portfolio could be closed. With the further consent of NSI's other lenders, NSI and

the Note Lenders amended the Pre-Petition Secured Note on November 8, 2010 to reflect a new principal amount of $39,480,268.58. Pursuant to the NSSC Collateral Agency Agreement and the related Consent and Subordination Agreement, dated November 8, 2010, the Pre-Petition Secured Note is secured by a first priority perfected lien on a portion of the NSI Insurance Portfolio, senior to the liens and security interests of any other party or creditor.

On December 21, 2010, the Note Lenders sent NSI a Notice of Event of Default and Reservation of Rights Letter (the "Default Letter") (i) indicating that an "Event of Default" (as defined in the Pre-Petition Secured Note) had occurred as of December 20, 2010, (ii) stating that all "Obligations" (as defined in the Pre-Petition Secured Note) became due and payable as of such date and (iii) reserving all rights, powers, privileges and remedies accruing to the Note Lenders under the Pre-Petition Secured Note and related loan and security documents. The event of default continues in existence as of the date hereof and any actions or non-actions of the Note Lenders shall not constitute and shall not be construed to be a waiver of any such event of default or any acquiescence thereto.

Depending on when the Debtors ultimately file the Chapter 11 Cases it may be necessary for the Debtors to borrow additional amounts from the Note Lenders. As the Pre-Petition Secured Note is in default, the Debtors sought the permission of the Note Lenders to use the Escrowed Benefits to pay the premiums relating to the NSI Insurance Portfolio. Subject to the reservation of rights set forth in the Default Letter and the obligations of NSI under the Pre-Petition Secured Note and related loan and security documents, the Note Lenders approved the use of the Escrowed Benefits solely to pay the premiums relating to the NSI Insurance Portfolio in the amounts and pursuant to a schedule agreed to by the Purchaser and NSI.

5. Sale of the Life Insurance Portfolio

a. The Marketing and Auction Process.

On May 3, 2010 NSI engaged Guggenheim Securities, L.L.C. ("Guggenheim"), an independent investment bank with extensive experience in the life settlement market, to help the Debtors explore financing opportunities for the NSI Insurance Portfolio. In late May, 2010, Guggenheim was prepared to go to the market to obtain a five year $200 million credit facility. However, as a result of the Bermuda Judgment that was issued in June 2010, Guggenheim advised NSSC that it would suspend solicitation for the offering until such time as it became clear that any prospective lender would be able to obtain a first priority security interest in the NSI Insurance Portfolio.[12]

Following the Bermuda Judgment and the appointment of the Receivers, the Debtors entered into negotiations with the Receivers. While these discussions were ongoing, there was disagreement concerning the use of the cash proceeds from NSSC's investment portfolio to pay premiums on the NSI Insurance Portfolio. Specifically, the Joint NSSC Receivers on behalf of the NSSC Bermuda Lenders objected to the payment of insurance premiums necessary to preserve the value of the NSI Insurance Portfolio on which the NSI Secured Lender had a structurally superior position. As noted above (*see,* Article IV.B.2), the Bermuda Judgment made it impossible for the Debtors to obtain financing from a commercial lender for the insurance premiums on commercially reasonable terms. The inability to utilize the cash proceeds resulted in the Debtors' inability to pay current premiums in full and as a result they

[12] All of the Debtors credit documents in effect at such time permitted the Debtors to obtain "Senior Indebtedness" from a "commercial lender." Hence, financing from a source other than from a "commercial lender" was not permitted under the Debtors' credit documents.

made only *de minimis* payments causing the policies in the portfolio to fall into the "grace period" prior to which the policies would lapse for non-payment of premiums.

During this time the Debtors were also engaged in discussions with the Bermuda Receivers about the possibility of financing the NSI Insurance Portfolio. Over the course of the month of June and into July numerous attempts were made at obtaining approval from Bermuda C, F and I to permit Guggenheim to proceed with the offering, but no agreement could be reached. On July 20th, a meeting was held with the Bermuda Receivers and representatives of the Bermuda Investors, whereby a decision was reached to cease any activities around financing and instead to pursue an outright sale of the portfolio. Finally, MIO, on behalf of the Purchaser, submitted an offer to purchase the NSI Insurance Portfolio and the Debtors were instructed to move ahead on that offer.

In late July, 2010, the Debtors, with encouragement and assent of the Bermuda Receivers, began to seek means to prevent the termination of the life insurance policies through a sale of the NSI Insurance Portfolio. Thereafter, the Debtors and Guggenheim began negotiating with MIO, on behalf of the Purchaser, for a purchase of the NSI Insurance Portfolio. At the behest of a Bermuda Investor, an additional competitive bid was received. Subsequently, Guggenheim and the Debtors elected to seek out additional competitive bids, as there appeared to be a greater interest in the NSI Insurance Portfolio from legitimate buyers than had previously been thought. Guggenheim ultimately received expressions of interest from five potential purchasers.

Guggenheim continued to engage the potential purchasers in negotiations and it became clear that three of the five potential purchasers were serious and were in a position to make binding offers to purchase the NSI Insurance Portfolio. In fact, the three interested parties began

making uncommitted offers and continued to negotiate the purchase price with Guggenheim and the Debtors. Given the looming deadline and lack of liquidity, the Debtors and Guggenheim decided the only way they could timely sell the portfolio would be to require that all interested parties submit their final and best offers. Between July 23, 2010 and July 28, 2010, Guggenheim was working with several parties who had expressed interest in or made written offers for the portfolio. Because there were substantial differences in the bids, Guggenheim and the Debtors were working to create a standard set of terms. This culminated in a written form term sheet that was sent to all bidders on July 27, 2010, and a deadline was set for final bids 3:00 PM ET on July 28, 2010 for bidders to introduce, refine or improve offers. The notice made clear that the Debtors would welcome offers on any terms, but that it would ideally like to see certain features in any offer, including bridge financing and a commitment to close by July 30, 2010. The three interested parties each delivered bids to Guggenheim which were evaluated based on (a) an assessment of the certainty of closing the transaction, (b) total economics on the table including the size of the cash component of any offer and (c) any other features proposed.

b. The Winning Bid.

On July 29, 2010, that process concluded with Guggenheim reviewing and recommending an offer made by MIO, on behalf of the Purchaser, to purchase the entire portfolio for a cash payment of $127.5 million.[13] The Debtors agreed that the offer was the highest and best offer and NSI and MIO, on behalf of the Purchaser, entered into a binding term sheet agreement ("MIO Purchaser Term Sheet") on July 29, 2010 setting forth the terms and

[13] The Purchaser has advised the Debtors that it has recently entered into an agreement with an unrelated entity that was a participant at the auction for the NSI Insurance Portfolio. The agreement grants the unrelated entity an option, effective after the closing of the sale to the Purchaser, to acquire up to 50% of the equity interests of the Purchaser for a pro rata share of the purchase price (including amounts under the Pre-Petition Secured Note, DIP Facility, fees and costs).

conditions of the sale. MIO intends to assign its rights under the MIO Purchaser Term Sheet to Purchaser. As of the date of the MIO Purchaser Term Sheet, the terms of the Insurance Portfolio Sale provided for:

(i) A purchase price of $127,500,000 in cash;

(ii) No additional due diligence required (this was the only bid that did not require additional due diligence);

(iii) Interim financing of up to $25,000,000, the proceeds of which were to be used to pay the premiums of the NSI Insurance Portfolio;

(iv) Any interim financing would be "purchase price neutral"; i.e., repayment would be forgiven and the amount outstanding added to the purchase price so long as MIO or its nominee (*i.e.*, the Purchaser) was the ultimate purchaser;

(v) As soon as possible after the execution of the MIO Purchaser Term Sheet, the parties would enter into definitive documentation with a closing to occur no later than September 30, 2010;

(vi) The sale must be approved by either 100% of the investors or a bankruptcy court and the assets must be sold free and clear of all Claims and Interests through a bankruptcy process;

(vii) If the NSI Insurance Portfolio is sold to an alternative bidder, MIO or its nominee (*i.e.*, the Purchaser) would be entitled to a break-up fee equal to 3% of the purchase price and expense reimbursement of up to $500,000; and

(viii) MIO or its nominee (*i.e.,* the Purchaser) would offer additional incentives to the US/Cayman investors in order to induce them to support the sale.[14]

[14] This term culminated in the Purchaser Contribution.

Subsequent to the execution of the MIO Purchaser Term Sheet the parties diligently began negotiating and drafting the definitive documentation relating to the Insurance Portfolio Sale. The final agreed upon terms of the Sale to the Purchaser are now set forth in the Asset Purchase Agreement, substantially in the form attached as Exhibit A to the Plan. Pursuant to the MIO Purchaser Term Sheet, the parties anticipated a closing on or prior to September 30, 2010. Since the parties were unable to close before such date, the Purchaser and the Note Lenders agreed (i) to extend such date, (ii) to amend the principal amount of "price neutral" interim financing extended under the Pre-Petition Secured Note to $39,480,268.58 and (iii) to offer financing under a "price neutral" DIP Facility, provided, however, that all interest, fees and expenses under the DIP Facility would not be "price neutral" and would be fully payable in Cash upon termination of the DIP Facility. In return for the significant consideration extended by the Note Lenders and the Purchaser, the Debtors agreed that any death benefits received by the Debtors on or after October 1, 2010 would be held in escrow for the benefit of the Purchaser upon the closing of the sale (the "Escrowed Benefits"). These terms are now reflected in the Asset Purchase Agreement and the Pre-Petition Secured Note. Although the Debtors are in default under the Pre-Petition Secured Note, the Note Lenders and the Purchaser continue to cooperate with the Plan process, while reserving all rights to enforce their Claims.

In the event the Plan is accepted by Classes 1, 2, 3 and 4(c), the Debtors will proceed to consummate the Insurance Portfolio Sale simultaneously with the Effective Date under the Plan. If, however, the Plan will require a cramdown on Class 3 or any other non-accepting impaired Class of Claims eligible to vote on the Plan, then the Debtors will, immediately after filing the Chapter 11 cases, seek approval to sell the Insurance Portfolio to the Purchaser or its designee under Section 363 of the Bankruptcy Code. In the event the closing of the Insurance Portfolio

Sale occurs prior to the Confirmation, the proceeds from the Insurance Portfolio Sale will be deposited into the Bermuda Liquidation Account and distributed pursuant to the terms of the Plan as if the closing occurred on the Effective Date.

It is important to highlight the critical value of the financing the Note Lenders and the DIP Lenders have, or will, provide to the Debtors. The Note Lenders will have loaned the Debtors approximately $40,000,000 prior to the Petition Date and the DIP Lenders will commit to fund up to an additional $15,000,000 during the pendency of the Chapter 11 Cases. So long as the NSI Insurance Portfolio is sold to the Purchaser, this $55,000,000 of financing will effectively be added to purchase price and will not need to be repaid by the Debtors (except for interest and fees relating to the DIP Facility, which will need to be repaid in cash). On the other hand, a sale to any party other than the Purchaser will require the Debtors to repay the $55,000,000. Additionally, the Purchaser would be entitled to a break-up fee equal to $3,825,000 (3% of the purchase price) plus up to $500,000 for expense reimbursement. Hence in order for a sale to any party other than the Purchaser to be of greater value to the Debtors' estates, it would require a purchase price in excess of approximately $181,500,000.

c. Pre-Petition Secured Financing

As previously described, following NSI's acceptance of the MIO Purchaser Term Sheet, NSI and the Note Lenders entered into the Pre-Petition Secured Note, which is currently in default, and related loan documents.

d. Fees Relating to the Sale Transaction.

In addition to the Debtors', Note Lenders, DIP Lenders and the Purchaser's ordinary professional advisory fees for legal and financial consulting, NSI agreed to pay Guggenheim a fee in the amount of 2.5% of the gross proceeds from the NSI Sale for its investment banking

and placement services. Based on the $127,500,000 cash purchase price the Purchaser has agreed to pay, the fee would equal $3,187,500. Guggenheim agreed as a condition precedent to its agreement with NSI that it would enter into an agreement with SSS, a subsidiary of NSC, with respect to the sharing of certain fees Guggenheim may receive so as to compensate SSS for its assistance in the services Guggenheim was to perform. Accordingly, Guggenheim and SSS entered into an agreement whereby Guggenheim agreed to pay SSS fees equal to 10% of the total fees earned by Guggenheim. SSS therefore will be paid $318,750 of the fee paid to Guggenheim. It is anticipated that such fees will be used by the Reorganized Debtors in the ordinary course for their on going operations. For the avoidance of doubt, none of the principals, members, employees or insiders of the Debtors directly or indirectly received any fee as a result of or from the sale to the Purchaser.

6. Debtor-in-Possession Financing

In order to enable the Debtors to pay premiums and other costs and expenses relating to the NSI Insurance Portfolio during the pendency of the Chapter 11 Cases, the Debtors obtained a commitment for financing from the DIP Lenders. The DIP Facility is subject to Bankruptcy Court approval, which the Debtors will seek immediately upon the filing of the Chapter 11 Cases. The proceeds of the loans under the DIP Facility are to be used by the Debtors for the limited purpose of paying the actual amounts necessary to fund the premium payments of the insurance policies in the NSI Insurance Portfolio, and the reasonable fees and costs associated therewith (including servicing fees) in accordance with a budget. The terms of the DIP Facility are set forth in the term sheet attached as Exhibit 5 hereto.

Similar to the Pre-Petition Secured Note, the DIP Facility is structured to be "price neutral", which means that outstanding amounts will not be deducted from the sale price at closing, but are effectively added to the purchase price for the Insurance Portfolio; *provided*,

however, that the DIP Facility is only price neutral if the assets are sold to the Purchaser, and in any event interest and fees under the DIP Facility will be due and payable in cash upon its maturity.

7. Management and Employee Changes

a. Employees. As mentioned above, the employees of NSCS traditionally provided the administrative and operational support and investment management services required to operate the Debtors. As part of the reorganization, NSCS may enter into management contracts with the Bermuda Wind Down Structure to manage the Bermuda Wind Down Assets. It is anticipated that the fees generated from any such management agreement will be sufficient to pay the costs and expenses of the operations of NSCS and the Post-Confirmation Debtors will not need to fund NSCS under such a management agreement.

b. Management. On the Effective Date, the three principals of NSC, namely, David Bryson, Bart Gutekunst and Donald Porter, will resign. Additionally, Perry Gillies, the current President of the Master Fund, will resign on the Effective Date.

Except as described below, David Bryson, Bart Gutekunst, Donald Porter and Perry Gillies will no longer have any executive or management responsibilities for the Debtors and none of them will receive a fee or salary from the Debtors. After the Effective Date, Mr. Bryson, Mr. Gutekunst, Mr. Porter and Mr. Gillies, and will have the roles and receive the anticipated compensation (which is subject to change) described below. After the Effective Date, any additional or changes in the fees or salaries received by Mr. Bryson, Mr. Gutekunst, Mr. Porter, or Mr. Gillies from the Reorganized Debtors or any direct or indirect subsidiaries will be based on market terms and arm's length negotiations.

For the avoidance of doubt, at no time did (or until the Effective Date will) Mr. Bryson, Mr. Gutekunst, Mr. Porter or Mr. Gillies receive any fees or salaries from the Debtors or any

direct or indirect subsidiary of the Debtors, ***other than*** the management fee received by Mr. Bryson, Mr. Gutekunst and Mr. Porter from NSC and the salary received by Mr. Gillies from NSCS.

c. GP Manager. Prior to the Effective Date, the Principals will form GP Manager, which will be a new management company, organized solely for the purpose of serving as the non-member manager of NSC. The operating agreement and other organizational documents of NSC will be amended to provide that the GP Manager (a) may not be removed without the written consent of the GP Manager; (b) will be responsible for maintaining the books and records of NSC and NSSC but will make such books and records available to the Plan Administrator as may be required for purposes of fulfilling its duties and obligations under the Plan; (c) will be responsible for preserving and exercising all rights and privileges, including the attorney client privilege, of the Debtors; (d) will be responsible for responding to any civil, criminal, administrative or regulatory investigation or proceeding relating to any activity of the Debtors arising prior to the Effective Date, including the retention of any professionals that the GP Manager deems appropriate; and (e) will not be entitled to any compensation but will be entitled to reimbursement of costs or expenses incurred, which will be paid from the GP Management Reserve. Other than as set forth above, the GP Manager will not have a role in, or any control over, the operations of the Reorganized Debtors.

d. Post Effective Date Roles of Individual Management Members

David Bryson. David Bryson is the beneficial owner of Prospect Ridge Energy Management, LLC ("PREM" a non-debtor entity) which is the manager of Prospect Ridge Energy, LLC ("PRE" a non-debtor entity) and its Cayman feeder fund, Prospect Ridge Energy Solutions Fund (Cayman), Ltd. ("PRES", a non-debtor entity). Northstar Financial Services,

Ltd. ("Northstar" a non-debtor subsidiary of NSI)[15] is an investor in PRES. After the Effective Date PREM will continue to act as the manager of PRE, however, PREM will continue to waive it's management and incentive for the Northstar investment. After the Effective Date, PREM plans to continue in its role as the manager of PRE. Currently, Mr. Bryson currently receives no salary for his role, but the PREM anticipates paying him a $250,000 per year salary after confirmation. However, PREM will continue to waive it's management and incentive for the Northstar investment.

Mr. Bryson will also be a principal of the GP Manager and will not receive any fee, salary or compensation for serving in such capacity.

Bart Gutekunst. Mr. Gutekunst will be a principal of the GP Manager and will not receive any fee, salary or compensation for serving in such capacity. Mr. Gutekunst will also have the following roles after the Effective Date described below.

(a) *Siemens*. Siemens Laserworks, Inc. ("Siemens"), a Canadian corporation, is an indirect subsidiary of the Debtors (New Stream Secured Capital). Siemens is the leading independent steel fabricator in Western Canada of components and sub-assemblies for manufacturers of equipment in the agricultural, electronics, and oil and gas industries. New Stream formerly has had the right and has seated two employees on the board of Siemens, one of which served as chairman. As a result of New Stream's restructuring and layoffs over the past year, both of the employees who served on the board of Siemens are no longer with New Stream. Hence, there are two board vacancies at Siemens. A current employee of New Stream is taking

[15] Mr. Gutekunst and Mr. Gillies currently serve on the board of directors of Northstar. They do not receive any fees or salary for serving in such capacity. Mr. Gillies intends to resign from the board of Northstar on or before the Effective Date. Mr. Gutekunst has not yet decided whether he will continue to serve on the board of Northstar. If he continues he intends to request a market, modest fee to serve as a board member.

one board seat. Mr. Gutekunst will take the other open board seat and will be made chairman of the board of directors. Additionally, Mr. Gutekunst will provide consulting services (including services relating to any future sale of the Company) and will receive an annual consulting fee of $100,000 beginning on the Effective Date. Fees will be paid on a monthly basis for Mr. Gutekunst's services, which will be terminable on 60 days notice, with an obligation to pay only for the period in which services were rendered in the event of termination.

(b) *Silver Spring Investment Advisors*. Mr. Gutekunst is the sole the beneficial owner of Silver Spring Capital, LLC, a Delaware limited liability company ("SSC"). SSC is the sole owner of Spring Investment Advisors, LLC, a Delaware limited liability company ("SSIA"). SSIA is a registered investment advisor under the Investment Advisers Act of 1940. On average there are three employees of SSIA and notwithstanding the fees described below, SSIA has historically operated at essentially a "break-even" cost. The beneficial owners of SSIA historically never took any dividend from SSIA. SSIA currently has two investment management agreements pursuant to which it provides portfolio management services. One agreement is directly with Northstar for an annual fee of approximately $200,000 whereby SSIA manages Northstar's general account. The second is with Silver Spring Funds, a series of investment funds regulated under Luxembourg Law in which Northstar is the primary investor, for an annual fee of approximately $200,000.[16] The Debtors believe the terms of both contracts are "market" terms and are the product of arm's length negotiations. SSIA anticipates that it will enter into similar servicing and product development contracts with Northstar and its affiliates after the Effective Date.

[16] It should be noted that this each of these agreements are terminable at will by either party upon 60 to 90 days notice.

Donald Porter. Donald Porter is a principal and manager of the Master Fund and, among other things, served as the Chairman of the Investment Committee of NSSC. Mr. Porter has offered consultation services to the Bermuda Fund on an "as needed" basis on terms yet to be determined. Furthermore, Mr. Porter will be a principal of the GP Manager and will not receive any fee, salary or compensation for serving in such capacity.

J. Perry Gillies. Mr. Gillies recently formed, and is the ultimate owner of, Lyric Services LLC ("Lyric"), a Delaware limited liability company. Lyric is not currently operating, but after the Effective Date, Mr. Gillies and three other former employees of New Stream Capital Services, LLC will work full time for Lyric. Mr. Gillies intends for Lyric to provide portfolio support services, including but not limited to, policy valuation, premium payment and death benefit collection, to funds and other legal entities holding life insurance based portfolios. Lyric is currently in discussions with the Purchaser to provide portfolio support services for its life insurance based portfolio after the Effective Date. Compensation for Lyric has not yet been determined and is being negotiated by Mr. Gillies with Lyric and may include fees calculated based on factors such as a fixed per policy basis, a fixed annual fee and/or a fee based upon portfolio performance which may include a participation interest in the portfolio. As of the date of this Disclosure Statement, the terms of this agreement between Lyric and the Purchaser have not been agreed to and continue to be negotiated.

e. Management of Feeder Funds

i. *US Feeder*. As part of the implementation of the reorganization that is detailed in the Plan, at least 15 business days prior to the filing of the Petition Date, NSC, in its capacity of the managing member of the US Fund, will appoint an Additional Managing Member (as defined in Section 3.3 of the US Fund's Limited Liability Company Agreement, dated

November 15, 2007). From and after the Petition Date, the Additional Managing Member will acts as, and exercise all the duties of, the Managing Member of the US Fund.

ii. *Cayman Fund Corporations*. As mentioned above, each Cayman Fund is a separate corporation organized under the laws of the Cayman Islands. Each corporation has two directors who are entitled to annual fees. The corporation itself must also pay an annual fee to maintain its corporate existence (together with the director fee and any other costs and expenses relating to maintaining the existence of its Cayman Fund corporation, collectively, the "Cayman Corporation Fees"). These Cayman Corporation Fees were traditionally paid by NSSC on behalf of each Cayman Fund. The Cayman Corporation Fees for 2011 year have been paid in full. Beginning in 2012 NSSC will no longer pay any Cayman Corporation Fees and any Cayman Investor who wants to maintain the existence of its respective Cayman Fund corporation is responsible for paying the Cayman Corporation Fees. Alternatively, any Cayman Investor whose investment is held through a Cayman Fund can own equity directly in the NSCI.

8. Summary of Pending Litigation

Although the Debtors' subsidiaries and affiliates may, in connection with the collection of assets within their portfolios, occasionally be parties to litigations, including mortgage foreclosure proceedings, declaratory judgment actions and similar litigation, as of the date of this Disclosure Statement, the Debtors are parties to only one pending litigation. Two of the Debtors, NSI and NSC, were named as defendants in a civil action commenced by SPAR (2004) LLC in the United States District for the Southern District of New on January 4, 2011. *SPAR (2004) LLC, plaintiff, against, New Stream Insurance, LLC and New Stream Capital, LLC, Defendants*. Civil Action No. 11 Civ. 20 (JR). In the complaint, SPAR (2004) LLC is seeking certain fees and compensation alleged to be due under an agreement dated July 1, 2004, that was later terminated by a Settlement Agreement, dated June 5, 2007, entered into by the parties in

connection with the settlement of a prior litigation. The complaint has only recently been served upon the Debtors and therefore the Debtors have not yet filed a response to the complaint. The Debtors intend to vigorously contest the action. However, once the Debtors file the Chapter 11 Cases, the litigation will be stayed and the plaintiff will be treated as an unsecured Creditor to the extent that its Claim becomes an Allowed Claim. The Debtors intend to Schedule this Claim as "disputed." If the plaintiff elects to assert a claim during the Chapter 11 Cases, the Bankruptcy Court will determine whether the Claim should be Allowed and, if so, the Allowed amount. The Allowed Amount, if any, of this Claim will be treated as an unsecured Claim under the terms proposed in the Plan and is not expected to have a material impact on the Debtors' ability to confirm the Plan.

VI. SUMMARY OF THE PLAN

A. Overview of Chapter 11

Chapter 11 is the principal business reorganization chapter of the Bankruptcy Code. Under Chapter 11 of the Bankruptcy Code, a debtor is authorized to reorganize or liquidate its business for the benefit of itself, its creditors and interest holders. Another goal of Chapter 11 is to promote equality of treatment for similarly situated creditors and similarly situated interest holders with respect to the distribution of a debtor's assets.

The commencement of a Chapter 11 case creates an estate that is comprised of all of the legal and equitable interests of the debtor as of the filing date. The Bankruptcy Code provides that the debtor may continue to operate its business and remain in possession of its property as a "debtor-in-possession."

The consummation of a plan of reorganization is the principal objective of a Chapter 11 case. A plan of reorganization sets forth the means for satisfying claims against, and interests in, a debtor. Confirmation of a plan of reorganization by the bankruptcy court makes the plan

binding upon the debtor, any issuer of securities under the plan, any person or entity acquiring property under the plan and any creditor of, or equity holder in, the debtor, whether or not such creditor or equity holder (a) is impaired under the plan, (b) has voted to accept the plan or (c) receives or retains any property under the plan. Subject to certain limited exceptions and other than as provided in the plan itself or the confirmation order, the confirmation order discharges the debtor from any debt that arose prior to the date of confirmation of the plan and substitutes the obligations specified under the confirmed plan.

A Chapter 11 plan may specify that the legal, contractual and equitable rights of the holders of claims or interests in classes are to remain unaltered by the reorganization effectuated by the plan. Such classes are referred to as "unimpaired" and, because of such favorable treatment, creditors holding such claims are deemed to accept the plan. Accordingly, it is not necessary to solicit votes from the holders of claims or equity interests in such classes. A Chapter 11 plan also may specify that certain classes will not receive any distribution of property or retain any claim against a debtor. Such classes are deemed not to accept the plan and, therefore, need not be solicited to vote to accept or reject the plan. Any classes that are receiving a distribution of property under the plan but are not "unimpaired" will be solicited to vote to accept or reject the plan.

Section 1123 of the Bankruptcy Code provides that a plan of reorganization shall classify the claims of a debtor's creditors and equity interest holders. In compliance therewith, the Plan divides Claims and Interests into various Classes and sets forth the treatment for each Class. The Debtors also are required under Section 1122 of the Bankruptcy Code to classify Claims and Interests into Classes that contain Claims and Interests that are substantially similar to the other Claims and Interests in such Classes. The Debtors believe that the Plan has classified all Claims

and Interests in compliance with the provisions of Section 1122 of the Bankruptcy Code, but it is possible that a holder of a Claim or Interest may challenge the classification of Claims and Interests and that the Bankruptcy Court may find that a different classification is required for the Plan to be confirmed. In such event, the Debtors intend, to the extent permitted by the Bankruptcy Court and the Plan, to make such reasonable modifications of the classifications under the Plan to permit confirmation and to use the Plan acceptances received in the solicitation for the purpose of obtaining the approval of the reconstituted Class or Classes of which the accepting Holder is ultimately deemed to be a member.

The Debtors (and each of their respective agents, directors, officers, employees, advisors and attorneys) have, and upon confirmation of the Plan will be deemed to have, participated in good faith and in compliance with the applicable provisions of the Bankruptcy Code with regard to the distributions of the securities under the Plan, and therefore are not, and on account of such distributions will not be, liable at any time for the violation of any applicable law, rule or regulation governing the solicitation of acceptances or rejections of the Plan or such distributions made pursuant to the Plan.

ARTICLES VII, VIII, IX and X HEREOF PROVIDE A SUMMARY OF THE STRUCTURE AND MEANS FOR IMPLEMENTATION OF THE PLAN AND THE CLASSIFICATION AND TREATMENT OF CLAIMS AND EQUITY INTERESTS UNDER THE PLAN AND IS QUALIFIED IN ITS ENTIRETY BY REFERENCE TO THE PLAN (AS WELL AS THE EXHIBITS TO AND DEFINITIONS IN THE PLAN).

THE STATEMENTS CONTAINED IN THIS DISCLOSURE STATEMENT INCLUDE THE PROVISIONS CONTAINED IN THE PLAN AND IN THE DOCUMENTS REFERRED TO IN THE PLAN. THE STATEMENTS CONTAINED IN THIS DISCLOSURE

STATEMENT DO NOT PURPORT TO BE PRECISE OR COMPLETE STATEMENTS OF ALL THE TERMS AND PROVISIONS OF THE PLAN OR DOCUMENTS REFERRED TO IN THE PLAN, AND REFERENCE IS MADE TO THE PLAN AND TO SUCH DOCUMENTS FOR THE FULL AND COMPLETE STATEMENTS OF SUCH TERMS AND PROVISIONS.

THE PLAN ITSELF AND THE DOCUMENTS INCORPORATED INTO THE PLAN CONTROL THE ACTUAL TREATMENT OF CLAIMS AGAINST, AND EQUITY INTERESTS IN, THE DEBTORS UNDER THE PLAN AND WILL, UPON THE OCCURRENCE OF THE EFFECTIVE DATE, BE BINDING UPON ALL HOLDERS OF CLAIMS AGAINST, AND EQUITY INTERESTS IN, THE DEBTORS, THE DEBTORS' ESTATES, ALL PARTIES RECEIVING PROPERTY UNDER THE PLAN AND OTHER PARTIES IN INTEREST. IN THE EVENT OF ANY CONFLICT BETWEEN THIS DISCLOSURE STATEMENT, ON THE ONE HAND, AND THE PLAN OR ANY OTHER OPERATIVE DOCUMENT, ON THE OTHER HAND, THE TERMS OF THE PLAN AND/OR SUCH OTHER OPERATIVE DOCUMENT SHALL CONTROL.

B. Purpose of the Plan

The Plan provides for a reorganization of the Debtors' businesses and assets. The Debtors believe that the Plan provides the best and most prompt possible recovery to Creditors and Investors by maximizing the value of assets through a controlled and orderly liquidation.

If the Plan is confirmed by the Bankruptcy Court, on the Effective Date or as soon as practicable thereafter, the Debtors will close the sale of the Insurance Portfolio Transaction and utilize the proceeds to make distributions in respect of certain Classes as provided in the Plan. The Classes of Claims against, and Equity Interests in, the Debtors created under the Plan, the

treatment of those Classes under the Plan and distributions to be made under the Plan are described below.

VII. CLASSIFICATION OF CLAIMS AND EQUITY INTERESTS

A. Unclassified Claims.

In accordance with Section 1123(a)(1) of the Bankruptcy Code, DIP Facility Claims, Administrative Claims, Intercompany Claims, Statutory Fees, Professional Claims, and certain other priority Claims, have not been classified and thus are excluded from the Classes of Claims set forth in Article 3 of the Plan. The treatment of these Claims is set forth in Article VIII below.

B. Classified Claims and Interests

1. General

Pursuant to Section 1122 of the Bankruptcy Code, set forth below is a designation of the Classes of Claims and Interests in the Debtors. A Claim or Interest is placed in a particular Class only to the extent that such Claim or Interest falls within the description of that Class. A Claim or Interest is also placed in a particular Class for purposes of receiving a distribution under the Plan, but only to the extent such Claim or Interest is an Allowed Claim or Interest and has not been paid, released, or otherwise settled prior to the Effective Date. Except as otherwise expressly set forth in the Plan, a Claim or Interest which is not an Allowed Claim or Allowed Interest shall not receive any payments, rights or distributions under the Plan.

2. Classification

The Plan classified Claims against, and Interests, in the Debtors as follows:

(a) Class 1: NSI Secured Lender Claims.

Class 1 shall consist of the Secured Claims against NSI, and all associated liens, rights and interests, including, without limitation, all accrued but unpaid interest thereon, of any nature,

held by the Bermuda Fund on behalf of Segregated Account Class C, Segregated Account Class F and Segregated Account Class I.

(b) Class 2: NSSC Bermuda Lender Claims.

Class 2 shall consist of the Secured Claims against NSSC, and all associated liens, rights and interests, including, without limitation, all accrued but unpaid interest thereon, of any nature, held by the NSSC Bermuda Lenders.

(c) Class 3: US-Cayman Claims.

Class 3 shall consist of all US-Cayman Claims to the extent that they are Secured Claims.

(d) Classes 4 (a) – (d): General Unsecured Claims.

General Unsecured Claims against the Debtors are classified as follows:

(i) Class 4(a): General Unsecured Claims against NSI.

(ii) Class 4(b): General Unsecured Claims against NSSC.

(iii) Class 4(c): General Unsecured Claims against NSC.

(iv) Class 4(d): General Unsecured Claims against NSCI.

(e) Class 5 (a) – (d): Interests.

Interests in the Debtors are classified as follows:

(i) Class 5(a): Interest in NSI.

(ii) Class 5(b): Interests in NSSC.

(iii) Class 5(c): Interests in NSC.

(iv) Class 5(d): Interests in NSCI.

C. Identification of Classes Impaired and Not Impaired by the Plan

1. Impaired Classes of Claims and Interests Entitled to Vote

The following Classes are Impaired by the Plan and Holders of Claims and/or Interests in each of these Classes are entitled to vote to accept or reject the Plan:

Class 1(NSI Secured Lenders)

Class 2 (NSSC Bermuda Lenders)

Class 3 (US/Cayman Fund Class)

Class 4(c) (General Unsecured Claims against NSC)

2. Unimpaired Classes of Claims and Interests Not Entitled to Vote

The following Classes are not Impaired by the Plan and Holders of Claims and/or Interests in each of these Classes are not entitled to vote to accept or reject the Plan:

Class 4(a) (General Unsecured Claims against NSI)

Class 4(d) (General Unsecured Claims against NSCI)

Class 5(a) (Interests in NSI)

Class 5(d) (Interests in NSCI)

D. Classes of Claims or Interests Deemed to Reject the Plan and Not Entitled to Vote

Holders of Claims in Class 4(b) (General Unsecured Claims against NSSC) and Holders of Interests in Class 5(b) (Interests in NSSC) and Class 5(c) (Interests in NSC) will not receive any distribution nor retain any property under the Plan on account of such Claims and Interests and, pursuant to Section 1126(g) of the Bankruptcy Code, are conclusively deemed to reject the Plan. Accordingly, the Debtors will not solicit acceptance or rejections of the Plan from Holders of Claims or Interests in these Classes and will seek to confirm the Plan notwithstanding the deemed rejection of such Classes.

VIII. TREATMENT OF CLAIMS AND EQUITY INTERESTS

Other than as specifically set forth herein, the treatment of and consideration to be received by Holders of Claims pursuant to the Plan shall be in full satisfaction, settlement, release and discharge of such Holder's respective Claim.

A. Unclassified Claims.

1. DIP Claims

The DIP Facility will terminate and all obligations thereunder will be due and payable in full on the earlier to occur of: (a) the Effective Date of the Plan if the Plan is confirmed by the Consensual Process, (b) the date on which the Debtors receive the Insurance Portfolio Asset Proceeds if the Debtors pursue the Cramdown Process and the Insurance Portfolio Sale pursuant to the Sale Order, (c) the occurrence of an event of default under the DIP Credit Agreement, or (d) May 13, 2011, unless such date is extended pursuant to the terms of the DIP Facility. In the event of the occurrence of an event set forth in clauses (a) or (b) above, the principal amount of all obligations under the Pre-Petition Secured Note and the Additional Commitment (as defined in the DIP Facility) shall be deemed satisfied as additional consideration for the Insurance Portfolio Sale pursuant to the Asset Purchase Agreement; provided, however, that notwithstanding the foregoing, all fees and expenses under the DIP Facility shall be due and payable, in full and in Cash, upon the termination of the DIP Facility.

2. Administrative Claims

Subject to the allowance procedures and deadlines provided in the Plan, on the Effective Date or as soon thereafter as is practicable, each Holder of an Allowed Administrative Claim shall receive on account of such Allowed Administrative Claim and in full satisfaction, settlement and release of and in exchange for such Allowed Administrative Claim, (a) Cash equal to the unpaid portion of such Allowed Administrative Claim, or (b) such other treatment as to which the Debtors and the Holder of such Allowed Administrative Claim have agreed upon in writing, provided, however, that Administrative Claims with respect to liabilities incurred by the Debtors in the ordinary course of business during the Chapter 11 Cases shall be paid in the

ordinary course of business in accordance with the terms and conditions of any agreement or course of dealing relating thereto and (or such other treatment as to which the Debtors and the Holder of such Allowed Administrative Claim have agreed) Professional Claims shall be paid in accordance with Section 2.5 of the Plan.

3. Intercompany Claims

On the Effective Date, Intercompany Claims shall be deemed discharged, satisfied and released. Intercompany Claims shall not be entitled to receive any distribution under the Plan and shall be deemed to have voted against the Plan.

4. Statutory Fees

On or before the Effective Date, all fees due and payable pursuant to 28 U.S.C. § 1930, as determined by the Bankruptcy Court at the Confirmation Hearing, shall be paid in full, in Cash.

5. Professional Claims

Immediately prior to the Effective Date, the Debtors shall pay all amounts owing to the Professionals for all outstanding Professional Claims relating to prior periods and for the period ending on the Effective Date. The Professionals shall estimate Professional Claims due for periods that have not been billed as of the Effective Date. On or prior to the Administrative Claims Bar Date (or such other time as the Bankruptcy Court may permit), each Professional shall File with the Bankruptcy Court its final fee application seeking final approval of all fees and expenses from the Petition Date through the Effective Date. Within ten (10) days after entry of a Final Order with respect to its final fee application, each Professional shall remit any overpayment to the Post-Confirmation Debtors or the Post-Confirmation Debtors shall pay any outstanding amounts owed to the Professional.

6. Priority Tax Claims

All requests for payment of Claims by a Governmental Unit (as defined in Section 101(27) of the Bankruptcy Code) for Taxes (and for interest and/or penalties or other amounts related to such Taxes) for any tax year or period, all or any portion of which occurs or falls within the period from and including the Petition Date through and including the Effective Date, and for which no Bar Date has otherwise been previously established, must be Filed on or before the later of: (a) sixty (60) days following the Effective Date; or (b) to the extent applicable, ninety (90) days following the filing of a tax return for such Taxes (if such Taxes are assessed based on a tax return) for such tax year or period with the applicable Governmental Unit. Any Holder of a Claim for Taxes that is required to File a request for payment of such Taxes and other amounts due related to such Taxes and which does not File such a Claim by the applicable bar date shall be forever barred from asserting any such Claim against any of the Debtors, the Estates, or any other Entity, or their respective property and shall receive no distribution under the Plan or otherwise on account of such Claim. Tax Claims that are Allowed will be paid in full on the earlier of (i) the Effective Date, or (ii) the date on which the Tax Claim becomes an Allowed Claim.

7. Other Priority Claims

With respect to each Allowed Other Priority Claim, on the Effective Date or as soon thereafter as is practicable, the Holder of an Allowed Other Priority Claim shall receive on account of the Allowed Other Priority Claim, and in full satisfaction, settlement and release of and in exchange for such Allowed Other Priority Claim, (a) Cash equal to the unpaid portion of such Allowed Other Priority Claim, or (b) such other treatment as to which the Debtors and the Holder of such Allowed Other Priority Claim have agreed upon in writing.

B. Classified Claims

The following Classes of Claims and Interests shall be treated as follows, in full settlement, discharge, release and satisfaction of their Claims against, or Interests in, the Debtors:

1. Class 1 (NSI Secured Lenders)

As soon as reasonably practicable following the closing of the Insurance Portfolio Sale and the funding of the Bermuda Liquidation Account pursuant to Sections 7.1 and Section 7.2 of the Plan:

(a) the Receivers shall determine which portion of the Bermuda Liquidation Account shall be allocated to the NSI Secured Lenders (the "CFI Allocation") and which portion is to be distributed on the Effective Date to the NSSC Bermuda Lenders (the "non-CFI Allocation"); provided, however, that in the event the Receivers are unable to determine the CFI Allocation and non-CFI Allocation amounts prior to the Effective Date, (x) the Bermuda C, F and I Contribution shall be transferred directly from the Bermuda Liquidation Account to the USCB Escrow on the Effective Date, to be held and paid as provided in Sections 5.2 and 12.7 of the Plan, and (y) the Receivers shall use reasonable efforts to promptly determine the CFI Allocation and non-CFI Allocation amounts from the amount remaining in the Bermuda Liquidation Account following the transfer of the Bermuda C, F, and I Contribution in accordance with clause (x) of Section 5.1(i) of the Plan, and the transfer of the Bermuda non-C, F and I Contribution in accordance with clause (x) of Section 5.2(i) of the Plan;

(b) the CFI Allocation shall be distributed as follows:

(i) on the Effective Date or as soon thereafter as practicable, the Bermuda C, F and I Contribution shall be deposited in the USCB Escrow and held and paid as provided in Section 5.2 and Section 12.7 of the Plan; and

(ii) the balance of the CFI Allocation shall be distributed to the NSI Receiver in full satisfaction of the Claims of the NSI Secured Lenders.

2. Class 2 (NSSC Bermuda Lenders)

Unless otherwise specified in Section 5.2 of the Plan, as soon as is reasonably practicable following the closing of the Insurance Portfolio Sale and the funding of the Bermuda Liquidation Account pursuant to Section 7.1 and Section 7.2 of the Plan, in satisfaction of the Claims of the NSSC Lenders:

(a) the Receivers shall distribute the non-CFI Allocation as follows:

(i) either:

(A) in the event that the Plan is confirmed by the Consensual Process, on or before the Effective Date or as soon thereafter as practicable, the Receivers shall pay the Bermuda non-C, F and I Consensual Process Contribution from the Bermuda Liquidation Account into the Global Settlement Fund provided, however, that in the event the Receivers are unable to determine the CFI Allocation and non-CFI Allocation amounts prior to the Effective Date (x) the Bermuda non-C, F and I Contribution shall be transferred directly from the Bermuda Liquidation Account to the Global Settlement Fund on the Effective Date, and (y) the Receivers shall use reasonable efforts to promptly determine the CFI Allocation and non-CFI Allocation amounts from the amount remaining in the Bermuda Liquidation Account following the transfer of the Bermuda non-C, F, and I Contribution in accordance with clause (x) of Section 5.2(i)(a)(1) of the Plan and the transfer of the Bermuda non-C, F and I Contribution in accordance with Section 5.2(i) of the Plan; or

(B) in the event that the Plan is confirmed by the Cramdown Process, on or before the Effective Date, the Receivers shall pay the Bermuda non-C,

F and I Cramdown Process Contribution from the Bermuda Liquidation Account into the Global Settlement Fund; and

(ii) On or after the Effective Date, in accordance with the provisions of any Allocation Order(s), the Joint NSSC Receivers shall distribute the balance of the Bermuda Liquidation Account.

(iii) If any Allocation Order provides that any Bermuda Investors of Bermuda Segregated Account Class B, E, H, K, L, N or O are not entitled to participate in the distributions on a *pari passu* basis with other Bermuda Investors in that same segregated share class, then the Joint NSSC Receivers shall make payments, to be withdrawn from the USCB Escrow, to those Bermuda Investors who were found to be subordinated to other Bermuda Investors in the same segregated share class in an amount sufficient to ensure that each subordinated Bermuda Investor receives the same pro rata distribution as the Bermuda Investors in their respective segregated share class who received distributions in priority to them; provided, however, that in no event shall the amount withdrawn by the Joint NSSC Receivers from the USCB Escrow pursuant to this clause in the Plan exceed the amount deposited into the USCB Escrow by the NSI Secured Lenders from the NSI Secured Lenders' distribution from the Bermuda Liquidation Account.

(b) The balance remaining in the USCB Escrow, if any, after any distributions required as a result of any Allocation Order shall be paid forthwith into the Global Settlement Fund, to be distributed in accordance with Section 12.7 of the Plan.

(c) The Bermuda Wind Down Assets (and the Debtors' ownership Interests in any Entity or Entities that hold any such asset, as the case may be) shall be transferred as provided in Section 7.3.1 and Section 7.3.2 of the Plan and, under the exclusive

control and supervision of the Joint NSSC Receivers, or at their direction, shall be liquidated with the net proceeds of such liquidation to be paid by the Joint NSSC Receivers to the Bermuda Investors in such manner as may be directed by the Bermuda Court pursuant to an Allocation Order or other Final Order.

3. Class 3 (US-Cayman Funds)

The Holders of Claims in Class 3 shall each receive a Percentage Share of periodic distributions of the net proceeds from the liquidation of the USC Wind Down Assets, which shall be paid by the Post-Confirmation Debtors directly to each US-Cayman Investor on dates to be determined in the reasonable discretion of the Post-Confirmation Debtors until all of the USC Wind Down Assets have been liquidated, at which time the Post-Confirmation Debtors shall make the Final Distribution to the Holders of Claims in Class 3.

4. Class 4 (a) and (d) (General Unsecured Claims)

Except to the extent that a Holder of an Allowed General Unsecured Claim agrees to a less favorable treatment or has been paid prior to the Effective Date, each Allowed General Unsecured Claim in Class 4(a) (General Unsecured Claims against NSI) and Class 4(d) (General Unsecured Claims against NSCI) shall be paid in full in Cash on Confirmation, or, otherwise rendered Unimpaired. Without limiting the generality of the foregoing, if a General Unsecured Claim arises (i) based on liabilities incurred in, or to be paid in, the ordinary course of business or (ii) pursuant to an executory contract or unexpired lease, the Holder of such General Unsecured Claim shall be paid in Cash by NSI (or, after the Effective Date, by the Post-Confirmation Debtor) pursuant to the terms and conditions of the particular transaction and/or agreement giving rise to such General Unsecured Claim. Notwithstanding the provisions of Section 5.4 of the Plan, the Debtors reserve their rights to dispute in the Bankruptcy Court, or

any other court with jurisdiction, the validity of any General Unsecured Claim at any time prior to the date fixed pursuant to Section 8.1 of the Plan.

5. Class 4(b) (General Unsecured Claims against NSSC)

Holders of Class 4(b) Claims will not receive any distribution nor retain any property on account of such Claim and all such Claims will be extinguished on the Effective Date.

6. Class 4(c) (General Unsecured Claims against NSC)

Each Allowed General Unsecured Claim in each of Class 4(c) (General Unsecured Claims against NSC) shall receive their Pro Rata Portion of the Class 4 (c) Distribution Amount. In the event that the Class 4 (c) Distribution Amount is in excess of the aggregate amount of the Face Amount of Allowed Class 4(c) Claims and any amount required to be reserved for Class 4 (c) Claims that have not been Allowed, such excess shall be deemed to be part of the Bermuda Wind Down Assets.

7. Class 5(a) (Interests in NSI)

On and after the Effective Date, the Interests in NSI shall continue to be held by NSSC, as a Post-Confirmation Debtor, and shall not be in any way affected by the Plan.

8. Class 5(b) (Interests in NSSC)

All Interests in NSSC shall be extinguished on the Effective Date and the Holders of Interests in Class 5(b) shall not receive or retain any property on account of such Interest.

9. Class 5(c) (Interests in NSC)

All Interests in NSC shall be extinguished on the Effective Date and the Holders of Interests in Class 5(c) shall not receive or retain any property on account of such Interest.

10. Class 5(d) (Interests in NSCI)

On and after the Effective Date, the Interests in NSCI shall continue to be held by the Holders of such Interests, and shall not be in any way affected by the Plan.

11. Deficiency Claims

The Deficiency Claims of each accepting Class of Secured Claims are waived and released.

IX. Treatment of Executory Contracts and Unexpired Leases

A. Assumption; Assignment

As of the Effective Date, the Debtors shall assume or assume and assign, as applicable, pursuant to Section 365 of the Bankruptcy Code, each of the executory contracts and unexpired leases of the Debtors that are identified in Schedule 2 to the Plan that have not expired under their own terms prior to the Effective Date. Except as provided in Section 6.2 of the Plan, the Debtors reserve the right upon consultation with the Receivers to amend Schedule 2 to the Plan not later than fourteen (14) days prior to the Confirmation Hearing either to: (a) delete any executory contract or lease listed therein and provide for its rejection pursuant to Section 6.4 of the Plan; or (b) add any executory contract or lease to Schedule 2, thus providing for its assumption or assumption and assignment, as applicable, pursuant to the Plan. The Debtors shall provide notice of any such amendment of such Schedule 2 to (i) the parties to the executory contract or lease affected thereby and (ii) the Receivers not later than fourteen (14) days prior to the Confirmation Hearing. The Receivers reserve the right to dispute any cure amount. The Confirmation Order shall constitute an order of the Bankruptcy Court pursuant to Section 365 of the Bankruptcy Code approving all such assumptions or assumptions and assignments, as applicable, described in Section 6.1 of the Plan, as of the Effective Date.

1. Cure Payments; Assurance of Performance

Any monetary defaults under each executory contract and unexpired lease to be assumed under the Plan shall be satisfied, pursuant to Section 365(b)(1) of the Bankruptcy Code, in either of the following ways: (a) by payment of the default amount in Cash, in full on the Effective

Date; or (b) by payment of the default amount on such other terms as may be agreed to by the Debtors and the non-Debtor parties to such executory contract or lease. In the event of a dispute regarding (i) the amount or timing of any cure payments, (ii) the ability of the Debtors or an assignee thereof to provide adequate assurance of future performance under the contract or Lease to be assumed or assumed and assigned, as applicable, or (iii) any other matter pertaining to assumption or assumption and assignment of the contract or lease to be assumed, the Debtors or the Post-Confirmation Debtors shall pay all required cure amounts promptly following the entry of a Final Order resolving the dispute; provided, however, notwithstanding any other provision of the Plan, (a) with the written agreement of the counterparty to an executory contract or lease or (b) upon written notice to the counterparty, the Debtors or the Post-Confirmation Debtors may add any executory contract or lease to the list of rejected contracts if the Debtors determine, in their sole discretion, that it is not in their bests interests to assume the executory contract or lease considering the cure amount or any other terms of assumption or assumption and assignment as determined by the Bankruptcy Court in a Final Order.

2. Objections To Assumption of Executory Contracts and Unexpired Leases

To the extent that any party to an executory contract or unexpired lease identified for assumption asserts arrearages or damages pursuant to Section 365(b)(1) of the Bankruptcy Code, or has any other objection with respect to any proposed assumption, revestment, cure or assignment on the terms and conditions provided in the Plan, all such arrearages, damages and objections must be Filed and served: (a) as to any contracts or leases identified in Schedule 2 hereto that is mailed to any party to any such contract or lease along with all other solicitation materials accompanying the Plan, within the same deadline and in the same manner established for the Filing and service of objections to Confirmation of the Plan; and (b) as to any contracts or leases identified in any subsequent amendments to Schedule 2 within fourteen (14) days after the

Debtors File and serve such amendment. Failure to assert such arrearages, damages or objections in the manner described above shall constitute consent to the proposed assumption, revestment, cure or assignment on the terms and conditions provided herein, including an acknowledgement that the proposed assumption and/or assignment provides adequate assurance of future performance and that the amount identified for "cure" in Schedule 2, or any amendments thereto, hereto is the amount necessary to cover any and all outstanding defaults under the executory contract or unexpired lease to be assumed, as well as an acknowledgement and agreement that no other defaults exist under such contract or lease.

B. Rejection

Except for those executory contracts and unexpired leases that are (a) assumed pursuant to the Plan, (b) the subject of previous orders of the Bankruptcy Court providing for their assumption or rejection pursuant to Section 365 of the Bankruptcy Code, (c) to be conveyed pursuant to the Asset Purchase Agreement, or (d) the subject of a pending motion before the Bankruptcy Court with respect to the assumption or assumption and assignment of such executory contracts and unexpired leases, as of the Effective Date, all executory contracts and unexpired leases of the Debtors shall be rejected pursuant to Section 365 of Bankruptcy Code; provided, however, that neither the inclusion by the Debtors of a contract or lease on Schedule 2 nor anything contained in Article 6 of the Plan shall constitute an admission by any Debtor that such contract or lease is an executory contract or unexpired lease or that any Debtor or its successors and assigns has any liability thereunder. To the extent any loan agreement or lease agreement pursuant to which any Debtor is lender or lessor is deemed to be an executory contract or unexpired lease within the meaning of 365 of the Bankruptcy Code, rejection of such loan agreement or lease agreement shall not, by itself, eliminate the borrower's or lessee's obligations thereunder or cause any Debtor's Liens, security interests or ownership rights to be released or

extinguished. For the avoidance of doubt, the DIP Credit Agreement shall not be deemed to be an executory contract. The Joint NSSC Receiver shall have standing to object to any Claims arising from the rejection of executory contracts or unexpired leases.

1. Approval of Rejection; Rejection Damages Claims Bar Date

The Confirmation Order shall constitute an Order of the Bankruptcy Court approving the rejection of executory contracts and unexpired leases under Section 6.4 of the Plan pursuant to Section 365 of the Bankruptcy Code as of the Effective Date. Any Claim for damages arising from any such rejection must be Filed within thirty (30) days after the later of (i) the Effective Date or (ii) service of a written notice deeming such contract or lease to be rejected pursuant to Section 6.4 of the Plan. Any timely filed Claim for damages arising from any such rejection, if Allowed, will be as General Unsecured Claim.

C. Asset Purchase Agreement and Executory Contracts Related Thereto

The Debtors' rights and remedies under each section of Article 6 of the Plan and the Bankruptcy Code with regard to executory contracts are to be exercised in conformity with their obligations under the Asset Purchase Agreement. The Purchaser's prior written consent is required for any action by the Debtor that may result in the rejection of the Asset Purchase Agreement or the rejection of the executory contracts to be conveyed pursuant to the Asset Purchase Agreement. The Receivers shall have standing to object to the cure amounts asserted in connection with any assumption or assignment.

D. Insurance Policies

Notwithstanding any other the provisions of the Plan with regard to executory contracts, from and after the Effective Date, each of the Debtors' insurance policies in existence as of the Effective Date will be reinstated and continued in accordance with their terms and, to the extent applicable, will be deemed assumed by the applicable Post-Confirmation Debtor pursuant to

Section 365 of the Bankruptcy Code. Nothing in the Plan will affect, impair or prejudice the rights of the insurance carriers or the Post-Confirmation Debtors under the insurance policies in any manner, and such insurance carriers and Post-Confirmation Debtors will retain all rights and defenses under such insurance policies, and such insurance policies will apply to, and be enforceable by and against, the Post-Confirmation Debtors in the same manner and according to the same terms and practices applicable to the Debtors, as existed prior to the Effective Date.

E. Indemnification Agreements

Notwithstanding any other provisions of the Plan with regard to executory contracts, from and after the Effective Date, the obligations of each Debtor or Post-Confirmation Debtor to indemnify any Person who is serving or has served as one of its managers, directors, officers or employees as of the Petition Date by reason of such Person's prior or future service in such a capacity or as a manager, director, officer or employee of any Non-Debtor Affiliates, to the extent provided in the applicable certificates of incorporation, by-laws or similar constituent documents, by statutory law or by written agreement, policies or procedures of or with such Debtor or Non-Debtor Affiliates, will be deemed and treated as of the Effective Date, as executory contracts that are assumed by the applicable Debtor or Post-Confirmation Debtor pursuant to the Plan and Section 365 of the Bankruptcy Code. Accordingly, any Indemnification Claims will survive and be unaffected by entry of the Confirmation Order, irrespective of whether such indemnification is owed for an act or event occurring before or after the Petition Date. The funding of the GP Administrative Reserve and the application of the GP Administrative Reserve, as outlined in Section 7.13 of the Plan, is not an indemnification obligation of NSI.

X. MEANS FOR IMPLEMENTATION OF THE PLAN

A. Insurance Portfolio Sale

The Debtors shall seek to effectuate the Insurance Portfolio Sale pursuant to the Asset Purchase Agreement via either the Consensual Process or the Cramdown Process in accordance with the timelines set forth below and attached to the Asset Purchase Agreement and the DIP Term Sheet (the "Milestone Dates")[17]. For the avoidance of any doubt, the failure by the Debtors to take in a timely manner any action required pursuant to the Milestone Dates constitutes one of the termination events under the Asset Purchase Agreement and the DIP Loan.

1. Purchaser Protection Motion

Within five (5) days of the Petition Date, the Debtors shall file or cause to be filed the Purchaser Protection Motion (as defined in the Asset Purchase Agreement).

2. Consensual Process

(a) In the event of a Consensual Process, the Debtors shall seek entry of the Confirmation Order approving, among other things, the Plan and the transactions contemplated by the Asset Purchase Agreement. Concurrently with their motion to schedule the Confirmation Hearing, the Debtors shall move to assume, or assume and assign, as the case may be, the Asset Purchase Agreement and all executory contracts to be conveyed pursuant to the Asset Purchase Agreement. The Debtors shall provide notice of the assumption of the Asset Purchase Agreement and all executory contracts to be conveyed pursuant to the Asset Purchase

[17] In the event that (a) the Petition Date occurs after February 28, 2011 because such Milestone Date is extended as permitted under the Plan Support Agreement, or (b) the Bankruptcy Court is unable or unwilling to schedule a hearing on the required date, the Milestone Dates shall be deemed automatically extended by an equal number of days (or such later date as would constitute the next business day) up to a maximum of seven (7) business days. The Milestone Dates may also be extended with the prior written consent of the DIP Lenders.

Agreement, or any amendment thereof, to (i) the parties to the executory contract or lease affected thereby and (ii) the Receivers not later than fourteen (14) days prior to the Confirmation Hearing. Any objection with respect to any proposed assumption, revestment, cure or assignment of the Asset Purchase Agreement and any executory contracts related thereto must be Filed and served within the same deadline and in the same manner established for the Filing and service of objections to Confirmation of the Plan. The Confirmation Order shall constitute an order of the Bankruptcy Court pursuant to Section 365 of the Bankruptcy Code approving all such assumptions or assumptions and assignments, as applicable, relating to the Asset Purchase Agreement, as of the Effective Date.

(b) Consensual Process Milestone Dates.

Date	**Action/Milestone**
No later than January 24, 2011	Debtors shall commence solicitation of votes of creditors to accept or reject the Plan.
No later than February 22, 2011	Debtors shall conclude solicitation of votes of creditors to accept or reject the Plan.
No later than February 27, 2011	Debtors and Purchaser shall execute Asset Purchase Agreement.
No later than February 28, 2011	Debtors shall file with the Bankruptcy Court the required bankruptcy petitions and other pleadings, which, in each case, shall be in form and substance satisfactory to the DIP Lenders.
No later than March 3, 2011	Bankruptcy Court shall enter (i) an interim order approving the DIP Facility, (ii) orders approving the "first day" pleadings, and (iii) an order approving the expedited scheduling of the Confirmation Hearing not later than April 29, 2011, which, in each case, shall be in form and substance satisfactory to the DIP Lenders.

Date	Action/Milestone
No later than March 21, 2011	Bankruptcy Court shall enter a final order approving the DIP Facility, which shall be in form and substance satisfactory to the DIP Lenders.
No later than April 29, 2011	Bankruptcy Court shall hold the Confirmation Hearing and enter the Confirmation Order approving the Plan, which shall be in form and substance satisfactory to the DIP Lenders and the Purchaser.
No later than May 13, 2011	Closing of sale on Insurance Portfolio Sale to Purchaser pursuant to the terms of the Asset Purchase Agreement and Plan.
No later than May 13, 2011	Plan shall become effective (unless effective date has already occurred).

3. Cramdown Process

(a) In the event that Class 3 or any other non-accepting impaired Class of Claims eligible to vote on the Plan does not vote to accept the Plan, then the Debtors will (i) seek approval of the Insurance Portfolio Sale to Purchaser by filing a motion seeking the Sale Order and (ii) seek to confirm the Plan pursuant to Section 1129(b) of the Bankruptcy Code, in which event, the Insurance Portfolio Asset Proceeds shall be utilized by the Debtors in the manner provided for in the Plan. In the event of a Cramdown Process, the Debtors shall file, or cause to be filed, a motion seeking entry of the Sale Order. Concurrently with their motion seeking entry of the Sale Order, the Debtors shall move to assume, or assume and assign, as the case may be, the Asset Purchase Agreement and all executory contracts to be conveyed pursuant to the Asset Purchase Agreement. The Debtors shall provide notice of the assumption of the Asset Purchase Agreement and all executory contracts to be conveyed pursuant to the Asset Purchase Agreement, or any amendment thereof, to (i) the parties to the executory contract or lease affected thereby and (ii) the Receivers not later than fourteen (14) days prior to the 363 Sale

hearing. Any objection with respect to any proposed assumption, revestment, cure or assignment of the Asset Purchase Agreement and any executory contracts related thereto must be Filed and served within the same deadline and in the same manner established for the Filing and service of objections to approval of the 363 Sale. The Sale Order shall constitute an order of the Bankruptcy Court pursuant to Section 365 of the Bankruptcy Code approving all such assumptions or assumptions and assignments, as applicable, described herein, as of the closing of the 363 Sale; and, the Debtors may consummate the Insurance Portfolio Sale prior to Confirmation.

In the event the Debtors determine they must request Confirmation of the Plan pursuant to the Cramdown Process, the Plan will be affected in a number of ways. First, the Purchaser will not make the Purchaser Contribution to the Global Settlement Fund. Second, the Bermuda non-C, F and I Contribution will be reduced by $2.5 million. The Debtors reserve the right to modify the Plan, with the consent of the Purchaser and the DIP Lenders, in accordance with Article 15 of the Plan to the extent, if any, that Confirmation pursuant to Section 1129(b) of the Bankruptcy Code requires modification.

(b) Cramdown Process Milestone Dates.

Date	**Action/Milestone**
No later than January 24, 2011	Debtors shall commence solicitation of votes of creditors to accept or reject the Plan.
No later than February 22, 2011	Debtors shall conclude solicitation of votes of creditors to accept or reject the Plan.
No later than February 27, 2011	Debtors and Purchaser shall execute Asset Purchase Agreement.
No later than February 28, 2011	Debtors shall file with the Bankruptcy Court the required bankruptcy petitions and other pleadings, which, in each case,

Date	Action/Milestone
	shall be in form and substance satisfactory to the DIP Lenders.
No later than March 3, 2011	Debtors shall file a motion (the "Sale Motion") seeking an order from the Bankruptcy Court (the "Sale Order") approving the sale by NSI of the NSI Insurance Portfolio to the Purchaser pursuant to the terms of the Asset Purchase Agreement Sale Motion seeking entry of the Sale Order approving the 363 Sale, each in form and substance satisfactory to the Purchaser.
No later than March 3, 2011	Bankruptcy Court shall enter (i) an interim order approving the DIP Facility, and (ii) orders approving the "first day" pleadings, which, in each case, shall be in form and substance satisfactory to the DIP Lenders.
No later than March 24, 2011	Bankruptcy Court shall enter a final order approving the DIP Facility, which shall be in form and substance satisfactory to the DIP Lenders.
No later than April 4, 2011	Bankruptcy Court shall hold the hearing on Sale Motion to approve the 363 Sale and enter the Sale Order approving the 363 Sale, which shall be in form and substance satisfactory to the DIP Lenders and Purchaser.
No later than April 18, 2011	Closing of Insurance Portfolio Sale to Purchaser pursuant to the terms of the Asset Purchase Agreement and Sale Order.

4. Insurance Portfolio Sale Proceeds

Pursuant to either the Cramdown Process or the Consensual Process, on or before the Effective Date, NSI shall consummate the Insurance Portfolio Sale to Purchaser free and clear of all liens, claims, encumbrances and any other interests, with all such liens, claims, encumbrances and other interests attaching to the Insurance Portfolio Asset Proceeds, which shall be transferred to the Bermuda Liquidation Account in accordance with the provisions of the Plan. The Insurance Portfolio Sale shall be pursuant to the Asset Purchase Agreement, which terms are

incorporated herein by reference and made a part of the Plan. The Insurance Portfolio Asset Proceeds shall be used to fund the Bermuda Liquidation Account.

B. Bermuda Liquidation Account

On or before the Effective Date, and in any event, upon receipt of the Insurance Portfolio Asset Proceeds, the Debtors will deposit $125,000,000.00 into the Bermuda Liquidation Account. Upon receipt of the Insurance Portfolio Asset Proceeds, and prior to their deposit into the Bermuda Liquidation Account, the Debtors will hold the Insurance Portfolio Asset Proceeds in trust for the benefit of the Receivers and such Insurance Portfolio Asset Proceeds shall at all times be free and clear of all liens, claims, encumbrances and any other interests (other than the obligation of the applicable Receivers to make the Bermuda C, F and I Contribution and the Bermuda non-C, F and I Cramdown Process Contribution or Bermuda non-C, F and I Consensual Process Contribution, as the case may be), including, without limitation, any Claim or right asserted by any officer, manager, director or employee of any Debtor or Non-Debtor Affiliates pursuant to any indemnification or similar agreement assumed by any Debtor pursuant to Section 6.8 of the Plan.

C. Bermuda Wind Down Assets

On the Effective Date, the Bermuda Wind Down Assets (and the Debtors' ownership Interest in any Entity or Entities that own or hold any such asset, as the case may be), shall be transferred to or placed under the exclusive control of the Joint NSSC Receivers, and disposed of as provided for in the Plan, free and clear of all liens, claims, encumbrances and any other interests.

The proceeds from the disposition of the Bermuda Wind Down Assets will be distributed by the Bermuda Wind Down Asset Structure and allocated by the Joint NSSC

Receivers for distribution to the Bermuda NSSC Lenders pursuant to the provisions of the Plan and any Allocation Order.

D. USC Wind Down Assets

Title to all USC Wind Down Assets shall be revested in NSSC, as a Post-Confirmation Debtor, to be liquidated by the Post-Confirmation Debtors for the benefit of the US-Cayman Investors. Except as may be set forth in the Plan, all such USC Wind Down Assets shall be owned by the Debtors free and clear of all liens, claims, encumbrances and any other interests. The proceeds of the USC Wind Down Assets, after payment of all costs and expenses incurred by the Reorganized Debtors, will be allocated and distributed pursuant to Article 5 of the Plan.

E. Continuation of Automatic Stay

In furtherance of the implementation of the Plan, except as otherwise provided in the Plan, all injunctions or stays provided for in the Chapter 11 Cases pursuant to Sections 105 or 362 of the Bankruptcy Code, or otherwise, and in existence on the Confirmation Date, shall remain in full force and effect and apply to all Holders of Claims against, or Interests in, the Debtors, the Estates and the Assets until the Final Distribution Date; provided, however, that nothing herein shall be deemed to extend the scope of any such injunction or stay beyond the provisions of Section 362 of the Bankruptcy Code.

F. Post-confirmation Operations

Following Confirmation and prior to the occurrence of the Effective Date, the then-current officers, directors, managers and managing members of each of the Debtors shall continue in their respective capacities and the Debtors shall execute such documents and take such other action as is necessary to effectuate the transactions provided for in the Plan. On and after the Effective Date, all such officers, directors, managers and managing members shall be deemed to have resigned and new officers, directors, managers and managing members, who

shall be identified in the Plan Supplement, will be appointed by the Plan Administrator to serve for the Post-Confirmation Debtors in accordance with the respective organizational documents of each of the Post-Confirmation Debtors. The officers, directors, managers and managing members appointed by the Plan Administrator shall continue to serve in such roles unless a majority of the Holders of the Interests in reorganized NSCI shall vote to remove any such officer, director, manager or managing member for "cause", in which event the Plan Administrator, in consultation with the Holders of the Interests in reorganized NSCI shall appoint a successor. Also on the Effective date, Interests in NSSC and NSC will be restructured such that (i) New NSSC Manager, a newly formed Entity, will become the Holder of all of the membership Interests in reorganized NSC, (ii) GP Manager, a newly formed Entity, will become the non-member manager of reorganized NSC, to serve without compensation and exercise the management responsibilities set forth in the amended limited liability company operating agreement to be included in the Plan Supplement, (iii) reorganized NSCI will become the sole limited partner of reorganized NSSC, and (iv) reorganized NSC will become the general partner of reorganized NSSC. The organizational documents for the foregoing transactions will be included in the Plan Supplement. From and after the Effective Date, the Post-Confirmation Debtors, as restructured in the Plan, shall (i) continue in possession, custody and control of all their respective, books, records, rights and privileges together with any Assets that are not disposed of pursuant to the provisions of the Plan, and (ii) be solely responsible for the management of their respective affairs and the operation of their respective businesses, subject only to the jurisdiction of the Bankruptcy Court to enforce the provisions of the Plan.

G. The Plan Administrator

Following the Effective Date and until the entry of a Final Decree, FTI Consulting, an independent turn-around advisory firm that has been engaged by the Debtors to

act as its "chief restructuring officer in connection with the negotiation of the Plan, will be appointed to act as the Plan Administrator. As Plan Administrator, it will be compensated for its services at a rate to be agreed upon and included in the Wind Down Budget.

The Plan Administrator will have the authority and right on behalf of the Post-Confirmation Debtors, and pursuant to Section 1123(b)(3) of the Bankruptcy Code, without the need for Bankruptcy Court approval (unless otherwise indicated), to carry out and implement all provisions of the Plan, including, without limitation, to: (i) control and effectuate the Claims reconciliation process, including to object to, seek to subordinate, compromise or settle any and all Claims in accordance with the Plan; (ii) make Distributions to Holders of Allowed Claims in accordance with the Plan; (iii) prosecute, on behalf of the Bermuda Wind Down Asset Structure, all Causes of Action, (to the extent not released in the Plan), including Avoidance Actions, and to elect not to pursue any Claims or Avoidance Actions, in which case the Causes of Action and Avoidance Actions may be pursued by, or at the direction of, the manager of the Bermuda Wind Down Asset Structure, and whether and when to compromise, settle, abandon, dismiss, or otherwise dispose of any Claims or Avoidance Actions, as the Plan Administrator may determine is in the best interests of the Post-Confirmation Debtors and their Creditors, provided, however, that no Avoidance Actions or Causes of Action shall be abandoned, dismissed, or otherwise disposed of without the written consent of the Joint NSSC Receivers; (iv) make payments to existing professionals who may continue to perform in their current capacities; (v) retain Professionals to assist in performing its duties under the Plan; (vi) maintain the books and records and accounts of the Post-Confirmation Debtors; (vii) incur and pay reasonable and necessary expenses in connection with the performance of its duties under the Plan, including the reasonable fees and expenses of professionals retained by the Plan Administrator and the Joint

Receivers; (viii) administer each Post-Confirmation Debtor's tax obligations, including (i) filing and paying tax returns, and paying taxes (ii) requesting, if necessary, an expedited determination of any unpaid tax liability of each Debtor or its estate under Bankruptcy Code Section 505(b) for all taxable periods of such Debtor ending after the Commencement Date and (iii) representing the interest and account of each Debtor or its estate before any taxing authority in all matters including, without limitation, any action, suit, proceeding or audit; (ix) prepare and file any and all informational returns, reports, statements, returns or disclosures relating to the Debtors that are required by any Governmental Unit or applicable law; and (x) upon the request of the Purchaser or the DIP Lenders, take any action to fulfill any of the obligations of the Debtors arising under the Asset Purchase Agreement or DIP Facility. The Plan Administrator shall have no liability for any acts or omissions in its capacity as Plan Administrator to the Post-Confirmation Debtors other than for gross negligence or willful misconduct of the Plan Administrator. On and after the Effective Date, the costs and expenses incurred for the preparation of tax returns, financial statements and audit reports covering any period prior to the Effective Date shall be paid: (i) 95% by the Joint NSSC Receivers and the Bermuda Wind Down Asset Structure; and, (ii) 5% by the Post-Confirmation Debtors; provided, however, that the Plan Administrator receives approval from the Joint NSSC Receivers before commencing an audit to be funded under the terms of the Plan.

H. Restructuring of the Post-Confirmation Debtors

On or after the Effective Date, the Post-Confirmation Debtors may merge, consolidate or reorganize any of the Debtors and/or combine any of the Debtors with any Non-Debtor Affiliates in such manner as the Post-Confirmation Debtors may deem prudent with a view toward minimizing the cost of administering their Assets or conducting their respective businesses.

I. Issuance of Interests in Post-Confirmation Debtors

On the Effective Date, (i) all of the memberships Interests in reorganized NSC shall be issued to New NSSC Manager and (ii) NSCI shall become the sole limited partner of the reorganized NSSC.

J. Avoidance Actions

Except to the extent released pursuant to Article 12 of the Plan, effective on and after the Effective Date, all Avoidance Actions and Causes of Action shall be preserved for the benefit of the Bermuda Investors and shall be Bermuda Wind Down Assets. The Plan Administrator and Post-Confirmation Debtors shall cooperate with the Joint NSSC Receivers and take any and all actions to facilitate the prosecution of Causes of Action and Avoidance Actions for the benefit of the Bermuda Investors. For the avoidance of any doubt, other than as provided for in the Plan, no Avoidance Actions or Causes of Action against any Released Parties shall be preserved for the benefit of the Bermuda Investors or any other Holder of a Claim or Interest. The Confirmation Order will provide that, from and after the Effective Date, the Plan Administrator and the manager of the Bermuda Wind Down Asset Structure shall have the right to prosecute any and all non-released Causes of Action and/or Avoidance Actions as a representative of the estate under Section 1123(b)(3)(B) of the Bankruptcy Code. The Bankruptcy Court shall retain jurisdiction over any and all Causes of Action and Avoidance Actions.

K. Closing of the Chapter 11 Cases

The Plan Administrator may seek the entry of a Final Decree at any time after the Plan has been substantially consummated provided that all required fees due under 28 U.S.C. § 1930 have been paid.

L. Post-Effective Date Reporting

As promptly as practicable after the making of any distributions that are required under the Plan to be made on the Effective Date, but in any event no later than twenty-one (21) days after the making of such distributions, the Plan Administrator shall File with the Bankruptcy Court and serve on the United States Trustee a report setting forth the amounts and timing of all such distributions and the recipients thereof. Thereafter, the Plan Administrator shall File with the Bankruptcy Court and serve on the United States Trustee quarterly reports summarizing the cash receipts and disbursements of the Debtors for the immediately preceding three-month period. Each quarterly report shall also state the Debtors' cash balances as of the beginning and ending of each such period. Quarterly reports shall be provided until the entry of a Final Decree. The Post-Confirmation Debtors shall comply with all tax withholding, reporting requirements and regulatory obligations imposed on them by any Governmental Unit, and all distributions pursuant to the Plan shall be subject to such withholding, requirements or obligations. Notwithstanding any provision in the Plan to the contrary, the Plan Administrator and the Post-Confirmation Debtors shall be authorized to take all actions necessary or appropriate to comply with such withholding, requirements or obligations.

M. GP Administrative Reserve

The GP Administrative Reserve shall be administered by the GP Manager until the GP Reserve Termination Date. The GP Administrative Reserve shall not be used to pay any judgments, fines, restitution, penalties, or any similar sums in connection with any Administrative Action; provided, however, that the GP Manager shall have the right in its discretion, and with the consent of the Joint NSSC Receivers, which consent shall not be unreasonably withheld, to pay a settlement amount if it determines in its reasonable business

judgment that paying such amount would avoid the cost and risk of permitting the Administrative Action to continue. Pursuant to the Plan, the GP Administrative Reserve will not be used to pay any amount incurred by any past, present or future manager, director, officer or employee of the GP Manager, the Debtors or the Post-Confirmation Debtors in connection with any Administrative Action that is due to be paid under any policy of insurance except that the GP Administrative Reserve may be used to advance an amount an insurer has wrongfully refused to pay or for which an insurer has, in the discretion of the GP Manager, unduly delayed payment. Such advancement shall be provided subject to the receipt of an appropriate undertaking or agreement from the insured party to repay such advancement into the GP Administrative Reserve when payment is received from the insurer and to remain liable for the advanced amount until such time. The GP Administrative Reserve will be replenished from any insurance proceeds received by the GP Manager, Debtors or Post-Confirmation Debtors in connection with any Administrative Action. The GP Manager, Debtors or Post-Confirmation Debtors (as applicable) will pursue their insurers and use their best efforts to utilize proceeds of any available insurance policies to reimburse any amounts utilized in the GP Administrative Reserve. The amounts, if any, remaining in the GP Administrative Reserve on the GP Reserve Termination Date after all outstanding fees, expenses and costs have been paid shall be remitted to the Joint NSSC Receivers. Upon the GP Reserve Termination Date, at the request of and at the sole costs and expense of the Joint NSSC Receivers, the GP Manager shall provide accountings to the Joint NSSC Receivers of any amounts utilized in the GP Administrative Reserve. In the event the GP Manager uses or otherwise utilizes proceeds in the GP Administrative Reserve but fails (or fails to direct the Debtors or Post-Confirmation Debtors) to use best efforts to pursue the applicable insurers and insurance policies for reimbursement of such amounts, the Joint NSSC Receivers

shall be subrogated to the rights of the GP Manager (or the Debtors or Post-Confirmation Debtors as applicable) to pursue the applicable insurers and insurance policies to pay for reimbursement of such amounts at the sole cost and expense of the Joint NSSC Receivers.

N. Disposition of Liquidation Budget Amount

Any portion of the Liquidation Budget Amount that is not expended by the Post-Confirmation Debtors in accordance with the provisions of the Plan shall be paid to the Joint NSSC Receivers.

O. Claim Objections

Prior to the Effective Date, objections to, and requests for estimation of, Claims against the Debtors may be interposed and prosecuted by the Debtors. Except to the extent released pursuant to Article 12 of the Plan or as otherwise provided herein, from and after the Effective Date, the Plan Administrator shall have the sole authority to File, settle, compromise, withdraw, arbitrate or litigate to judgment objections to Claims pursuant to applicable procedures established by the Bankruptcy Code, the Bankruptcy Rules, and the Plan. The Plan Administrator shall consult with the Joint NSSC Receivers regarding any Claim that is filed for an amount in excess of $100,000; and, if following such consultation the Plan Administrator elects not to file an objection to any such Claim, the Joint NSSC Receivers shall have the right to file and prosecute such an objection at their sole costs and expense. Objections to any Other Priority Claim or General Unsecured Claim must be Filed and served on the claimant no later than the later of (x) one hundred twenty (120) days after the date the Claim is Filed, (y) ninety (90) days after the Effective Date, or (z) such other date as may be ordered from time to time by the Court. The Plan Administrator shall use reasonable efforts to promptly and diligently pursue resolution of any and all disputed Other Priority Claims and General Unsecured Claims. Except with respect to Other Priority Claims, General Secured Claims, and Administrative Claims, no

deadlines by which objections to Claims must be Filed have been established in these Chapter 11 Cases.

1. Reserve for Disputed Claims

On or before the Effective Date, the Debtors shall establish a reserve, which shall be maintained by the Plan Administrator, as part of the Wind Down Budget, for all Disputed Claims, if any, in an amount equal to what would be distributed to Holders of such Claims if their Disputed Claims had been Allowed Claims on the Effective Date equal to the Face Amount of such Disputed Claim or such other amount as may be determined by a Final Order of the Bankruptcy Court. With respect to such Disputed Claims, if, when, and to the extent any such Disputed Claim becomes an Allowed Claim by Final Order, the relevant portion of the Cash held in reserve therefore shall be distributed by the Plan Administrator to the Claimant in a manner consistent with distributions to similarly situated Allowed Claims. The balance of such Cash, if any, remaining after any particular Disputed Claims has been resolved and distributions made to the Holder of such Claim in accordance with the Plan, shall be released and transferred to the Bermuda Liquidation Account. No payments or distributions shall be made with respect to a Claim that is a Disputed Claim pending the resolution of the dispute by Final Order or agreement of the parties. Objections to Claims may be litigated to judgment or withdrawn, and may be settled with the approval of the Bankruptcy Court, except to the extent such approval is not necessary as provided in the Plan. After the Effective Date, and subject to the terms of the Plan, the Post-Confirmation Debtor may settle any Disputed Claim where the result of the settlement or compromise is an Allowed Claim in an amount of $10,000 or less without providing any notice or obtaining an order from the Bankruptcy Court. All proposed settlements of Disputed Claims where the amount to be settled or compromised exceeds $10,000 shall be subject to the approval of the Bankruptcy Court after notice and an opportunity for a hearing.

2. Claims in Class 4(a)

As of the Effective Date, each Claim in Class 4(a) shall be deemed Disputed unless and until (i) such Claim has been Allowed, (ii) has been Scheduled by the Debtors as undisputed, or (iii) has been identified in the Plan Supplement as undisputed; provided, however, that the rights of the Plan Administrator and Joint NSSC Receivers pursuant to Section 8.1 of the Plan to object to the Allowance of any Claim in Class 4(a) on any grounds after the Effective Date are fully reserved.

P. Distributions

To the extent more than one Debtor is liable for any Claim, such Claim shall be considered a single Claim and entitled only to the payment provided therefor under the applicable provisions of the Plan. Distributions to Holders of Allowed Claims shall be made: (a) at the addresses set forth in the proofs of Claim Filed by such Holders; (b) at the addresses set forth in any written notices of address change delivered after the date on which any related proof of Claim was Filed; (c) at the addresses reflected in the Schedules relating to the applicable Allowed Claim if no proof of Claim has been Filed and the Post-Confirmation Debtors have not received a written notice of a change of address, or (d) to the Receivers for further distribution. Except as otherwise provided in the Confirmation Order, cash payments to be made pursuant to the Plan will be made by checks drawn on a domestic bank or by wire transfer from a domestic bank, at the option of the Post-Confirmation Debtors.

Postpetition interest shall not accrue or be paid on Claims, and no Holder of a Claim shall be entitled to interest accruing on or after the Petition Date on any Claim. Interest shall not accrue or be paid upon any Disputed Claim in respect of the period from the Petition Date to the date a Final Distribution is made thereon if and after such Disputed Claim becomes an Allowed Claim. To the extent that any Allowed Claim entitled to a distribution under the Plan is

composed of indebtedness and accrued but unpaid interest thereon, such distribution shall, to the extent permitted by applicable law, be allocated for federal income tax purposes to the principal amount of the Allowed Claim first and then, to the extent the consideration exceeds the principal amount of the Allowed Claim, to the portion of such Allowed Claim representing accrued but unpaid interest.

No payment of Cash in an amount of less than $50.00 shall be required to be made on account of any Allowed Claim. Such undistributed amount may instead be made part of the Cash for use in accordance with the Plan.

On the Effective Date, or as soon thereafter as practicable, the Post-Confirmation Debtors shall distribute to the Holders of Allowed Administrative Claims and Allowed General Unsecured Claims in Classes 4(a), 4(c) and 4(d) Cash equal to the distributions on account of each such Claim that are provided for in the Plan.

Q. Termination of Plan for Failure To Become Effective

If the Effective Date shall not have occurred on or prior to the date that is forty-five (45) days after the Confirmation Date, then the Plan shall terminate and be of no further force or effect unless the provisions of Section 10.3 of the Plan are waived in writing by the Debtors, the Receivers, the DIP Lenders and Purchaser; provided, however, that Section 10.3 of the Plan shall not modify or supersede the terms of the DIP Facility or the Asset Purchase Agreement or any Event of Default thereunder, nor shall such provision in any way affect the prior completion of the sale pursuant to the Asset Purchase Agreement under a Sale Order.

XI. Effect of Confirmation.

A. Entry of Confirmation Order.

Entry of a Confirmation Order shall mean that all modifications or amendments to the Plan since the solicitation thereof are approved pursuant to Section 1127(a) of the Bankruptcy Code and do not require additional disclosure or resolicitation under Bankruptcy Rule 3019.

B. Binding Effect

Except as otherwise provided in Section 1141(d) of the Bankruptcy Code, on and after the Confirmation Date, the provisions of the Plan shall bind any Holder of a Claim against or Interest in the Debtors and their respective successors and assigns, whether or not the Claim or Interest of such Holder is Impaired under the Plan and whether or not such Holder has accepted the Plan.

XII. Acceptance or Rejection of the Plan

A. Persons Entitled to Vote

Class 4(a), Class 4(d), Class 5(a) and Class 5 (d) are not Impaired and pursuant to Section 1126(f) of the Bankruptcy Code are deemed to have accepted the Plan and these Classes will not be solicited. Holders of Claims or Interests in Class 4(b), Class 5(b) and Class 5(c) will not receive or retain any property under the Plan on account of such Claims or Interests and are deemed to have rejected the Plan pursuant to Section 1126(g) of the Bankruptcy Code and these Classes will not be solicited. Only Holders of Claims or Interests in Class 1, Class 2, Class 3 and Class 4(c) will be entitled to vote to accept or reject the Plan.

B. Acceptance by Impaired Classes

An Impaired Class of Claims shall have accepted the Plan if (i) the Holders (other than any Holder designated under Section 1126(e) of the Bankruptcy Code) of at least two-thirds in

amount of the Allowed Claims actually voting in such Class have voted to accept the Plan and (ii) the Holders (other than any Holder designated under Section 1126(e) of the Bankruptcy Code) of at least one-half in number of the Allowed Claims actually voting in such Class have voted to accept the Plan.

C. Voting and Acceptance by US Fund

The US Fund Claim is an Allowed Claim in Class 3. The US Fund will vote that entire Claim in accordance with the indications received from the Holders of a majority of Interests in the US Fund. US-Cayman Investors holding Interests in the US Fund will be provided with the US Fund Investor Ballot, which solicits their indication to the manager of the US Fund of a preference for acceptance or rejection of the Plan. The US Fund will vote its Claim under the US Fund Notes in the manner indicated by the Holders of a majority of the Interests in the US Fund (as determined by the provisions of the US Operating Agreement)[18] and who timely return ballots. For purposes of Sections 5.3 and 12.7 of the Plan, any ballots returned by the US-Cayman Investors holding Interests in the US Fund indicating the US Fund to vote its Claim under the US Fund Notes in favor of the Plan will be deemed to be a US-Cayman Investor who has voted to accept the Plan and shall be entitled to receive a pro rata share of the amounts in the Global Settlement Fund to be calculated and distributed in the manner provided in Section 12.7 of the Plan.

[18] The determination will be made in accordance with §§1.25 and 1.31 of the US Operating Agreement. In addition, pursuant to §10.9 of the US Operating Agreement, any Investor in the US Fund who does not object in writing is deemed to have consented to the action taken by the managing member when it votes to accept or reject the Plan.

XIII. PROCEDURES FOR DISPUTED CLAIMS

A. Resolution of Disputed Claims; Estimation of Claims

Except as set forth in any order of the Bankruptcy Court, any Holder of a Claim against the Debtors shall file a Proof of Claim with the Bankruptcy Court or with the agent designated by the Debtors for this purpose on or before Claims Bar Date. If any such Holder of a Claim disagrees with the Debtors' determination with respect to the Allowed amount of such Holder's Claim, the Claim will be a Disputed Claim. The Debtors prior to the Effective Date, and thereafter the Plan Administrator, shall have the exclusive authority to file objections on or before the Claims Objection Bar Date, settle, compromise, withdraw or litigate to judgment objections to any and all Claims, regardless of whether classified or otherwise. From and after the Effective Date, the Plan Administrator may settle or compromise any Disputed Claim without approval of the Bankruptcy Court.

Any Debtor may, at any time, request that the Bankruptcy Court estimate any contingent or unliquidated Claim pursuant to Section 502(c) of the Bankruptcy Code, regardless of whether such Debtor has previously objected to such Claim or whether the Bankruptcy Court has ruled on any such objection, and the Bankruptcy Court will retain jurisdiction to estimate any Claim at any time during litigation concerning any objection to any Claim, including during the pendency of any appeal related to any such objection. In the event the Bankruptcy Court estimates any contingent or unliquidated Claim, that estimated amount will constitute either the Allowed Amount of such Claim or a maximum limitation on such Claim, as determined by the Bankruptcy Court. If the estimated amount constitutes a maximum limitation on such Claim, the Debtors may elect to pursue any supplemental proceedings to object to any ultimate payment on such Claim. All of the aforementioned objection, estimation and resolution procedures are

cumulative and are not necessarily exclusive of one another. Claims may be estimated and thereafter resolved by any permitted mechanism.

B. No Distributions Pending Allowance

Notwithstanding any other provision in the Plan, except as otherwise agreed by the Debtors or the Reorganized Debtors, no partial payments or distributions will be made with respect to a Disputed Claim or Equity Interest unless and until all objections to such Disputed Claim or Equity Interest have been settled or withdrawn or have been determined by Final Order.

C. Distributions After Allowance

To the extent a Disputed Claim or Equity Interest becomes an Allowed Claim or Equity Interest, the Disbursing Agent will distribute to the Holder thereof the distributions, if any, to which such Holder is then entitled under the Plan. Any such distributions will be made in accordance with, and at the time mandated by the Plan. No interest will be paid on any Disputed Claim or Equity Interest that later becomes an Allowed Claim or Equity Interest.

XIV. CONDITIONS PRECEDENT TO CONFIRMATION AND THE EFFECTIVE DATE

A. Conditions Precedent to Confirmation

The Plan will not be confirmed and the Confirmation Order will not be entered until and unless each of the following conditions has occurred or has been waived in accordance with the terms of the Plan: (a) the Confirmation Order is in form and substance satisfactory to the Debtors, the Receivers, the DIP Lenders and Purchaser; (b) no uncured default shall have occurred and be continuing under the DIP Credit Agreement; and (c) the Wind Down Budget has been agreed to by the Debtors and the Joint NSSC Receivers.

B. Conditions Precedent to the Effective Date

The Effective Date of the Plan will not occur unless and until each of the following conditions has occurred or will occur contemporaneously with the consummation of the Plan:The Bankruptcy Court shall have entered the Confirmation Order, and the Sale Order if appropriate, in form and substance satisfactory to the Debtors, the DIP Lenders and Purchaser;

1. No stay of the Sale Order, if any, or the Confirmation Order shall be in effect at the time the other conditions set forth in Article 10 of the Plan are satisfied, or, if permitted, waived;
2. All documents, instruments and agreements provided for under the Plan or necessary to implement the Plan, including, without limitation, the Asset Management Agreement shall be in form and substance satisfactory to the Debtors, the Receivers, the DIP Lenders and Purchaser, and have been executed and delivered by the parties thereto, unless such execution or delivery has been waived by the parties benefited thereby;
3. The payments required pursuant Section 2.5 of the Plan have been paid in full;
4. The Bermuda Liquidation Account shall have been funded by the Debtors in accordance with Section 7.2 of the Plan;
5. The GP Administrative Reserve shall have been funded by the Debtors;
6. Solely in the event that the Plan is confirmed by the Consensual Process, the Bermuda non-C, F and I Consensual Contribution shall have been transferred to the Global Settlement Fund;
7. Solely in the event that the Plan is confirmed by the Cramdown Process, the Bermuda non-C, F and I Cramdown Contribution shall have been shall have been transferred to the Global Settlement Fund;
8. Solely in the event that the Plan is confirmed by the Consensual Process, the Purchaser Contribution shall have been transferred to the Global Settlement Fund;
9. The USCB Escrow defined in Section 5.1 of the Plan shall be fully funded and paid by the NSI Secured Lenders.
10. The Debtor shall hold sufficient Cash to pay all estimated Allowed Administrative Claims, Tax Claims, Allowed Other Priority Claims and Allowed General Unsecured Claims in Classes 4(a) , 4(c) and 4(d); and
11. The Confirmation Order and the Sale Order, if any, shall have become a Final Order; or, if permitted, such requirement is waived by the Bankruptcy Court.

C. Waiver of Conditions to Confirmation and Effective Date

The Debtors, with the written consent of the Receivers, the DIP Lenders and Purchaser, may waive any or all of the preceding conditions set forth in Sections 10.1 and/or 10.2 of the Plan that do not affect the Debtors' ability to consummate the Plan. Any such waiver of a condition may be effected at any time, without notice or leave or order of the Bankruptcy Court and without any formal action, other than the filing of a notice of such waiver with the Bankruptcy Court.

XV. EFFECT OF CONFIRMATION

A. Discharge of Claims and Termination of Equity Interests

Except as otherwise provided herein or in the Plan Documents, the treatment of all Claims against, or Equity Interests in, the Debtors hereunder will be in exchange for and in complete satisfaction, discharge and release of all (a) Claims against, or Interests in, the Debtors of any nature whatsoever, known or unknown, including without limitation, any interest accrued or expenses incurred thereon from and after the Petition Date, and (b) all Claims against and Interests in the Debtors' estates or properties or interests in property. Except as otherwise provided in the Plan, upon the Effective Date, all Claims against and Interests in the Debtors will be satisfied, discharged and released in full exchange for the consideration provided under the Plan. Except as otherwise provided herein or in the Plan Documents, all entities will be precluded from asserting against the Debtors or the Reorganized Debtors or their respective properties or interests in property any other Claims based upon any act or omission, transaction or other activity of any kind or nature that occurred prior to the Effective Date.

B. Binding Effect.

Except as otherwise provided in Section 1141(d)(3) of the Bankruptcy Code and subject to the occurrence of the Effective Date, on and after the Confirmation Date, the provisions of the Plan will bind any Holder of a Claim against, or Interest in, the Debtors and such Holder's respective successors and assigns, whether or not the Claim or Interest of such Holder is impaired under the Plan and whether or not such Holder has accepted the Plan. The Plan shall be binding upon and inure to the benefit of the Debtors, the Holders of Claims and Interests and their respective successors and assigns, including without limitation, the Reorganized Debtors.

C. Compromise, Global Settlement, Injunction And Related Provisions

Notwithstanding anything to the contrary contained in the Plan or the Confirmation Order, the allowance, classification, and treatment of all Allowed Claims, and their respective distributions and treatments hereunder, takes into account and conforms to the relative priority and rights of the Claims and the Interests in each Class in connection with any contractual, legal, and equitable subordination rights relating thereto whether arising under general principles of equitable subordination, Section 510 of the Bankruptcy Code, or otherwise to the extent such subordination is enforceable under applicable law. As of the Effective Date, any and all such rights described in the preceding sentence are settled, compromised, and released pursuant hereto. The Confirmation Order will constitute the Bankruptcy Court's finding and determination that the settlements reflected in the Plan are (i) in the best interests of the Debtors, their estates, and all Holders of Claims, (ii) fair, equitable, and reasonable, (iii) made in good faith, and (iv) approved by the Bankruptcy Court pursuant to Section 363 of the Bankruptcy Code and Bankruptcy Rule 9019. The Confirmation Order will also approve the releases by all Entities of all such contractual, legal, and equitable subordination rights or Causes of Action that are satisfied, compromised, and settled pursuant hereto. Nothing in Article 12.1 of the Plan shall

compromise or settle in any way whatsoever, any Causes of Action that the Debtors or the Reorganized Debtors, as applicable, may have against an Entity that is not a Released Party or provide for the indemnity of any Entity that is not a Released Party. In accordance with the provisions of the Plan, and pursuant to Section 363 of the Bankruptcy Code and Bankruptcy Rule 9019, without any further notice to or action, order or approval of the Bankruptcy Court, after the Effective Date (i) the Reorganized Debtors may, in their sole and absolute discretion, compromise and settle Claims against the Debtors and (ii) the Reorganized Debtors may, in their sole and absolute discretion, compromise and settle Causes of Action against other Entities.

1. Satisfaction of Claims and Termination of Interests.

Pursuant to Section 1141(d) of the Bankruptcy Code, and except as otherwise specifically provided in the Plan or in any contract, instrument, or other agreement or document created pursuant to the Plan, the distributions, rights, and treatment that are provided in the Plan are in complete settlement, satisfaction and release, effective as of the Effective Date, of Claims (including Intercompany Claims), Interests, and Causes of Action of any nature whatsoever, including any interest accrued on Claims or Interests from and after the Petition Date, whether known or unknown, against, liabilities of, Liens on, obligations of, rights against, and Interests in, the Debtors or any of their assets or properties, regardless of whether any property shall have been distributed or retained pursuant to the Plan on account of such Claims and Interests, including demands, liabilities, and Causes of Action that arose before the Effective Date, any liability (including withdrawal liability) to the extent such Claims or Interests relate to services performed by employees of the Debtors prior to the Effective Date and that arise from a termination of employment, any contingent or non-contingent liability on account of representations or warranties issued on or before the Effective Date, and all debts of the kind specified in Sections 502(g), 502(h), or 502(i) of the Bankruptcy Code. The Confirmation Order

shall be a judicial determination of the discharge of all Claims and Interests subject to the Effective Date occurring.

2. Exculpations

Except as otherwise specifically provided in the Plan, none of the Exculpated Parties shall have or incur, and are hereby released from, any obligation, Cause of Action or liability to one another or to any Creditor, or any other party in interest, for any act or omission in connection with, relating to, or arising out of, the Chapter 11 Cases, the negotiation or execution of the Plan Support Agreements, the negotiation and pursuit of confirmation of the Plan, the Consummation of the Plan, or the administration of the Estates or the property to be distributed under the Plan, except for their gross negligence or willful misconduct, and in all respects shall be entitled to reasonably rely upon the advice of counsel with respect to their duties and responsibilities (if any) under the Plan. Notwithstanding any other provision of the Plan, no Creditor nor other party in interest, shall have any right of action against any Exculpated Party for any act or omission in connection with, relating to, or arising out of, the Chapter 11 Cases, the negotiation or execution of the Plan Support Agreements, the negotiation and pursuit of confirmation of the Plan, the Consummation of the Plan, or the administration of the Estates or the property to be distributed under the Plan, except for such Exculpated Party's gross negligence or willful misconduct.

Except as expressly set forth in the Plan, following the Effective Date, no Exculpated Party shall have or incur any liability to any Holder of a Claim or Interest for any act or omission in connection with, related to, or arising out of, the Chapter 11 Cases, the negotiation and pursuit of confirmation of the Plan, the Consummation of the Plan or any contract, instrument, release or other agreement or document created in connection with the Plan, or the administration of the

Plan or the property to be distributed under the Plan, except for such Exculpated Party's gross negligence or willful misconduct.

3. Release of Liens

Except as otherwise provided in the Plan, or in any contract, instrument, release, or other agreement or document created pursuant to the Plan, on the Effective Date and concurrently with the applicable distributions made pursuant to the Plan and, in the case of a Secured Claim, satisfaction in full of the portion of the Secured Claim that is Allowed as of the Effective Date, all mortgages, deeds of trust, Liens, pledges, or other security interests against any property of the Estates shall be fully released and discharged, and all of the right, title, and interest of any Holder of such mortgages, deeds of trust, Liens, pledges, or other security interests shall revert to the Reorganized Debtors and their successors and assigns.

4. Releases by the Debtors

Pursuant to Section 1123(b) of the Bankruptcy Code, and except as otherwise specifically provided in the Plan, for good and valuable consideration, on and after the Effective Date, the Released Parties will each be released and discharged by the Debtors, the Reorganized Debtors, and the Estates from any and all Claims, obligations, rights, suits, damages, causes of action, remedies, and liabilities whatsoever, whether for tort, fraud, contract, violations of federal or state securities laws, or otherwise, including any derivative Claims asserted or that could possibly have been asserted on behalf of the Debtors, whether known or unknown, foreseen or unforeseen, existing or hereinafter arising, in law, equity, or otherwise, that the Debtors, the Reorganized Debtors, the Estates, or their Affiliates would have been legally entitled to assert in their own right (whether individually or collectively) or on behalf of the Holder of any Claim or Interest or other Entity, based on or relating to, or in any manner arising from, in whole or in part, the Debtors or their Affiliates, the Chapter 11 Cases, the purchase, sale, or rescission of the

purchase or sale of any security, the subject matter of, or the transactions or events giving rise to, any Claim or Interest that is treated in the Plan, the business or contractual arrangements between any Debtor and any Released Party, the restructuring of Claims and Interests prior to or in the Chapter 11 Cases, the negotiation, formulation, or preparation of the Plan and related Disclosure Statement, or related agreements, instruments, or other documents, upon any other act or omission, transaction, agreement, event, or other occurrence taking place on or before the Confirmation Date of the Plan, other than Claims or liabilities arising out of or related to any contractual or fixed monetary obligation owed to the Debtors. Entry of the Confirmation Order shall constitute the Bankruptcy Court's approval, pursuant to Bankruptcy Rule 9019, of the provisions of the Plan, and further, shall constitute the Bankruptcy Court's finding that the applicable provisions of the Plan are: (1) in exchange for the good and valuable consideration provided by the Released Parties; (2) a good faith settlement and compromise of the Claims released; (3) in the best interests of the Debtors and all Holders of Claims and Interests; (4) fair, equitable, and reasonable; (5) given and made after due notice and opportunity for hearing; and (6) a bar to any of the Debtors asserting any claim or Cause of Action released pursuant to the Debtor Release.

D. Compromise, Global Settlement, Releases and Related Provisions

1. Compromise and Settlement

Notwithstanding anything to the contrary contained in the Plan or the Confirmation Order, the allowance, classification and treatment of all Allowed Claims, and their respective distributions and treatments hereunder, takes into account and conforms to the relative priority and rights of the Claims and the Interests in each Class in connection with any contractual, legal and equitable subordination rights relating thereto whether arising under general principles of equitable subordination, Section 510 of the Bankruptcy Code, or otherwise to the extent such

subordination is enforceable under applicable law. As of the Effective Date, any and all such rights described in the preceding sentence are settled, compromised, discharged and released pursuant hereto. The Confirmation Order will constitute the Bankruptcy Court's finding and determination that the settlements reflected in the Plan are (i) in the best interests of the Debtors, their estates and all Holders of Claims, (ii) fair, equitable and reasonable, (iii) made in good faith, and (iv) approved by the Bankruptcy Court pursuant to Section 363 of the Bankruptcy Code and Bankruptcy Rule 9019. The Confirmation Order shall approve the releases by all Entities of all such contractual, legal and equitable subordination rights or Causes of Action that are satisfied, compromised and settled pursuant hereto. Nothing in Article 12.1 of the Plan shall compromise or settle in any way whatsoever, any Causes of Action that the Debtors, the Receivers or the Post-Confirmation Debtors, as applicable, may have against Entities that are not Released Parties or provide for the indemnity of any Entities that are not Released Parties. In accordance with the provisions of the Plan, and pursuant to Section 363 of the Bankruptcy Code and Bankruptcy Rule 9019, without any further notice to or action, order or approval of the Bankruptcy Court, after the Effective Date (i) the Post-Confirmation Debtors may, in their sole and absolute discretion and with the consent of the Joint NSSC Receivers, compromise and settle Claims against the Debtors and (ii) the Joint NSSC Receivers may, in their sole and absolute discretion, compromise and settle Causes of Action against other Entities that have been assigned to the Joint NSSC Receivers.

Pursuant to Section 1141(d) of the Bankruptcy Code, and except as otherwise specifically provided in the Plan or in any contract, instrument, or other agreement or document created pursuant to the Plan, the distributions, rights, and treatments that are provided in the Plan are in complete discharge, settlement, satisfaction and release, effective as of the Effective Date, of

Claims (including Intercompany Claims), Interests and Causes of Action of any nature whatsoever, including any interest accrued on Claims or Interests from and after the Petition Date, whether known or unknown, against, liabilities of, Liens on, obligations of, rights against, and Interests in, the Debtors or any of their assets or properties, regardless of whether any property shall have been distributed or retained pursuant to the Plan on account of such Claims and Interests, including demands, liabilities and Causes of Action that arose before the Effective Date, any liability (including withdrawal liability) to the extent such Claims or Interests relate to services performed by employees of the Debtors prior to the Effective Date and that arise from a termination of employment, any contingent or non-contingent liability on account of representations or warranties issued on or before the Effective Date, and all debts of the kind specified in Sections 502(g), 502(h) or 502(i) of the Bankruptcy Code. The Confirmation Order shall be a judicial determination of the discharge of all Claims and Interests subject to the Effective Date occurring.

2. Release of Liens

Except as otherwise provided in the Plan, or in any contract, instrument, release or other agreement or document created pursuant to the Plan, on the Effective Date and concurrently with the applicable distributions made pursuant to the Plan and, in the case of a Secured Claim, satisfaction in full of the portion of the Secured Claim that is Allowed as of the Effective Date, all mortgages, deeds of trust, Liens, pledges or other security interests against any property of the Estates shall be fully released and discharged, and all of the right, title and interest of any Holder of such mortgages, deeds of trust, Liens, pledges or other security interests shall revert to the Post-Confirmation Debtors and their successors and assigns.

3. Releases by the Debtors

Pursuant to Section 1123(b) of the Bankruptcy Code, for good and valuable consideration, on and after the Effective Date, the Released Parties are each deemed released and discharged by the Debtors, the Post-Confirmation Debtors and the Estates from any and all Claims, obligations, rights, suits, damages, Causes of Action, remedies and liabilities whatsoever, whether for tort, fraud, contract, violations of federal or state securities laws, or otherwise, including any derivative Claims asserted or that could possibly have been asserted on behalf of the Debtors, whether known or unknown, foreseen or unforeseen, existing or hereinafter arising, in law, equity, or otherwise, that the Debtors, the Post-Confirmation Debtors, the Estates, or their Affiliates would have been legally entitled to assert in their own right (whether individually or collectively) or on behalf of the Holder of any Claim or Interest or other Entity, based on or relating to, or in any manner arising from, in whole or in part, the Debtors or their Non-Debtor Affiliates, the Chapter 11 Cases, the purchase, sale, or rescission of the purchase or sale of any security, the subject matter of, or the transactions or events giving rise to, any Claim or Interest that is treated in the Plan, the business or contractual arrangements between any Debtor and any Released Party, the restructuring of Claims and Interests prior to or in the Chapter 11 Cases, the negotiation, formulation, or preparation of the Plan and related Disclosure Statement, or related agreements, instruments, or other documents, upon any other act or omission, transaction, agreement, event, or other occurrence taking place on or before the Confirmation Date of the Plan, other than Claims or liabilities arising out of or related to any contractual or fixed monetary obligation owed to the Debtors. Entry of the Confirmation Order shall constitute the Bankruptcy Court's approval, pursuant to Bankruptcy Rule 9019, of the provisions of this provision of the Plan and further, shall constitute the Bankruptcy Court's

finding that the applicable provisions of the Plan are: (1) in exchange for the good and valuable consideration provided by the Released Parties; (2) a good faith settlement and compromise of the Claims released; (3) in the best interests of the Debtors and all Holders of Claims and Interests; (4) fair, equitable and reasonable; (5) given and made after due notice and opportunity for hearing; and (6) a bar to any of the Debtors, the Post-Confirmation Debtors or their successors asserting any Claim or Claim or Cause of Action against any of the Released Parties. Notwithstanding anything to the contrary in the foregoing, the release set forth above does not release any post-Effective Date obligations of any party under the Plan or any document, instrument, or agreement executed to implement the Plan.

4. Releases by Holders of Claims

Notwithstanding any other provision of the Plan or the Confirmation Order, as of the Effective Date, each Creditor or Holder of a Claim that was entitled to vote on the Plan and did not vote timely to reject the Plan shall be deemed to have unconditionally, irrevocably and forever, released each of the Released Parties from all obligations, suits, judgments, damages, demands, debts, rights, Causes of Action and liabilities, whether liquidated or unliquidated, fixed or contingent, matured or unmatured, known or unknown, foreseen or unforeseen, then existing or thereafter arising, in law, equity, or otherwise that are based in whole or part on any act, omission, transaction, event, or other occurrence taking place on or prior to the Effective Date (including prior to the Petition Date) in any way relating to the Debtors, the NSI Receiver, the Joint NSSC Receivers, the Bermuda Liquidators, the Chapter 11 Cases, the Plan, or the Disclosure Statement, the subject matter of, or the transactions or events giving rise to, any Claim or Interest that is treated in the Plan, the business or contractual arrangements between any Debtor and any Creditor, the restructuring of Claims and Interests prior to or in the Chapter 11 Cases, the negotiations, formulation, or preparation of the Plan, the related Disclosure Statement,

or related agreements, instruments, or other documents, or upon any other act or omission, transaction, agreement, event, or other occurrence taking place before the Effective Date and that could have been asserted at any time up to immediately prior to the Effective Date; provided, however, that any rights or remedies of Purchaser pursuant to the Asset Purchase Agreement shall be deemed expressly provided for and preserved in the Plan and the Confirmation Order and shall not be subject to the release under the Plan. Notwithstanding any language to the contrary contained in the Disclosure Statement, Plan, and/or Confirmation Order, no provision shall release any non-debtor, including any of the Released Parties, from liability in connection with any legal action or claim brought by the United States Securities and Exchange Commission.

5. Injunctions

Except as otherwise specifically provided in the Plan or the Confirmation Order, all Entities who have held, hold or may hold Claims, rights, Causes of Action, liabilities or any equity Interests based upon any act or omission, transaction or other activity of any kind or nature related to the Debtors, the NSI Receiver, the Joint NSSC Receivers, the Bermuda Liquidators, or the Chapter 11 Cases that occurred prior to the Effective Date, other than as expressly provided in the Plan or the Confirmation Order, regardless of the filing, lack of filing, allowance or disallowance of such a Claim or Interest and regardless of whether such Entity has voted to accept the Plan and any successors, assigns or representatives of such Entities shall be precluded and permanently enjoined on and after the Effective Date from (a) the commencement or continuation in any manner of any Claim, action or other proceeding of any kind with respect to any Claim, Interest or any other right or claim against the Debtors, the NSI Receiver, the Joint NSSC Receivers, the Bermuda Liquidators, the DIP Lenders, MIO, the Purchaser, the Note Lenders, or the US-Cayman Investors that are affiliates of or controlled by MIO, or any assets of

the foregoing, which they possessed or may possess prior to the Effective Date, (b) the enforcement, attachment, collection or recovery by any manner or means of any judgment, award, decree or order with respect to any Claim, Interest or any other right or claim against the Debtors, the NSI Receiver, the Joint NSSC Receivers, the Bermuda Liquidators, the DIP Lenders, MIO, the Purchaser, the Note Lenders, or the US-Cayman Investors that are affiliates of or controlled by MIO, or any assets of the foregoing, which such Entities possessed or may possess prior to the Effective Date, (c) the creation, perfection or enforcement of any encumbrance of any kind with respect to any Claim, Interest or any other right or claim against the Debtors, the NSI Receiver, the Joint NSSC Receivers, the Bermuda Liquidators, the DIP Lenders, MIO, the Purchaser, the Note Lenders, or the US-Cayman Investors that are affiliates of or controlled by MIO, or any assets of the foregoing which they possessed or may posses and (d) the assertion of any Claim that is released under the Plan; provided, however, that any rights or remedies of the Purchaser pursuant to the Asset Purchase Agreement shall be deemed expressly provided for and preserved in the Plan and the Confirmation Order and shall not be subject to the injunction in the Plan. Notwithstanding any language to the contrary contained in the Disclosure Statement, Plan, and/or Confirmation Order, no provision thereof shall release the Joint NSSC Receivers, the NSI Receiver or the Bermuda Liquidators from any Cause of Action that may be brought by any Bermuda Investor under Bermuda law.

6. Global Settlement Fund.

On the Effective Date, and periodically thereafter as necessary, all sums deposited in, or required to be delivered to, the USCB Escrow shall be transferred into the Global Settlement Fund, which shall be used exclusively for the purpose of making the payments provided for in Section 12.7 of the Plan. In addition to, and irrespective of, the amounts, if any, to be distributed to each Class 3 Creditor pursuant to Section 5.3 of the Plan, on the Effective

Date, each US-Cayman Investor who either (i) votes to accept the Plan or (ii) executes a ballot that consents to the acceptance of the Plan by the US Fund or any of the Cayman Funds in which such US-Cayman Investor holds an Interest (collectively, "Accepting US-Cayman Investors"), shall receive a payment from the Global Settlement Fund that is calculated based on the ratio that each such US-Cayman Investor's Percentage Share bears to the aggregate of the Percentage Share of all other Accepting US-Cayman Investors. In consideration thereof, each Accepting US-Cayman Investor who receives a distribution from the Global Settlement Fund, solely in its capacity as such, shall be deemed to have unconditionally, irrevocably and forever, released and discharged each of the Released Parties from any and all Claims, Interests, Causes of Action, remedies and liabilities whatsoever, whether for tort, fraud, contract, violations of federal or state securities laws, or otherwise, including any derivative Claims, asserted on behalf of a Debtor, whether known or unknown, foreseen or unforeseen, existing or hereafter arising, in law, equity, or otherwise, that such entity would have been legally entitled to assert (whether individually or collectively), based on or in any way relating to, or in any manner arising from, in whole or in part, the Debtors, the Debtors' restructuring, the Chapter 11 Cases, the purchase, sale, or rescission of the purchase or sale of any security, the subject matter of, or the transactions or events giving rise to, any Claim or Interest that is treated in the Plan, the business or contractual arrangements between any Debtor and any Released Party, the restructuring of Claims and Interests prior to or in the Chapter 11 Cases, the negotiation, formulation, or preparation of the Plan, the related Disclosure Statement or related agreements, instruments, or other documents, upon any other act or omission, transaction, agreement, event, or other occurrence taking place at any time on or before the Effective Date of the Plan. A vote to accept the Plan, or the acceptance of any payment or distribution made from the Global Settlement Fund, by any Investor or

Creditor shall constitute, and be conclusively presumed to be, consent and acquiescence to the absolute, unconditional and irrevocable release and discharge of each of the Released Parties from any and all Claims, Interests, Causes of Action, remedies and liabilities, as set forth hereinabove. Notwithstanding anything to the contrary in the foregoing, the release set forth above does not release any post-Effective Date obligations of any party under the Plan or any document, instrument, or agreement executed to implement the Plan. In the event that any vote on the Plan by a Creditor holding an Allowed Claim in Class 3 is designated pursuant to Section 1126(e) of the Bankruptcy Code or is otherwise not counted for purposes of determining whether Class 3 has accepted the Plan and such Creditor has timely returned a ballot indicating its acceptance of the Plan, then any such Creditor Holding an Allowed Claim in Class 3 shall nonetheless be entitled to receive its *pro rata* Distribution (calculated as described above) the Global Settlement Fund and shall be deemed to have consented to the release and discharge of the Released Parties set forth herein.

The amount of the Global Settlement Payment to be made to each Accepting US-Cayman Investor will be dependent on several factors including: whether Class 3 votes to accept the Plan and is therefore an accepting Class; and, the aggregate amount of the Percentage Share of the Accepting US-Cayman Investors. As is described in the Plan and Disclosure Statement, if Class 3 does not accept the Plan and it is confirmed pursuant to the Cramdown Process, the aggregate of Cash contributed to the Global Settlement Fund may be not more than $2,500,000. However, if Class 3 votes to accept the Plan, the aggregate of Cash contributed to the Global Settlement Fund could be in excess of $10,000,000. Moreover, the calculation of the Global Settlement Payment to be paid to each Accepting US-Cayman Investor will be a calculated based on the

ratio that each Accepting US-Cayman Investor's Percentage Share bears to the aggregate of the Percentage Shares of all Accepting US-Cayman Investors.

E. Section 1146 Exemption.

Pursuant to Section 1146(a) of the Bankruptcy Code, the issuance, transfer or exchange of notes or issuance of debt or equity securities under the Plan, the creation of any mortgage, deed of trust or other security interest, the making or assignment of any lease or sublease, or the making or delivery of any deed or other instrument of transfer under, in furtherance of, or in connection with the Plan, including without limitation, any merger agreements or agreements of consolidation, deeds, bills of sale or assignments executed in connection with any of the transactions contemplated under the Plan, shall not be subject to any stamp, real estate transfer, mortgage recording, sales or other similar tax. Unless expressly provided otherwise, all sale transactions consummated by the Debtors and approved by the Bankruptcy Court on and after the Petition Date through and including the Effective Date, including without limitation, the sales, if any, by the Debtors of owned property or assets pursuant to Section 363(b) of the Bankruptcy Code and the assumptions, assignments and sales, if any, by the Debtors of unexpired leases of non-residential real property pursuant to Section 365(a) of the Bankruptcy Code, shall be deemed to have been made under, in furtherance of, or in connection with the Plan and, therefore, shall not be subject to any stamp, real estate transfer, mortgage recording, sales or other similar tax law.

F. Compliance with Tax Requirements.

In connection with the implementation and consummation of the Plan, the Debtors will comply with all withholding and reporting requirements imposed by any taxing authority, and all distributions thereunder will be subject to such withholding and reporting requirements.

G. Severability of Plan Provisions.

In the event that, prior to the Confirmation Date, any term or provision of the Plan is held by the Bankruptcy Court to be invalid, void or unenforceable, the Bankruptcy Court will have the power to alter and interpret such term or provision to make it valid or enforceable to the maximum extent practicable, consistent with the original purpose of the term or provision held to be invalid, void or unenforceable, and such term or provision will then be applicable as altered or interpreted. Notwithstanding any such holding, alteration or interpretation, the remainder of the terms and provisions of the Plan will remain in full force and effect and will in no way be affected, impaired or invalidated by such holding, alteration or interpretation. The Confirmation Order will constitute a judicial determination and will provide that each term and provision of the Plan, as it may have been altered or interpreted in accordance with the foregoing, is valid and enforceable in accordance with its terms.

H. Exemption from Securities Laws.

The issuance of Interests in certain of the Reorganized Debtors and any other securities that may be deemed to be issued pursuant to the Plan shall be exempt from state and federal securities laws pursuant to Section 1145 of the Bankruptcy Code.

I. Allocation of Plan Distributions Between Principal and Interest.

To the extent that any Allowed Claims entitled to a distribution under the Plan is composed of indebtedness and accrued but unpaid interest thereon, such distribution shall, to the extent permitted by applicable law, be allocated, for federal income tax purposes to the principal amount of the Claim first and then, to the extent the consideration exceeds the principal amount of the Claim, to the portion of such Claim representing accrued but unpaid interest.

XVI. RETENTION OF JURISDICTION

A. Post Effective-Date Jurisdiction

On and after the Effective Date, and notwithstanding the entry of the Confirmation Order and the occurrence of the Effective Date, the Bankruptcy Court will retain jurisdiction over the Chapter 11 Cases to the fullest extent legally permissible, including jurisdiction to, among other things:

(1) Allow, disallow, determine, liquidate, classify, estimate or establish the priority or secured or unsecured status of any Claim or Interest, including the resolution of any request for payment of any Administrative Claim and the resolution of any and all objections to the allowance or priority of all Claims and Interests;

(2) Hear and determine any and all causes of action against any Person and rights of the Debtors that arose before or after the Petition Date, including but not limited any Avoidance Action that is commenced on or prior to the Effective Date;

(3) Grant or deny any applications for allowance of compensation for professionals authorized pursuant to the Bankruptcy Code or the Plan, for periods ending on or before the Effective Date;

(4) Resolve any matters relating to the assumption, assumption and assignment or rejection of any executory contract or unexpired lease to which any Debtor is a party or with respect to which any of the Debtors may be liable, including without limitation the determination of whether such contract is executory or such lease is unexpired for the purposes of Section 365 of the Bankruptcy Code, and hear, determine and, if necessary, liquidate any Claims arising therefrom;

(5) Enter any orders that may be required approving the Post-Confirmation Debtors' post-Confirmation sale or other disposition of Assets;

(6) Ensure that distributions to Holders of Allowed Claims are accomplished pursuant to the provisions of the Plan;

(7) Decide or resolve any motions, adversary proceedings, contested or litigated matters and any other matters and grant or deny any applications involving any Debtor that may be pending in the Chapter 11 Cases on the Effective Date;

(8) Hear and determine matters concerning state, local or federal taxes in accordance with Sections 346, 505 or 1146 of the Bankruptcy Code;

(9) Enter such orders as may be necessary or appropriate to implement or consummate the provisions of the Asset Management Agreement, the DIP Credit Agreement, the Plan, the DIP Facility Orders, the Asset Purchase Agreement and the Confirmation Order;

(10) Hear and determine any matters concerning the enforcement of the provisions of Article 11 and 12 of the Plan and any other exculpations, limitations of liability or injunctions contemplated by the Plan;

(11) Resolve any cases, controversies, suits or disputes that may arise in connection with the Consummation, interpretation or enforcement of the Asset Management Agreement, the DIP Credit Agreement, the Plan, the DIP Facility Orders or the Confirmation Order;

(12) Permit the Debtors, to the extent authorized pursuant to Section 1127 of the Bankruptcy Code, to modify the Plan or any agreement or document created in connection with the Plan, or remedy any defect or omission or reconcile any inconsistency in the Plan or any agreement or document created in connection with the Plan;

(13) Issue injunctions, enter and implement other orders or take such other actions as may be necessary or appropriate to restrain interference by any entity with

Consummation, implementation or enforcement of the Asset Management Agreement, the DIP Credit Agreement, the Plan, the DIP Facility Order, the Asset Purchase Agreement or the Confirmation Order;

(14) Enforce any injunctions entered in connection with or relating to the Plan or the Confirmation Order;

(15) Enter and enforce such orders as are necessary or appropriate if the Confirmation Order is for any reason modified, stayed, reversed, revoked or vacated, or distributions pursuant to the Plan are enjoined or stayed;

(16) Determine any other matters that may arise in connection with or relating to the Plan or any agreement or the Confirmation Order;

(17) Enter any orders in aid of prior orders of the Bankruptcy Court; and

(18) Enter a final decree closing the Chapter 11 Cases.

B. Jurisdiction Prior to the Effective Date

Prior to the Effective Date, the Bankruptcy Court shall retain jurisdiction with respect to each of the foregoing items and all other matters over which it may exercise jurisdiction pursuant to 28 U.S.C. §1334.

XVII. MISCELLANEOUS PROVISIONS

A. Payment of Statutory Fees

On the Effective Date, and thereafter as may be required, the Reorganized Debtors shall pay all fees required to be paid pursuant to Section 1930 of Title 28 of the United States Code.

B. Professional Fee Claims

All final requests for Professional Fee Claims must be filed with the Court not later than sixty (60) days after the Effective Date. Objections to the applications of such professionals or other entities for compensation or reimbursement of expenses must be filed and served on the

Debtors and their counsel and the requesting professional or other entity not later than two (2) weeks prior to the hearing date of the applications. The hearing date on any Professional Fee Claims will be set to allow a reasonable time for objections to be filed.

C. Modifications and Amendments

The Plan may be amended, modified or supplemented by the Debtors or Reorganized Debtors, subject to the consents of the Receivers, the Purchaser and the DIP Lenders (unless the Insurance Portfolio Sale has closed and all obligations under the DIP Credit Agreement have has been repaid in full in which case the consent of the Purchaser and the DIP Lenders are not required), in the manner provided for by Section 1127 of the Bankruptcy Code or as otherwise permitted by law without additional disclosure pursuant to Section 1125 of the Bankruptcy Code, except as the Bankruptcy Court may otherwise direct. In addition, after the Confirmation Date, so long as such action does not materially adversely affect the treatment of Holders of Claims or Equity Interests under the Plan, the Debtors may institute proceedings in the Bankruptcy Court, to remedy any defect or omission or reconcile any inconsistencies in the Plan or the Confirmation Order, with respect to such matters as may be necessary to carry out the purposes and effects of the Plan.

D. Corrective Action

Prior to the Effective Date, the Debtors may make appropriate technical adjustments and modifications to the Plan without further order or approval of the Bankruptcy Court, subject to the consents of the Receivers, the Purchaser and the DIP Lenders (unless the Insurance Portfolio Sale has closed and all obligations under the DIP Credit Agreement have been repaid in full in which case the consent of the Purchaser and the DIP Lenders is not required), provided that such technical adjustments and modifications do not adversely affect in a material way the treatment of Holders of Claims and Interests.

E. Plan Revocation, Withdrawal or Non-Consummation

Subject to the consents of the Purchaser and the DIP Lenders (unless the Insurance Portfolio Sale has closed and all obligations under the DIP Credit Agreement have been repaid in full in which case the consent of the Purchaser and the DIP Lenders are not required), the Debtors reserve the right to abandon, revoke or withdraw the Plan at any time prior to the Confirmation Date and to file subsequent plans of reorganization. If the Debtors revoke or withdraw the Plan, or if confirmation or consummation of the Plan does not occur, then (a) the Plan shall be null and void in all respects, (b) any settlement or compromise embodied in the Plan (including the fixing or limiting to an amount certain any Claim or Class of Claims), assumption or rejection of executory contracts or leases effected by the Plan, and any document or agreement executed pursuant to the Plan, shall be deemed null and void, and (c) nothing contained in the Plan and no acts taken in preparation for consummation of the Plan shall (i) constitute or be deemed to constitute a waiver or release of any Claims by or against, or any Equity Interest in, any Debtor or any other Person, (ii) prejudice in any manner the rights of the Debtors or any Person in any further proceedings involving a Debtor, or (iii) constitute an admission of any sort by the Debtors or any other Person. None of the filing of the Plan, the taking by the Debtors of any action with respect to the Plan or any statement or provision contained in the Plan or herein will be or be deemed to be an admission by any of the Debtors, the Holders of any Claims or any other Person against interest, or be deemed to be a waiver of any rights, claims or remedies that the Debtors may have, and until the Effective Date all such rights and remedies are and will be specifically reserved. With the exception of the Purchaser, in the event the Plan is not confirmed and the Confirmation Order is not entered, the Plan and the Plan Documents, and any statement contained herein or therein, may not be used by any Person, party or entity against any the Debtors.

F. Modification of Exhibits

Subject to obtaining the consents of the Purchaser and the DIP Lenders (unless the Insurance Portfolio Sale has closed and the DIP Loan has been repaid in full in which case the consent of the Purchaser and the DIP Lenders is not required), the Debtors explicitly reserve the right to modify or make additions to or subtractions from any schedule to the Plan or the Disclosure Statement and to modify any Exhibit to the Plan or the Disclosure Statement prior to the Objection Deadline.

G. Governing Law

Except to the extent that the Bankruptcy Code or other federal law is applicable, or to the extent an Exhibit or Plan Document provides otherwise, the rights, duties and obligations arising under the Plan shall be governed by, and construed and enforced in accordance with, the laws of the State of Delaware, without giving effect to the principles of conflict of laws thereof.

H. Time

In computing any period of time prescribed or allowed by the Plan, unless otherwise set forth in the Plan or determined by the Bankruptcy Court, the provisions of Bankruptcy Rule 9006 shall apply. With regard to all dates and periods of time set forth or referred to in the Plan, time is of the essence.

I. Section Headings

The section headings and other captions contained in the Plan are for reference purposes only and shall not affect in any way the meaning or interpretation of the Plan.

J. Effectuating Documents and Further Transactions

Each of the officers of the Debtors and the Reorganized Debtors is authorized to execute, deliver, file or record such contracts, instruments, releases, indentures and other agreements or documents and take such actions as may be necessary, appropriate or desirable to effectuate and

further evidence the terms and provisions of the Plan, the Plan Documents and any securities issued pursuant to the Plan.

K. Successors and Assigns

The rights, benefits and obligations of any Person named or referred to herein shall be binding on, and shall inure to the benefit of, any heir, executor, administrator, successor or assign of such Person; provided, however, that nothing in the Plan or the Confirmation Order shall be deemed to permit the assignment of an Insurance Policy that is non-assignable to any party other than the Reorganized Debtors without the Insurer's consent under applicable non-bankruptcy law.

L. Notices

All notices, requests and demands to or upon the Debtors or the Reorganized Debtors shall be in writing (including by facsimile transmission) and, unless otherwise expressly provided herein, shall be deemed to have been duly given or made when actually delivered or, in the case of notice by facsimile transmission, when received and telephonically confirmed, addressed as follows:

Reed Smith LLP
599 Lexington Avenue
22nd Floor
New York, NY 10022
Attn: Michael J. Venditto
Tel: (212) 521 5400
Fax: (212) 521 5450
Email: mvenditto@reedsmith.com

-and-

Reed Smith LLP
1201 Market Street
Suite 1500
Wilmington, DE 19801
Attn: Kurt F. Gwynne
Kimberly E. Lawson
Tel: (302) 778 7512
Fax: (302) 778 7575
Email: kgwynne@reedsmith.com
klawson@reedsmith.com

Any delivery after 5:00 p.m., prevailing Pacific time, on a Business Day, or on a day that is not a Business Day, shall be deemed to have been made on the immediately following Business Day.

XVIII. FEASIBILITY OF THE PLAN AND THE BEST INTERESTS TEST

At the Confirmation Hearing, the Bankruptcy Court will determine whether the requirements of Section 1129 of the Bankruptcy Court have been satisfied. If so, the Bankruptcy Court will enter the Confirmation Order. Debtors believe that the Plan satisfies or will satisfy the applicable requirements, as follows:

- The Plan complies with the applicable provisions of the Bankruptcy Code.
- The Debtors, as Plan proponent, will have complied with the applicable provisions of the Bankruptcy Code.
- The Plan has been proposed in good faith and not by any means forbidden by law.
- Any payment made or promised under the Plan for services or for costs and expenses in, or in connection with, the Chapter 11 cases, or in connection with the Plan and incident to the case, has been disclosed to the Bankruptcy Court, and any such payment made before the confirmation of the Plan is reasonable, or if such payment is to be fixed after the confirmation of the Plan, such payment is subject to the approval of the Bankruptcy Court as reasonable.

- With respect to each Class of Impaired Claims or Equity Interests, either each Holder of a Claim or Equity Interest of such Class has accepted the Plan or will receive or retain under the Plan on account of such Claim or Equity Interest property of a value, as of the Effective Date, that is not less than the amount that such Holder would receive or retain if the Debtors were liquidated on such date under Chapter 7 of the Bankruptcy Code.
- Each Class of Claims or Equity Interests that is entitled to vote on the Plan will either have accepted the Plan or will not be impaired under the Plan, or the Plan may be confirmed without the approval of each voting Class pursuant to Section 1129(b) of the Bankruptcy Code.
- Except to the extent that the Holder of a particular Claim will agree to a different treatment of such Claim, the Plan provides that Allowed Administrative, Allowed Priority Tax Claims and Allowed Other Priority Non-Tax Claims will be paid in full on the Effective Date, or as soon thereafter as practicable.
- At least one Class of Impaired Claims or Equity Interests will have accepted the Plan, determined without including any acceptance of the Plan by any insider holding a Claim of such Class.
- Confirmation of the Plan is not likely to be followed by the liquidation, or the need for further financial reorganization, of the Debtors or any successor to the Debtors under the Plan, unless such liquidation or reorganization is proposed in the Plan.
- All fees of the type described in 28 U.S.C. § 1930, including the fees of the United States Trustee, will be paid as of the Effective Date.

The Debtors believe that (a) the Plan satisfies or will satisfy all of the statutory requirements of Chapter 11 of the Bankruptcy Code, (b) they have complied, or will have complied, with all of the requirements of Chapter 11 and (c) the Plan has been proposed in good faith.

As a result, the Debtors believe that the Plan does not unfairly discriminate against the Holders of these Claims.

A. Feasibility of the Plan

To confirm the Plan, the Bankruptcy Court must find that confirmation of the Plan is not likely to be followed by the liquidation or the need for further financial reorganization of the Debtors. This requirement is imposed by Section 1129(a)(11) of the Bankruptcy Code and is referred to as the "feasibility" requirement. The Debtors believe that they will be able to timely perform all obligations described in the Plan and, therefore, that the Plan is feasible.

To demonstrate the feasibility of the Plan, the Debtors have prepared and relied upon the financial projections, which are annexed to this Disclosure Statement as Exhibit 6 (the "Projections"), the Liquidation Analysis, which is annexed hereto as Exhibit 7 (the "Liquidation Analysis"), and the valuations annexed hereto as Exhibit 8 (the "Valuations"). **EXHIBITS 6, 7 and 8 AND THE NOTES THERETO ARE AN INTEGRAL PART OF THIS DISCLOSURE STATEMENT AND SHOULD BE READ IN CONJUNCTION WITH THIS DISCLOSURE STATEMENT AND THE PLAN.**

The projections indicate that the Reorganized Debtors should have sufficient cash flow to pay and service their debt obligations and to fund their operations. Accordingly, the Debtors believe that the Plan satisfies the feasibility requirement of Section 1129(a)(11) of the Bankruptcy Code. As noted in the projections, however, the Debtors caution that no representations can be made as to the accuracy of the projections or as to the Reorganized

Debtors' ability to achieve the protected results. Many of the assumptions upon which the projections are based are subject to uncertainties outside the control of the Debtors. Some assumptions inevitably will not materialize, and events and circumstances occurring after the date on which the projections were prepared may be different from those assumed or may be unanticipated, and may adversely affect the Debtors' financial results. As disclosed in the projections, these estimates have not been audited and may not comply with the requirements of Generally Accepted Accounting Principles ("GAAP"). The Debtors' management believes these estimates are reasonable and are the best estimate of the future operations of the Reorganized Debtors. However, the actual results can be expected to vary from the projected results and the variations may be material and adverse.

THE PROJECTIONS WERE NOT PREPARED WITH A VIEW TOWARD COMPLIANCE WITH THE GUIDELINES ESTABLISHED BY THE AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS, THE PRACTICES RECOGNIZED TO BE IN ACCORDANCE WITH GENERALLY ACCEPTED ACCOUNTING PRINCIPLES, OR THE RULES AND REGULATIONS OF THE SEC REGARDING PROJECTIONS. FURTHERMORE, THE PROJECTIONS HAVE NOT BEEN AUDITED BY ANY INDEPENDENT ACCOUNTANTS. ALTHOUGH PRESENTED WITH NUMERICAL SPECIFICITY, THE PROJECTIONS ARE BASED UPON A VARIETY OF ASSUMPTIONS, SOME OF WHICH IN THE PAST HAVE NOT BEEN ACHIEVED AND WHICH MAY NOT BE REALIZED IN THE FUTURE, AND ARE SUBJECT TO SIGNIFICANT BUSINESS, ECONOMIC AND COMPETITIVE UNCERTAINTIES AND CONTINGENCIES, MANY OF WHICH ARE BEYOND THE CONTROL OF THE DEBTORS. CONSEQUENTLY, THE PROJECTIONS SHOULD

NOT BE REGARDED AS A REPRESENTATION OR WARRANTY BY THE DEBTORS, OR ANY OTHER PERSON, THAT THE PROJECTIONS WILL BE REALIZED. ACTUAL RESULTS MAY VARY MATERIALLY FROM THOSE PRESENTED IN THE PROJECTIONS.

SAFE HARBOR STATEMENT UNDER THE PRIVATE SECURITIES LITIGATION REFORM ACT OF 1995: This Disclosure Statement and the financial projections contained herein and in the Projections include "forward-looking statements" within the meaning of Section 27A of the Securities Act and Section 21E of the Exchange Act. All statements other than statements of historical fact included in this Disclosure Statement are forward-looking statements, including, without limitation, financial projections, the statements, and the underlying assumptions, regarding the timing of, completion of and scope of the current restructuring, the Plan, debt and equity market conditions, the cyclicality of the Debtors' industry, current and future industry conditions, the potential effects of such matters on the Debtors' business strategy, results of operations or financial position, the adequacy of the Debtors' liquidity and the market sensitivity of the Debtors' financial instruments. The forward-looking statements are based upon current information and expectations. Estimates, forecasts and other statements contained in or implied by the forward-looking statements speak only as of the date on which they are made, are not guarantees of future performance and involve certain risks, uncertainties and assumptions that are difficult to evaluate and predict. Although the Debtors believe that the expectations reflected in the forward-looking statements are reasonable, parties are cautioned that any such forward-looking statements are not guarantees of future performance, and involve risks and uncertainties, and that actual results may differ materially from those contemplated by such forward-looking statements. Certain important factors that

could cause actual results to differ materially from the Debtors' expectation or what is expressed, implied or forecasted by or in the forward-looking statements include developments in the Chapter 11 Cases, adverse developments in the timing or results of the Debtors' business plan (including the time line to emerge from Chapter 11), the timing and extent of changes in economic conditions, industry capacity and operating rates, the supply-demand balance for the Debtors' services, competitive products and pricing pressures, federal and state regulatory developments, the Debtors' financial leverage, motions filed or actions taken in connection with the bankruptcy proceedings, the availability of skilled personnel, the Debtors' ability to attract or retain high quality employee and operating hazards attendant to the industry. Additional factors that could cause actual results to differ materially from the Projections or what is expressed, implied or forecasted by or in he forward-looking statements are stated herein in cautionary statements made in conjunction with the forward looking statements or are included elsewhere in this Disclosure Statement.

B. Best Interests Test

1. Generally

The Bankruptcy Code requires the bankruptcy court to determine that a plan is in the "best interests" of all holders of claims and interests that are impaired by the plan and that have not accepted the plan. The "best interests" test, as set forth in Section 1129(a)(7) of the Bankruptcy Code, requires a bankruptcy court find that each holder of a claim or interest in an impaired class either (i) has accepted the plan or (ii) will receive or retain under the plan property of a value, as of the effective date of the plan, that is not less than the amount that such holder would recover if the debtor were liquidated under Chapter 7 of the Bankruptcy Code.

To calculate the probable distribution to members of each impaired class of holders of claims and interests if the debtor were liquidated under Chapter 7, a bankruptcy court

must first determine the aggregate dollar amount that would be generated from the debtor's assets if its Chapter 11 case were converted to a Chapter 7 case under the Bankruptcy Code. This "liquidation value" would consist primarily of the proceeds from a forced sale of the debtor's assets by a Chapter 7 trustee.

The amount of liquidation value available to unsecured creditors would be reduced by, first, the claims of secured creditors to the extent of the value of their collateral and, second, by the costs and expenses of liquidation, as well as by other administrative expenses and costs of both the Chapter 7 case and the Chapter 11 case. A liquidation under Chapter 7 does not affect the priority of several holders of claims to be paid first. Costs of liquidation under Chapter 7 of the Bankruptcy Code would include the compensation of a trustee, as well as of counsel and other professionals retained by the trustee, asset disposition expenses, all unpaid expenses incurred by the debtor in its bankruptcy case (such as compensation of attorneys, financial advisors, and restructuring consultants) that are allowed in the Chapter 7 case, litigation costs, and claims arising from the operations of the debtor during the pendency of the bankruptcy case. The liquidation itself would trigger certain priority payments that otherwise would be due in the ordinary course of business. Those priority claims would be paid in full from the liquidation proceeds before the balance would be made available to pay general unsecured claims or to make any distribution in respect of equity interests. The liquidation also would prompt the rejection of a large number of executory contracts and unexpired leases and thereby create a significantly higher number of unsecured claims.

Once the court ascertains the recoveries in liquidation of secured creditors and priority claimants, it must determine the probable distribution to general unsecured creditors and equity security holders from the remaining available proceeds in liquidation. If such probable

distribution has a value greater than the distributions to be received by such creditors and equity security holders under a debtor's plan, then such plan is not in the "best interests" of creditors and equity security holders.

2. Best Interests of Creditors Test

For purposes of the best interests test and in order to determine the liquidation value available to Creditors, the Debtors, with the assistance of their financial advisors, prepared the Liquidation Analyses that are annexed to this Disclosure Statement as Exhibit 7. A separate Liquidation Analysis has been prepared for each of the four Debtors. The information in the Liquidation Analysis that is annexed as Exhibit 7 has been calculated as of November 30, 2010, the last date prior to the date of this Disclosure Statement for which the Debtors' had compiled financial statements.[19]

The Liquidation Analysis for NSI demonstrates that in a Chapter 7 liquidation, the Creditors holding Secured Claims in Class 1 Creditors would be paid in full, and that the Creditors holding Unsecured Claims in Class 4(a) would also be paid in full, with a distribution available to NSSC, as the Holder of the Interests in NSI.

The Liquidation Analysis for NSSC demonstrates that in a Chapter 7 liquidation: (i) the Creditors holding Secured Claims in Class 2 would receive a distribution equivalent to approximately 18.5% of the Face Amount of their Secured Claims, (iii) the Holders of Claims in Class 3 would be Unsecured and would not receive any distribution; and (iii) the Holders of Unsecured Claims in Class 4 (b) would not receive any distribution. The Debtors believe that this analysis demonstrates that under the terms of the plan, Class 3 Creditors will receive

[19] It is anticipated that prior to the Confirmation Hearing the Debtors will have more recent financial information and that the Liquidation Analysis will be supplemented to reflect that information. In that event, a copy of the updated Liquidation Analysis will be included in the Plan Supplement.

consideration that materially exceeds what the Liquidation Analysis projects would be available to such creditors in a Chapter 7 liquidation. Thus the Debtors believe that Class 3 Creditors too are materially better off under the Plan than they would be in a Chapter 7 liquidation.

The Liquidation Analysis for NSC demonstrates that in a Chapter 7 liquidation the Holders of Unsecured Claims in Class 4(c) would receive a nominal distribution that is materially less than the distribution that they would receive if the Plan is confirmed.

The foregoing conclusions are premised upon the assumptions set forth in Exhibit 7, which the Debtors and their financial advisors believe are reasonable.

The Debtors believe that any liquidation analysis with respect to the Debtors is inherently speculative. The Liquidation Analysis for the Debtors necessarily contains estimates of the net proceeds that would be received from a forced sale of assets and/or business units, as well as the amount of Claims that would ultimately become Allowed Claims. Claims estimated are based solely upon the Debtors' books and records. It is not possible to know what order or finding may be entered by the Bankruptcy Court estimating or otherwise fixing the amount of Claims or whether such estimates will be more or less than the projected amounts of Allowed Claims set forth in the Liquidation Analysis. In preparing the Liquidation Analysis, the Debtors have projected an amount of Allowed Claims that represents their best estimate of the Chapter 7 liquidation dividend to Holders of Allowed Claims. The estimate of the amount of Allowed Claims set forth in the Liquidation Analysis should not be relied on for any other purpose, including, without limitation, any determination of the value of any distribution to be made on account of the Allowed Claims under the Plan.

3. Application of the "Best Interests" of Creditors Test to the Liquidation Analysis and the Valuations

It is impossible to determine with certainty the value each Holder of a Class 3 Claim or Class 4(c) Claim will receive under the Plan as a percentage of any Allowed Claim.

Notwithstanding the difficulty in quantifying recoveries with precision, the Debtors believe that the financial disclosures and projections contained herein imply a greater recovery to Holders of Claims in creditor classes that are impaired under the Plan than the recovery available to them in a Chapter 7 liquidation. Accordingly, the Debtors believe that the "best interests" test of Section 1129 of the Bankruptcy Code is satisfied.

C. Confirmation Without Acceptance by All Impaired Classes: The 'Cramdown' Alternative

Section 1129(b) of the Bankruptcy Code provides that a plan may be confirmed even if it has not been accepted by all impaired classes as long as at least one impaired class of claims has accepted it. The Bankruptcy Court may confirm a plan at the request of a debtor notwithstanding the plan's rejection (or deemed rejection) by impaired classes as long as the plan "does not discriminate unfairly" and is "fair and equitable" as to each impaired class that has not accepted it. A plan does not discriminate unfairly within the meaning of the Bankruptcy Code if a dissenting class is treated equally with respect to other classes of equal rank.

A plan is fair and equitable as to a class of secured claims that rejects such plan if the plan provides (1)(a) that the holders of claims included in the rejecting class retain the lien securing those claims, whether the property subject to those liens is retained by the debtor or transferred to another entity, to the extent of the allowed amount of such claims, and (b) that each holder of a claim of such class receives on account of that claim deferred cash payments totaling at least the allowed amount of that claim of a value, as of the effective date of the plan,

of at least the value of the holder's interest in the estate's interest in such property; (2) for the sale, subject to Section 363(k) of the Bankruptcy Code, of any property that is subject to the liens securing the claims included in the rejecting class, free and clear of the liens, with the liens to attach to the proceeds of the sale, and the treatment of the liens on proceeds under clause (1) or (2) of this paragraph; or (3) for the realization by such holders of the indubitable equivalent of such claims.

A plan is fair and equitable as to a class of unsecured claims which rejects a plan if the plan provides (1) for each holder of a claim included in the rejecting class to receive or retain on account of that claim property that has a value, as of the effective date of the plan, equal to the allowed amount of such claim; or (2) that the holder of any claim or interest that is junior to the claims of such rejecting class will not receive or retain on account of such junior claim or interest any property at all.

A plan is fair and equitable as to a class of equity interests that rejects a plan if the plan provides (1) that each holder of an interest included in the rejecting class receives or retains on account of that interest property that has a value, as of the effective date of the plan, equal to the greatest of the allowed amount of any fixed liquidation preference to which such holder is entitled, any fixed redemption price to which such holder is entitled, or the value of such interest; or (2) that the holder of any interest that is junior to the interest of such rejecting class will not receive or retain under the plan on account of such junior interest any property at all.

The votes of Holders of Claims or Interests in Classes 4(b) and 5(b) are not being solicited because such Holders are not entitled to receive or retain under the Plan any interest in property on account of their Claims and Equity Interests. Such Classes therefore are deemed to have rejected the Plan pursuant to Section 1126(g) of the Bankruptcy Code. In addition, other

Classes may vote to reject the Plan. Accordingly, the Debtors may be, or are, seeking confirmation of the Plan pursuant to Section 1129(b) of the Bankruptcy Code with respect to such Classes. Notwithstanding the deemed or actual rejection of the Plan by such Classes, the Debtors believe that Classes Claims or Interests in Classes 4(b) and 5(b) and any other Classes that vote to reject the Plan are being treated fairly and equitably under the Bankruptcy Code. The Debtors therefore believe the Plan may be confirmed despite the deemed or actual rejection by these Classes.

XIX. IMPORTANT CONSIDERATIONS AND RISK FACTORS

A. The Debtors Have No Duty To Update

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

B. No Representations Outside The Disclosure Statement Are Authorized

No representations concerning or related to the Debtors, the Chapter 11 cases or the Plan are authorized by the Bankruptcy Court or the Bankruptcy Code, other than as set forth in this Disclosure Statement. Any representations or inducements made to secure your acceptance, or rejection, of the Plan that are other than as contained in, or included with, this Disclosure Statement should not be relied upon by you in arriving at your decision. You should promptly report unauthorized representations or inducements to Debtors' counsel and the Office of the United States Trustee.

C. Information Presented Based On Debtors' Books And Records; No Audit Performed

While the Debtors have endeavored to present information fairly in this Disclosure Statement, because of Debtors' financial difficulties, as well as the complexity of Debtors' financial matters, the Debtors' books and records upon which this Disclosure Statement is based might be incomplete or inaccurate. The financial information contained herein, unless otherwise expressly indicated, is unaudited.

D. All Information Was Provided By Debtors And Was Relied Upon By Professionals

All counsel and other professionals for the Debtors have relied upon information provided by the Debtors in connection with preparation of this Disclosure Statement. Although counsel for the Debtors have performed certain limited due diligence in connection with the preparation of this Disclosure Statement, counsel has not verified independently the information contained herein and no Creditors or Investor should rely upon any statements or representations of counsel or other professionals engaged by the Debtors in connection with these cases.

E. Projections And Other Forward Looking Statements Not Assured

Certain of the information contained in this Disclosure Statement is, by nature, forward looking, and contains estimates and assumptions which might ultimately prove to be incorrect, and contains projections which may be materially different from actual future experiences. There are uncertainties associated with any projections and estimates, and they should not be considered assurances or guarantees of the amount of funds or the amount of Claims in the various classes that might be allowed.

1. Claims Could Be More Than Projected

The allowed amount of Claims in each Class could be significantly more than projected, which in turn, could cause the value of distributions to be reduced substantially.

2. Projections

While the Debtors believe that their projections are reasonable, there can be no assurance that they will be realized, resulting in recoveries that could be significantly less than projected.

F. No Legal Or Tax Advice Is Provided To You By This Disclosure Statement

The contents of this Disclosure Statement should not be construed as legal, business or tax advice. Each Holder of a Claim or Interest should consult his, her or its own legal counsel and accountant as to legal, tax and other matters concerning his, her, or its Claim or Equity Interest.

This Disclosure Statement is not legal advice to you. This Disclosure Statement may not be relied upon for any purpose other than to determine how to vote on the Plan or object to confirmation of the Plan.

G. No Admissions Made

Nothing contained herein shall constitute an admission of any fact or liability by any party (including, without limitation, the Debtors) or to be deemed evidence of the tax or other legal effects of the Plan on the Debtors or on Holders of Claims or Equity Interests.

H. No Waiver Of Rights Except As Expressly Set Forth In The Plan

A vote for or against the Plan does not constitute a waiver or release of any Claims or rights of the Debtors (or any party in interest, as the case may be) to object to that creditor's Claim, or recover any preferential, fraudulent or other voidable transfer or estate assets,

regardless of whether any Claims of the Debtors or their respective estates are specifically or generally identified herein.

1. Business Factors And Competitive Conditions

In their financial projections, the Debtors have assumed that the general economic conditions of the United States economy will improve over the next several years. An improvement of economic conditions is subject to many factors outside the Debtors' control, including interest rates, inflation, unemployment rates, consumer spending, war, terrorism and other such factors. Any one of these or other economic factors could have a significant impact on the operating performance of the Reorganized Debtors. There is no guarantee that economic conditions will improve in the near term.

The Debtors believe that they will succeed in implementing and executing their restructuring for the benefit of all constituencies. However, there are risks that the goals of the Debtors' going-forward business plan and operational restructuring strategy will not be achieved. In such event, the Debtors may be forced to sell all or parts of their business, develop and implement further restructuring plans not contemplated herein or become subject to further insolvency proceedings. Because the Claims of substantially all unsecured Creditors will be extinguished under the Plan, in the event of further restructurings or insolvency proceedings of Claims of such persons could be substantially diluted or even cancelled.

In addition to uncertain economic and business conditions, the Reorganized Debtors will likely face competitive pressures and other third party actions and changes in market conditions. The Reorganized Debtors' anticipated performance will be impacted by these and other unpredictable activities.

Other factors that Holders of Claims should consider are potential regulatory and legal developments that may impact the Reorganized Debtors' businesses. Although these and other

such factors are beyond the Debtors' control and cannot be determined in advance, they could have a significant impact on the Reorganized Debtors' operating performance.

The Debtors' operations are dependent on the availability and cost of working capital financing and trade terms provided by vendors and may be adversely affected by any shortage or increased cost of such financing and trade vendor support. The Debtors' post-petition operations will be financed largely from operating cash flow. The Debtors believe that substantially all of their need for funds necessary to consummate the Plan and for post-Effective Date working capital financing will be met by projected operating cash flow and trade terms supplied by vendors. However, if the Reorganized Debtors require working capital and trade financing greater than that provided by such sources, they may be required either to (a) obtain other sources of financing or (b) curtail operations.

No assurance can be given, however, that any additional financing will be available, if at all, on terms that are favorable or acceptable to the Reorganized Debtors. The Debtors believe that it is important to their going-forward business plan that their performance meets projected results in order to ensure continued support from vendors and factors. There are risks to the Reorganized Debtors in the event such support erodes after emergence from Chapter 11 that could be alleviated by remaining in Chapter 11. Chapter 11 affords a debtor the opportunity to close facilities and liquidate assets relatively expeditiously, tools that will not be available to the Reorganized Debtors upon emergence. However, the Debtors believe that the benefits of emergence from Chapter 11 at this time outweigh the potential costs of remaining in Chapter 11, and that emergence at this time is in the long-term operational best interests of the Debtors and their Creditors.

2. Impact of Interest Rates

Changes in interest rates and foreign exchange rates may affect the fair market value of the Debtors' assets.

I. Bankruptcy Law Risks and Considerations

1. Confirmation of the Plan is Not Assured

Although the Debtors believe that the Plan will satisfy all requirements necessary for confirmation by the Bankruptcy Court, there can be no assurance that the Bankruptcy Court will reach the same conclusion. There can also be no assurance that modifications to the Plan will not be required for confirmation or that such modifications would not necessitate resolicitation of votes.

2. The Plan May Be Confirmed Without the Approval of All Creditors Through So-Called "Cramdown"

If one or more Impaired Classes of Claims does not accept the Plan, the Bankruptcy Court may nonetheless confirm the Plan at the Debtors' request if all other conditions for confirmation have been met and at least one impaired Class of Claims has accepted the Plan (without including the vote of any insider in that Class) and, as to each Impaired Class that has not accepted the Plan, the Bankruptcy Court determines that the Plan does not discriminate unfairly and is fair and equitable.

The votes of Holders of Claims and Interests under Classes 4(b), 5(b) and 5(c) are not being solicited because such Holders are not entitled to receive or retain under the Plan any interest in property on account of their Claims and Equity Interests. Such Classes therefore are deemed to have rejected the Plan pursuant to Section 1126(g) of the Bankruptcy Code. In addition, if Class 3 fails to accept the Plan, the Debtors may, and at the request of the Purchaser

and the DIP Lenders shall, seek confirmation of the Plan pursuant to a Cramdown Process over such Class. Accordingly, the Debtors are seeking confirmation of the Plan pursuant to Section 1129(b) of the Bankruptcy Code with respect to such Classes and may seek confirmation of the Plan as to other Classes if such Classes vote to reject the Plan. Notwithstanding the deemed rejection by such Classes, the Debtors believe that Classes 4(b), 5(b) and 5(c) are being treated fairly and equitably under the Bankruptcy Code. The Debtors therefore believe the Plan may be confirmed despite its deemed rejection by these Classes.

3. The Effective Date Might Be Delayed or Never Occur

There can be no assurance as to the timing of the Effective Date or that it will occur. If the conditions precedent to the Effective Date set forth in the Plan have not occurred or been waived, the Confirmation Order shall be vacated in accordance with the Plan and such Confirmation Order. In that event, no distributions would be made, and the Holders of Claims and Equity Interests would be restored to their previous position as of the moment before confirmation, and the Debtors' obligations for Claims and the Equity Interests would remain unchanged.

4. The Projected Value of Estate Assets Might Not Be Realized

In the Financial Projections, the Debtors project the value of the estates' assets which would be available for payment of expenses and distributions to Holders of Allowed Claims in Class 3, as set forth in the Plan. The Debtors have made certain assumptions, as described in the notes to the Financial Projections contained in Exhibit 6 attached hereto, and which should be read carefully.

5. Allowed Claims in the Various Classes May Exceed Projections

The Debtors have also projected the allowed amount of Claims in each Class in the Financial Projections. Certain Classes, and the Classes below them in priority, could be significantly affected by the allowance of Claims in an amount that is greater than projected.

J. Tax Considerations

There are significant tax consequences to the Debtors and Holders of Claims and Equity Interests. These are discussed below in the section entitled "Certain U.S. Federal Income Tax Consequences of the Plan." You should consult your own tax advisor about your particular circumstances.

XX. BINDING EFFECT OF CONFIRMATION

A. Binding Effect of Confirmation

Confirmation will legally bind the Debtors, all Creditors, Equity Interest Holders and other parties in interest to the provisions of the Plan, whether or not the Claim or Equity Interest Holder is impaired under the Plan, and whether or not such creditor or Equity Interest Holder has accepted the Plan.

B. Vesting Of Assets Free And Clear Of Liens, Claims And Interests

Pursuant to Section 1141(b) of the Bankruptcy Code, all property of the respective estate of each Debtor, together with any property of each Debtor that is not property of its estate and that is not specifically disposed of pursuant to the Plan, Insurance Portfolio Sale, or by order of the Bankruptcy Court, will revest in the applicable Reorganized Debtor on the Effective Date. Thereafter, the Reorganized Debtors may operate their businesses and may use, acquire and dispose of property free of any restrictions of the Bankruptcy Code, the Bankruptcy Rules and the Bankruptcy Court. As of the Effective Date, all property of each Reorganized Debtor will be

free and clear of all liens, claims, encumbrances and any other interests except as specifically provided pursuant to the Plan, this Disclosure Statement or the Confirmation Order.

C. Good Faith

Confirmation of the Plan shall constitute a finding that the Plan has been proposed in good faith and in compliance with applicable provisions of the Bankruptcy Code.

D. Discharge of Claims

The rights afforded in the Plan and the treatment of all Claims and Equity Interests in the Plan shall be in exchange for and in complete satisfaction, discharge and release of Claims and Equity Interests of any nature whatsoever, including any interest accrued on Claims from and alter the Petition Date, against any Debtor or any of its respective assets or properties. On the Effective Date, all such Claims against, and Equity Interests in, any Debtor shall be satisfied, discharged and released in full and all Persons and Entities shall be precluded from asserting against any Reorganized Debtor, its successor or its assets or properties any other or further Claims or Equity Interests based upon any act or omission, transaction or other activity of any kind or nature that occurred prior to the Confirmation Date.

E. Judicial Determination of Discharge

All Holders of Claims and Interests will be permanently enjoined, from and after the Effective Date, from (a) commencing or continuing in any manner any action or other proceeding of any kind on any such Claim or Equity Interest against the Debtors, their estates, or the Reorganized Debtors; (b) the enforcement, attachment, collection or recovery by any manner or means of any judgment, award, decree or order against the Debtors, their estates, or the Reorganized Debtors; and (c) creating, perfecting, or enforcing any encumbrance of any kind against the property or interests in property of the Debtors, their estates, or the Reorganized Debtors. The Confirmation Order shall be a judicial determination of discharge of all Claims

against the Debtors pursuant to Sections 524 and 1141 of the Bankruptcy Code, and shall void any judgment obtained or entered against Debtors at any time, to the extent the judgment relates to a discharged Claim.

XXI. CERTAIN U.S. FEDERAL INCOME TAX CONSEQUENCES OF THE PLAN

The following discussion is a summary of certain U.S. federal income tax consequences of the Plan which is for general information purposes only and does not purport to be a complete analysis or listing of all potential tax consequences. Moreover, such summary should not be relied upon for purposes of determining the specific tax consequences of the Plan to the Debtors or with respect to a particular Holder of a Claim or Equity Interest. This summary assumes that the various indebtedness and other arrangements to which a Debtor is a party will be respected for U.S. federal income tax purposes in accordance with their form.

The following summary is based upon the Internal Revenue Code of 1986, as amended (the "Tax Code"), Treasury Regulations promulgated thereunder ("Regulations"), judicial decisions and published administrative rulings and pronouncements of the Internal Revenue Service (the "IRS"), as in effect on the date hereof. Legislative, judicial or administrative changes or interpretations enacted or promulgated hereafter could alter or modify the analysis and conclusions set forth below. Any such changes or interpretations may be retroactive and could affect significantly the federal income tax consequences discussed below.

No ruling has been requested or obtained from the IRS with respect to any tax aspects of the Plan and no opinion of counsel has been sought or obtained with respect thereto. No representations or assurances are being made to the Holders of Claims or Equity Interests with respect to the U.S. federal income tax consequences described herein. This summary does not address foreign, state or local tax law, or any estate or gift tax consequences of the Plan. Additionally, this summary does not purport to address the U.S. income tax consequences of the

Plan to special classes of taxpayers (such as foreign taxpayers, broker-dealers, banks, mutual funds, insurance companies, financial institutions thrifts, small business investment companies, regulated investment companies, tax exempt organizations, certain expatriates, non-Debtor pass-through entities or investors in non-Debtor pass-through entities).

THE TAX CONSEQUENCES TO HOLDERS OF CLAIMS AND EQUITY INTERESTS MAY VARY BASED UPON THE INDIVIDUAL CIRCUMSTANCES OF EACH HOLDER. MOREOVER, THE TAX CONSEQUENCES OF CERTAIN ASPECTS OF THE PLAN ARE UNCERTAIN DUE TO THE LACK OF APPLICABLE LEGAL PRECEDENT AND THE POSSIBILITY OF CHANGES IN THE APPLICABLE TAX LAW. THERE CAN BE NO ASSURANCE THAT THE IRS WILL NOT CHALLENGE ANY OF THE TAX CONSEQUENCES DESCRIBED HEREIN, OR THAT SUCH A CHALLENGE, IF ASSERTED, WOULD NOT BE SUSTAINED. ACCORDINGLY, EACH HOLDER OF A CLAIM OR EQUITY INTEREST IS URGED TO CONSULT ITS OWN TAX ADVISOR REGARDING THE, FEDERAL, STATE, LOCAL AND, TO THE EXTENT APPLICABLE, FOREIGN TAX CONSEQUENCES OF THE PLAN.

TO ENSURE COMPLIANCE WITH INTERNAL REVENUE SERVICE CIRCULAR 230, YOU ARE HEREBY NOTIFIED THAT: (1) ANY DISCUSSION OF THE U.S. FEDERAL INCOME TAX ISSUES IN THIS DISCLOSURE STATEMENT IS NOT INTENDED OR WRITTEN TO BE USED, AND CANNOT BE USED, BY ANY PERSON FOR THE PURPOSE OF AVOIDING U.S. FEDERAL TAX PENALTIES THAT MAY BE IMPOSED ON SUCH PERSON; (2) ANY DISCUSSION OF U.S. FEDERAL INCOME TAX ISSUES IN THIS DISCLOSURE STATEMENT IS WRITTEN IN CONNECTION WITH THE PROMOTION OR MARKETING OF THE TRANSACTIONS OR MATTERS ADDRESSED BY THE DISCLOSURE STATEMENT;

AND (3) TAXPAYERS SHOULD SEEK ADVICE BASED ON THEIR PARTICULAR CIRCUMSTANCES FROM AN INDEPENDENT TAX ADVISOR.

A. Federal Tax Consequences to the Debtors.

1. Cancellation of Indebtedness Income Generally.

Pursuant to the Tax Code and subject to certain exceptions, a taxpayer generally must recognize income from the cancellation of indebtedness ("COD Income") to the extent that such taxpayer's indebtedness is discharged for an amount less than the indebtedness' adjusted issue price determined in the manner described below. Generally, the amount of COD Income, subject to certain statutory and judicial exceptions, is the excess of (i) the adjusted issue price of the discharged indebtedness less (ii) the sum of the fair market value (determined at the date of the exchange) of the consideration, if any, given in exchange for such discharged indebtedness including cash, property and the issue price of any new indebtedness. If a new debt instrument is issued to the creditor, then the issue price of such debt instrument is determined under either Section 1273 or Section 1274 of the Tax Code. Generally, these provisions treat the fair market value of a publicly-traded debt instrument as its issue price and the stated principal amount of any other debt instrument as its issue price if its terms provide for adequate stated interest. A non publicly-traded debt instrument debt instrument has adequate stated interest if the interest exceeds the applicable IRS federal rate. The elimination of a guarantee should not result in the recognition of COD Income.

2. Bankruptcy Exception and the Reduction of Tax Attributes Generally.

Section 108(a)(l)(A) of the Tax Code provides an exception to the recognition of COD Income, however, where a taxpayer discharging indebtedness is under the jurisdiction of a court in a case under title 11 of the Bankruptcy Code and where the discharge is granted, or is effected pursuant to a plan approved, by a U.S. Bankruptcy Court (the "Bankruptcy Exception"). Under

the Bankruptcy Exception, instead of recognizing COD Income, the taxpayer is required, pursuant to Section 108(b) of the Tax Code, to reduce certain of that taxpayer's tax attributes to the extent thereof by the amount of COD Income. The attributes of the taxpayer are generally reduced in the following order: net operating losses ("NOLS"), general business and minimum tax credit carryforwards, capital loss carryforwards, the basis of the taxpayer's assets, and finally, foreign tax credit tax carryforwards (collectively, "Tax Attributes"). If the amount of the COD Income is sufficiently large, it can eliminate these favorable Tax Attributes. To the extent the amount of COD Income exceeds the amount of Tax Attributes available to be reduced, such excess is excluded from income. Pursuant to Section 108(b)(4)(A) of the Tax Code, the reduction of Tax Attributes does not occur until the end of the taxable year after such Tax Attributes have been applied to determine the tax in the year of discharge or, in the case of asset basis reduction, the first day of the taxable year following the taxable year in which the COD Income is realized.

Section 108(e)(2) of the Tax Code provides a further exception to the recognition of COD Income upon the discharge of debt, providing that a taxpayer will not recognize COD Income to the extent that the taxpayer's satisfaction of the debt would have given rise to a deduction for United States federal income tax purposes. Unlike Section 108(b) of the Tax Code, Section 108(e)(2) does not require a reduction in the taxpayer's Tax Attributes as a result of the non-recognition of COD Income. Thus, the effect of Section 108(e)(2) of the Tax Code, where applicable, is to allow a taxpayer to discharge indebtedness without recognizing income and without reducing its Tax Attributes.

3. Disregarded and Pass-through Entities Discharging Indebtedness Generally.

i. Disregarded Entities.

Pursuant to Section 301.7701-2(a) of the Regulations, an entity that is treated as a disregarded entity for U.S. federal income tax purposes is treated in the same manner as a sole proprietorship, branch or division of such entity's owner. Thus, assets and liabilities owned, or owed, by a disregarded entity should generally be treated as owned by, or liabilities of, the disregarded entity's owner. Pursuant to Section 301.7701-1 of the Regulations, a classification as a disregarded entity applies for all U.S. federal tax purposes. Accordingly, a discharge of a disregarded entity's indebtedness should generally be treated as the discharge of debt owed by such disregarded entity's owner.

4. Debtors' COD Income Attributable to the Plan.

As discussed above, any COD Income attributable to the transactions contemplated by the Plan should be allocated to NSSC. As a result of the Bankruptcy Exception, any COD Income allocated to, and realized will not be recognized.

5. Accrued Interest.

To the extent that the consideration issued to Holders of Claims pursuant to the Plan is attributable to accrued but unpaid interest, the applicable Debtor should be entitled to interest deductions in the amount of such accrued interest, but only to the extent the applicable Debtor has not already deducted such amount. The Debtors should not have COD Income from the discharge of any accrued but unpaid interest pursuant to the Plan to the extent that the payment of such interest would have given rise to a deduction pursuant to Section 108(e)(2) of the Tax Code, as discussed above.

B. Federal Tax Consequences to the Claims and Equity Interests.

Generally, a holder of a claim or interest should in most, but not all circumstances, recognize gain or loss equal to the difference between the "amount realized" by such holder in exchange for its claim or interest and such holder's adjusted tax basis in the claim or interest. The "amount realized" is equal to the sum of the cash and the fair market value of any other consideration received under a plan of reorganization in respect of a holder's claim or equity interest. The tax basis of a holder in a claim or interest will generally be equal to the holder's cost therefore.

To the extent applicable, the character of any recognized gain or loss (e.g., ordinary income, or short-term or long-term capital gain or loss) will depend upon the status of the holder, the nature of the claim or equity interest in the holder's hands, the purpose and circumstances of its acquisition, the holder's holding period of the claim or interest, and the extent to which the holder previously claimed a deduction for the worthlessness of all or a portion of the claim or interest. Generally, if the claim or interest is a capital asset in the holder's hands, any gain or loss realized will generally be characterized as capital gain or loss, and will constitute long-term capital gain or loss if the holder has held such claim or equity interest for more than one year.

C. Information Reporting and Backup Withholding.

Certain distributions and exchanges made with respect to Claims and Interests pursuant to the Plan may be subject to information reporting by the relevant Debtor-payor to the IRS. Moreover, such reportable distributions and exchanges may be subject to backup withholding (currently at a rate of 28%) under certain circumstances. Backup withholding is not an additional tax. Amounts withheld under the backup withholding rules may be credited against a Holder's U.S. federal income tax liability, and a Holder may obtain a refund of any excess

amounts withheld under the backup withholding rules by filing an appropriate claim for refund with the IRS (generally, a U.S. federal income tax return).

THE FOREGOING SUMMARY HAS BEEN PROVIDED FOR INFORMATIONAL PURPOSES ONLY. ALL HOLDERS OF CLAIMS AND EQUITY INTERESTS ARE URGED TO CONSULT THEIR TAX ADVISORS CONCERNING THE FEDERAL, STATE, LOCAL AND, TO THE EXTENT APPLICABLE, FOREIGN TAX CONSEQUENCES APPLICABLE UNDER THE PLAN.

XXII. ALTERNATIVES TO THE PLAN

The Debtors believe that if the Plan is not confirmed, or is not confirmable, the alternatives to the Plan include: (a) the commencement of, or conversion to, a Chapter 7 case and accompanying liquidation of the Debtors' assets on a "forced sale" basis; (b) dismissal of the case(s); or (c) an alternative plan of reorganization.

A. Liquidation Under Chapter 7

If no plan can be confirmed, the Chapter 11 cases may be converted to Chapter 7 of the Bankruptcy Code, pursuant to which a trustee would be appointed to liquidate the assets of the Debtors for distribution to Creditors in accordance with the priorities established by the Bankruptcy Code. For the reasons previously discussed above, the Debtors believe that confirmation of the Plan will provide each Holder of a Class 3 Claim or a General Unsecured Claim entitled to receive a distribution under the Plan with a recovery that is expected to be substantially more than it would receive in a liquidation under Chapter 7 of the Bankruptcy Code.

B. Dismissal

Dismissal of the Chapter 11 Cases would leave the secured creditors in a position to exercise their legal rights under their existing security interests, including foreclosure of such

liens. The Debtors believe that in a dismissal scenario the unsecured creditors would not receive any distribution.

C. Alternative Plan

The Debtors believe that any alternative plan would not result in as favorable treatment of Claims as proposed under the Plan. If the Plan is not accepted by the requisite amount of the Debtors' creditors and confirmed according to the terms and expedited timelines set forth therein, there is no assurance that (i) the Debtors will be able to consummate a sale of their assets to the Purchaser, (ii) any other offer for the Debtors' assets will be available and (iii) the Debtors' will be able to continue to finance payments to maintain the value of their life insurance settlement and premium finance loan portfolio.

XXIII. DEFINITIONS AND INTERPRETATION

A. Scope of Definitions. Any term used in the Plan or the Disclosure Statement that is not defined herein, but is defined in the Bankruptcy Code or the Bankruptcy Rules, shall have the meaning ascribed to that term in the Bankruptcy Code or the Bankruptcy Rules. Whenever the context requires defined terms shall include the plural as well as the singular and pronouns stated in the masculine, feminine or neutral gender shall include the masculine, feminine and neutral.

B. Definitions. In addition to such other terms as are defined in other sections of this Disclosure Statement or the Plan, the terms set forth in Schedule 1 (which appear in the Plan as in Article 1) have the meanings ascribed there.

C. Rules of InterpretationIn the event of an inconsistency, the provisions of the Plan shall control over the contents of this Disclosure Statement. In the event of any conflict between the terms and provisions of the Plan and the terms and provisions in the Asset Purchase Agreement and DIP Facility, the terms and provisions of the Asset Purchase Agreement and DIP Facility, as

applicable, shall control and govern. The provisions of the Confirmation Order shall control over the contents of the Plan and all Plan Documents.

2. For the purposes of the Plan:

(a) any reference in the Plan to a contract, instrument, release or other agreement or document being in a particular form or on particular terms and conditions means that such document shall be substantially in such form or substantially on such terms and conditions; provided, however, that any change to such form, terms or conditions that is material to a party to such document shall require the consent of the Purchaser (unless the Insurance Portfolio Sale has closed in which case the consent of the Purchaser will not be required);

(b) any reference in the Plan to an existing document, exhibit or schedule filed or to be filed means such document, exhibit or schedule, as it may have been or may be amended, modified or supplemented as of the Effective Date;

(c) unless otherwise specified, all references in the Plan to "Sections," "Articles," "Exhibits" and "Schedules" are references to Sections, Articles, Exhibits and Schedules of or to the Plan, as the same they be amended, waived, supplemented or modified from time to time;

(d) the words "herein," "hereof," "hereto," "hereunder" and others of similar import refer to the Plan in its entirety rather than to only a particular portion of the Plan;

(e) captions and headings to Articles and Sections are inserted for convenience of reference only and are not intended to be part or to affect interpretations of the Plan;

(f) the rules of construction set forth in Bankruptcy Code Section 102 shall apply, except to the extent inconsistent with the provisions of Article I of the Plan; and

(g) the word "including" means "including without limitation."

3. Whenever a distribution of property is required to be made on a particular date, the distribution shall be made on such date or as soon as promptly as practicable thereafter.

4. All Exhibits to the Plan are incorporated into the Plan and shall be deemed to be included in the Plan, regardless of when they are filed.

5. Subject to the provisions of any contract, certificate, bylaws, instrument, release or other agreement or document entered into in connection with the Plan, the rights and obligations arising under the Plan shall be governed by, and construed and enforced in accordance with, federal law, including the Bankruptcy Code and Bankruptcy Rules.

6. The Plan is the product of extensive discussions and negotiations between and among, *inter alia*, the Debtors, the Joint NSSC Receivers, the purchaser and certain other Creditors and constituencies. Each of the foregoing was represented by counsel who either (a) participated in the formulation and documentation of or (b) was afforded the opportunity to review and provide comments on, the Plan, the Disclosure Statement, and the documents ancillary thereto.

XXIV. CONCLUSION

The Debtors believe that the Plan maximizes recoveries to all Creditors and, thus, is in their best interests. The Plan as structured, among other things, allows Creditors to participate in distributions in excess of those that would be available if the Debtors were liquidated under Chapter 7 of the Bankruptcy Code and minimizes delays in recoveries to all Creditors.

THE DEBTORS THEREFORE URGE CREDITORS TO <u>ACCEPT</u> THE PLAN AND TO EVIDENCE SUCH ACCEPTANCE BY RETURNING THEIR PROPERLY

COMPLETED BALLOT(S) SO THAT THEY WILL BE ACTUALLY RECEIVED, AS INSTRUCTED ABOVE, BY THE SOLICITATION AGENT PRIOR TO THE VOTING DEADLINE.

Dated: January 24, 2011

New Stream Secured Capital, Inc.

New Stream Secured Capital LP

New Stream Capital LLC

New Stream Insurance LLC

Schedule 1
GLOSSARY OF DEFINED TERMS
USED IN THIS DISCLOSURE STATEMENT
IN CONNECTION WITH THE JOINT LIQUIDATING PLAN OF
REORGANIZATION UNDER CHAPTER 11 OF THE BANKRUPTCY CODE

All capitalized terms not defined in the Introduction or elsewhere in the text of this Disclosure Statement have the meanings ascribed to them in Article 1 of the Plan, a copy of which is annexed to the Disclosure Statement as Exhibit 1. For ease of reference, a summary of the most commonly utilized defined terms appears below, and is deemed incorporated into this Disclosure Statement.

As used in this Disclosure Statement, all capitalized terms not otherwise defined shall have the meanings ascribed to herein and any term used that is not defined herein, but is defined in the Bankruptcy Code or the Bankruptcy Rules, shall have the meaning ascribed to that term in the Bankruptcy Code or the Bankruptcy Rules, respectively. Whenever the context requires, capitalized terms shall include the plural as well as the singular number, the masculine gender shall include the feminine and the feminine gender shall include the masculine.

363 Sale: A sale, free and clear of any liens, claims, encumbrances and any other interests, under Section 363 of the Bankruptcy Code to effectuate the transactions contemplated by the Asset Purchase Agreement, with all such liens, claims, encumbrances or other interests attaching to the Insurance Portfolio Asset Proceeds, which shall be transferred to the Bermuda Liquidation Account in accordance with the provisions of the Plan.

363 Sale Motion: A motion seeking approval of a sale, free and clear of any liens, claims, encumbrances and any other interests, under Section 363 of the Bankruptcy Code to effectuate the transactions contemplated by the Asset Purchase Agreement.

Administrative Action: Any current or future administrative, regulatory or criminal investigation, proceeding or other action against the Debtors or their current or former officers, directors, principals, members, employees, or agents for any actions, events or circumstances that took place on or prior to the Petition Date.

Administrative Claim: A Claim for any cost or expense of administration (including Professional Claims) of the Chapter 11 Cases asserted or arising under Sections 503, 507(a)(1) or 507(b) of the Bankruptcy Code, including any (i) actual and necessary cost or expense of preserving the Debtors' Estates or operating the business of the Debtors arising on or after the Petition Date, (ii) payment to be made under the Plan to cure a default on an executory contract or unexpired lease that is assumed pursuant to Section 365 of the Bankruptcy Code, (iii) obligations validly incurred or assumed by the Debtors in the ordinary course of business arising on or after the Petition Date, (iv) compensation

or reimbursement of expenses of Professionals arising on or after the Petition Date, to the extent allowed by the Bankruptcy Court under Section 330(a) or Section 331 of the Bankruptcy Code, (v) fees or charges of the Debtors' Estates under Section 1930 of title 28 of the United States Code, and (vi) costs and expenses incurred by the Joint NSSC Receivers.

Administrative Claims Bar Date: The Business Day that is the twenty-eighth (28) day following the Effective Date.

Allocation Order: A Final Order, or Final Orders, of the Bermuda Court entered in the Bermuda Proceedings that (i) determines the respective rights of the investors in the Bermuda Fund segregated account classes B, E, H, K, L, N and O to distributions made to the NSSC Bermuda Lenders in the distributions made pursuant to Section 5.2 of the Plan and (ii) authorizes the Receivers to make distributions to the investors in the Bermuda Fund segregated account classes B, E, H, K, L, N and O.

Allowed [ ] Claim or Allowed [ ] Interest: An Allowed Claim or Allowed Interest in the particular category or Class identified.

Allowed Claim or Allowed Interest: A Claim against or Interest in the Debtors or any portion thereof (a) that has been allowed by a Final Order, or (b) as to which, on or by the Effective Date, (i) no proof of Claim or Interest has been filed with the Bankruptcy Court and (ii) the liquidated and noncontingent amount of which is Scheduled as undisputed, other than a Claim or Interest that is Scheduled at zero or in an unknown amount, or (c) for which a proof of Claim or Interest in a liquidated amount has been timely filed with the Bankruptcy Court pursuant to the Bankruptcy Code, any Final Order of the Bankruptcy Court, or other applicable bankruptcy law, and as to which either (i) no objection to its allowance has been filed within the applicable periods of limitation fixed by the Plan, the Bankruptcy Code, or by any order of the Bankruptcy Court sought pursuant to Section 8.1 of the Plan or otherwise entered by the Bankruptcy Court or (ii) all objections to its allowance have been settled, withdrawn or denied by a Final Order, or (d) that is expressly allowed in a liquidated amount by a provision of the Plan.

Assets: All legal or equitable pre-petition and post-petition interests of the Debtors or the Non-Debtor Affiliates in any and all real or personal property of any nature, including any real estate, rights, easements, leases, subleases, licenses, goods, materials, supplies, furniture, fixtures, equipment, work in process, inventory, finished goods, accounts, chattel paper, cash, deposit accounts, reserves, deposits, contractual rights, intellectual property rights, executory contracts and unexpired leases that have not been rejected and any other general intangibles, and the proceeds, product, offspring, rents or profits thereof; for the avoidance of doubt, Assets include both the Debtors' Interests in Non-Debtor Affiliates as well as the Assets of such Non-Debtor Affiliates, but does not include any books, records, rights or legal privileges of the Debtors, other than the books and records relating to the ownership and/or operation of the Bermuda Wind Down Assets or those that are sold to the Purchaser pursuant to the Insurance Portfolio Sale.

Asset Management Agreement: The Asset Management Agreement, substantially in the form to be included in the Plan Supplement, if one is to be entered into on or before the Effective Date, between the Joint NSSC Receivers, on behalf of the Bermuda Wind Down Asset Structure, and the manager for the management of the Bermuda Wind Down Assets.

Asset Purchase Agreement: The Asset Purchase Agreement to be entered into by and between NSI as seller and the Purchaser, as purchaser, substantially in the form that is annexed as Exhibit A to the Plan.

Available Cash: The amount of Cash held by the Debtors on the Effective Date in excess of (i) the amounts paid into the Bermuda Liquidation Account, (ii) the Disputed Claims Reserve and (iii) the Liquidation Budget Amount; provided, however, that Available Cash shall not include any Net Death Benefits (as such term is defined in the Asset Purchase Agreement) or any other proceeds resulting from the death of an Insured (as such term is defined in the Asset Purchase Agreement) that are received on or after October 1, 2010.

Avoidance Action: Any actual or potential Claims to avoid a transfer of an interest in property or an obligation incurred by the Debtors pursuant to any applicable section of the Bankruptcy Code, including, without limitation, all claims under Chapter 5 of the Bankruptcy Code.

Bankruptcy Code: Title 11 of the United States Code, as in effect on the Petition Date and as thereafter amended, as applicable in the Chapter 11 Cases.

Bankruptcy Court: The United States Bankruptcy Court for the District of Delaware acting in, and exercising its jurisdiction over, the voluntary Chapter 11 cases of each of the Debtors.

Bankruptcy Rules: The Federal Rules of Bankruptcy Procedure and the Local Rules of Bankruptcy Practice and Procedure of the United States Bankruptcy Court for the

District of Delaware, as in effect on the Petition Date and as thereafter amended, as applicable from time to time in the Chapter 11 Cases.

Bar Date: The deadline established by the Bankruptcy Court for filing and serving upon the Debtors all proofs of claim.

Bermuda Court: The Supreme Court of Bermuda (Commercial Court) acting in, and exercising its jurisdiction over, the Bermuda Proceedings.

Bermuda C, F and I Contribution: Cash in the amount of $5,000,000, which shall be transferred to the USCB Escrow for distribution as set forth in Section 5.2 of the Plan.

Bermuda Fund: New Stream Capital Fund Ltd., a Bermuda Segregated Accounts Company in liquidation.

Bermuda Investors: Entities holding an Interest in any of the Segregated Share Classes of the Bermuda Fund.

Bermuda Liquidation Account: The segregated account, established by the Receivers at a bank or other incorporated banking institution into which the Debtors shall transfer Cash in the amount of $125,000,000, upon the closing of the Insurance Portfolio Sale, as provided in Article 7 of the Plan.

Bermuda Liquidators: John McKenna, Michael Morrison and Charles Thresh in their capacities as the joint provisional liquidators of the Bermuda Fund pursuant to an order of the Bermuda Court entered on September 13, 2010.

Bermuda non-C, F and I Consensual Process Contribution: The sum of $5,000,000 to be funded and paid on behalf of the NSSC Bermuda Lenders into the Global Settlement Fund pursuant to Section 5.2 of the Plan in the event the Plan has been accepted by Class 3.

Bermuda non-C, F and I Cramdown Process Contribution: The sum of $2,500,000 to be funded and paid on behalf of the NSSC Bermuda Lenders into the Global Settlement Fund pursuant to Section 5.2 of the Plan in the event the Plan has not been accepted by Class 3 and the Debtors seek to confirm the Plan pursuant to the cramdown requirements of Section 1129(b)(7) due to the non-acceptance of Class 3.

Bermuda Proceedings: Collectively, the proceedings commenced before the Supreme Court of Bermuda (Commercial Court) by Originating Summons dated June 15, 2010, entitled "*In the matter of Classes B, E, F, H, K, L, N and O of the New Stream Capital Fund Limited*," matter 2010 No. 190 (as consolidated) and the winding up proceedings initiated by a petition presented by the Receivers on September 13, 2010, entitled "*In the matter of New Stream Capital Fund Limited and in the matter of the Companies Act 1981 and in the matter of the Segregated Accounts Companies Act 2000*", matter 2010 No. 312, and related proceedings.

Bermuda Wind Down Assets: All of the Assets of NSSC and NSI, including Available Cash (but excluding the Liquidation Budget Amount) and Interests in entities holding Assets, other than (i) the Assets that are the subject of the Asset Purchase Agreement and (ii) the USC Wind Down Assets.

Bermuda Wind Down Asset Structure: An ownership structure to be determined by the Joint NSSC Receivers and adopted before the Plan is Filed, and detailed in the Plan Supplement which shall set forth (i) the manner in which the Bermuda Wind Down Assets will be owned, held, or configured in the hands of NSSC and its affiliates in preparation for the transfer of the Bermuda Wind Down Assets to, or at the direction of, the Joint NSSC Receivers if the Plan is confirmed, (ii) in the case of any Bermuda Wind Down Asset that is an Entity, the proper classification of such Entity for U.S. federal tax purposes, and steps that must be taken to achieve such classification, and (iii) any election or elections that must be filed or other actions that must be taken by the Debtors for U.S. federal tax purposes with respect to the Bermuda Wind Down Assets. The Debtors will cooperate fully with the Joint NSSC Receivers to facilitate their determination of the Bermuda Wind Down Asset Structure and the implementation of that structure provided herein.

Business Day: Any day other than a Saturday, Sunday or a "legal holiday", as such term is defined in Rule 9006(a) of the Federal Rules of Bankruptcy Procedure.

Cash: Legal tender accepted in the United States of America for the payment of public and private debts, denominated in United States Dollars.

Cause of Action: Any: (a) Claims, causes of action, demands, rights, actions, suits, obligations, liabilities, accounts, defenses and offsets; (b) all rights of setoff, counterclaim or recoupment and Claims on contracts or for breaches of duties imposed by law; (c) rights to object to Claims or Interests; (d) Avoidance Actions; and (e) Claims and defenses such as fraud, mistake, duress and usury and any other defenses available to the Debtor under Section 558 of the Bankruptcy Code of any kind or character whatsoever, known or

unknown, contingent or non-contingent, matured or unmatured, suspected or unsuspected, whether arising before, on, or after the Petition Date including through the Effective Date, in contract, sounding in tort, at law, in equity, or pursuant to any other theory of law.

Cayman Funds: Collectively, each of the exempted companies formed with limited liability under the laws of the Cayman Islands for which New Stream Capital (Cayman), Ltd. acts as the investment manager.

Cayman Notes: Collectively, each of the individual promissory notes made by NSSC to each of the Cayman Funds, as each may have been amended, restated, amended and restated, supplemented or otherwise modified from time to time, to the extent valid and enforceable.

CFI Allocation: Shall have the meaning specified in Section 5.1 of the Plan.

Chapter 11 Cases: The Chapter 11 cases of the Debtors to be commenced in the Bankruptcy Court and, as to any Debtor individually, a Chapter 11 Case.

Claim: A claim as defined in Section 101(5) of the Bankruptcy Code.

Class: A group of Claims or Interests as classified in a particular class under the Plan pursuant to Section 1122 of the Bankruptcy Code.

Class 4(c) Distribution Amount: The sum of $200,000 to be distributed to the Holders of Allowed Claims in Class 4(c) pursuant to Section 5.6 of the Plan.

Collateral: Any property or interest in property of any of the Debtors' Estates that is subject to a Lien to secure the payment or performance of a Claim, which Lien is not subject to avoidance or otherwise invalid under the Bankruptcy Code or applicable state law.

Collateral Agent: Wilmington Trust Company, a Delaware banking company, or its successor, acting in its capacity as collateral agent pursuant to either (i) the NSI Collateral Agency Agreement, or (ii) the NSSC Collateral Agency Agreement.

Confirmation: Entry of the Confirmation Order by the Bankruptcy Court.

Confirmation Date: The date on which the Bankruptcy Court enters the Confirmation Order on its docket, within the meaning of Bankruptcy Rules 5003 and 9021.

Confirmation Hearing: The hearing held by the Bankruptcy Court to consider Confirmation of the Plan pursuant to Section 1128 of the Bankruptcy Code, including any continuances thereof.

Confirmation Order: The order of the Bankruptcy Court confirming the Plan pursuant to Section 1129 of the Bankruptcy Code.

Consensual Process: Shall have the meaning specified in the Introduction to the Plan.

Consummation: The occurrence of the first Business Day as of which each of the following conditions has been satisfied: (i) occurrence of the Effective Date and (ii) the Bermuda C, F and I Contribution has been deposited into the USCB Escrow.

Cramdown Process: Shall have the meaning specified in the Introduction to the Plan.

Creditor: Any Entity holding a Claim against any of the Debtors.

Debtors: Shall have the meaning ascribed in the Introduction to the Plan.

Deficiency Claim: Any portion of a Secured Claim in excess of the value of all the Collateral securing such Secured Claim, provided, however, that pursuant to Section 5.11 of the Plan, Holders of Secured Claims in Class 1, Holders of Secured Claims in Class 2 and Holders of Secured Claims in Class 3 are each deemed to have waived their Deficiency Claims, if any.

DIP Credit Agreement: The Senior Secured, Super-Priority Debtor-in-Possession Credit Agreement, to be entered into shortly after the commencement of the Chapter 11 Cases, pursuant to which the DIP Lenders will provide financing to NSI in the aggregate principal amount of not more than $54,000,000.

DIP Facility: The facility provided to NSI by the DIP Lenders evidenced by the DIP Credit Agreement.

DIP Facility Orders: Any interim order and Final Order of the Bankruptcy Court authorizing the Debtors to enter into the DIP Facility.

DIP Lenders: The Note Lenders in their capacity as lenders under the DIP Facility.

Disclosure Statement: This Disclosure Statement, including all schedules and exhibits attached hereto, as it may be amended, modified or supplemented from time to time.

Disputed Claim or Disputed Interest: A Claim or Interest either (i) that is disputed or scheduled as contingent or unliquidated in the Debtors' Schedules and which has not been superseded by a timely filed proof of Claim or Interest, or (ii) proof of which has been timely and properly filed, to which a timely objection and/or request for estimation in accordance with Section 502(c) of the Bankruptcy Code and Bankruptcy Rule 3018 has been interposed, which objection and/or request for estimation has not been withdrawn or determined by a Final Order.

Disputed Claims Estimated Amount: The aggregate amount estimated to become Allowed General Unsecured Claims of all Disputed General Unsecured Claims as estimated by the Bankruptcy Court for distribution purposes.

Disputed Claims Reserve: The reserve for disputed claims established pursuant to Section 8.2 of the Plan.

Effective Date: A date selected by the Debtors (in the case of the Consensual Plan such date shall be selected in consultation with and subject to the approval of the Purchaser and in conformity with the terms of the Asset Purchase Agreement) that is not more than five (5) Business Days following the first date on which all conditions to the Effective Date set forth in Article 10 of the Plan have been satisfied or, if waivable, waived pursuant to Section 10.2 of the Plan.

Effective Date Distribution: Shall be the distributions described in Section 9.8 of the Plan.

Entity: An entity as defined in Section 101(15) of the Bankruptcy Code.

Estates: The estates of the Debtors created pursuant to Section 541 of the Bankruptcy Code by the commencement of the Chapter 11 Cases.

Exculpated Parties: Each of the Debtors, the DIP Lenders, MIO, the Purchaser, the Note Lenders, the NSI Receiver, the Joint NSSC Receivers, the Bermuda Liquidators, the US-Cayman Investors that are affiliates of or controlled by MIO, all Creditors who execute the Plan Support Agreements, and any of such parties' respective members, officers, directors, shareholders, employees, representatives, advisors, attorneys, financial advisors, investment bankers or agents.

Face Amount: Unless otherwise expressly set forth herein with respect to a specific Claim, the "Face Amount" of a Disputed Claim means the liquidated amount (if any) set forth on the proof of Claim, unless no proof of Claim has been timely Filed or deemed Filed, in which case the Face Amount shall be zero.

File or Filed: To file, or to have been filed, with the Clerk of the Bankruptcy Court in the Chapter 11 Cases.

Final Decree: A Final Order of the Bankruptcy Court entered pursuant to Section 350(a) of the Bankruptcy Code closing the Chapter 11 Cases.

Final Distribution: The final periodic payment made to the Holders of Claims in Class 3.

Final Distribution Date: The date upon which the Final Distribution is made.

Final Order: An order or judgment of the Bankruptcy Court, the Bermuda Court, or other court of competent jurisdiction, as entered on its docket, that has not been reversed, stayed, modified or amended, and as to which (a) the time to appeal, petition for certiorari or move for reargument, rehearing or a new trial has expired and no appeal, petition for certiorari or motion for reargument, rehearing or a new trial, respectively, has been timely filed (which time period shall mean, with respect to motions to correct such order under Rule 9024 of the Federal Rules of Bankruptcy Procedure, Rule 60 of the Federal Rules of Civil Procedure or otherwise, 15 days after the entry of such order), or (b) any appeal, any petition for *certiorari* or any motion for reargument, rehearing or a new trial that has been timely filed has been resolved by the highest court (or any other tribunal having appellate jurisdiction over the order or judgment) to which the order or judgment was appealed or from which certiorari or reargument, rehearing or a new trial was sought, and the time to take any further appeal, petition for *certiorari* or move for reargument, rehearing or a new trial shall have expired without such actions having been taken.

General Unsecured Claims: All Claims against the Debtors other than Claims in Class 1, Claims in Class 2, Claims in Class 3, Intercompany Claims, Tax Claims, Administrative Claims, claims arising under the DIP Facility, or Priority Claims, provided, however, that in accordance with Section 5.11 of the Plan, in the event Holders of Secured Claims in Class 1, Holders of Secured Claims in Class 2, and/or Holders of Secured Claims in Class 3 vote to accept the Plan, Deficiency Claims of the Holders of Secured Claims in Class 1, Deficiency Claims of the Holders of Secured Claims in Class 2, and Deficiency Claims of the Holders of Secured Claims in Class 3, respectively, shall not constitute General Unsecured Claims.

Global Settlement Fund: The fund held in an account established by Section 12.7 of the Plan consisting of Cash contributed pursuant to Section 5.2, Section 10.2.7, Section 10.2.8, Section 10.2.10 and Section 12.7 of the Plan.

Global Settlement Payment: Payment of Cash made to US-Cayman Investors pursuant to Section 12.7 of the Plan.

Governmental Unit: Shall have the meaning ascribed to such term in Section 101(27) of the Bankruptcy Code.

GP Administrative Reserve: The amount of $2,000,000 to be established as a reserve on the Effective Date to be held and used by the GP Manager in its discretion pursuant to Section 7.13 of the Plan solely to pay fees, expenses and costs that may be incurred in connection with any Administrative Action or pursuing any insurer or insurance policy to pay for such amounts.

GP Manager: A newly formed Entity to be organized prior to the Effective Date and jointly owned by David Bryson, Bart Gutekunst and Donald Porter, which will serve as the non-member manager of reorganized NSC.

GP Reserve Termination Date: The date upon which the GP Manager determines in its reasonable discretion that there are no longer any current or potential Administrative Actions pending.

Holder: An Entity holding a Claim or an Interest.

Impaired: When used with reference to a Claim, an Interest or Class of Claims or Interests, "Impaired" shall have the meaning ascribed to it in Section 1124 of the Bankruptcy Code.

Indemnification Claims: The obligations of the Debtors, or any one of them, pursuant to their bylaws, applicable law, any employment agreement or other agreement to indemnify any of their current or former officers and directors, on the terms and subject to the limitations described therein.

Initial Plan Support Agreement: The Initial Plan Support Agreement made and entered into as of November 9, 2010, by and among the Debtors and certain of the Debtors' Creditors and equity Holders, including, but not limited to each of the entities set forth on Schedules 1-3 thereto, as amended or supplemented from time to time.

Insurance Portfolio Asset Proceeds: Proceeds resulting from the Insurance Portfolio Sale.

Insurance Portfolio Sale: The sale of NSI's life insurance settlement and premium finance loan portfolio pursuant to the Asset Purchase Agreement by way of either (i) the 363 Sale or (ii) Confirmation of the Plan by Consensual Process, as applicable.

Intercompany Claim: Any Claim held by a Debtor against another Debtor, or held by a Non-Debtor Affiliate, against a Debtor that is not a Secured Claim in Class 1, Secured Claim in Class 2 or Secured Claim in Class 3.

Intercompany Interest: Interest in a Debtor held by another Debtor or a Non-Debtor Affiliate.

Interest: When used in the context of holding an equity interest in New Stream (and not used to denote (i) the compensation paid for the use of money for a specified time and usually denoted as a percentage rate of interest on a principal sum of money or (ii) a security interest in property), the term "Interest" shall mean "equity security" as defined in Section 101(16) of the Bankruptcy Code, and shall include (i) stock issued by a corporation, (ii) membership interests in a limited liability company or (iii) partnership interests in a general partnership or limited partnership.

Investors: Bermuda Investors and US-Cayman Investors.

Joint NSSC Receivers: Michael Morrison and Charles Thresh, of KPMG Advisory Limited, in their capacity as joint receivers for Segregated Account Classes B, E, H, K, L, N and O of the Bermuda Fund appointed pursuant to orders of the Bermuda Court in the Bermuda Proceedings on June 18, 2010 and July 16, 2010.

Lien: has the meaning set forth in Section 101(37) of the Bankruptcy Code.

Liquidation Budget Amount: The amount of Cash to be retained by the Post-Confirmation Debtors on the Effective Date pursuant to the Wind Down Budget to pay the expenses and Claims in accordance with the Plan.

McKenna: John C. McKenna of Finance and Risk Services Limited, in his capacity as NSI Receiver and/or in his capacity as Bermuda Liquidator of the Bermuda Fund.

MIO: MIO Partners, Inc., as manager, managing member, general partner, investment manager, adviser or authorized signatory, as the case may be, for each of the Note Lenders, DIP Lenders and the Purchaser.

Morrison: Michael Morrison, in his capacity as Joint NSSC Receiver and/or in his capacity as Bermuda Liquidator for the Bermuda Fund.

New NSSC Manager: A newly formed Entity to be organized under Delaware law prior to the Effective Date, which will be solely owned by NSCI from and after the Effective Date.

New Stream: The Debtors, the Bermuda Fund, the US Fund and the Cayman Funds.

Non-CFI Allocation: has the meaning ascribed to that term in Section 5.1 of the Plan.

Non-Debtor Affiliates: All Entities that are, directly or indirectly, owned or controlled by the Debtors other than the Bermuda Fund.

Note Lenders: The Lenders identified on Annex A of the Pre-Petition Secured Note.

NSC: New Stream Capital LLC, a Delaware limited liability company.

NSCI: New Stream Secured Capital, Inc., a Delaware corporation.

NSCS: New Stream Capital Services, LLC, a Delaware limited liability company.

NSI: New Stream Insurance LLC, a Delaware limited liability company, formerly known as Assurance Investments, LLC.

NSI Collateral Agency Agreement: The Collateral Agency Agreement, dated as of October 5, 2006 by and among the lenders identified therein, NSI, and Wilmington Trust, as Collateral Agent, as amended, restated, amended and restated, supplemented or otherwise modified from time to time.

NSI Loan Agreement: Each of: (i) the loan and security agreement between NSI and Segregated Account Class C, (ii) the loan and security agreement between NSI and Segregated Account Class F, and (ii) the loan and security agreement between NSI and Segregated Account Class I, as each may have been amended, restated, amended and restated, supplemented or otherwise modified from time to time, to the extent valid and enforceable.

NSI Secured Lender: Each of Segregated Account Classes C, F and I of New Stream Capital Fund Ltd. (each a "NSI Secured Lender" and collectively, the "NSI Secured Lenders").

NSI Receiver: McKenna, in his capacity as the receiver for Segregated Account Classes C, F and I of New Stream Capital Fund Ltd. appointed by Orders of the Bermuda Court in the Bermuda Proceedings on June 18, 2010 and July 16, 2010.

NSSC: New Stream Secured Capital L.P., a Delaware limited partnership, formerly known as Porter Secured Capital Partners, L.P.

NSSC Bermuda Lenders: Segregated Account Classes B, E, H, K, L, N and O of the Bermuda Fund.

NSSC Collateral Agency Agreement: The Second Amended and Restated Collateral Agency Agreement by and among NSSC (as defined herein), the Lenders, as identified therein, the Subordinated Lenders as identified therein, and Wilmington Trust, as Collateral Agent (as amended, restated, amended and restated, supplemented or otherwise modified from time to time).

Other Priority Claim: Any Claim of a Creditor, other than an Administrative Claim, to the extent such Claim is entitled to priority pursuant to Section 507(a) of the Bankruptcy Code.

Percentage Share: For purposes of Sections 5.3 and 12.7 of the Plan, the ratio ―expressed as a percentage― of each US-Cayman Investor's investment to the aggregate of all US-Cayman Investors' investment as reflected on Schedule 1 annexed to the Plan.

Person: A "person" as defined in Section 101(41) of the Bankruptcy Code.

Petition Date: The date on which the Debtors' voluntary petitions commencing their respective Chapter 11 Cases are filed with the Bankruptcy Court.

Plan: This Joint Plan of Reorganization under Chapter 11 of the Bankruptcy Code, and all exhibits annexed hereto or referenced herein, as it may be amended, modified or supplemented from time to time in accordance with the provisions of the Plan or the Bankruptcy Code and Bankruptcy Rules.

Plan Administrator: FTI Consulting, or any successor Entity selected by the Post-Confirmation Debtors with the consent of the Joint NSSC Receivers.

Plan Supplement: The compilation of documents, forms of documents, schedules, and exhibits to the Plan to be Filed by the Debtors no later than five (5) days prior to the Confirmation Hearing or such later date as may be approved by the Bankruptcy Court on notice to parties in interest, and additional documents filed with the Bankruptcy Court prior to the Effective Date as amendments to the Plan Supplement, comprised of, among other documents, the following: (a) the organizational documents for the Bermuda Wind Down Asset Structure that have been implemented by the Debtors; (b) the Wind Down Budget; (c) schedules of executory contracts and/or unexpired leases to be assumed; and, (d) the form of the Asset Management Agreement to be entered into as of the Effective Date. Any reference to the Plan Supplement in the Plan shall include each of the documents identified above as (a) through (d). The Debtors shall have the right to amend the documents contained in the Plan Supplement with the prior consent of the Joint NSSC Receivers, and add additional documents to the Plan Supplement, through and including the Effective Date, provided, however, that the written consent of the Purchaser shall be

required for any amendment or addition that affects the Insurance Portfolio Sale and the written consent of the DIP Lenders shall be required for any amendment or addition that affects the DIP Facility, the Plan terms or the "Milestones" set forth in each of the Plan Support Agreements.

Plan Support Agreement: The Plan Support Agreement entered into as of January 21, 2011, by and among the Debtors and certain of the Debtors' Creditors and equity Holders, including, but not limited to each of the entities set forth on Schedules 1-3 thereto, as amended or supplemented from time to time.

Plan Support Agreements: Collectively the Initial Plan Support Agreement and the Plan Support Agreement, each as amended or supplemented from time to time.

Post-Confirmation Debtors: The Debtors, or any successor thereto, by merger, consolidation, or otherwise, on or after the Effective Date.

Pre-Petition Secured Note: That certain Secured Promissory Note, dated as of August 4, 2010, as amended, made by NSI, as borrower, in favor of the Note Lenders in the original principal amount of Twenty-Five Million and No/100 Dollars (USD $25,000,000.00), as amended by the Amended and Restated Secured Promissory Note, dated as of November 8, 2010, in the amended principal amount of Thirty-Nine Million Four Hundred Eighty Thousand Two Hundred Sixty Eight and 58/100 Dollars (USD $39,480,268.58), made by NSI, as borrower, in favor of the Note Lenders.

Professional: A Person (a) employed in the Chapter 11 Cases pursuant to a Final Order in accordance with Sections 327, 328 and 1103 of the Bankruptcy Code and to be compensated for services rendered prior to the Effective Date, pursuant to Sections 327, 328, 329, 330, 331 and 363 of the Bankruptcy Code or (b) for which compensation and reimbursement has been allowed by the Bankruptcy Court pursuant to Section 503(b)(4) of the Bankruptcy Code.

Professional Claim: A Claim of a Professional (a) retained in the Chapter 11 Cases pursuant to a Final Order in accordance with Sections 327, 328 and 1103 of the Bankruptcy Code or otherwise, for compensation or reimbursement of actual and necessary costs and expenses relating to services incurred after the Petition Date and prior to and including the Effective Date or (b) for compensation and reimbursement that has been allowed by the Bankruptcy Court pursuant to Section 503(b)(4) of the Bankruptcy Code.

Pro Rata Portion: For purposes of Section 5.6 of the Plan, the ratio that the Allowed Amount of each Claim in Class 4(c) bears to the aggregate of all Allowed Claims in Class 4(c).

Purchaser: An entity that is controlled or managed by MIO, which shall be the purchaser under the Asset Purchase Agreement.

Purchaser Contribution: The sum of $5,000,000 to be paid by the Purchaser or by the Note Lenders, into the Global Settlement Fund, solely in the event that the Plan is confirmed by the Consensual Process, which payment shall be separate, distinct and in addition to the amounts payable by the Purchaser as the purchaser under the Asset Purchase Agreement and the amounts advanced under the DIP Facility.

Receivers: Collectively, the NSI Receiver and the Joint NSSC Receivers.

Released Parties: Each of: (a) the Bermuda Liquidators, in their capacity as such; (b) the Joint NSSC Receivers, in their capacity as such; (c) the NSI Receiver, in his capacity as such; (d) the Collateral Agent, in its capacity as such; (e) the DIP Lenders, in its capacity as such; (f) the Note Lenders, in their capacity as such; (g) the Purchaser, in its capacity as purchaser under the Asset Purchase Agreement; (h) MIO, both in its individual capacity and in its capacity as manager, managing member, general partner, investment manager, adviser or authorized signatory, as the case may be, for the Purchaser, the DIP Lenders and the Note Lenders; (i) the US-Cayman Investors that are affiliates of or controlled by MIO, (j) the Debtors and the Post-Confirmation Debtors; and (k) with respect to each of the foregoing entities in clauses (a) through (j), such person's current and former officers, directors, principals, members, employees, agents, financial advisors, attorneys, accountants, investment bankers, consultants, representatives, and other professionals, in each case in their capacity as such.

Sale Order: A Final Order of the Bankruptcy Court, which is entered prior to Confirmation of the Plan, approving the Insurance Portfolio Sale on the terms set forth in the Asset Purchase Agreement and authorizing the Debtors to consummate the Insurance Portfolio Sale on the terms set forth in the Asset Purchase Agreement.

Scheduled: Information that is set forth on the Schedules.

Schedules: The Schedules of Assets and Liabilities Filed by the Debtors in accordance with Section 521 of the Bankruptcy Code and Bankruptcy Rule 1007, as the same may be amended from time to time in accordance with Bankruptcy Rule 1009.

Secured Claim: A Claim that is (a) secured by a Lien on Collateral in which the Estate has an interest, which Lien is valid, perfected, and enforceable pursuant to applicable law or by reason of a Bankruptcy Court order, or that is subject to setoff pursuant to Section 553 of the Bankruptcy Code, to the extent of the value of the creditor's interest in the Estate's interest in such Collateral or to the extent of the amount subject to setoff, as applicable, as determined pursuant to Section 506(a) of the Bankruptcy Code; or (b) Allowed as such pursuant to the Plan.

Segregated Account: A Segregated Account of the Bermuda Fund.

Segregated Account Class C: Segregated Account Class C of the Bermuda Fund.

Segregated Account Class F: Segregated Account Class F of the Bermuda Fund.

Segregated Account Class I: Segregated Account Class I of the Bermuda Fund.

Taxes: All income, gaming, franchise, excise, sales, use, employment, withholding, property, payroll or other taxes, assessments, or governmental charges, together with any interest, penalties, additions to tax, fines, and similar amounts relating thereto, imposed or collected by any federal, state, local or foreign governmental authority on or from any of the Debtors.

Unimpaired: Any Claim, Interest, or Class of Creditors or Interests, that is not Impaired.

United States Trustee: The United States Trustee appointed under Section 581(a)(3) of title 28 of the United States Code to serve in the District of Delaware.

US-Cayman Claims: All Claims, liens, rights and Interests, including all accrued but unpaid interest thereon, and any Claims arising under Section 507(b) of the Bankruptcy Code of any nature that (i) arise under, or in connection with, the US Fund Notes or the Cayman Notes or (ii) are held by the US Fund, the Cayman Fund, or the US-Cayman Investors, whether secured or unsecured.

US-Cayman Investors: Entities holding Claims that (i) arise in connection with, derive from or are a result of, their investment or participation in either the US Fund or any of the Cayman Funds or (ii) refer or relate in any manner to the US-Cayman Claims. For purposes of the Plan, Investors holding an Interest in the US Fund will be solicited for their indication to the manager of the US Fund on how to vote the Claim of the US Fund under the US Fund Notes to either accept or reject the Plan.

USCB Escrow: An escrow to be established by the Receivers for the benefit of the NSSC Bermuda Lenders and the US-Cayman Funds (as provided for in Article 5 of the Plan) on or before the Effective Date, into which the NSI Secured Lenders shall cause to be paid the C, F and I Contribution that is deducted from the Bermuda Liquidation Account.

USC Wind Down Assets: The common stock of North Star Financial Services Limited and the specific assets identified in Schedule 3 to the Plan, or the proceeds from any sale or disposition of the foregoing.

US Fund: New Stream Secured Capital Fund (US), LLC, a Delaware limited liability company.

US Fund Investor Ballot: The form of ballot to be provided to those US-Cayman Investors holding an Interest in the US Fund, which solicits their indication to the manager of the US Fund whether to vote the Claim of the US Fund under the US Fund Notes to either accept or reject the Plan.

US Fund Claim: The Claim of the US Fund arising under the US Fund Notes, which for purposes of the Plan is deemed an Allowed Claim in Class 3 in the amount of $111,861,420.20.

US Fund Notes: The individual promissory notes made by NSSC to the US Fund, as each may have been amended, restated, amended and restated, supplemented or otherwise modified from time to time, to the extent valid and enforceable.

Voting Classes: The Impaired Classes entitled to vote to accept or reject the Plan.

Wind Down Budget: The budget, approved by the NSSC Receivers of (i) amounts needed to pay Claims under the Plan on the Effective Date, and (ii) expenses estimated to be necessary to consummate the Plan, which shall be filed as part of the Plan Supplement.

EXHIBIT 1

IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE

In re: NEW STREAM SECURED CAPITAL, INC., a Delaware corporation, Debtor.	Chapter 11
In re: NEW STREAM INSURANCE, LLC, a Delaware limited liability company, Debtor.	Chapter 11
In re: NEW STREAM CAPITAL, LLC, a Delaware limited liability company, Debtor.	Chapter 11
In re: NEW STREAM SECURED CAPITAL, L.P., a Delaware limited partnership, Debtor.	Chapter 11

JOINT PLAN OF REORGANIZATION UNDER CHAPTER 11 OF THE BANKRUPTCY CODE

REED SMITH LLP
599 LEXINGTON AVENUE
22ND FLOOR
NEW YORK, NY 10022
Telephone: (212) 521 5400
Facsimile: (212) 521 5450

REED SMITH LLP
1201 MARKET STREET
SUITE 1500
WILMINGTON, DE 19801
Telephone: (302) 778 7500
Facsimile: (302) 778 7575

Proposed Counsel for the Debtors

Dated: January 24, 2011

TABLE OF CONTENTS

Page

Schedules and Exhibits

Exhibit A: Form of Asset Purchase Agreement

Schedule 1: Percentage Share for each US-Cayman Investor

Schedule 2: Assumed Executory Contracts

Schedule 3: USC Wind Down Assets

INTRODUCTION

New Stream Secured Capital, Inc. ("NSCI"), New Stream Insurance, LLC ("NSI"), New Stream Capital, LLC ("NSC") and New Stream Secured Capital, L.P. ("NSSC" and, collectively with NSCI, NSI and NSC, the "Debtors") jointly propose this Joint Plan of Reorganization under Chapter 11 of the Bankruptcy Code (as defined below). The Debtors are the proponents of this Plan (as defined below) within the meaning of section 1129 of the Bankruptcy Code. All capitalized terms not defined in this Introduction have the meanings ascribed to them in Article 1 of this Plan, in other sections of the Plan or in the Bankruptcy Code.

Reference is made to the Disclosure Statement, distributed contemporaneously herewith, for a discussion of the Debtors' history, businesses, resolution of material disputes, significant asset sales, financial projections and a summary and analysis of the Plan and certain related matters.[1]

ALL HOLDERS OF CLAIMS IN VOTING CLASSES ARE ENCOURAGED TO READ THIS PLAN AND THE DISCLOSURE STATEMENT IN THEIR ENTIRETY BEFORE VOTING TO ACCEPT OR REJECT THE PLAN.

At the Confirmation Hearing, the Debtors will seek a ruling that, if no Holder of a Claim or Interest eligible to vote in a particular Class timely votes to accept or reject the Plan, the Plan will be deemed accepted by the Holders of such Claims or Interests in such Class for the purposes of section 1129(b) of the Bankruptcy Code.

---

[1] As of the date of the Disclosure Statement, the Debtors have not commenced cases under Chapter 11 of the Bankruptcy Code. Because no chapter 11 cases have been commenced, the Disclosure Statement has not been approved by any Bankruptcy Court with respect to whether it contains adequate information within the meaning of section 1125(a) of the Bankruptcy Code or complies with applicable non-bankruptcy law. Nonetheless, if Chapter 11 cases are subsequently commenced, the Debtors expect promptly to seek an order of the Bankruptcy Court approving the Disclosure Statement pursuant to section 1125 of the Bankruptcy Code and determining that the solicitation of votes on this Plan by means of the Disclosure Statement was in compliance with section 1126(b) of the Bankruptcy Code.

Under sections 1125(g) and 1126(b) of the Bankruptcy Code, a vote to accept or reject the Plan may be solicited from Holders of Claims and/or Interests prior to the commencement of a case under Chapter 11 of the Bankruptcy Code if such solicitation complies with applicable non-bankruptcy law and, a vote to accept or reject the Plan also may be solicited from Holders of Claims and/or Interests after the commencement of a case under Chapter 11 of the Bankruptcy Code and prior to approval of a disclosure statement so long as the solicitation was commenced prior to the filing of the petition and in compliance with applicable nonbankruptcy law.

The Debtors urge Holders of Claims entitled to vote on the Plan to read this Plan and the Disclosure Statement in their entirety before voting to accept or reject this Plan. To the extent, if any, that the Disclosure Statement is inconsistent with the Plan, the Plan will govern. No solicitation materials other than the Disclosure Statement and any schedules and exhibits attached thereto or referenced therein, or otherwise enclosed with the Disclosure Statement served on interested parties, have been authorized by the Debtors for use in soliciting acceptances of the Plan.

It is expected that this Plan will be accepted by the requisite number and amount of Holders of Class 1 (Bermuda C, F and I Classes) and Class 2 (NSSC Bermuda Lenders) Claims. If the requisite number and amount of Holders of Class 3 (US-Cayman Claims) Claims vote to accept this Plan, the Debtors will file the Plan as part of a "prepackaged" bankruptcy filing (the "Consensual Process") and seek to effectuate the approval of the Insurance Portfolio Sale as part of the Confirmation of the Plan within approximately 60 days or less of the Petition Date, with the closing of the Insurance Portfolio Sale expected to occur on the Effective Date. If the requisite number and amount of Holders of Class 3 (US-Cayman Fund Class) Claims do not vote to accept this Plan, the Debtors may seek to confirm the Plan notwithstanding the non-

acceptance of Class 3 pursuant to the cramdown requirements of section 1129(b) of the Bankruptcy Code (the "Cramdown Process"). In the event that the Class 3 (US-Cayman Fund Class) fails to accept the Plan, the Debtors intend to file Chapter 11 Petitions and move for approval of the Insurance Portfolio Sale, under section 363 of the Bankruptcy Code (*see*, section 7.1.3 of the Plan), in which event the closing of the Insurance Portfolio Sale may take place within approximately 40 days after the Petition Date and to hold the Insurance Portfolio Asset Proceeds pending Confirmation of the Plan or further order of the Bankruptcy Court. *See*, section 7.1.3, *infra*. Further, in the event that the non-acceptance of any other Impaired Class delays Confirmation of the plan, the Purchaser may request that the Debtors initiate the 363 Sale Process and move for approval of the Insurance Portfolio Sale, in which event the closing of the Insurance Portfolio Sale may take place prior to Confirmation of the Plan and the Insurance Portfolio Asset Proceeds will be transferred to the Bermuda Liquidation Account. See, section 7.1.3, *infra*.

Holders of Claims in Class 4(b) and Holders of Interests in Class 5(b) and Class 5(c) will not receive any distribution nor retain any property under the Plan on account of such Claims and Interests and, pursuant to section 1126(g) of the Bankruptcy Code, are conclusively deemed to reject the Plan. Accordingly, the Debtors will not solicit acceptance or rejections of the Plan from Holders of Claims or Interests in these Classes, will seek to confirm the Plan notwithstanding the non-acceptance of Class 3 pursuant to the cramdown requirements of section 1129(b) of the Bankruptcy Code, and will seek to confirm the Plan notwithstanding the deemed rejection of Class 4(b), Class 5(b), and Class 5(c).

Subject to certain restrictions and requirements set forth in section 1127 of the Bankruptcy Code, Bankruptcy Rule 3019 and section 15.1 of this Plan, the Debtors expressly

reserve the right to alter, amend, modify, revoke or withdraw this Plan prior to its Consummation.

ARTICLE 1.

DEFINITIONS, INTERPRETATION AND RULES OF CONSTRUCTION

A. Scope of Definitions. For the purposes of this Plan, except as expressly provided or unless the context otherwise requires, all capitalized terms not otherwise defined shall have the meanings ascribed to them in this Article 1 of the Plan or in other provisions of this Plan. Any term used in this Plan that is not defined herein, but is defined in the Bankruptcy Code or the Bankruptcy Rules, shall have the meaning ascribed to that term in the Bankruptcy Code or the Bankruptcy Rules, respectively. Whenever the context requires, capitalized terms shall include the plural as well as the singular number, the masculine gender shall include the feminine and the feminine gender shall include the masculine.

B. Definitions. In addition to such other terms as are defined in other sections of the Plan, the following terms (which appear in the Plan as capitalized terms) shall have the meanings ascribed to them in this Article 1 of the Plan.

1.1 363 Sale: A sale, free and clear of any liens, claims or interests, under section 363 of the Bankruptcy Code to effectuate the transactions contemplated by the Asset Purchase Agreement, with all such liens, claims, and encumbrances attaching to the Insurance Portfolio Asset Proceeds, which shall be transferred to the Bermuda Liquidation Account in accordance with the provisions of this Plan.

1.2 363 Sale Motion: A motion seeking approval of a sale, free and clear of any liens, claims or encumbrances, under section 363 of the Bankruptcy Code to effectuate the transactions contemplated by the Asset Purchase Agreement.

1.3 Administrative Action: Any current or future administrative, regulatory or criminal investigation, proceeding or other action against the Debtors or their current or former officers, directors, principals, members, employees, or agents for any actions, events or circumstances that took place on or prior to the Petition Date.

1.4 Administrative Claim: A Claim for any cost or expense of administration (including Professional Claims) of the Chapter 11 Cases asserted or arising under sections 503, 507(a)(1) or 507(b) of the Bankruptcy Code, including any (i) actual and necessary cost or expense of preserving the Debtors' Estates or operating the business of the Debtors arising on or after the Petition Date, (ii) payment to be made under this Plan to cure a default on an executory contract or unexpired lease that is assumed pursuant to section 365 of the Bankruptcy Code, (iii) obligations validly incurred or assumed by the Debtors in the ordinary course of business arising on or after the Petition Date, (iv) compensation or reimbursement of expenses of Professionals arising on or after the Petition Date, to the extent allowed by the Bankruptcy Court under section 330(a) or section 331 of the Bankruptcy Code, (v) fees or charges of the Debtors' Estates under section 1930 of title 28 of the United States Code, and (vi) costs and expenses incurred by the Joint NSSC Receivers.

1.5 Administrative Claims Bar Date: The Business Day that is the twenty-eighth (28) day following the Effective Date.

1.6 Allocation Order: A Final Order, or Final Orders, of the Bermuda Court entered in the Bermuda Proceedings that (i) determines the respective rights of the investors in the Bermuda Fund segregated account classes B, E, H, K, L, N and O to distributions made to the NSSC Bermuda Lenders in the distributions made pursuant to section 5.2 of the Plan and (ii)

authorizes the Receivers to make distributions to the investors in the Bermuda Fund segregated account classes B, E, H, K, L, N and O.

1.7 Allowed [ ] Claim or Allowed [ ] Interest: An Allowed Claim or Allowed Interest in the particular category or Class identified.

1.8 Allowed Claim or Allowed Interest: A Claim against or Interest in the Debtors or any portion thereof (a) that has been allowed by a Final Order, or (b) as to which, on or by the Effective Date, (i) no proof of Claim or Interest has been filed with the Bankruptcy Court and (ii) the liquidated and noncontingent amount of which is Scheduled as undisputed, other than a Claim or Interest that is Scheduled at zero or in an unknown amount, or (c) for which a proof of Claim or Interest in a liquidated amount has been timely filed with the Bankruptcy Court pursuant to the Bankruptcy Code, any Final Order of the Bankruptcy Court, or other applicable bankruptcy law, and as to which either (i) no objection to its allowance has been filed within the applicable periods of limitation fixed by the Plan, the Bankruptcy Code, or by any order of the Bankruptcy Court sought pursuant to section 8.1 of the Plan or otherwise entered by the Bankruptcy Court or (ii) all objections to its allowance have been settled, withdrawn or denied by a Final Order, or (d) that is expressly allowed in a liquidated amount by a provision of the Plan.

1.9 Assets: All legal or equitable pre-petition and post-petition interests of the Debtors or the Non-Debtor Affiliates in any and all real or personal property of any nature, including any real estate, rights, easements, leases, subleases, licenses, goods, materials, supplies, furniture, fixtures, equipment, work in process, inventory, finished goods, accounts, chattel paper, cash, deposit accounts, reserves, deposits, contractual rights, intellectual property rights, executory contracts and unexpired leases that have not been rejected and any other

general intangibles, and the proceeds, product, offspring, rents or profits thereof; for the avoidance of doubt, Assets include both the Debtors' Interests in Non-Debtor Affiliates as well as the Assets of such Non-Debtor Affiliates, but does not include any books, records, rights or legal privileges of the Debtors, other than the books and records relating to the ownership and/or operation of the Bermuda Wind Down Assets or those that are sold to the Purchaser pursuant to the Insurance Portfolio Sale.

1.10 Asset Management Agreement: The Asset Management Agreement, substantially in the form to be included in the Plan Supplement, if one is to be entered into on or before the Effective Date, between the Joint NSSC Receivers, on behalf of the Bermuda Wind Down Asset Structure, and the manager for the management of the Bermuda Wind Down Assets.

1.11 Asset Purchase Agreement: The Asset Purchase Agreement to be entered into by and between NSI as seller and Purchaser, as purchaser, substantially in the form that is annexed as Exhibit A to the Plan.

1.12 Available Cash: The amount of Cash held by the Debtors on the Effective Date in excess of (i) the amounts paid into the Bermuda Liquidation Account, (ii) the Disputed Claims Reserve and (iii) the Liquidation Budget Amount; provided, however, that Available Cash shall not include any Net Death Benefits (as such term is defined in the Asset Purchase Agreement) or any other proceeds resulting from the death of an Insured (as such term is defined in the Asset Purchase Agreement) that are received on or after October 1, 2010.

1.13 Avoidance Action: Any actual or potential Claims to avoid a transfer of an interest in property or an obligation incurred by the Debtors pursuant to any applicable section of the Bankruptcy Code, including, without limitation, all claims under Chapter 5 of the Bankruptcy Code.

1.14 Bankruptcy Code: Title 11 of the United States Code, as in effect on the Petition Date and as thereafter amended, as applicable in the Chapter 11 Cases.

1.15 Bankruptcy Court: The United States Bankruptcy Court for the District of Delaware acting in, and exercising its jurisdiction over, the voluntary Chapter 11 cases of each of the Debtors.

1.16 Bankruptcy Rules: The Federal Rules of Bankruptcy Procedure and the Local Rules of Bankruptcy Practice and Procedure of the United States Bankruptcy Court for the District of Delaware, as in effect on the Petition Date and as thereafter amended, as applicable from time to time in the Chapter 11 Cases.

1.17 Bar Date: The deadline established by the Bankruptcy Court for filing and serving upon the Debtors all proofs of claim.

1.18 Bermuda Court: The Supreme Court of Bermuda (Commercial Court) acting in, and exercising its jurisdiction over, the Bermuda Proceedings.

1.19 Bermuda C, F and I Contribution: Cash in the amount of $5,000,000, which shall be transferred to the USCB Escrow for distribution as set forth in section 5.2 of the Plan.

1.20 Bermuda Fund: New Stream Capital Fund Ltd., a Bermuda Segregated Accounts Company in liquidation.

1.21 Bermuda Investors: Entities holding an Interest in any of the Segregated Share Classes of the Bermuda Fund.

1.22 Bermuda Liquidation Account: The segregated account, established by the Receivers at a bank or other incorporated banking institution into which the Debtors shall

transfer Cash in the amount of $125,000,000, upon the closing of the Insurance Portfolio Sale, as provided in Article 7 of the Plan.

1.23 Bermuda Liquidators: John McKenna, Michael Morrison and Charles Thresh in their capacities as the joint provisional liquidators of the Bermuda Fund pursuant to an order of the Bermuda Court entered on September 13, 2010.

1.24 Bermuda non-C, F and I Consensual Process Contribution: The sum of $5,000,000 to be funded and paid on behalf of the NSSC Bermuda Lenders into the Global Settlement Fund pursuant to section 5.2 of the Plan in the event the Plan has been accepted by Class 3.

1.25 Bermuda non-C, F and I Cramdown Process Contribution: The sum of $2,500,000 to be funded and paid on behalf of the NSSC Bermuda Lenders into the Global Settlement Fund pursuant to section 5.2 of the Plan in the event the Plan has not been accepted by Class 3 and the Debtors seek to confirm the Plan pursuant to the cramdown requirements of section 1129(b)(7) due to the non-acceptance of Class 3.

1.26 Bermuda Proceedings: Collectively, the proceedings commenced before the Supreme Court of Bermuda (Commercial Court) by Originating Summons dated June 15, 2010, entitled "*In the matter of Classes B, E, F, H, K, L, N and O of the New Stream Capital Fund Limited*," matter 2010 No. 190 (as consolidated) and the winding up proceedings initiated by a petition presented by the Receivers on September 13, 2010, entitled "*In the matter of New Stream Capital Fund Limited and in the matter of the Companies Act 1981 and in the matter of the Segregated Accounts Companies Act 2000*", matter 2010 No. 312, and related proceedings.

1.27 Bermuda Wind Down Assets: All of the Assets of NSSC and NSI, including Available Cash (but excluding the Liquidation Budget Amount) and Interests in

entities holding Assets, other than (i) the Assets that are the subject of the Asset Purchase Agreement and (ii) the USC Wind Down Assets.

1.28 Bermuda Wind Down Asset Structure: An ownership structure to be determined by the Joint NSSC Receivers and adopted before the Plan is Filed, and detailed in the Plan Supplement which shall set forth (i) the manner in which the Bermuda Wind Down Assets will be owned, held, or configured in the hands of NSSC and its affiliates in preparation for the transfer of the Bermuda Wind Down Assets to, or at the direction of, the Joint NSSC Receivers if the Plan is confirmed, (ii) in the case of any Bermuda Wind Down Asset that is an Entity, the proper classification of such Entity for U.S. federal tax purposes, and steps that must be taken to achieve such classification, and (iii) any election or elections that must be filed or other actions that must be taken by the Debtors for U.S. federal tax purposes with respect to the Bermuda Wind Down Assets. The Debtors will cooperate fully with the Joint NSSC Receivers to facilitate their determination of the Bermuda Wind Down Asset Structure and the implementation of that structure provided herein.

1.29 Business Day: Any day other than a Saturday, Sunday or a "legal holiday", as such term is defined in Rule 9006(a) of the Federal Rules of Bankruptcy Procedure.

1.30 Cash: Legal tender accepted in the United States of America for the payment of public and private debts, denominated in United States dollars.

1.31 Cause of Action: Any: (a) Claims, causes of action, demands, rights, actions, suits, obligations, liabilities, accounts, defenses and offsets; (b) all rights of setoff, counterclaim or recoupment and Claims on contracts or for breaches of duties imposed by law; (c) rights to object to Claims or Interests; (d) Avoidance Actions; and (e) Claims and defenses such as fraud, mistake, duress and usury and any other defenses available to the Debtor under

section 558 of the Bankruptcy Code of any kind or character whatsoever, known or unknown, contingent or non-contingent, matured or unmatured, suspected or unsuspected, whether arising before, on, or after the Petition Date including through the Effective Date, in contract, sounding in tort, at law, in equity, or pursuant to any other theory of law.

1.32 Cayman Funds: Collectively, each of the exempted companies formed with limited liability under the laws of the Cayman Islands for which New Stream Capital (Cayman), Ltd. acts as the investment manager.

1.33 Cayman Notes: Collectively, each of the individual promissory notes made by NSSC to each of the Cayman Funds, as each may have been amended, restated, amended and restated, supplemented or otherwise modified from time to time, to the extent valid and enforceable.

1.34 CFI Allocation: Shall have the meaning specified in section 5.1 of the Plan.

1.35 Chapter 11 Cases: The Chapter 11 cases of the Debtors to be commenced in the Bankruptcy Court and, as to any Debtor individually, a Chapter 11 Case.

1.36 Claim: A claim as defined in section 101(5) of the Bankruptcy Code.

1.37 Class: A group of Claims or Interests as classified in a particular class under the Plan pursuant to section 1122 of the Bankruptcy Code.

1.38 Class 4(c) Distribution Amount: The sum of $200,000 to be distributed to the Holders of Allowed Claims in Class 4(c) pursuant to section 5.6 of the Plan.

1.39 Collateral: Any property or interest in property of any of the Debtors' Estates that is subject to a Lien to secure the payment or performance of a Claim, which Lien is not subject to avoidance or otherwise invalid under the Bankruptcy Code or applicable state law.

1.40 Collateral Agent: Wilmington Trust Company, a Delaware banking company, or its successor, acting in its capacity as collateral agent pursuant to either (i) the NSI Collateral Agency Agreement, or (ii) the NSSC Collateral Agency Agreement.

1.41 Confirmation: Entry of the Confirmation Order by the Bankruptcy Court.

1.42 Confirmation Date: The date on which the Bankruptcy Court enters the Confirmation Order on its docket, within the meaning of Bankruptcy Rules 5003 and 9021.

1.43 Confirmation Hearing: The hearing held by the Bankruptcy Court to consider Confirmation of the Plan pursuant to section 1128 of the Bankruptcy Code, including any continuances thereof.

1.44 Confirmation Order: The order of the Bankruptcy Court confirming the Plan pursuant to section 1129 of the Bankruptcy Code.

1.45 Consensual Process: Shall have the meaning specified in the Introduction to the Plan.

1.46 Consummation: The occurrence of the first Business Day as of which each of the following conditions has been satisfied: (i) occurrence of the Effective Date and (ii) the Bermuda C, F and I Contribution has been deposited into the USCB Escrow.

1.47 Cramdown Process: Shall have the meaning specified in the Introduction to the Plan.

1.48 Creditor: Any Entity holding a Claim against any of the Debtors.

1.49 Debtors: Shall have the meaning ascribed in the Introduction to the Plan.

1.50 Deficiency Claim: Any portion of a Secured Claim in excess of the value of all the Collateral securing such Secured Claim, provided, however, that pursuant to section

5.11 of the Plan, Holders of Secured Claims in Class 1, Holders of Secured Claims in Class 2 and Holders of Secured Claims in Class 3 are each deemed to have waived their Deficiency Claims, if any.

1.51 DIP Credit Agreement: The Senior Secured, Super-Priority Debtor-in-Possession Credit Agreement, to be entered into shortly on or after the commencement of the Chapter 11 Cases, pursuant to which the DIP Lenders will provide financing to NSI in the aggregate principal amount of not more than $54,000,000.

1.52 DIP Facility: The facility provided to NSI by the DIP Lender evidenced by the DIP Credit Agreement.

1.53 DIP Facility Orders: Any interim order and Final Order of the Bankruptcy Court authorizing the Debtors to enter into the DIP Facility.

1.54 DIP Lenders: The Note Lenders in their capacity as lenders under the DIP Facility.

1.55 Disclosure Statement: The written disclosure statement relating to the Plan, including all schedules and exhibits attached thereto, as it may be amended, modified or supplemented from time to time.

1.56 Disputed Claim or Disputed Interest: A Claim or Interest either (i) that is disputed or scheduled as contingent or unliquidated in the Debtors' Schedules and which has not been superseded by a timely filed proof of Claim or Interest, or (ii) proof of which has been timely and properly filed, to which a timely objection and/or request for estimation in accordance with section 502(c) of the Bankruptcy Code and Bankruptcy Rule 3018 has been interposed, which objection and/or request for estimation has not been withdrawn or determined by a Final Order.

1.57 Disputed Claims Estimated Amount: The aggregate amount estimated to become Allowed General Unsecured Claims of all Disputed General Unsecured Claims as estimated by the Bankruptcy Court for distribution purposes.

1.58 Disputed Claims Reserve: The reserve for disputed claims established pursuant to section 8.2 of the Plan.

1.59 Effective Date: A date selected by the Debtors (in the case of the Consensual Plan such date shall be selected in consultation with and subject to the approval of the Purchaser and in conformity with the terms of the Asset Purchase Agreement) that is not more than five (5) Business Days following the first date on which all conditions to the Effective Date set forth in Article 10 of the Plan have been satisfied or, if waivable, waived pursuant to section 10.2 of the Plan.

1.60 Effective Date Distribution: Shall be the distributions described in section 9.8 hereof.

1.61 Entity: An entity as defined in section 101(15) of the Bankruptcy Code.

1.62 Estates: The estates of the Debtors created pursuant to section 541 of the Bankruptcy Code by the commencement of the Chapter 11 Cases.

1.63 Exculpated Parties: Each of the Debtors, the DIP Lenders, MIO, Purchaser, the Note Lenders, the NSI Receiver, the Joint NSSC Receivers, the Bermuda Liquidators, the US-Cayman Investors that are affiliates of or controlled by MIO, all creditors who execute the Plan Support Agreements, and any of such parties' respective members, officers, directors, shareholders, employees, representatives, advisors, attorneys, financial advisors, investment bankers or agents.

1.64 Face Amount: Unless otherwise expressly set forth herein with respect to a specific Claim, (i) the "Face Amount" of a Disputed Claim means the liquidated amount (if any) set forth on the proof of Claim, unless no proof of Claim has been timely Filed or deemed Filed, in which case the Face Amount shall be zero, and (ii) the Face Amount of an Allowed Claim means the liquidated amount set forth on the proof of Claim, unless an objection has been filed to the allowance of the Claim, in which case the Face Amount shall be the amount set forth in any Final Order allowing the Claim.

1.65 File or Filed: To file, or to have been filed, with the Clerk of the Bankruptcy Court in the Chapter 11 Cases.

1.66 Final Decree: A Final Order of the Bankruptcy Court entered pursuant to section 350(a) of the Bankruptcy Code closing the Chapter 11 Cases.

1.67 Final Distribution: The final periodic payment made to the Holders of Claims in Class 3.

1.68 Final Distribution Date: The date upon which the Final Distribution is made.

1.69 Final Order: An order or judgment of the Bankruptcy Court, the Bermuda Court, or other court of competent jurisdiction, as entered on its docket, that has not been reversed, stayed, modified or amended, and as to which (a) the time to appeal, petition for certiorari or move for reargument, rehearing or a new trial has expired and no appeal, petition for certiorari or motion for reargument, rehearing or a new trial, respectively, has been timely filed (which time period shall mean, with respect to motions to correct such order under Rule 9024 of the Federal Rules of Bankruptcy Procedure, Rule 60 of the Federal Rules of Civil Procedure or otherwise, 15 days after the entry of such order), or (b) any appeal, any petition for *certiorari* or

any motion for reargument, rehearing or a new trial that has been timely filed has been resolved by the highest court (or any other tribunal having appellate jurisdiction over the order or judgment) to which the order or judgment was appealed or from which certiorari or reargument, rehearing or a new trial was sought, and the time to take any further appeal, petition for *certiorari* or move for reargument, rehearing or a new trial shall have expired without such actions having been taken.

1.70 General Unsecured Claims: All Claims against the Debtors other than Claims in Class 1, Claims in Class 2, Claims in Class 3, Intercompany Claims, Tax Claims, Administrative Claims, claims arising under the DIP Facility, or Priority Claims, provided, however, that in accordance with section 5.11 of the Plan, in the event Holders of Secured Claims in Class 1, Holders of Secured Claims in Class 2, and/or Holders of Secured Claims in Class 3 vote to accept the Plan, Deficiency Claims of the Holders of Secured Claims in Class 1, Deficiency Claims of the Holders of Secured Claims in Class 2, and Deficiency Claims of the Holders of Secured Claims in Class 3, respectively, shall not constitute General Unsecured Claims.

1.71 Global Settlement Fund: The fund held in an account established by section 12.7 of the Plan consisting of Cash contributed pursuant to section 5.2, section 10.2.7, section 10.2.8, section 10.2.10 and section 12.7 of the Plan.

1.72 Global Settlement Payment: Payment of Cash made to US-Cayman Investors pursuant to section 12.7 of the Plan.

1.73 Governmental Unit: Shall have the meaning ascribed to such term in section 101(27) of the Bankruptcy Code.

1.74 GP Administrative Reserve: The amount of $2,000,000 to be established as a reserve on the Effective Date to be held and used by the GP Manager in its discretion pursuant to section 7.13 of the Plan solely to pay fees, expenses and costs that may be incurred in connection with any Administrative Action or pursuing any insurer or insurance policy to pay for such amounts.

1.75 GP Manager: A newly formed Entity to be organized prior to the Effective Date and jointly owned by David Bryson, Bart Gutekunst and Donald Porter, which will serve as the non-member manager of reorganized NSC.

1.76 GP Reserve Termination Date: The date upon which the GP Manager determines in its reasonable discretion that there are no longer any current or potential Administrative Actions pending.

1.77 Holder: An Entity holding a Claim or an Interest.

1.78 Impaired: When used with reference to a Claim, an Interest or a Class of Claims or Interests, "Impaired" shall have the meaning ascribed to it in section 1124 of the Bankruptcy Code.

1.79 Indemnification Claims: The obligations of the Debtors, or any one of them, pursuant to their bylaws, applicable law, any employment agreement or other agreement to indemnify any of their current or former officers and directors, on the terms and subject to the limitations described therein.

1.80 Initial Plan Support Agreement: The Initial Plan Support Agreement made and entered into as of November 9, 2010, by and among the Debtors and certain of the Debtors' creditors and equity holders, or certain creditors or equity holders of the Bermuda Fund,

including, but not limited to each of the entities set forth on Schedules 1-3 thereto, as amended or supplemented from time to time.

1.81 Insurance Portfolio Asset Proceeds: Proceeds resulting from the Insurance Portfolio Sale.

1.82 Insurance Portfolio Sale: The sale of NSI's life insurance settlement and premium finance loan portfolio pursuant to the Asset Purchase Agreement by way of either (i) the 363 Sale or (ii) Confirmation of the Plan by Consensual Process, as applicable.

1.83 Intercompany Claim: Any Claim held by a Debtor against another Debtor, or held by a Non-Debtor Affiliate against a Debtor, that is not a Secured Claim in Class 1, Secured Claim in Class 2 or Secured Claim in Class 3.

1.84 Intercompany Interest: Interest in a Debtor held by another Debtor or a Non-Debtor Affiliate.

1.85 Interest: When used in the context of holding an equity interest (and not used to denote (i) the compensation paid for the use of money for a specified time and usually denoted as a percentage rate of interest on a principal sum of money or (ii) a security interest in property), the term "Interest" shall mean "equity security" as defined in section 101(16) of the Bankruptcy Code, and shall include (i) stock issued by a corporation, (ii) membership interests in a limited liability company or (iii) partnership interests in a general partnership or limited partnership.

1.86 Investors: Bermuda Investors and US-Cayman Investors.

1.87 Joint NSSC Receivers: Michael Morrison and Charles Thresh, of KPMG Advisory Limited, in their capacity as joint receivers for Segregated Account Classes B, E, H, K,

L, N and O of the Bermuda Fund appointed pursuant to orders of the Bermuda Court in the Bermuda Proceedings on June 18, 2010 and July 16, 2010.

1.88 Lien: has the meaning set forth in section 101(37) of the Bankruptcy Code.

1.89 Liquidation Budget Amount: The amount of Cash to be retained by the Post-Confirmation Debtors on the Effective Date pursuant to the Wind Down Budget to pay the expenses and Claims in accordance with the Plan.

1.90 McKenna: John C. McKenna of Finance and Risk Services Limited, in his capacity as NSI Receiver and/or in his capacity as Bermuda Liquidator of the Bermuda Fund.

1.91 MIO: MIO Partners, Inc., as manager, managing member, general partner, investment manager, adviser or authorized signatory, as the case may be, for each of the Note Lenders, DIP Lenders and Purchaser.

1.92 Morrison: Michael Morrison, in his capacity as Joint NSSC Receiver and/or in his capacity as Bermuda Liquidator for the Bermuda Fund.

1.93 New NSSC Manager: A newly formed Entity to be organized under Delaware law prior to the Effective Date, which will be solely owned by NSCI from and after the Effective Date.

1.94 New Stream: The Debtors, the Bermuda Fund, the US Fund and the Cayman Funds.

1.95 Non-CFI Allocation: has the meaning ascribed to that term in section 5.1 of the Plan.

1.96 Non-Debtor Affiliates: All Entities that are, directly or indirectly, owned or controlled by the Debtors other than the Bermuda Fund.

1.97 Note Lenders: The Lenders identified on Annex A of the Pre-Petition Secured Note.

1.98 NSC: New Stream Capital, LLC, a Delaware limited liability company.

1.99 NSCI: New Stream Secured Capital, Inc., a Delaware corporation.

1.100 NSCS: New Stream Capital Services, LLC, a Delaware limited liability company.

1.101 NSI: New Stream Insurance LLC, a Delaware limited liability company, formerly known as Assurance Investments, LLC.

1.102 NSI Collateral Agency Agreement: The Collateral Agency Agreement, dated as of October 5, 2006 by and among the lenders identified therein, NSI, and Wilmington Trust, as Collateral Agent, as amended, restated, amended and restated, supplemented or otherwise modified from time to time.

1.103 NSI Loan Agreement: Each of: (i) the loan and security agreement between NSI and Segregated Account Class C, (ii) the loan and security agreement between NSI and Segregated Account Class F, and (ii) the loan and security agreement between NSI and Segregated Account Class I, as each may have been amended, restated, amended and restated, supplemented or otherwise modified from time to time, to the extent valid and enforceable.

1.104 NSI Secured Lender: Each of Segregated Account Classes C, F and I of New Stream Capital Fund Ltd. (each a "NSI Secured Lender" and collectively, the "NSI Secured Lenders").

1.105 NSI Receiver: McKenna, in his capacity as the receiver for Segregated Account Classes C, F and I of New Stream Capital Fund Ltd. appointed by Orders of the Bermuda Court in the Bermuda Proceedings on June 18, 2010 and July 16, 2010.

1.106 NSSC: New Stream Secured Capital, L.P., a Delaware limited partnership, formerly known as Porter Secured Capital Partners, L.P.

1.107 NSSC Bermuda Lenders: Segregated Account Classes B, E, H, K, L, N and O of the Bermuda Fund.

1.108 NSSC Collateral Agency Agreement: The Second Amended and Restated Collateral Agency Agreement by and among NSSC (as defined herein), the Lenders, as identified therein, the Subordinated Lenders as identified therein, and Wilmington Trust, as Collateral Agent (as amended, restated, amended and restated, supplemented or otherwise modified from time to time).

1.109 Other Priority Claim: Any Claim of a Creditor, other than an Administrative Claim, to the extent such Claim is entitled to priority pursuant to section 507(a) of the Bankruptcy Code.

1.110 Percentage Share: For purposes of sections 5.3 and 12.7 of the Plan, the ratio ―expressed as a percentage― of each US-Cayman Investor's investment to the aggregate of all US-Cayman Investors' investment as reflected on Schedule 1 annexed to the Plan.

1.111 Person: A "person" as defined in section 101(41) of the Bankruptcy Code.

1.112 Petition Date: The date on which the Debtors' voluntary petitions commencing their respective Chapter 11 Cases are filed with the Bankruptcy Court.

1.113 Plan: This Joint Plan of Reorganization under Chapter 11 of the Bankruptcy Code, and all exhibits annexed hereto or referenced herein, as it may be amended, modified or supplemented from time to time in accordance with the provisions of the Plan or the Bankruptcy Code and Bankruptcy Rules.

1.114 Plan Administrator: FTI Consulting, or any successor Entity selected by the Post-Confirmation Debtors with the consent of the Joint NSSC Receivers.

1.115 Plan Supplement: The compilation of documents, forms of documents, schedules, and exhibits to the Plan to be Filed by the Debtors no later than five (5) days prior to the Confirmation Hearing or such later date as may be approved by the Bankruptcy Court on notice to parties in interest, and additional documents filed with the Bankruptcy Court prior to the Effective Date as amendments to the Plan Supplement, comprised of, among other documents, the following: (a) the organizational documents for the Bermuda Wind Down Asset Structure that have been implemented by the Debtors; (b) the Wind Down Budget; (c) schedules of executory contracts and/or unexpired leases to be assumed; and, (d) the form of the Asset Management Agreement to be entered into as of the Effective Date. Any reference to the Plan Supplement in the Plan shall include each of the documents identified above as (a) through (d). The Debtors shall have the right to amend the documents contained in the Plan Supplement with the prior consent of the Joint NSSC Receivers, and add additional documents to the Plan Supplement, through and including the Effective Date, provided, however, that the written consent of Purchaser shall be required for any amendment or addition that affects the Insurance Portfolio Sale and the written consent of the DIP Lenders shall be required for any amendment or addition that affects the DIP Facility, the Plan terms or the "Milestones" set forth in the Plan Support Agreements.

1.116 Plan Support Agreement: The Plan Support Agreement entered into as of January 21, 2011, by and among the Debtors and certain of the Debtors' creditors and equity holders, or certain creditors or equity holders of the Bermuda Fund, including, but not limited to

each of the entities set forth on Schedules 1-3 thereto, as amended or supplemented from time to time.

1.117 Plan Support Agreements: Collectively the Initial Plan Support Agreement and the Plan Support Agreement, each as amended or supplemented from time to time.

1.118 Post-Confirmation Debtors: The Debtors, or any successor thereto, by merger, consolidation, or otherwise, on or after the Effective Date.

1.119 Pre-Petition Secured Note: That certain Secured Promissory Note, dated as of August 4, 2010, as amended, made by NSI, as borrower, in favor of the Note Lenders in the original principal amount of Twenty-Five Million and No/100 Dollars (USD $25,000,000.00), as amended by the Amended and Restated Secured Promissory Note, dated as of November 8, 2010, in the amended principal amount of Thirty-Nine Million Four Hundred Eighty Thousand Two Hundred Sixty Eight and 58/100 Dollars (USD $39,480,268.58), made by NSI, as borrower, in favor of the Note Lenders.

1.120 Professional: A Person (a) employed in the Chapter 11 Cases pursuant to a Final Order in accordance with sections 327, 328 and 1103 of the Bankruptcy Code and to be compensated for services rendered prior to the Effective Date, pursuant to sections 327, 328, 329, 330, 331 and 363 of the Bankruptcy Code or (b) for which compensation and reimbursement has been allowed by the Bankruptcy Court pursuant to section 503(b)(4) of the Bankruptcy Code.

1.121 Professional Claim: A Claim of a Professional (a) retained in the Chapter 11 Cases pursuant to a Final Order in accordance with sections 327, 328 and 1103 of the Bankruptcy Code or otherwise, for compensation or reimbursement of actual and necessary costs

and expenses relating to services incurred after the Petition Date and prior to and including the Effective Date or (b) for compensation and reimbursement that has been allowed by the Bankruptcy Court pursuant to section 503(b)(4) of the Bankruptcy Code.

1.122 Pro Rata Portion: For purposes of section 5.6 of the Plan, the ratio that the Allowed Amount of each Claim in Class 4(c) bears to the aggregate of all Allowed Claims in Class 4(c).

1.123 Purchaser: An entity that is controlled or managed by MIO, which shall be the purchaser under the Asset Purchase Agreement.

1.124 Purchaser Contribution: The sum of $5,000,000 to be paid by Purchaser or by the Note Lenders, into the Global Settlement Fund, solely in the event that the Plan is confirmed by the Consensual Process, which payment shall be separate, distinct and in addition to the amounts payable by Purchaser, as the purchaser under the Asset Purchase Agreement, and the amounts advanced under the DIP Facility.

1.125 Receivers: Collectively, the NSI Receiver and the Joint NSSC Receivers.

1.126 Released Parties: Each of: (a) the Bermuda Liquidators, in their capacity as such; (b) the Joint NSSC Receivers, in their capacity as such; (c) the NSI Receiver, in his capacity as such; (d) the Collateral Agent, in its capacity as such; (e) the DIP Lenders, in its capacity as such; (f) the Note Lenders, in their capacity as such; (g) Purchaser, in its capacity as purchaser under the Asset Purchase Agreement; (h) MIO, both in its individual capacity and in its capacity as manager, managing member, general partner, investment manager, adviser or authorized signatory, as the case may be, for Purchaser, the DIP Lenders and the Note Lenders; (i) the US-Cayman Investors that are affiliates of or controlled by MIO, (j) the Debtors and the Post-Confirmation Debtors; and (k) with respect to each of the foregoing entities in clauses (a)

through (j), such person's current and former officers, directors, principals, members, employees, agents, financial advisors, attorneys, accountants, investment bankers, consultants, representatives, and other professionals, in each case in their capacity as such.

1.127 Sale Order: A Final Order of the Bankruptcy Court, which is entered prior to Confirmation of the Plan, approving the Insurance Portfolio Sale on the terms set forth in the Asset Purchase Agreement and authorizing the Debtors to consummate the Insurance Portfolio Sale on the terms set forth in the Asset Purchase Agreement.

1.128 Scheduled: Information that is set forth on the Schedules.

1.129 Schedules: The Schedules of Assets and Liabilities Filed by the Debtors in accordance with section 521 of the Bankruptcy Code and Bankruptcy Rule 1007, as the same may be amended from time to time in accordance with Bankruptcy Rule 1009.

1.130 Secured Claim: A Claim that is (a) secured by a Lien on Collateral in which the Estate has an interest, which Lien is valid, perfected, and enforceable pursuant to applicable law or by reason of a Bankruptcy Court order, or that is subject to setoff pursuant to section 553 of the Bankruptcy Code, to the extent of the value of the creditor's interest in the Estate's interest in such Collateral or to the extent of the amount subject to setoff, as applicable, as determined pursuant to section 506(a) of the Bankruptcy Code; or (b) Allowed as such pursuant to the Plan.

1.131 Segregated Account: A Segregated Account of the Bermuda Fund.

1.132 Segregated Account Class C: Segregated Account Class C of the Bermuda Fund.

1.133 Segregated Account Class F: Segregated Account Class F of the Bermuda Fund.

1.134 Segregated Account Class I: Segregated Account Class I of the Bermuda Fund.

1.135 Taxes: All income, gaming, franchise, excise, sales, use, employment, withholding, property, payroll or other taxes, assessments, or governmental charges, together with any interest, penalties, additions to tax, fines, and similar amounts relating thereto, imposed or collected by any federal, state, local or foreign governmental authority on or from any of the Debtors.

1.136 Unimpaired: Any Claim, Interest, or Class of Creditors or Interests, that is not Impaired.

1.137 United States Trustee: The United States Trustee appointed under section 581(a)(3) of title 28 of the United States Code to serve in the District of Delaware.

1.138 US-Cayman Claims: All Claims, liens, rights and Interests, including all accrued but unpaid interest thereon, and any claims arising under section 507(b) of the Bankruptcy Code of any nature that (i) arise under, or in connection with, the US Fund Notes or the Cayman Notes or (ii) are held by the US Fund, the Cayman Fund, or the US-Cayman Investors, whether secured or unsecured.

1.139 US-Cayman Investors: Entities holding Claims that (i) arise in connection with, derive from or are a result of, their investment or participation in either the US Fund or any of the Cayman Funds or (ii) refer or relate in any manner to the US-Cayman Claims. For purposes of the Plan, Investors holding an Interest in the US Fund will be solicited for their indication to the manager of the US Fund on how to vote the Claim of the US Fund under the US Fund Notes to either accept or reject the Plan.

1.140 USCB Escrow: An escrow to be established by the Receivers for the benefit of the NSSC Bermuda Lenders and the US-Cayman Funds (as provided for in Article 5 of the Plan) on or before the Effective Date, into which the NSI Secured Lenders shall cause to be paid the C, F and I Contribution that is deducted from the Bermuda Liquidation Account.

1.141 USC Wind Down Assets: The common stock of North Star Financial Services Limited and the specific assets identified in Schedule 3 to the Plan, or the proceeds from any sale or disposition of the foregoing..

1.142 US Fund: New Stream Secured Capital Fund (US), LLC, a Delaware limited liability company.

1.143 US Fund Investor Ballot: The form of ballot to be provided to those US-Cayman Investors holding an Interest in the US Fund, which solicits their indication to the manager of the US Fund whether to vote the Claim of the US Fund under the US Fund Notes to either accept or reject the Plan.

1.144 US Fund Claim: The claim of the US Fund arising under the US Fund Notes, which for purposes of this Plan is deemed an Allowed Claim in Class 3 in the amount of $319,346,652.00.

1.145 US Fund Notes: The individual promissory notes made by NSSC to the US Fund, as each may have been amended, restated, amended and restated, supplemented or otherwise modified from time to time, to the extent valid and enforceable..

1.146 Voting Classes: The Impaired Classes entitled to vote to accept or reject the Plan.

1.147 Wind Down Budget: The budget, approved by the NSSC Receivers of (i) amounts needed to pay Claims under the Plan on the Effective Date, and (ii) expenses estimated to be necessary to consummate the Plan, which shall be filed as part of the Plan Supplement.

C. Rules of Interpretation.

1. In the event of an inconsistency, the provisions of the Plan shall control over the contents of the Disclosure Statement. The provisions of the Confirmation Order shall control over the contents of the Plan.

2. For the purposes of the Plan:

(a) any reference in the Plan to a contract, instrument, release or other agreement or document being in a particular form or on particular terms and conditions means that such document shall be substantially in such form or substantially on such terms and conditions; provided, however, that any change to such form, terms or conditions that is material to a party to such document shall not be modified without such party's written consent unless such document expressly provides otherwise;

(b) any reference in the Plan to an existing document, exhibit or schedule Filed or to be Filed means such document, exhibit or schedule, as it may have been or may be amended, modified or supplemented as of the Effective Date;

(c) unless otherwise specified, all references in the Plan to "sections," "Articles," and "Exhibits" are references to sections, articles and exhibits of , or to, the Plan;

(d) the words "herein," "hereof," "hereto," "hereunder" and others of similar import refer to the Plan in its entirety rather than to only a particular portion of the Plan;

(e) captions and headings to articles and sections are inserted for convenience of reference only and are not intended to be part or to affect interpretations of the Plan;

(f) the rules of construction set forth in section 102 of the Bankruptcy Code shall apply, except to the extent inconsistent with the provisions of this Article of the Plan; and,

(g) the word "including" means "including without limitation."

3. Whenever a distribution of property is required to be made on a particular date, the distribution shall be made on such date or as soon as reasonably practicable thereafter.

4. All schedules and Exhibits to the Plan and the Plan Supplement are incorporated into the Plan and shall be deemed to be included in the Plan, regardless of when they are Filed.

5. Subject to the provisions of any contract, certificate, bylaws, instrument, release or other agreement or document entered into in connection with the Plan, the rights and obligations arising under the Plan shall be governed by, and construed and enforced in accordance with, federal law, including the Bankruptcy Code and Bankruptcy Rules.

6. The Plan is the product of extensive discussions and negotiations between and among, *inter alia*, the Debtors, the DIP Lenders, the Receivers, and certain other Creditors and constituencies. Each of the foregoing was represented by counsel who either (a) participated in

the formulation and documentation of or (b) was afforded the opportunity to review and provide comments on, the Plan, the Disclosure Statement, and the documents ancillary thereto.

D. Computation of Time. In computing any period of time prescribed or allowed by the Plan, unless otherwise expressly provided, the provisions of Rule 9006(a) of the Federal Rules of Bankruptcy Procedure shall apply.

E. Reference to Monetary Figures. All references in the Plan to monetary figures shall refer to currency of the United States of America, unless otherwise expressly provided.

F. Governing Law. Unless a rule of law or procedure is supplied by applicable federal law (including the Bankruptcy Code and Bankruptcy Rules), Bermuda law or Cayman law, or unless otherwise specifically stated, the laws of the State of Delaware, without giving effect to the principles of conflict of laws, shall govern the rights, obligations, construction, and implementation of the Plan, any agreements, documents, instruments, or contracts executed or entered into in connection with the Plan except as otherwise set forth in those agreements, in which case the governing law as set forth in such agreement shall control.

G. Required Authorization. The Confirmation Order shall provide that the NSI Receiver, the Joint NSSC Receivers, and the Bermuda Liquidators shall each have the authority to take any act, or execute any document, necessary to effectuate the provisions of the Plan, including the authority to transfer funds from the Bermuda Liquidation Account and the USCB Escrow, without the need for further authorization from, or application to, the Bankruptcy Court.

ARTICLE 2.

TREATMENT OF UNCLASSIFIED CLAIMS

2.1 DIP Claims. The DIP Facility will terminate and all obligations thereunder will be due and payable in full on the earlier to occur of: (i) the Effective Date of the

Plan if the Plan is confirmed by the Consensual Process, (ii) the date on which the Debtors receive the Insurance Portfolio Asset Proceeds if the Debtors pursue the Cramdown Process and the Insurance Portfolio Sale pursuant to the Sale Order, (iii) the occurrence of an event of default under the DIP Credit Agreement, or (iv) February 28, 2011. In the event of the occurrence of an event set forth in clauses (i) or (ii) above, the principal amount of all obligations under the Pre-Petition Secured Note and the Additional Commitment (as defined in the DIP Facility) shall be deemed satisfied as additional consideration for the Insurance Portfolio Sale pursuant to the Asset Purchase Agreement; provided, however, that notwithstanding the foregoing, all fees and expenses under the DIP Facility shall be due and payable, in full and in Cash, upon the termination of the DIP Facility.

2.2 Administrative Claims. Subject to the allowance procedures and deadlines provided herein, on the Effective Date or as soon thereafter as is practicable, each Holder of an Allowed Administrative Claim shall receive on account of such Allowed Administrative Claim and in full satisfaction, settlement and release of and in exchange for such Allowed Administrative Claim, (a) Cash equal to the unpaid portion of such Allowed Administrative Claim, or (b) such other treatment as to which the Debtors and the holder of such Allowed Administrative Claim have agreed upon in writing, provided, however, that Administrative Claims with respect to liabilities incurred by the Debtors in the ordinary course of business during the Chapter 11 Cases shall be paid in the ordinary course of business in accordance with the terms and conditions of any agreement or course of dealing relating thereto and (or such other treatment as to which the Debtors and the holder of such Allowed Administrative Claim have agreed) Professional Claims shall be paid in accordance with section 2.5 of the Plan.

2.3 Intercompany Claims. On the Effective Date, Intercompany Claims shall be deemed discharged, satisfied and released. Intercompany Claims shall not be entitled to receive any distribution under the Plan and shall be deemed to have voted against the Plan.

2.4 Statutory Fees. On or before the Effective Date, all fees due and payable pursuant to 28 U.S.C. § 1930, as determined by the Bankruptcy Court at the Confirmation Hearing, shall be paid in full, in Cash.

2.5 Professional Claims. Immediately prior to the Effective Date, the Debtors shall pay all amounts owing to the Professionals for all outstanding Professional Claims relating to prior periods and for the period ending on the Effective Date. The Professionals shall estimate Professional Claims due for periods that have not been billed as of the Effective Date. On or prior to the Administrative Claims Bar Date (or such other time as the Bankruptcy Court may permit), each Professional shall File with the Bankruptcy Court its final fee application seeking final approval of all fees and expenses from the Petition Date through the Effective Date. Within ten (10) days after entry of a Final Order with respect to its final fee application, each Professional shall remit any overpayment to the Post-Confirmation Debtors or the Post-Confirmation Debtors shall pay any outstanding amounts owed to the Professional.

2.6 Other Priority Claims. With respect to each Allowed Other Priority Claim, on the Effective Date or as soon thereafter as is practicable, the holder of an Allowed Other Priority Claim shall receive on account of the Allowed Other Priority Claim, and in full satisfaction, settlement and release of and in exchange for such Allowed Other Priority Claim, (a) Cash equal to the unpaid portion of such Allowed Other Priority Claim, or (b) such other treatment as to which the Debtors and the holder of such Allowed Other Priority Claim have agreed upon in writing.

2.7 Deadline for Filing Administrative Claims.

2.7.1 **Administrative Claims Other Than Tax Claims**. Other than with respect to Administrative Claims for which the Bankruptcy Court previously has established a Bar Date, any and all requests for payment or proofs of Administrative Claims, including Claims of all Professionals or other Entities requesting compensation or reimbursement of expenses pursuant to sections 327, 328, 330, 331, 503(b) or 1103 of the Bankruptcy Code for services rendered on or before the Effective Date (including any compensation requested by any Professional or any other Entity for making a substantial contribution in the Chapter 11 Cases), must be Filed and served on the Post-Confirmation Debtors and their counsel no later than the Administrative Claims Bar Date, or such later date as the Bankruptcy Court may permit. Objections to any such Administrative Claims must be Filed and served on the claimant no later than thirty (30) days after the Administrative Claims Bar Date or such later date as the Bankruptcy Court may permit. The Post-Confirmation Debtors shall use reasonable efforts to promptly and diligently pursue resolution of any and all disputed Administrative Claims. Holders of Administrative Claims, including all Professionals or other Entities requesting compensation or reimbursement of expenses pursuant to sections 327, 328, 330, 331, 503(b) or 1103 of the Bankruptcy Code for services rendered on or before the Effective Date (including any compensation requested by any Professional or any other Entity for making a substantial contribution in the Chapter 11 Cases), that are required to File a request for payment or proof of such Claims and that do not File such requests or proofs of Claim on or before the Administrative Claims Bar Date shall be forever barred from asserting such Claims against the any of the Debtors, their Estates, any other Person or Entity, or any of their respective property.

2.7.2 **Tax Claims**. All requests for payment of Claims by a Governmental Unit (as defined in section 101(27) of the Bankruptcy Code) for Taxes (and for interest and/or penalties or other amounts related to such Taxes) for any tax year or period, all or any portion of which occurs or falls within the period from and including the Petition Date through and including the Effective Date, and for which no Bar Date has otherwise been previously established, must be Filed on or before the later of: (a) sixty (60) days following the Effective Date; or (b) to the extent applicable, ninety (90) days following the filing of a tax return for such Taxes (if such Taxes are assessed based on a tax return) for such tax year or period with the applicable Governmental Unit. Any holder of a Claim for Taxes that is required to File a request for payment of such Taxes and other amounts due related to such Taxes and which does not File such a Claim by the applicable bar date shall be forever barred from asserting any such Claim against any of the Debtors, the Estates, or any other Entity, or their respective property and shall receive no distribution under the Plan or otherwise on account of such Claim. Tax Claims that are Allowed will be paid in full on the earlier of (i) the Effective Date, or (ii) the date on which the Tax Claim becomes an Allowed Claim.

2.8 Insider Claims. Unless otherwise provided in the Wind Down Budget approved by the Joint NSSC Receivers, no Administrative Claims asserted by an Insider (as that term is defined by section 101(31) of the Bankruptcy Code) in excess of $5,000.00 shall be Allowed in the ordinary course as an Administrative Claim without the consent of the Joint NSSC Receivers, which consent shall not be unreasonably withheld. In the event the Joint NSSC Receivers do not consent to the Allowance of such Administrative Claim in the ordinary course, the Holders of such Administrative Claim may file a request for Allowance of such Administrative Claim in accordance with the provisions of the Bankruptcy Code.

ARTICLE 3.

CLASSIFICATION OF CLAIMS AND INTERESTS

A. General. Pursuant to section 1122 of the Bankruptcy Code, set forth below is a designation of the Classes of Claims and Interests in the Debtors. A Claim or Interest is placed in a particular Class only to the extent that such Claim or Interest falls within the description of that Class. A Claim or Interest is also placed in a particular Class for purposes of receiving a distribution under the Plan, but only to the extent such Claim or Interest is an Allowed Claim or Interest and has not been paid, released, or otherwise settled prior to the Effective Date. Except as otherwise expressly set forth in this Plan, a Claim or Interest which is not an Allowed Claim or Allowed Interest shall not receive any payments, rights or distributions under this Plan. In accordance with section 1123(a)(1) of the Bankruptcy Code, DIP Facility Claims, Administrative Claims of the kinds specified in section 507(a)(1) of the Bankruptcy Code and Other Priority Claims of the kind specified in section 507(a) of the Bankruptcy Code (other than section 507(a)(8)) have not been classified and are treated as set forth in Article 2 above.

B. Classification. Claims against, and Interests, in the Debtors are classified as follows:

3.1 Class 1: Bermuda C, F and I Class Claims. Class 1 shall consist of the Secured Claims against NSI, and all associated liens, rights and interests, including, without limitation, all accrued but unpaid interest thereon, of any nature, held by the Bermuda Fund on behalf of Segregated Account Class C, Segregated Account Class F and Segregated Account Class I.

3.2 Class 2: NSSC Bermuda Lender Claims. Class 2 shall consist of the Secured Claims against NSSC, and all associated liens, rights and interests, including, without

limitation, all accrued but unpaid interest thereon, of any nature, held by the NSSC Bermuda Lenders.

3.3 Class 3: US-Cayman Claims. Class 3 shall consist of all US-Cayman Claims to the extent that they are Secured Claims.

3.4 Classes 4(a) – (d): General Unsecured Claims. General Unsecured Claims against the Debtors are classified as follows:

3.4.1 Class 4(a): General Unsecured Claims against NSI.

3.4.2 Class 4(b): General Unsecured Claims against NSSC.

3.4.3 Class 4(c): General Unsecured Claims against NSC.

3.4.4 Class 4(d): General Unsecured Claims against NSCI.

3.5 Class 5 (a) – (d): Interests. Interests in the Debtors are classified as follows:

3.5.1 Class 5(a): Interest in NSI.

3.5.2 Class 5(b): Interests in NSSC.

3.5.3 Class 5(c): Interests in NSC.

3.5.4 Class 5(d): Interests in NSCI.

ARTICLE 4.

IDENTIFICATION OF CLASSES IMPAIRED AND NOT IMPAIRED BY THE PLAN

4.1 Voting Classes: Classes of Claims Entitled to Vote. The following Classes are Impaired by the Plan and Holders of Claims and/or Interests in each of these Classes are entitled to vote to accept or reject the Plan:

Class 1 (Bermuda C, F and I Classes)
Class 2 (NSSC Bermuda Lenders)
Class 3 (US/Cayman Fund Class)

Class 4(c) (General Unsecured Claims against NSC)

4.2 Unimpaired Classes of Claims and Interests Not Entitled to Vote. The following Classes are not Impaired by the Plan and Holders of Claims and/or Interests in each of these Classes are not entitled to vote to accept or reject the Plan:

Class 4(a) (General Unsecured Claims against NSI)

Class 4(d) (General Unsecured Claims against NSCI)

Class 5(a) (Interests in NSI)

Class 5(d) (Interests in NSCI)

4.3 Impaired Classes of Claims or Interests Deemed to Reject the Plan and Not Entitled to Vote. Holders of Claims in Class 4(b) (General Unsecured Claims against NSSC) and Holders of Interests in Class 5(b) (Interests in NSSC) and Class 5(c) (Interests in NSC) will not receive any distribution nor retain any property under the Plan on account of such Claims and Interests and, pursuant to section 1126(g) of the Bankruptcy Code, are conclusively deemed to reject the Plan. Accordingly, the Debtors will not solicit acceptance or rejections of the Plan from Holders of Claims or Interests in these Classes and will seek to confirm the Plan notwithstanding the deemed rejection of such Classes.

ARTICLE 5.

TREATMENT OF CLAIMS AND INTERESTS

The Classes of Impaired Claims and Interests shall be treated as follows, in full settlement, discharge, release and satisfaction of their Claims against, or Interests in, the Debtors:

5.1 Class 1 (Bermuda C, F and I Classes). As soon as reasonably practicable following the closing of the Insurance Portfolio Sale and the funding of the Bermuda Liquidation Account pursuant to sections 7.1 and section 7.2 of the Plan:

(i) the Receivers shall determine which portion of the Bermuda Liquidation Account shall be allocated to the NSI Secured Lenders (the "CFI Allocation") and which portion is to be distributed on the Effective Date to the NSSC Bermuda Lenders (the "non-CFI Allocation"); provided, however, that in the event the Receivers are unable to determine the CFI Allocation and non-CFI Allocation amounts prior to the Effective Date, (x) the Bermuda C, F and I Contribution shall be transferred directly from the Bermuda Liquidation Account to the USCB Escrow on the Effective Date, to be held and paid as provided in sections 5.2 and 12.7 of this Plan, and (y) the Receivers shall use reasonable efforts to promptly determine the CFI Allocation and non-CFI Allocation amounts from the amount remaining in the Bermuda Liquidation Account following the transfer of the Bermuda C, F, and I Contribution in accordance with clause (x) of this section 5.1(i), and the transfer of the Bermuda non-C, F and I Contribution in accordance with clause (x) of section 5.2(i) of the Plan;

(ii) The CFI Allocation shall be distributed as follows:

(a) On the Effective Date or as soon thereafter as practicable, the Bermuda C, F and I Contribution shall be deposited in the USCB Escrow and held and paid as provided in section 5.2 and section 12.7 of this Plan; and

(b) The balance of the CFI Allocation shall be distributed to the NSI Receiver in full satisfaction of the Claims of the NSI Secured Lenders.

5.2 Class 2 (NSSC Bermuda Lenders). Unless otherwise specified in this section 5.2, as soon as is reasonably practicable following the closing of the Insurance Portfolio

Sale and the funding of the Bermuda Liquidation Account pursuant to section 7.1 and section 7.2 of the Plan, in satisfaction of the Claims of the NSSC Lenders:

(i) the Receivers shall distribute the non-CFI Allocation as follows:

(a) Either:

(1) in the event that the Plan is confirmed by the Consensual Process, on or before the Effective Date or as soon thereafter as practicable, the Receivers shall pay the Bermuda non-C, F and I Consensual Process Contribution from the Bermuda Liquidation Account into the Global Settlement Fund provided, however, that in the event the Receivers are unable to determine the CFI Allocation and non-CFI Allocation amounts prior to the Effective Date (x) the Bermuda non-C, F and I Contribution shall be transferred directly from the Bermuda Liquidation Account to the Global Settlement Fund on the Effective Date, and (y) the Receivers shall use reasonable efforts to promptly determine the CFI Allocation and non-CFI Allocation amounts from the amount remaining in the Bermuda Liquidation Account following the transfer of the Bermuda non-C, F, and I Contribution in accordance with clause (x) of this Section 5.2(i)(a)(1) and the transfer of the Bermuda non-C, F and I Contribution in accordance with Section 5.2(i) of this Plan; or

(2) in the event that the Plan is confirmed by the Cramdown Process, on or before the Effective Date, the Receivers shall pay the

Bermuda non-C, F and I Cramdown Process Contribution from the Bermuda Liquidation Account into the Global Settlement Fund;

and

(b) On or after the Effective Date, in accordance with the provisions of any Allocation Order(s), the Joint NSSC Receivers shall distribute the balance of the Bermuda Liquidation Account.

(c) If any Allocation Order provides that any Bermuda Investors of Bermuda Segregated Account Class B, E, H, K, L, N or O are not entitled to participate in the distributions on a *pari passu* basis with other Bermuda Investors in that same segregated share class, then the Joint NSSC Receivers shall make payments, to be withdrawn from the USCB Escrow, to those Bermuda Investors who were found to be subordinated to other Bermuda Investors in the same segregated share class in an amount sufficient to ensure that each subordinated Bermuda Investor receives the same *pro rata* distribution as the Bermuda Investors in their respective segregated share class who received distributions in priority to them; provided, however, that in no event shall the amount withdrawn by the Joint NSSC Receivers from the USCB Escrow pursuant to this clause exceed the amount deposited into the USCB Escrow by the NSI Secured Lenders from the NSI Secured Lenders' distribution from the Bermuda Liquidation Account.

(ii) The balance remaining in the USCB Escrow, if any, after any distributions required as a result of any Allocation Order shall be paid forthwith into the Global Settlement Fund, to be distributed in accordance with section 12.7 of this Plan.

(iii) The Bermuda Wind Down Assets (and the Debtors' ownership interests in any Entity or Entities that hold any such asset, as the case may be) shall be transferred as provided in section 7.3.1 and section 7.3.2 of the Plan and, under the exclusive control and supervision of the Joint NSSC Receivers, or at their direction, shall be liquidated with the net proceeds of such liquidation to be paid by the Joint NSSC Receivers to the Bermuda Investors in such manner as may be directed by the Bermuda Court pursuant to an Allocation Order or other Final Order.

5.3 Class 3 (US-Cayman Funds). The Holders of Claims in Class 3 shall each receive a Percentage Share of periodic distributions of the net proceeds from the liquidation of the USC Wind Down Assets, which shall be paid by the Post-Confirmation Debtors directly to each US-Cayman Investor on dates to be determined in the reasonable discretion of the Post-Confirmation Debtors until all of the USC Wind Down Assets have been liquidated at which time the Post-Confirmation Debtors shall make the Final Distribution to the Holders of Claims in Class 3.

5.4 Class 4(a) (General Unsecured Claims against NSI) and Class 4(d) (General Unsecured Claims against NSCI). Except to the extent that a Holder of an Allowed General Unsecured Claim agrees to a less favorable treatment or has been paid prior to the Effective Date, each Allowed General Unsecured Claim in Class 4(a) (General Unsecured

Claims against NSI) and Class 4(d) (General Unsecured Claims against NSCI) shall be paid in full in Cash on Confirmation, or, otherwise rendered Unimpaired. Without limiting the generality of the foregoing, if a General Unsecured Claim arises (i) based on liabilities incurred in, or to be paid in, the ordinary course of business or (ii) pursuant to an executory contract or unexpired lease, the Holder of such General Unsecured Claim shall be paid in Cash by NSI (or, after the Effective Date, by the Post-Confirmation Debtor) pursuant to the terms and conditions of the particular transaction and/or agreement giving rise to such General Unsecured Claim. Notwithstanding the provisions of this section 5.4 of the Plan, the Debtors reserve their rights to dispute in the Bankruptcy Court, or any other court with jurisdiction, the validity of any General Unsecured Claim at any time prior to the date fixed pursuant to section 8.1 of this Plan.

5.5 Class 4(b) (General Unsecured Claims against NSSC). Holders of Class 4(b) Claims will not receive any distribution nor retain any property on account of such Claim and all such Claims will be extinguished on the Effective Date.

5.6 Class 4(c) (General Unsecured Claims against NSC). Each Allowed General Unsecured Claim in each of Class 4(c) (General Unsecured Claims against NSC) shall receive their Pro Rata Portion of the Class 4(c) Distribution Amount. In the event that the Class 4(c) Distribution Amount is in excess of the aggregate amount of the Face Amount of Allowed Class 4(c) Claims and any amount required to be reserved for Class 4(c) Claims that have not been Allowed, such excess shall be deemed to be part of the Bermuda Wind Down Assets.

5.7 Class 5(a) (Interests in NSI). On and after the Effective Date, the Interests in NSI shall continue to be held by NSSC, as a Post-Confirmation Debtor, and shall not be in any way affected by the Plan.

5.8 Class 5(b) (Interests in NSSC). All Interests in NSSC shall be extinguished on the Effective Date and the Holders of Interests in Class 5(b) shall not receive or retain any property on account of such Interest.

5.9 Class 5(c) (Interests in NSC). All Interests in NSC shall be extinguished on the Effective Date and the Holders of Interests in Class 5(c) shall not receive or retain any property on account of such Interest.

5.10 Class 5(d) (Interests in NSCI). On and after the Effective Date, the Interests in NSCI shall continue to be held by the Holders of such Interests, and shall not be in any way affected by the Plan.

5.11 Deficiency Claims. The Deficiency Claims of each accepting Class of Secured Claims are waived and released.

ARTICLE 6.

TREATMENT OF EXECUTORY CONTRACTS AND UNEXPIRED LEASES

6.1 Assumption; Assignment As of the Effective Date, the Debtors shall assume or assume and assign, as applicable, pursuant to section 365 of the Bankruptcy Code, each of the executory contracts and unexpired leases of the Debtors that are identified in Schedule 2 to the Plan that have not expired under their own terms prior to the Effective Date. Except as provided in section 6.2 below, the Debtors reserve the right upon consultation with the Receivers to amend Schedule 2 to the Plan not later than fourteen (14) days prior to the Confirmation Hearing either to: (a) delete any executory contract or lease listed therein and provide for its rejection pursuant to section 6.4 hereof; or (b) add any executory contract or lease to Schedule 2, thus providing for its assumption or assumption and assignment, as applicable, pursuant to this section. The Debtors shall provide notice of any such amendment of such

Schedule 2 to (i) the parties to the executory contract or lease affected thereby and (ii) the Receivers not later than fourteen (14) days prior to the Confirmation Hearing. The Receivers reserve the right to dispute any cure amount. The Confirmation Order shall constitute an order of the Bankruptcy Court pursuant to section 365 of the Bankruptcy Code approving all such assumptions or assumptions and assignments, as applicable, described in this section 6.1, as of the Effective Date.

6.2 Cure Payments; Adequate Assurance of Performance Any monetary defaults under each executory contract and unexpired lease to be assumed under the Plan shall be satisfied, pursuant to section 365(b)(1) of the Bankruptcy Code, in either of the following ways: (a) by payment of the default amount in Cash, in full on the Effective Date; or (b) by payment of the default amount on such other terms as may be agreed to by the Debtors and the non-Debtor parties to such executory contract or lease. In the event of a dispute regarding (i) the amount or timing of any cure payments, (ii) the ability of the Debtors or an assignee thereof to provide adequate assurance of future performance under the contract or Lease to be assumed or assumed and assigned, as applicable, or (iii) any other matter pertaining to assumption or assumption and assignment of the contract or lease to be assumed, the Debtors or the Post-Confirmation Debtors shall pay all required cure amounts promptly following the entry of a Final Order resolving the dispute; provided, however, notwithstanding any other provision of this Plan, (a) with the written agreement of the counterparty to an executory contract or lease or (b) upon written notice to the counterparty, the Debtors or the Post-Confirmation Debtors may add any executory contract or lease to the list of rejected contracts if the Debtors determine, in their sole discretion, that it is not in their bests interests to assume the executory contract or lease considering the cure amount or

any other terms of assumption or assumption and assignment as determined by the Bankruptcy Court in a Final Order.

6.3 Objections To Assumption of Executory Contracts and Unexpired Leases To the extent that any party to an executory contract or unexpired lease identified for assumption asserts arrearages or damages pursuant to section 365(b)(1) of the Bankruptcy Code, or has any other objection with respect to any proposed assumption, revestment, cure or assignment on the terms and conditions provided herein, all such arrearages, damages and objections must be Filed and served: (a) as to any contracts or leases identified in Schedule 2 hereto that is mailed to any party to any such contract or lease along with all other solicitation materials accompanying the Plan, within the same deadline and in the same manner established for the Filing and service of objections to Confirmation of the Plan; and (b) as to any contracts or leases identified in any subsequent amendments to Schedule 2 within fourteen (14) days after the Debtors File and serve such amendment. Failure to assert such arrearages, damages or objections in the manner described above shall constitute consent to the proposed assumption, revestment, cure or assignment on the terms and conditions provided herein, including an acknowledgement that the proposed assumption and/or assignment provides adequate assurance of future performance and that the amount identified for "cure" in Schedule 2, or any amendments thereto, hereto is the amount necessary to cover any and all outstanding defaults under the executory contract or unexpired lease to be assumed, as well as an acknowledgement and agreement that no other defaults exist under such contract or lease.

6.4 Rejection Except for those executory contracts and unexpired leases that are (a) assumed pursuant to this Plan, (b) the subject of previous orders of the Bankruptcy Court providing for their assumption or rejection pursuant to section 365 of the Bankruptcy Code, (c)

to be conveyed pursuant to the Asset Purchase Agreement, or (d) the subject of a pending motion before the Bankruptcy Court with respect to the assumption or assumption and assignment of such executory contracts and unexpired leases, as of the Effective Date, all executory contracts and unexpired leases of the Debtors shall be rejected pursuant to section 365 of Bankruptcy Code; provided, however, that neither the inclusion by the Debtors of a contract or lease on Schedule 2 nor anything contained in this Article 6 shall constitute an admission by any Debtor that such contract or lease is an executory contract or unexpired lease or that any Debtor or its successors and assigns has any liability thereunder. To the extent any loan agreement or lease agreement pursuant to which any Debtor is lender or lessor is deemed to be an executory contract or unexpired lease within the meaning of 365 of the Bankruptcy Code, rejection of such loan agreement or lease agreement shall not, by itself, eliminate the borrower's or lessee's obligations thereunder or cause any Debtor's Liens, security interests or ownership rights to be released or extinguished. For the avoidance of doubt, the DIP Credit Agreement shall not be deemed to be an executory contract. The Joint NSSC Receiver shall have standing to object to any Claims arising from the rejection of executory contracts or unexpired leases.

6.5 Approval of Rejection; Rejection Damages Claims Bar Date The Confirmation Order shall constitute an Order of the Bankruptcy Court approving the rejection of executory contracts and unexpired leases under section 6.4 above pursuant to section 365 of the Bankruptcy Code as of the Effective Date. Any Claim for damages arising from any such rejection must be Filed within thirty (30) days after the later of (i) the Effective Date or (ii) service of a written notice deeming such contract or lease to be rejected pursuant to section 6.4 of the Plan. Any timely filed Claim for damages arising from any such rejection, if Allowed, will be as General Unsecured Claim.

6.6 Asset Purchase Agreement and Executory Contracts Related Thereto The Debtors' rights and remedies under each section of this Article 6 and the Bankruptcy Code with regard to executory contracts are to be exercised in conformity with their obligations under the Asset Purchase Agreement. Purchaser's prior written consent is required for any action by the Debtor that may result in the rejection of the Asset Purchase Agreement or the rejection of the executory contracts to be conveyed pursuant to the Asset Purchase Agreement. The Receivers shall have standing to object to the cure amounts asserted in connection with any assumption or assignment.

6.7 Insurance Policies Notwithstanding any other the provisions of the Plan with regard to executory contracts, from and after the Effective Date, each of the Debtors' insurance policies in existence as of the Effective Date will be reinstated and continued in accordance with their terms and, to the extent applicable, will be deemed assumed by the applicable Post-Confirmation Debtor pursuant to section 365 of the Bankruptcy Code. Nothing in the Plan will affect, impair or prejudice the rights of the insurance carriers or the Post-Confirmation Debtors under the insurance policies in any manner, and such insurance carriers and Post-Confirmation Debtors will retain all rights and defenses under such insurance policies, and such insurance policies will apply to, and be enforceable by and against, the Post-Confirmation Debtors in the same manner and according to the same terms and practices applicable to the Debtors, as existed prior to the Effective Date.

6.8 Indemnification Agreements Notwithstanding any other provisions of the Plan with regard to executory contracts, from and after the Effective Date, the obligations of each Debtor or Post-Confirmation Debtor to indemnify any Person who is serving or has served as one of its managers, directors, officers or employees as of the Petition Date by reason of such

Person's prior or future service in such a capacity or as a manager, director, officer or employee of any Non-Debtor Affiliates, to the extent provided in the applicable certificates of incorporation, by-laws or similar constituent documents, by statutory law or by written agreement, policies or procedures of or with such Debtor or Non-Debtor Affiliates, will be deemed and treated as of the Effective Date, as executory contracts that are assumed by the applicable Debtor or Post-Confirmation Debtor pursuant to the Plan and section 365 of the Bankruptcy Code. Accordingly, any Indemnification Claims will survive and be unaffected by entry of the Confirmation Order, irrespective of whether such indemnification is owed for an act or event occurring before or after the Petition Date. The funding of the GP Administrative Reserve and the application of the GP Administrative Reserve, as outlined in section 7.13 hereof, is not an indemnification obligation of NSI.

ARTICLE 7.

MEANS FOR EXECUTION AND IMPLEMENTATION OF THE PLAN.

7.1 Insurance Portfolio Sale.

7.1.1 **Purchaser Protection Motion**. Within five (5) days of the Petition Date, the Debtors shall file or cause to be filed the Purchaser Protection Motion (as defined in the Asset Purchase Agreement).

7.1.2 **Consensual Process**. In the event of a Consensual Process, then in accordance with the Bankruptcy Timeline (as defined in the Asset Purchase Agreement), the Debtors shall seek entry of the Confirmation Order approving, among other things, this Plan and the transactions contemplated by the Asset Purchase Agreement. Concurrently with their motion to schedule the Confirmation Hearing, the Debtors shall move to assume, or assume and assign, as the case may be, the Asset Purchase Agreement and all executory contracts to be conveyed

pursuant to the Asset Purchase Agreement. The Debtors shall provide notice of the assumption of the Asset Purchase Agreement and all executory contracts to be conveyed pursuant to the Asset Purchase Agreement, or any amendment thereof, to (i) the parties to the executory contract or lease affected thereby and (ii) the Receivers not later than fourteen (14) days prior to the Confirmation Hearing. Any objection with respect to any proposed assumption, revestment, cure or assignment of the Asset Purchase Agreement and any executory contracts related thereto must be Filed and served within the same deadline and in the same manner established for the Filing and service of objections to Confirmation of the Plan. The Confirmation Order shall constitute an order of the Bankruptcy Court pursuant to section 365 of the Bankruptcy Code approving all such assumptions or assumptions and assignments, as applicable, relating to the Asset Purchase Agreement, as of the Effective Date.

7.1.3 **Cramdown Process**. In the event that Class 3 does not vote to accept this Plan, then the Debtors will (i) seek approval of the Insurance Portfolio Sale to Purchaser by filing a motion seeking the Sale Order and (ii) seek to confirm this Plan pursuant to section 1129(b) of the Bankruptcy Code, in which event, the Insurance Portfolio Asset Proceeds shall be utilized by the Debtors in the manner provided for in this Plan. In the event of a Cramdown Process, then in accordance with the Bankruptcy Timeline (as defined in the Asset Purchase Agreement), the Debtors shall file, or cause to be filed, a motion seeking entry of the Sale Order. Concurrently with their motion seeking entry of the Sale Order, the Debtors shall move to assume, or assume and assign, as the case may be, the Asset Purchase Agreement and all executory contracts to be conveyed pursuant to the Asset Purchase Agreement. The Debtors shall provide notice of the assumption of the Asset Purchase Agreement and all executory contracts to be conveyed pursuant to the Asset Purchase Agreement, or any amendment thereof,

to (i) the parties to the executory contract or lease affected thereby and (ii) the Receivers not later than fourteen (14) days prior to the 363 Sale hearing. Any objection with respect to any proposed assumption, revestment, cure or assignment of the Asset Purchase Agreement and any executory contracts related thereto must be Filed and served within the same deadline and in the same manner established for the Filing and service of objections to approval of the 363 Sale. The Sale Order shall constitute an order of the Bankruptcy Court pursuant to section 365 of the Bankruptcy Code approving all such assumptions or assumptions and assignments, as applicable, described herein, as of the closing of the 363 Sale; and, the Debtors may consummate the Insurance Portfolio Sale prior to Confirmation.

7.1.4 **Consummation of the Insurance Portfolio Sale under the Consensual Process**. As provided for in section 7.1.2 of the Plan, on or before the Effective Date, NSI shall consummate the Insurance Portfolio Sale to Purchaser free and clear of all liens, claims and encumbrances, with all such liens, claims, and encumbrances attaching to the Insurance Portfolio Asset Proceeds, which shall be transferred to the Bermuda Liquidation Account in accordance with the provisions of this Plan. The Insurance Portfolio Sale shall be pursuant to the Asset Purchase Agreement, which terms are incorporated herein by reference and made a part of this Plan. The Insurance Portfolio Asset Proceeds shall be used to fund the Bermuda Liquidation Account.

7.2 Bermuda Liquidation Account On or before the Effective Date, and in any event, upon receipt of the Insurance Portfolio Asset Proceeds, the Debtors shall deposit $125,000,000.00 into the Bermuda Liquidation Account. Upon receipt of the Insurance Portfolio Asset Proceeds, and prior to their deposit into the Bermuda Liquidation Account, the Debtors shall hold the Insurance Portfolio Asset Proceeds in trust for the benefit of the Receivers and

such Insurance Portfolio Asset Proceeds shall at all times be free and clear of all Liens, Claims, interests and encumbrances (other than the obligation of the applicable Receivers to make the Bermuda C, F and I Contribution and the Bermuda non-C, F and I Cramdown Process Contribution or Bermuda non-C, F and I Consensual Process Contribution, as the case may be), including, without limitation, any claim or right asserted by any officer, manager, director or employee of any Debtor or Non-Debtor Affiliates pursuant to any indemnification or similar agreement assumed by any Debtor pursuant to section 6.8 of this Plan.

7.3 Bermuda Wind Down Assets.

7.3.1 **Transfer Free and Clear**. On the Effective Date, the Bermuda Wind Down Assets (and the Debtors' ownership interest in any Entity or Entities that own or hold any such asset, as the case may be), shall be transferred to or placed under the exclusive control of the Joint NSSC Receivers, and disposed of as provided for in this Plan, free and clear of all Liens, Claims, interests and encumbrances.

7.3.2 **Administration of the Bermuda Wind Down Assets**. The proceeds from the disposition of the Bermuda Wind Down Assets will be distributed by the Bermuda Wind Down Asset Structure and allocated by the Joint NSSC Receivers for distribution to the Bermuda NSSC Lenders pursuant to the provisions of this Plan and any Allocation Order.

7.4 USC Wind Down Assets. Title to all USC Wind Down Assets shall be revested in NSSC, as a Post-Confirmation Debtor, to be liquidated by the Post-Confirmation Debtors for the benefit of the US-Cayman Investors. Except as may be set forth herein, all such USC Wind Down Assets shall be owned by the Debtors free and clear of all Liens, Claims, interests and encumbrances. The proceeds of the USC Wind Down Assets, after payment of all

costs and expenses incurred by the Reorganized Debtors, will be allocated and distributed pursuant to Article 5 of this Plan.

7.5 Continuation of Automatic Stay. In furtherance of the implementation of the Plan, except as otherwise provided herein, all injunctions or stays provided for in the Chapter 11 Cases pursuant to sections 105 or 362 of the Bankruptcy Code, or otherwise, and in existence on the Confirmation Date, shall remain in full force and effect and apply to all Holders of Claims against, or Interests in, the Debtors, the Estates and the Assets until the Final Distribution Date; provided, however, that nothing herein shall be deemed to extend the scope of any such injunction or stay beyond the provisions of section 362 of the Bankruptcy Code.

7.6 Post-confirmation Operations. Following Confirmation and prior to the occurrence of the Effective Date, the then-current officers, directors, managers and managing members of each of the Debtors shall continue in their respective capacities and the Debtors shall execute such documents and take such other action as is necessary to effectuate the transactions provided for in this Plan. On and after the Effective Date, all such officers, directors, managers and managing members shall be deemed to have resigned and new officers, directors, managers and managing members, who shall be identified in the Plan Supplement, will be appointed by the Plan Administrator to serve for the Post-Confirmation Debtors in accordance with the respective organizational documents of each of the Post-Confirmation Debtors. The officers, directors, managers and managing members appointed by the Plan Administrator shall continue to serve in such roles unless a majority of the Holders of the Interests in reorganized NSCI shall vote to remove any such officer, director, manager or managing member for "cause", in which event the Plan Administrator, in consultation with the Holders of the Interests in reorganized NSCI shall appoint a successor. Also on the Effective date, Interests in NSSC and NSC will be restructured

such that (i) New NSSC Manager, a newly formed Entity, will become the holder of all of the membership interests in reorganized NSC, (ii) GP Manager, a newly formed Entity, will become the non-member manager of reorganized NSC, to serve without compensation and exercise the management responsibilities set forth in the amended limited liability company operating agreement to be included in the Plan Supplement, (iii) reorganized NSCI will become the sole limited partner of reorganized NSSC, and (iv) reorganized NSC will become the general partner of reorganized NSSC. The organizational documents for the foregoing transactions will be included in the Plan Supplement. From and after the Effective Date, the Post-Confirmation Debtors, as restructured herein, shall (i) continue in possession, custody and control of all their respective, books, records, rights and privileges together with any Assets that are not disposed of pursuant to the provisions of this Plan, and (ii) be solely responsible for the management of their respective affairs and the operation of their respective businesses, subject only to the jurisdiction of the Bankruptcy Court to enforce the provisions of this Plan.

7.7 The Plan Administrator. Following the Effective Date and until the entry of a Final Decree, the Plan Administrator shall have the authority and right on behalf of the Post-Confirmation Debtors, and pursuant to section 1123(b)(3) of the Bankruptcy Code, without the need for Bankruptcy Court approval (unless otherwise indicated), to carry out and implement all provisions of the Plan, including, without limitation, to: (i) control and effectuate the Claims reconciliation process, including to object to, seek to subordinate, compromise or settle any and all Claims in accordance with the Plan; (ii) make Distributions to holders of Allowed Claims in accordance with the Plan; (iii) prosecute, on behalf of the Bermuda Wind Down Asset Structure, all Causes of Action, (to the extent not released in the Plan), including Avoidance Actions, and to elect not to pursue any Claims or Avoidance Actions, in which case the Causes of Action and

Avoidance Actions may be pursued by, or at the direction of, the manager of the Bermuda Wind Down Asset Structure, and whether and when to compromise, settle, abandon, dismiss, or otherwise dispose of any Claims or Avoidance Actions, as the Plan Administrator may determine is in the best interests of the Post-Confirmation Debtors and their Creditors, provided, however, that no Avoidance Actions or Causes of Action shall be abandoned, dismissed, or otherwise disposed of without the written consent of the Joint NSSC Receivers; (iv) make payments to existing professionals who may continue to perform in their current capacities; (v) retain Professionals to assist in performing its duties under the Plan; (vi) maintain the books and records and accounts of the Post-Confirmation Debtors; (vii) incur and pay reasonable and necessary expenses in connection with the performance of its duties under the Plan, including the reasonable fees and expenses of professionals retained by the Plan Administrator and the Joint Receivers; (viii) administer each Post-Confirmation Debtor's tax obligations, including (i) filing and paying tax returns, and paying taxes (ii) requesting, if necessary, an expedited determination of any unpaid tax liability of each Debtor or its estate under Bankruptcy Code section 505(b) for all taxable periods of such Debtor ending after the Commencement Date and (iii) representing the interest and account of each Debtor or its estate before any taxing authority in all matters including, without limitation, any action, suit, proceeding or audit; and (ix) prepare and file any and all informational returns, reports, statements, returns or disclosures relating to the Debtors that are required by any Governmental Unit or applicable law. The Plan Administrator shall have no liability for any acts or omissions in its capacity as Plan Administrator to the Post-Confirmation Debtors other than for gross negligence or willful misconduct of the Plan Administrator. On and after the Effective Date, the costs and expenses incurred for the preparation of tax returns, financial statements and audit reports covering any period prior to the

Effective Date shall be paid: (i) 95% by the Joint NSSC Receivers and the Bermuda Wind Down Asset Structure; and, (ii) 5% by the Post-Confirmation Debtors; provided, however, that the Plan Administrator receives approval from the Joint NSSC Receivers before commencing an audit to be funded under the terms of this provision.

7.8 Restructuring of the Post-Confirmation Debtors. On or after the Effective Date, the Post-Confirmation Debtors may merge, consolidate or reorganize any of the Debtors and/or combine any of the Debtors with any Non-Debtor Affiliates in such manner as the Post-Confirmation Debtors may deem prudent with a view toward minimizing the cost of administering their Assets or conducting their respective businesses.

7.9 Issuance of Interests in Post-Confirmation Debtors. On the Effective Date, (i) all of the memberships interests in reorganized NSC shall be issued to New NSSC Manager and (ii) NSCI shall become the sole limited partner of the reorganized NSSC.

7.10 Avoidance Actions Except to the extent released pursuant to Article 12 of this Plan, effective on and after the Effective Date, all Avoidance Actions and Causes of Action shall be preserved for the benefit of the Bermuda Investors and shall be Bermuda Wind Down Assets. The Plan Administrator and Post-Confirmation Debtors shall cooperate with the Joint NSSC Receivers and take any and all actions to facilitate the prosecution of Causes of Action and Avoidance Actions for the benefit of the Bermuda Investors. For the avoidance of any doubt, no Avoidance Actions or Causes of Action against any Released Parties shall be preserved for the benefit of the Bermuda Investors. The Confirmation Order shall provide that, from and after the Effective Date, the Plan Administrator and the manager of the Bermuda Wind Down Asset Structure shall have the right to prosecute any and all non-released Causes of Action and/or Avoidance Actions as a representative of the estate under section 1123(b)(3)(B) of the

Bankruptcy Code. The Bankruptcy Court shall retain jurisdiction over any and all Causes of Action and Avoidance Actions.

7.11 Closing of the Chapter 11 Cases. The Plan Administrator may seek the entry of a Final Decree at any time after this Plan has been substantially consummated provided that all required fees due under 28 U.S.C. § 1930 have been paid.

7.12 Post-Effective Date Reporting. As promptly as practicable after the making of any distributions that are required under the Plan to be made on the Effective Date, but in any event no later than twenty-one (21) days after the making of such distributions, the Plan Administrator shall File with the Bankruptcy Court and serve on the United States Trustee a report setting forth the amounts and timing of all such distributions and the recipients thereof. Thereafter, the Plan Administrator shall File with the Bankruptcy Court and serve on the United States Trustee quarterly reports summarizing the cash receipts and disbursements of the Debtors for the immediately preceding three-month period. Each quarterly report shall also state the Debtors' cash balances as of the beginning and ending of each such period. Quarterly reports shall be provided until the entry of a Final Decree. The Post-Confirmation Debtors shall comply with all tax withholding, reporting requirements and regulatory obligations imposed on them by any Governmental Unit, and all distributions pursuant to the Plan shall be subject to such withholding, requirements or obligations. Notwithstanding any provision in the Plan to the contrary, the Plan Administrator and the Post-Confirmation Debtors shall be authorized to take all actions necessary or appropriate to comply with such withholding, requirements or obligations.

7.13 GP Administrative Reserve. The GP Administrative Reserve shall be administered by the GP Manager until the GP Reserve Termination Date. The GP

Administrative Reserve shall not be used to pay any judgments, fines, restitution, penalties, or any similar sums in connection with any Administrative Action; provided, however, that the GP Manager shall have the right in its discretion, and with the consent of the Joint NSSC Receivers, which consent shall not be unreasonably withheld, to pay a settlement amount if it determines in its reasonable business judgment that paying such amount would avoid the cost and risk of permitting the Administrative Action to continue. The GP Administrative Reserve shall not be used to pay any amount incurred by any past, present or future manager, director, officer or employee of the GP Manager, the Debtors or the Post-Confirmation Debtors in connection with any Administrative Action that is due to be paid under any policy of insurance except that the GP Administrative Reserve may be used to advance an amount an insurer has wrongfully refused to pay or for which an insurer has, in the discretion of the GP Manager, unduly delayed payment. Such advancement shall be provided subject to the receipt of an appropriate undertaking or agreement from the insured party to repay such advancement into the GP Administrative Reserve when payment is received from the insurer and to remain liable for the advanced amount until such time. The GP Administrative Reserve shall be replenished from any insurance proceeds received by the GP Manager, Debtors or Post-Confirmation Debtors in connection with any Administrative Action. The GP Manager, Debtors or Post-Confirmation Debtors (as applicable) will pursue their insurers and use their best efforts to utilize proceeds of any available insurance policies to reimburse any amounts utilized in the GP Administrative Reserve. The amounts, if any, remaining in the GP Administrative Reserve on the GP Reserve Termination Date after all outstanding fees, expenses and costs have been paid shall be remitted to the Joint NSSC Receivers. Upon the GP Reserve Termination Date, at the request of and at the sole costs and expense of the Joint NSSC Receivers, the GP Manager shall provide accountings to the Joint

NSSC Receivers of any amounts utilized in the GP Administrative Reserve. In the event the GP Manager uses or otherwise utilizes proceeds in the GP Administrative Reserve but fails (or fails to direct the Debtors or Post-Confirmation Debtors) to use best efforts to pursue the applicable insurers and insurance policies for reimbursement of such amounts, the Joint NSSC Receivers shall be subrogated to the rights of the GP Manager (or the Debtors or Post-Confirmation Debtors as applicable) to pursue the applicable insurers and insurance policies to pay for reimbursement of such amounts at the sole cost and expense of the Joint NSSC Receivers.

7.14 Disposition of Liquidation Budget Amount. Any portion of the Liquidation Budget Amount that is not expended by the Post-Confirmation Debtors in accordance with the provisions of this Plan shall be paid to the Joint NSSC Receivers.

ARTICLE 8.

CLAIM OBJECTIONS

8.1 Objections to Claims. Prior to the Effective Date, objections to, and requests for estimation of, Claims against the Debtors may be interposed and prosecuted by the Debtors. Except to the extent released pursuant to Article 12 of this Plan or as otherwise provided herein, from and after the Effective Date, the Plan Administrator shall have the sole authority to File, settle, compromise, withdraw, arbitrate or litigate to judgment objections to Claims pursuant to applicable procedures established by the Bankruptcy Code, the Bankruptcy Rules, and this Plan. The Plan Administrator shall consult with the Joint NSSC Receivers regarding any Claim that is filed for an amount in excess of $100,000; and, if following such consultation the Plan Administrator elects not to file an objection to any such Claim, the Joint NSSC Receivers shall have the right to file and prosecute such an objection at their sole costs and expense. Objections to any Other Priority Claim or General Unsecured Claim must be Filed

and served on the claimant no later than the later of (x) one hundred twenty (120) days after the date the Claim is Filed, (y) ninety (90) days after the Effective Date, or (z) such other date as may be ordered from time to time by the Court. The Plan Administrator shall use reasonable efforts to promptly and diligently pursue resolution of any and all disputed Other Priority Claims and General Unsecured Claims. Except with respect to Other Priority Claims, General Secured Claims, and Administrative Claims, no deadlines by which objections to Claims must be Filed have been established in these Chapter 11 Cases.

8.2 Disputed Claims Reserve. On or before the Effective Date, the Debtors shall establish a reserve, which shall be maintained by the Plan Administrator, as part of the Wind Down Budget, for all Disputed Claims, if any, in an amount equal to what would be distributed to holders of such Claims if their Disputed Claims had been Allowed Claims on the Effective Date equal to the Face Amount of such Disputed Claim or such other amount as may be determined by a Final Order of the Bankruptcy Court. With respect to such Disputed Claims, if, when, and to the extent any such Disputed Claim becomes an Allowed Claim by Final Order, the relevant portion of the Cash held in reserve therefore shall be distributed by the Plan Administrator to the Claimant in a manner consistent with distributions to similarly situated Allowed Claims. The balance of such Cash, if any, remaining after any particular Disputed Claims has been resolved and distributions made to the Holder of such Claim in accordance with the Plan, shall be released and transferred to the Bermuda Liquidation Account. No payments or distributions shall be made with respect to a Claim that is a Disputed Claim pending the resolution of the dispute by Final Order or agreement of the parties. Objections to Claims may be litigated to judgment or withdrawn, and may be settled with the approval of the Bankruptcy Court, except to the extent such approval is not necessary as provided in this section. After the

Effective Date, and subject to the terms of this Plan, the Post-Confirmation Debtor may settle any Disputed Claim where the result of the settlement or compromise is an Allowed Claim in an amount of $10,000 or less without providing any notice or obtaining an order from the Bankruptcy Court. All proposed settlements of Disputed Claims where the amount to be settled or compromised exceeds $10,000 shall be subject to the approval of the Bankruptcy Court after notice and an opportunity for a hearing.

8.3 Claims in Class 4(a). As of the Effective Date, each Claim in Class 4(a) shall be deemed Disputed unless and until (i) such Claim has been Allowed, (ii) has been Scheduled by the Debtors as undisputed, or (iii) has been identified in the Plan Supplement as undisputed; provided, however, that the rights of the Plan Administrator and Joint NSSC Receivers pursuant to section 8.1 of the Plan to object to the Allowance of any Claim in Class 4(a) on any grounds after the Effective Date are fully reserved.

ARTICLE 9.

DISTRIBUTIONS

9.1 No Duplicate Distributions. To the extent more than one Debtor is liable for any Claim, such Claim shall be considered a single Claim and entitled only to the payment provided therefor under the applicable provisions of the Plan.

9.2 Delivery of Distributions in General. Distributions to holders of Allowed Claims shall be made: (a) at the addresses set forth in the proofs of Claim Filed by such holders; (b) at the addresses set forth in any written notices of address change delivered after the date on which any related proof of Claim was Filed; (c) at the addresses reflected in the Schedules relating to the applicable Allowed Claim if no proof of Claim has been Filed and the

Post-Confirmation Debtors have not received a written notice of a change of address, or (d) to the Receivers for further distribution.

9.3 Cash Payments. Except as otherwise provided in the Confirmation Order, cash payments to be made pursuant to the Plan shall be made by checks drawn on a domestic bank or by wire transfer from a domestic bank, at the option of the Post-Confirmation Debtors.

9.4 Interest on Claims. Postpetition interest shall not accrue or be paid on Claims, and no holder of a Claim shall be entitled to interest accruing on or after the Petition Date on any Claim. Interest shall not accrue or be paid upon any Disputed Claim in respect of the period from the Petition Date to the date a Final Distribution is made thereon if and after such Disputed Claim becomes an Allowed Claim. To the extent that any Allowed Claim entitled to a distribution under the Plan is composed of indebtedness and accrued but unpaid interest thereon, such distribution shall, to the extent permitted by applicable law, be allocated for federal income tax purposes to the principal amount of the Allowed Claim first and then, to the extent the consideration exceeds the principal amount of the Allowed Claim, to the portion of such Allowed Claim representing accrued but unpaid interest.

9.5 No De Minimis Distributions. No payment of Cash in an amount of less than $50.00 shall be required to be made on account of any Allowed Claim. Such undistributed amount may instead be made part of the Cash for use in accordance with this Plan.

9.6 Face Amount. Unless otherwise expressly set forth herein with respect to a specific Claim or Class of Claims, for the purpose of the provisions of this Plan, the "Face Amount" of a Disputed Claim means the amount set forth on the proof of Claim unless the

Disputed Claim has been estimated for distribution purposes or, in the alternative, if no proof of Claim has been timely Filed or deemed Filed, zero.

9.7 Undeliverable Distributions. If the distribution check to any holder of an Allowed Claim is not cashed within 90 days after issuance by the Debtors or Post-Confirmation Debtors, at the discretion of the Post-Confirmation Debtors, a stop payment order may be given with respect to the check and at the election of the Post-Confirmation Debtors, no further distributions shall be made to such holder on account of such Allowed Claim. Such Allowed Claim shall be released and the holder of such Allowed Claim shall be forever barred from asserting such Claim against the Debtors, their Estates or their respective property. In such cases, any Cash held for distribution on account of such Claim shall (i) become the property of the Debtors' estates, and (ii) be distributed to other Creditors in accordance with the terms of this Plan.

9.8 Effective Date Distributions. On the Effective Date, or as soon thereafter as practicable, the Post-Confirmation Debtors shall distribute to the holders of Allowed Administrative Claims and Allowed General Unsecured Claims in Classes 4(a), 4(c) and 4(d) Cash equal to the distributions on account of each such Claim that are provided for in this Plan.

9.9 Disputed Claims Reserve. The Post-Confirmation Debtors shall establish reserves for Disputed Claims in accordance with section 8.2 of this Plan. On and after the Effective date, the Plan Administrator shall maintain such Disputed Claims Reserve and periodically make payments out of such Disputed Claims Reserve in the manner specified in section 8.2 of this Plan.

9.10 Compliance with Tax Requirements. In connection with the Plan and the distributions made in accordance thereto, to the extent applicable, the Debtors and the Post-Confirmation Debtors shall comply with all tax withholding and reporting requirements, if any, imposed by any Governmental Unit and all distributions pursuant to the Plan shall be subject to such withholding and reporting requirements. The Post-Confirmation Debtors shall be authorized to take any and all actions that may be necessary or appropriate to comply with such withholding and reporting requirements.

ARTICLE 10.

CONDITIONS PRECEDENT

10.1 Conditions to Confirmation. The following are each conditions to entry of the Confirmation Order:

10.1.1 The Confirmation Order shall be in form and substance satisfactory to the Debtors, the Receivers, the DIP Lenders and Purchaser, in its capacity as purchaser under the Asset Purchase Agreement;

10.1.2 No uncured default shall have occurred and be continuing under the DIP Credit Agreement; and

10.1.3 The Wind Down Budget has been agreed to by the Debtors and the Joint NSSC Receivers.

10.2 Conditions to the Effective Date. The Plan shall not become effective and the Effective Date shall not occur unless and until:

10.2.1 The Bankruptcy Court shall have entered the Confirmation Order, and the Sale Order if appropriate, in form and substance satisfactory to the Debtors, the DIP Lenders and Purchaser, in its capacity as purchaser under the Asset Purchase Agreement;

10.2.2 No stay of the Sale Order, if any, or the Confirmation Order shall be in effect at the time the other conditions set forth in this Article 10 of the Plan are satisfied, or, if permitted, waived;

10.2.3 All documents, instruments and agreements provided for under this Plan or necessary to implement this Plan, including, without limitation, the Asset Management Agreement shall be in form and substance satisfactory to the Debtors, the Receivers, the DIP Lenders and Purchaser, in its capacity as purchaser under the Asset Purchase Agreement, and have been executed and delivered by the parties thereto, unless such execution or delivery has been waived by the parties benefited thereby;

10.2.5 The payments required pursuant section 2.5 of the Plan have been paid in full;

10.2.6 The Bermuda Liquidation Account shall have been funded by the Debtors in accordance with section 7.2 of the Plan;

10.2.7 The GP Administrative Reserve shall have been funded by the Debtors;

10.2.8 Solely in the event that the Plan is confirmed by the Consensual Process, the Bermuda non-C, F and I Consensual Contribution shall have been transferred to the Global Settlement Fund;

10.2.9 Solely in the event that this Plan is confirmed by the Cramdown Process, the Bermuda non-C, F and I Cramdown Contribution shall have been shall have been transferred to the Global Settlement Fund;

10.2.10 Solely in the event that this Plan is confirmed by the Consensual Process, the Purchaser Contribution shall have been transferred to the Global Settlement Fund;

10.2.11 The USCB Escrow defined in section 5.1 of this Plan shall be fully funded and paid by the Bermuda C, F and I Classes.

10.2.12 The Debtor shall hold sufficient Cash to pay all estimated Allowed Administrative Claims, Tax Claims, Allowed Other Priority Claims and Allowed General Unsecured Claims in Classes 4(a) , 4(c) and 4(d); and

10.2.13 The Confirmation Order shall have become a Final Order.

10.3 Termination of Plan for Failure To Become Effective. If the Effective Date shall not have occurred on or prior to the date that is forty-five (45) days after the Confirmation Date, then this Plan shall terminate and be of no further force or effect unless the provisions of this section 10.3 are waived in writing by the Debtors, the Receivers, the DIP Lenders and Purchaser, in its capacity as purchaser under the Asset Purchase Agreement; provided, however, that this section 10.3 shall not modify or supersede the terms of the DIP Facility or the Asset Purchase Agreement or any Event of Default thereunder, nor shall this provision in any way affect the prior completion of the sale pursuant to the Asset Purchase Agreement under a Sale Order.

10.4 Waiver of Conditions. The Debtors, with the written consent of the Receivers, the DIP Lenders and Purchaser, in its capacity as purchaser under the Asset Purchase Agreement, may waive any or all of the conditions set forth in sections 10.1 and/or 10.2 that does not affect the Debtors' ability to consummate the Plan.

10.5 Notice of Effective Date. On the Effective Date, or as soon thereafter as is reasonably practicable, the Debtors shall file with the Bankruptcy Court "Notice of Effective Date" in a form reasonably acceptable to the Debtors in their sole discretion, which notice shall constitute appropriate and adequate notice that this Plan has become effective, provided,

however, that the Debtors shall have no obligation to notify any Person other than counsel to the DIP Lenders of such fact. The Plan shall be deemed to be effective as of 12:01 a.m., prevailing Eastern time, on the Effective Date specified in such filing. A courtesy copy of the Notice of Effective Date may, but is not required to, be sent by first class mail, postage prepaid (or at the Company's option, by courier or facsimile) to those Persons who have filed with the Bankruptcy Court requests for notices pursuant to Bankruptcy Rule 2002.

ARTICLE 11.

EFFECT OF CONFIRMATION

11.1 Jurisdiction of Court. Pursuant to sections 105(a) and 1142 of the Bankruptcy Code, and notwithstanding entry of the Confirmation Order and occurrence of the Effective Date, the Bankruptcy Court shall retain exclusive jurisdiction over all matters arising out of, and related to, the Chapter 11 Cases and the Plan to the fullest extent permitted by law, including among other things, jurisdiction over the subject matters set forth in Article 12 of this Plan.

11.2 Entry of Confirmation Order. Entry of a Confirmation Order shall mean that all modifications or amendments to the Plan since the solicitation thereof are approved pursuant to section 1127(a) of the Bankruptcy Code and do not require additional disclosure or resolicitation under Bankruptcy Rule 3019.

11.3 Binding Effect. Except as otherwise provided in section 1141(d) of the Bankruptcy Code, on and after the Confirmation Date, the provisions of this Plan shall bind any holder of a Claim against or Interest in the Debtors and their respective successors and assigns, whether or not the Claim or Interest of such holder is Impaired under this Plan and whether or not such holder has accepted the Plan.

11.4 Exculpation. Except as otherwise specifically provided in this Plan, none of the Exculpated Parties shall have or incur, and are hereby released from, any obligation, Cause of Action or liability to one another or to any Creditor, or any other party in interest, for any act or omission in connection with, relating to, or arising out of, the Chapter 11 Cases, the negotiation or execution of the Plan Support Agreements, the negotiation and pursuit of confirmation of this Plan, the Consummation of this Plan, or the administration of the Estates or the property to be distributed under this Plan, except for their gross negligence or willful misconduct, and in all respects shall be entitled to reasonably rely upon the advice of counsel with respect to their duties and responsibilities (if any) under this Plan. Notwithstanding any other provision of this Plan, no Creditor nor other party in interest, shall have any right of action against any Exculpated Party for any act or omission in connection with, relating to, or arising out of, the Chapter 11 Cases, the negotiation or execution of the Plan Support Agreements, the negotiation and pursuit of confirmation of this Plan, the Consummation of this Plan, or the administration of the Estates or the property to be distributed under this Plan, except for such Exculpated Party's gross negligence or willful misconduct.

11.5 Limitation of Liability. Except as expressly set forth in the Plan, following the Effective Date, no Exculpated Party shall have or incur any liability to any holder of a Claim or Interest for any act or omission in connection with, related to, or arising out of, the Chapter 11 Cases, the negotiation and pursuit of confirmation of the Plan, the Consummation of the Plan or any contract, instrument, release or other agreement or document created in connection with this Plan, or the administration of the Plan or the property to be distributed under the Plan, except for such Exculpated Party's gross negligence or willful misconduct.

ARTICLE 12.
COMPROMISE, GLOBAL SETTLEMENT, INJUNCTION AND RELATED PROVISIONS

12.1 Compromise and Settlement.

Notwithstanding anything to the contrary contained in this Plan or the Confirmation Order, the allowance, classification and treatment of all Allowed Claims, and their respective distributions and treatments hereunder, takes into account and conforms to the relative priority and rights of the Claims and the Interests in each Class in connection with any contractual, legal and equitable subordination rights relating thereto whether arising under general principles of equitable subordination, section 510 of the Bankruptcy Code, or otherwise to the extent such subordination is enforceable under applicable law. As of the Effective Date, any and all such rights described in the preceding sentence are settled, compromised, discharged and released pursuant hereto. The Confirmation Order will constitute the Bankruptcy Court's finding and determination that the settlements reflected in the Plan are (i) in the best interests of the Debtors, their estates and all Holders of Claims, (ii) fair, equitable and reasonable, (iii) made in good faith, and (iv) approved by the Bankruptcy Court pursuant to section 363 of the Bankruptcy Code and Bankruptcy Rule 9019. The Confirmation Order shall approve the releases by all Entities of all such contractual, legal and equitable subordination rights or Causes of Action that are satisfied, compromised and settled pursuant hereto. Nothing in this Article 12.1 shall compromise or settle in any way whatsoever, any Causes of Action that the Debtors, the Receivers or the Post-Confirmation Debtors, as applicable, may have against Entities that are not Released Parties or provide for the indemnity of any Entities that are not Released Parties. In accordance with the provisions of this Plan, and pursuant to section 363 of the Bankruptcy Code and Bankruptcy Rule 9019, without any further notice to or action, order or approval of the Bankruptcy Court, after the Effective Date (i) the Post-Confirmation Debtors may, in their sole

and absolute discretion and with the consent of the Joint NSSC Receivers, compromise and settle Claims against the Debtors and (ii) the Joint NSSC Receivers may, in their sole and absolute discretion, compromise and settle Causes of Action against other Entities that have been assigned to the Joint NSSC Receivers.

12.2 Satisfaction of Claims and Termination of Interests.

Pursuant to section 1141(d) of the Bankruptcy Code, and except as otherwise specifically provided in the Plan or in any contract, instrument, or other agreement or document created pursuant to the Plan, the distributions, rights, and treatments that are provided in the Plan are in complete discharge, settlement, satisfaction and release, effective as of the Effective Date, of Claims (including Intercompany Claims), Interests and Causes of Action of any nature whatsoever, including any interest accrued on Claims or Interests from and after the Petition Date, whether known or unknown, against, liabilities of, Liens on, obligations of, rights against, and Interests in, the Debtors or any of their assets or properties, regardless of whether any property shall have been distributed or retained pursuant to the Plan on account of such Claims and Interests, including demands, liabilities and Causes of Action that arose before the Effective Date, any liability (including withdrawal liability) to the extent such Claims or Interests relate to services performed by employees of the Debtors prior to the Effective Date and that arise from a termination of employment, any contingent or non-contingent liability on account of representations or warranties issued on or before the Effective Date, and all debts of the kind specified in sections 502(g), 502(h) or 502(i) of the Bankruptcy Code. The Confirmation Order shall be a judicial determination of the discharge of all Claims and Interests subject to the Effective Date occurring.

12.3 Release of Liens.

Except as otherwise provided in the Plan, or in any contract, instrument, release or other agreement or document created pursuant to the Plan, on the Effective Date and concurrently with the applicable distributions made pursuant to the Plan and, in the case of a Secured Claim, satisfaction in full of the portion of the Secured Claim that is Allowed as of the Effective Date, all mortgages, deeds of trust, Liens, pledges or other security interests against any property of the Estates shall be fully released and discharged, and all of the right, title and interest of any Holder of such mortgages, deeds of trust, Liens, pledges or other security interests shall revert to the Post-Confirmation Debtors and their successors and assigns.

12.4 Releases by the Debtors.

Pursuant to section 1123(b) of the Bankruptcy Code, for good and valuable consideration, on and after the Effective Date, the Released Parties are each deemed released and discharged by the Debtors, the Post-Confirmation Debtors and the Estates from any and all Claims, obligations, rights, suits, damages, Causes of Action, remedies and liabilities whatsoever, whether for tort, fraud, contract, violations of federal or state securities laws, or otherwise, including any derivative Claims asserted or that could possibly have been asserted on behalf of the Debtors, whether known or unknown, foreseen or unforeseen, existing or hereinafter arising, in law, equity, or otherwise, that the Debtors, the Post-Confirmation Debtors, the Estates, or their Affiliates would have been legally entitled to assert in their own right (whether individually or collectively) or on behalf of the Holder of any Claim or Interest or other Entity, based on or relating to, or in any manner arising from, in whole or in part, the Debtors or their Non-Debtor Affiliates, the Chapter 11 Cases, the purchase, sale, or rescission of the purchase or sale of any security, the subject matter of, or the transactions or events giving rise to, any Claim or Interest that is treated in the Plan, the business or contractual arrangements between any Debtor and any

Released Party, the restructuring of Claims and Interests prior to or in the Chapter 11 Cases, the negotiation, formulation, or preparation of the Plan and related Disclosure Statement, or related agreements, instruments, or other documents, upon any other act or omission, transaction, agreement, event, or other occurrence taking place on or before the Confirmation Date of the Plan, other than Claims or liabilities arising out of or related to any contractual or fixed monetary obligation owed to the Debtors. Entry of the Confirmation Order shall constitute the Bankruptcy Court's approval, pursuant to Bankruptcy Rule 9019, of the provisions of this provision of the Plan and further, shall constitute the Bankruptcy Court's finding that the provisions hereof are: (1) in exchange for the good and valuable consideration provided by the Released Parties; (2) a good faith settlement and compromise of the Claims released; (3) in the best interests of the Debtors and all Holders of Claims and Interests; (4) fair, equitable and reasonable; (5) given and made after due notice and opportunity for hearing; and (6) a bar to any of the Debtors, the Post-Confirmation Debtors or their successors asserting any claim or Claim or Cause of Action against any of the Released Parties. Notwithstanding anything to the contrary in the foregoing, the release set forth above does not release any post-Effective Date obligations of any party under the Plan or any document, instrument, or agreement executed to implement the Plan.

12.5 Releases by Holders of Claims.

Notwithstanding any other provision of this Plan or the Confirmation Order, as of the Effective Date, each Creditor or Holder of a Claim that was entitled to vote on the Plan and did not vote timely to reject the Plan shall be deemed to have unconditionally, irrevocably and forever, released each of the Released Parties from all obligations, suits, judgments, damages, demands, debts, rights, Causes of Action and liabilities, whether liquidated or unliquidated, fixed or contingent, matured or unmatured, known or unknown, foreseen or unforeseen, then existing

or thereafter arising, in law, equity, or otherwise that are based in whole or part on any act, omission, transaction, event, or other occurrence taking place on or prior to the Effective Date (including prior to the Petition Date) in any way relating to the Debtors, the NSI Receiver, the Joint NSSC Receivers, the Bermuda Liquidators, the Chapter 11 Cases, the Plan, or the Disclosure Statement, the subject matter of, or the transactions or events giving rise to, any Claim or Interest that is treated in the Plan, the business or contractual arrangements between any Debtor and any Creditor, the restructuring of Claims and Interests prior to or in the Chapter 11 Cases, the negotiations, formulation, or preparation of the Plan, the related Disclosure Statement, or related agreements, instruments, or other documents, or upon any other act or omission, transaction, agreement, event, or other occurrence taking place before the Effective Date and that could have been asserted at any time up to immediately prior to the Effective Date; provided, however, that any rights or remedies of Purchaser pursuant to the Asset Purchase Agreement shall be deemed expressly provided for and preserved in this Plan and the Confirmation Order and shall not be subject to this release. Notwithstanding any language to the contrary contained in the Disclosure Statement, Plan, and/or Confirmation Order, no provision shall release any non-debtor, including any of the Released Parties, from liability in connection with any legal action or claim brought by the United States Securities and Exchange Commission.

12.6 Injunctions. Except as otherwise specifically provided in the Plan or the Confirmation Order, all Entities who have held, hold or may hold Claims, rights, Causes of Action, liabilities or any equity interests based upon any act or omission, transaction or other activity of any kind or nature related to the Debtors, the NSI Receiver, the Joint NSSC Receivers, the Bermuda Liquidators, or the Chapter 11 Cases that occurred prior to the Effective Date, other than as expressly provided in this Plan or the Confirmation Order, regardless of the

filing, lack of filing, allowance or disallowance of such a Claim or Interest and regardless of whether such Entity has voted to accept the Plan and any successors, assigns or representatives of such Entities shall be precluded and permanently enjoined on and after the Effective Date from (a) the commencement or continuation in any manner of any claim, action or other proceeding of any kind with respect to any Claim, Interest or any other right or claim against the Debtors, the NSI Receiver, the Joint NSSC Receivers, the Bermuda Liquidators, the DIP Lenders, MIO, the Purchaser, the Note Lenders, or the US-Cayman Investors that are affiliates of or controlled by MIO, or any assets of the foregoing, which they possessed or may possess prior to the Effective Date, (b) the enforcement, attachment, collection or recovery by any manner or means of any judgment, award, decree or order with respect to any Claim, Interest or any other right or claim against the Debtors, the NSI Receiver, the Joint NSSC Receivers, the Bermuda Liquidators, the DIP Lenders, MIO, the Purchaser, the Note Lenders, or the US-Cayman Investors that are affiliates of or controlled by MIO, or any assets of the foregoing, which such Entities possessed or may possess prior to the Effective Date, (c) the creation, perfection or enforcement of any encumbrance of any kind with respect to any Claim, Interest or any other right or claim against the Debtors, the NSI Receiver, the Joint NSSC Receivers, the Bermuda Liquidators, the DIP Lenders, MIO, the Purchaser, the Note Lenders, or the US-Cayman Investors that are affiliates of or controlled by MIO, or any assets of the foregoing which they possessed or may posses and (d) the assertion of any Claim that is released under this Plan; provided, however, that any rights or remedies of Purchaser pursuant to the Asset Purchase Agreement shall be deemed expressly provided for and preserved in this Plan and the Confirmation Order and shall not be subject to this injunction. Notwithstanding any language to the contrary contained in the Disclosure Statement, Plan, and/or Confirmation Order, no

provision thereof shall release the Joint NSSC Receivers, the NSI Receiver or the Bermuda Liquidators from any Cause of Action that may be brought by any Bermuda Investor under Bermuda law.

12.7 Global Settlement Fund. On the Effective Date, and periodically thereafter as necessary, all sums deposited in, or required to be delivered to, the USCB Escrow shall be transferred into the Global Settlement Fund, which shall be used exclusively for the purpose of making the payments provided for in this section 12.7. In addition to, and irrespective of, the amounts, if any, to be distributed to each Class 3 Creditor pursuant to section 5.3 of the Plan, on the Effective Date, each US-Cayman Investor who either (i) votes to accept the Plan or (ii) executes a ballot that consents to the acceptance of the Plan by the US Fund or any of the Cayman Funds in which such US-Cayman Investor holds an Interest (collectively, "Accepting US-Cayman Investors"), shall receive a payment from the Global Settlement Fund that is calculated based on the ratio that each such US-Cayman Investor's Percentage Share bears to the aggregate of the Percentage Shares of all Accepting US-Cayman Investors. In consideration thereof, each Accepting US-Cayman Investor who receives a distribution from the Global Settlement Fund, solely in its capacity as such, shall be deemed to have unconditionally, irrevocably and forever, released and discharged each of the Released Parties from any and all Claims, Interests, Causes of Action, remedies and liabilities whatsoever, whether for tort, fraud, contract, violations of federal or state securities laws, or otherwise, including any derivative Claims, asserted on behalf of a Debtor, whether known or unknown, foreseen or unforeseen, existing or hereafter arising, in law, equity, or otherwise, that such entity would have been legally entitled to assert (whether individually or collectively), based on or in any way relating to, or in any manner arising from, in whole or in part, the Debtors, the Debtors' restructuring, the

Chapter 11 Cases, the purchase, sale, or rescission of the purchase or sale of any security, the subject matter of, or the transactions or events giving rise to, any Claim or Interest that is treated in the Plan, the business or contractual arrangements between any Debtor and any Released Party, the restructuring of Claims and Interests prior to or in the Chapter 11 Cases, the negotiation, formulation, or preparation of the Plan, the related Disclosure Statement or related agreements, instruments, or other documents, upon any other act or omission, transaction, agreement, event, or other occurrence taking place at any time on or before the Effective Date of the Plan. A vote to accept this Plan, or the acceptance of any payment or distribution made from the Global Settlement Fund, by any Investor or Creditor shall constitute, and be conclusively presumed to be, consent and acquiescence to the absolute, unconditional and irrevocable release and discharge of each of the Released Parties from any and all Claims, Interests, Causes of Action, remedies and liabilities, as set forth hereinabove. Notwithstanding anything to the contrary in the foregoing, the release set forth above does not release any post-Effective Date obligations of any party under the Plan or any document, instrument, or agreement executed to implement the Plan. In the event that any vote on the Plan by a Creditor holding an Allowed Claim in Class 3 is designated pursuant to section 1126(e) of the Bankruptcy Code or is otherwise not counted for purposes of determining whether Class 3 has accepted the Plan and such Creditor has timely returned a ballot indicating its acceptance of the Plan, then any such Creditor Holding an Allowed Claim in Class 3 shall nonetheless be entitled to receive its share of the Global Settlement Payment and shall be deemed to have consented to the release and discharge of the Released Parties set forth herein.

ARTICLE 13.

RETENTION OF JURISDICTION

Notwithstanding the entry of the Confirmation Order and the occurrence of the Effective Date, the Bankruptcy Court shall retain jurisdiction over the Chapter 11 Cases after the Effective Date to the fullest extent legally permissible, including jurisdiction to, among other things:

(a) Allow, disallow, determine, liquidate, classify, estimate or establish the priority or secured or unsecured status of any Claim or Interest, including the resolution of any request for payment of any Administrative Claim and the resolution of any and all objections to the allowance or priority of all Claims and Interests;

(b) Hear and determine any and all causes of action against any Person and rights of the Debtors that arose before or after the Petition Date, including but not limited any Avoidance Action that is commenced on or prior to the Effective Date;

(c) Grant or deny any applications for allowance of compensation for professionals authorized pursuant to the Bankruptcy Code or the Plan, for periods ending on or before the Effective Date;

(d) Resolve any matters relating to the assumption, assumption and assignment or rejection of any executory contract or unexpired lease to which any Debtor is a party or with respect to which any of the Debtors may be liable, including without limitation the determination of whether such contract is executory or such lease is unexpired for the purposes of section 365 of the Bankruptcy Code, and hear, determine and, if necessary, liquidate any Claims arising therefrom;

(e) Enter any orders that may be required approving the Post-Confirmation Debtors' post-Confirmation sale or other disposition of Assets;

(f) Ensure that distributions to holders of Allowed Claims are accomplished pursuant to the provisions of the Plan;

(g) Decide or resolve any motions, adversary proceedings, contested or litigated matters and any other matters and grant or deny any applications involving any Debtor that may be pending in the Chapter 11 Cases on the Effective Date;

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

(i) Enter such orders as may be necessary or appropriate to implement or consummate the provisions of the Asset Management Agreement, the DIP Credit Agreement, the Plan, the DIP Facility Orders, the Asset Purchase Agreement and the Confirmation Order;

(j) Hear and determine any matters concerning the enforcement of the provisions of Article 11 and 12 of this Plan and any other exculpations, limitations of liability or injunctions contemplated by this Plan;

(k) Resolve any cases, controversies, suits or disputes that may arise in connection with the Consummation, interpretation or enforcement of the Asset Management Agreement, the DIP Credit Agreement, the Plan, the DIP Facility Orders or the Confirmation Order;

(l) Permit the Debtors, to the extent authorized pursuant to section 1127 of the Bankruptcy Code, to modify the Plan or any agreement or document created in connection with the Plan, or remedy any defect or omission or reconcile any inconsistency in the Plan or any agreement or document created in connection with the Plan;

(m) Issue injunctions, enter and implement other orders or take such other actions as may be necessary or appropriate to restrain interference by any entity with Consummation, implementation or enforcement of the Asset Management Agreement, the DIP Credit Agreement, the Plan, the DIP Facility Order, the Asset Purchase Agreement or the Confirmation Order;

(n) Enforce any injunctions entered in connection with or relating to the Plan or the Confirmation Order;

(o) Enter and enforce such orders as are necessary or appropriate if the Confirmation Order is for any reason modified, stayed, reversed, revoked or vacated, or distributions pursuant to the Plan are enjoined or stayed;

(p) Determine any other matters that may arise in connection with or relating to the Plan or any agreement or the Confirmation Order;

(q) Enter any orders in aid of prior orders of the Bankruptcy Court; and

(r) Enter a final decree closing the Chapter 11 Cases.

ARTICLE 14.

ACCEPTANCE OR REJECTION OF THE PLAN

14.1 Persons Entitled to Vote. Class 4(a), Class 4(d), Class 5(a) and Class 5 (d) are not Impaired and pursuant to section 1126(f) of the Bankruptcy Code are deemed to have accepted the Plan and these Classes will not be solicited. Holders of Claims or Interests in Class 4(b), Class 5(b) and Class 5(c) will not receive or retain any property under the Plan on account of such Claims or Interests and are deemed to have rejected the Plan pursuant to section 1126(g) of the Bankruptcy Code and these Classes will not be solicited. Only Holders of Claims or

Interests in Class 1, Class 2, Class 3 and Class 4(c) will be entitled to vote to accept or reject the Plan.

14.2 Acceptance by Impaired Classes. An Impaired Class of Claims shall have accepted the Plan if (i) the holders (other than any holder designated under section 1126(e) of the Bankruptcy Code) of at least two-thirds in amount of the Allowed Claims actually voting in such Class have voted to accept the Plan and (ii) the holders (other than any holder designated under section 1126(e) of the Bankruptcy Code) of at least one-half in number of the Allowed Claims actually voting in such Class have voted to accept the Plan.

14.3 Voting and Acceptance by US Fund. The US Fund Claim is an Allowed Claim in Class 3. The US Fund will vote that entire Claim in accordance with the indications received from the holders of a majority of the Interests in the US Fund. US-Cayman Investors holding Interests in the US Fund will be provided with the US Fund Investor Ballot, which solicits their indication to the manager of the US Fund of a preference for acceptance or rejection of the Plan. The US Fund will vote its Claim under the US Fund Notes in the manner indicated by those US-Cayman Investors who hold a majority of the value of the Interests in the US Fund and who timely return ballots. For purposes of sections 5.3 and 12.7 of the Plan, any ballots returned by the US-Cayman Investors holding Interests in the US Fund indicating the US Fund to vote its Claim under the US Fund Notes in favor of the Plan will be deemed to be a US-Cayman Investor who has voted to accept the Plan and shall be entitled to receive a *pro rata* share of the amounts in the Global Settlement Fund to be calculated and distributed in the manner provided in section 12.7 of the Plan.

ARTICLE 15.

MISCELLANEOUS PROVISIONS

15.1 Modification of the Plan. Subject to the restrictions on Plan modifications set forth in section 1127 of the Bankruptcy Code and subject to the consent of the Receivers, the DIP Lenders and Purchaser, in its capacity as purchaser under the Asset Purchase Agreement, the Debtors reserve the right to alter, amend, abandon, revoke or withdraw the Plan prior to the Confirmation Date and to file subsequent plans of reorganization. If the Debtors withdraw the Plan, or if Confirmation or Consummation does not occur, then: (1) the Plan shall be null and void in all respects; (2) any settlement or compromise embodied in the Plan (including the fixing or limiting to an amount certain of any Claim or Interest or Class of Claims or Interests), assumption or rejection of executory contracts or unexpired leases effected under the Plan and any document or agreement executed pursuant to the Plan, shall be deemed null and void; and (3) nothing contained in the Plan shall: (a) constitute a waiver or release of any Claims or Interests; (b) prejudice in any manner the rights of such Debtor or any other Entity; or (c) constitute an admission.

15.2 No Admissions. If Confirmation or the Effective Date does not occur, nothing contained in the Plan or Disclosure Statement shall be deemed as an admission by the Debtors with respect to any matter set forth herein or therein including, without limitation, liability on any Claim or the propriety of any Claims classification.

15.3 Severability of Plan Provisions. If prior to Confirmation any term or provision of the Plan that does not govern the treatment of Claims or Interests is held by the Bankruptcy Court to be invalid, void or unenforceable, at the request of the Debtors and subject to the consent of the DIP Lenders, the Bankruptcy Court shall have the power to alter and

interpret such term or provision to make it valid or enforceable to the maximum extent practicable, consistent with the original purpose of the term or provision held to be invalid, void or unenforceable and such term or provision shall then be applicable as altered or interpreted. Notwithstanding any such holding, alteration or interpretation, the remainder of the terms and provisions of the Plan shall remain in full force and effect and shall in no way be affected, Impaired or invalidated by such holding, alteration or interpretation. The Confirmation Order shall constitute a judicial determination and shall provide that each term and provision of the Plan, as it may have been altered or interpreted in accordance with the foregoing, is valid and enforceable pursuant to its terms.

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

15.5 Exemption from Certain Transfer Taxes. Pursuant to section 1146(a) of Bankruptcy Code, the issuance, transfer or exchange of any security or the making or delivery of any instrument of transfer under this Plan may not be taxed under any law imposing a stamp tax or similar tax. The Insurance Portfolio Sale and any sale of any Asset occurring after or upon the Effective Date shall be deemed to be in furtherance of this Plan.

15.6 Preservation of Rights of Setoffs. The Debtors, may, but shall not be required to, set off against any Claim and the payments or other distributions to be made pursuant to this Plan in respect of such Claim, claims of any nature whatsoever that the Debtors may have against the holder of such Claims; but neither the failure to do so nor the allowance of any Claim hereunder shall constitute a waiver or release by the Debtors of any such claim that the Debtors may have against such holder; provided, however, that the Debtors shall not set off

any obligations or claims arising under the DIP Credit Agreement, the Pre-Petition Secured Note or the Asset Purchase Agreement against any obligations or claims relating to US-Cayman Investors that are controlled or managed by MIO.

15.7 Defenses with Respect to Unimpaired Claims. Except as otherwise provided in this Plan, nothing shall affect the rights and legal and equitable defenses of the Debtors with respect to any Unimpaired Claim, including all rights in respect of legal and equitable defenses to setoffs or recoupments against Unimpaired Claims.

15.8 No Injunctive Relief. Except as otherwise provided in the Plan or Confirmation Order, no Claim or Interest shall under any circumstances be entitled to specific performance or other injunctive, equitable, or other prospective relief.

15.9 Saturday, Sunday or Legal Holiday. If any payment or act under the Plan is required to be made or performed on a date that is not a Business Day, then the making of such payment or the performance of such act may be completed on the next succeeding Business Day, but shall be deemed to have been completed as of the required date.

15.10 Entire Agreement. This Plan and the Plan Supplement, together with the related agreements, exhibits and schedules, set forth the entire agreement and undertaking relating to the subject matter hereof and supersede all prior discussions and documents. The Debtors' Estates shall not be bound by any terms, conditions, definitions, warranties, understandings, or representations with respect to the subject matter hereof, other than as expressly provided for herein and in the related agreements, exhibits and schedules.

15.11 Notices. Any notice required or permitted to be provided under this Plan shall be in writing and served by either (a) certified mail, return receipt requested, postage

prepaid, (b) hand delivery, or (c) reputable overnight delivery service, freight prepaid, to be addressed as follows:

Counsel for the Debtors:

REED SMITH LLP
599 LEXINGTON AVENUE
22ND FLOOR
NEW YORK, NY 10022
ATTENTION: MICHAEL J. VENDITTO
Telephone: (212) 521 5400
Facsimile: (212) 521 5450

REED SMITH LLP
1201 MARKET STREET
SUITE 1500
WILMINGTON, DE 19801
ATTENTION: KURT F. GWYNN
Telephone: (302) 778 7512
Facsimile: (302) 778 7575

Counsel for the Joint NSSC Receivers:

DEWEY & LEBOEUF LLP
1301 Avenue of the Americas
NEW YORK, NY 10019
ATTENTION: TIMOTHY Q. KARCHER
Telephone: 212-259-6050
Facsimile: 212-259-6333

Counsel for the Debtors' post-petition lenders:

HOGAN LOVELLS US LLP
875 THIRD AVENUE
NEW YORK, NY 10022
ATTENTION: ROBIN E. KELLER
Telephone: 212-909-0640
Facsimile: 212-918-3100

Counsel for NSI Receiver:

GOODWIN PROCTER LLP
THE NEW YORK TIMES BUILDING
620 8TH AVENUE
NEW YORK, NEW YORK 10018
ATTENTION: EMANUEL C. GRILLO
Telephone: 212-813-8800
Facsimile: 212-355-3333

15.12 Closing of Chapter 11 Cases. The Post-Confirmation Debtors shall, promptly after the full administration of the Chapter 11 Cases, File with the Bankruptcy Court all documents required by Bankruptcy Rule 3022 and any applicable order of the Bankruptcy Court to close the Chapter 11 Cases.

15.13 Waiver or Estoppel. Each Holder of a Claim or an Interest shall be deemed to have waived any right to assert any argument, including the right to argue that its Claim or Interest should be Allowed in a certain amount, in a certain priority, secured or not subordinated by virtue of an agreement made with the Debtors or any other Entity, if such agreement was not disclosed in the Plan, the Disclosure Statement, or papers filed with the Bankruptcy Court prior to the Confirmation Date.

15.14 Conflicts. Except as set forth in the Plan, to the extent that any provision of the Disclosure Statement, or any orders (other than the Confirmation Order) referenced in the Plan (or any exhibits, schedules, appendices, supplements, or amendments to any of the foregoing), conflict with or are in any way inconsistent with any provision of the Plan, the Plan shall govern and control. To the extent that any provision of this Plan conflicts with, or is any manner inconsistent with, the provisions of the Confirmation Order, the Confirmation Order shall govern and control.

Dated: January 24, 2011

Respectfully submitted,

NEW STREAM SECURED CAPITAL, INC.

By: _____
Name: Perry Gillies
Title: President

NEW STREAM INSURANCE, LLC

By: New Stream Capital, LLC, its Special Member

By: _____
Name: Donald Porter
Title: Managing Partner

NEW STREAM CAPITAL, LLC

By: _____
Name: Donald Porter
Title: Managing Partner

NEW STREAM SECURED CAPITAL, L.P.

By: New Stream Capital, LLC, its General Partner

By: _____
Name: Donald Porter
Title: Managing Partner

EXHIBIT A

ASSET PURCHASE AGREEMENT

by and between

NEW STREAM INSURANCE, LLC,

as Seller,

and

LIMITED LIFE ASSETS LLC

as Purchaser

Dated as of [_____,] 2010

TABLE OF CONTENTS

ASSET PURCHASE AGREEMENT

This **ASSET PURCHASE AGREEMENT**, dated as of [_____,] 2010 (this "Agreement"), is entered into by and between NEW STREAM INSURANCE, LLC, a Delaware limited liability company, as seller (in such capacity, the "Seller") and LIMITED LIFE ASSETS LLC, a Delaware limited liability company, as purchaser (in such capacity, the "Purchaser"). The Seller and the Purchaser are each sometimes referred to herein individually as a "Party" and collectively as the "Parties".

WHEREAS, the Purchaser desires to purchase from the Seller the Assets (as such term is defined in the Glossary of Defined Terms attached hereto), subject to the terms and conditions of this Agreement; and

WHEREAS, the Seller desires to sell to the Purchaser the Assets, subject to the terms and conditions of this Agreement.

NOW, THEREFORE, in consideration of the premises and the mutual covenants herein contained, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged by the Parties hereto, the Parties hereby agree as follows:

ARTICLE I

DEFINITIONS

SECTION 1.01 Definitions. Capitalized terms used and not otherwise defined in this Agreement have the respective meanings ascribed to them in the Glossary of Defined Terms attached hereto.

SECTION 1.02 Usage of Terms. The words "hereof," "herein" and "hereunder" and words of similar import when used in this Agreement shall refer to this Agreement as a whole and not to any particular provision of this Agreement; article, section, subsection, exhibit and schedule references contained in this Agreement are references to articles, sections, subsections, exhibits and schedules in or to this Agreement unless otherwise specified; with respect to all terms in this Agreement, the singular includes the plural and the plural the singular; words importing any gender include the other genders; references to "writing" include printing, typing, lithography and other means of reproducing words in a visible form; references to agreements and other contractual instruments include all subsequent amendments, amendments and restatements and supplements thereto or changes therein entered into in accordance with their respective terms and not prohibited by this Agreement; references to Persons include their permitted successors and assigns; references to laws include their amendments and supplements, the rules and regulations thereunder and any successors thereto; and the term "including" means "including without limitation."

ARTICLE II

CONVEYANCE OF ASSETS

SECTION 2.01 Conveyance of Assets Generally.

(a) Agreement to Sell and Purchase. Subject to the terms and conditions of this Agreement, as of the Execution Date the Seller agrees to sell to the Purchaser, and the Purchaser agrees to purchase from the Seller, all right, title and interest of the Seller (i) in and to the Assets, including, without limitation (1) with respect to all Life Insurance Policies owned by the Seller, all rights possessed by Seller (directly or indirectly through the applicable securities intermediary) as owner and beneficiary of such Life Insurance Policies, (2) with respect to all other Assets, all rights possessed by Seller as owner and beneficiary of such Assets, and (3) with respect to all Assets, (i) all of Seller's right, title and interest in and to the Asset Documentation Package for each Asset that is a Conveyed Asset, and (ii) all proceeds of the foregoing, in each case, to the extent such transfer is permitted by applicable law and such transfer shall not include any rights, remedies, powers and privileges that by their nature are not transferable or will terminate or be ineffective or invalid upon any sale or transfer thereof (collectively, the property, rights and amounts described in this Section 2.01(a), the "Conveyed Property").

(b) Assumption of Assumed Liabilities. On the terms and subject to the conditions set forth in this Agreement, the Purchaser shall assume and become responsible for, from and after the Acquisition Date, all obligations and liabilities arising under, out of or in connection with the ownership, management and operation of the Conveyed Property from and after the Acquisition Date (collectively, the "Assumed Liabilities"), including the obligation to pay premiums and other related expenses (including, without limitation, trustee's fees and administrative manager's fees) with respect to each of the Life Insurance Policies and any obligations or liabilities arising under any of the operational documentation related to each of the Equity Assets. For the avoidance of doubt, such obligations and liabilities are listed in the previous clause for illustrative purposes only and in no manner shall limit the definition of Assumed Liabilities as set forth in the immediately preceding sentence.

(c) Purchase Price. In consideration for the Seller's sale and transfer of its title to and ownership of the beneficial interest in the Conveyed Property, and upon compliance by the Seller with the terms and conditions of Article IV of this Agreement, the Purchaser shall pay the Purchase Price to the Seller for such Conveyed Property at the time and in the manner specified in Article IV.

(d) Bulk Sales Laws. The Purchaser hereby waives compliance by the Seller with the requirements and provisions of any "bulk-transfer" laws of any jurisdiction that may otherwise be applicable with respect to the sale and transfer of any or all of the Conveyed Property to the Purchaser.

(e) Intent of the Parties. It is the intention of the Seller and the Purchaser that the conveyance, transfer and assignment of the Conveyed Property contemplated by this Agreement

shall constitute a sale of such Conveyed Property from the Seller to the Purchaser. As a precautionary measure, in the event that notwithstanding the contrary intention of the Seller and the Purchaser, the sale of any Conveyed Property is recharacterized as a loan, the Parties intend that this Agreement constitute a security agreement under applicable law, and the Seller hereby grants to the Purchaser a first priority perfected security interest in, to and under each such Conveyed Property and all proceeds of any of the same for the purpose of securing payment and performance of the Seller's obligations under this Agreement and the repayment of any amounts owed to the Purchaser by the Seller.

ARTICLE III

REPRESENTATIONS, WARRANTIES AND COVENANTS

SECTION 3.01 Representations and Warranties of the Seller and Purchaser.

(a) The Seller hereby represents and warrants to the Purchaser as of the Execution Date and the Acquisition Date that:

(i) Organization, Good Standing and Licenses. It is duly organized, validly existing and in good standing under the laws of its respective state of incorporation, and is in good standing in, has all necessary organizational power and authority in, and has obtained all necessary licenses, approvals and consents in, all jurisdictions where the ownership of its properties as such properties are currently owned, the conduct of its business as such business is currently conducted, and the performance of its obligations under this Agreement require such qualifications, licenses, approvals or consents. In particular, at all relevant times, it had and has all necessary organizational power, authority and legal right to acquire and own each item of Conveyed Property, to enter into this Agreement and to sell to the Purchaser each item of Conveyed Property as contemplated by this Agreement**.** Other than the approval by the Bankruptcy Court of this Agreement and transactions contemplated thereby, no consent, approval, permit, license, authorization or order of or declaration or filing with any Governmental Authority is required to be obtained by the Seller for the consummation of the transactions contemplated by this Agreement, except for filings required under the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended, and except for such as have been duly made or obtained.

(ii) Due Authorization. Its execution and delivery of this Agreement and the performance of its obligations thereunder have been duly authorized by all necessary limited liability company and member action.

(iii) Binding Obligation. This Agreement constitutes the legal, valid and binding obligation of the Seller enforceable against the Seller in accordance with its terms, except as enforceability may be limited by bankruptcy, insolvency,

reorganization, moratorium and other similar laws affecting creditors' rights generally or by general principles of equity.

(iv) No Violation. The consummation of the transactions contemplated by this Agreement and the fulfillment of the terms hereof will not violate, result in the breach of any terms and provisions of, nor constitute an event of default under the certificate of formation or limited liability company agreement of the Seller, or any law or regulation to which the Seller is subject, as then in effect and as then interpreted by relevant regulators or in case law, or violate or breach any of the terms or provisions of, or constitute an event of default under any agreement to which the Seller is a party or by which it shall be bound, nor violate any order, judgment or decree applicable to the Seller of any Governmental Authority having jurisdiction over the Seller or its properties which violation, breach or default would have a Material Adverse Effect on the validity or enforceability of this Agreement, or the ability of the Seller to perform its obligations under this Agreement.

(v) No Proceedings. There is no action, suit or proceeding before or by any Governmental Authority, now pending, or to it's Actual Knowledge, threatened in writing, against or affecting it or on the Conveyed Property: (A) asserting the invalidity of this Agreement, (B) seeking to prevent the consummation of any of the transactions contemplated by this Agreement, or (C) except as set forth in Schedule 1, seeking any determination or ruling that could reasonably be expected to materially and adversely effect the value, enforceability or transferability of the Conveyed Property or the Seller's interests therein.

(vi) Accredited Investor. The Seller is an "Accredited Investor" as such term is defined in the United States Securities Act of 1933.

(vii) Accuracy of Information. All information provided by it or on its behalf to the Purchaser in writing in connection with this Agreement or the transactions contemplated hereby is, or if provided at a later date, shall be, to the Actual Knowledge of the Seller, true, complete and correct in all material respects as of the date of such information.

(b) The Purchaser hereby represents and warrants to the Seller as of the Execution Date and the Acquisition Date that:

(i) Organization, Good Standing and Licenses. It is a limited liability company duly organized, validly existing and in good standing under the laws of the State of Delaware, and is in good standing in, has all necessary organizational power and authority in, and has obtained all necessary licenses, approvals and consents in, all jurisdictions where the ownership of its properties as such properties are currently owned, the conduct of its business as such business is currently conducted, and the performance of its obligations under this Agreement require such

qualifications, licenses, approvals or consents. In particular, at all relevant times, it had and has all necessary organizational power, authority and legal right to acquire the Conveyed Property as contemplated by this Agreement, and no consent, approval, permit, license, authorization or order of or declaration or filing with any Governmental Authority is required to be obtained by the Purchaser for the consummation of the transactions contemplated by this Agreement, except such as have been duly made or obtained.

(ii) Due Authorization. Its execution and delivery of this Agreement and the performance of its obligations thereunder have been duly authorized by all necessary company action.

(iii) Binding Obligation. This Agreement constitutes the legal, valid and binding obligation of the Purchaser enforceable against the Purchaser in accordance with its terms, except as enforceability may be limited by bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights generally or by general principles of equity.

(iv) No Violation. The consummation of the transactions contemplated by this Agreement and the fulfillment of the terms hereof will not violate, result in the breach of any terms and provisions of, nor constitute an event of default under the certificate of formation or limited liability company agreement of the Purchaser or any material law or regulation to which the Purchaser is subject, as then in effect and as then interpreted by relevant regulators or in case law, or violate or breach any of the terms or provisions of, or constitute an event of default under any material agreement to which the Purchaser is a party or by which it shall be bound, nor violate any order, judgment or decree applicable to the Purchaser of Governmental Authority having jurisdiction over the Purchaser or its properties which violation, breach or default would have a material adverse effect on the validity or enforceability of this Agreement, or the ability of the Purchaser to perform its obligations under this Agreement.

(v) No Proceedings. There is no action, suit or proceeding before or by any Governmental Authority, now pending, or to it's Actual Knowledge, threatened in writing, against or affecting it or its assets or properties: (A) asserting the invalidity of this Agreement or (B) seeking to prevent the consummation of any of the transactions contemplated by this Agreement.

(vi) Patriot Act. It is not, and none of its Affiliates or investors nor any other Person that has made funds available to the Purchaser in order to allow the Purchaser to fulfill its obligations under this Agreement is (A) a Person listed in the Annex to Executive Order No. 13224 (2001) issued by the President of the United States (Executive Order Blocking Property and Prohibiting Transactions with Persons Who Commit, Threaten to Commit, or Support Terrorism), (B) named on the List of Specially Designated Nationals and Blocked Persons maintained by the U.S.

Office of Foreign Assets Control, (C) a non-U.S. shell bank or is providing banking services indirectly to a non-U.S. shell bank, (D) a senior non-U.S. political figure or an immediate family member or close associate of such figure, or (E) otherwise prohibited from investing in the Purchaser pursuant to applicable U.S. anti-money laundering, anti-terrorist and asset control laws, regulations, rules or orders.

(vii) Suitability. It has determined, based on such professional advice as it has deemed appropriate under the circumstances, that its acquisition of Conveyed Property pursuant to this Agreement (A) is fully consistent with the Purchaser's financial needs, objectives and condition and (B) is fit, proper and suitable for it and for its investors, notwithstanding the clear and substantial risks inherent in investing in or holding the Conveyed Property.

(viii) Own Review and Advisors. The Purchaser, with the assistance of its own legal, regulatory, tax, insurance, business, investment, financial and accounting advisors, has carefully read and evaluated this Agreement and all information and materials delivered to the Purchaser by or on behalf of the Seller in relation to the Assets, the acquisition, ownership and sale of the Conveyed Property by the Seller and all terms of this Agreement, and in consultation with its own legal, regulatory, tax, insurance, business, investment, financial and accounting advisors, has made an informed investment decision with respect to its purchase of the Conveyed Property. The Purchaser has been afforded, to its satisfaction, reasonable opportunity to ask questions concerning the Assets, the acquisition, ownership and sale of the Conveyed Property by the Seller and all terms of this Agreement, and has had all of its questions answered to its satisfaction and has been supplied all information deemed necessary by it in order to make such an informed investment decision.

(ix) [Reserved].

(x) Investment Company Act. The Purchaser is not required to be registered under the Investment Company Act of 1940 (as amended).

(xi) Accredited Investor; Securities Laws. The Purchaser is an "Accredited Investor" as such term is defined in the United States Securities Act of 1933. The Purchaser (A) may purchase and hold the Conveyed Assets, (B) may resell the Conveyed Assets or interests therein and (C) may issue securities or other instruments or certificates representing interests in Conveyed Assets or payable from the proceeds thereof, in each case only in a manner that either satisfies the requirements for, or is exempt from registration under the United States Securities Act of 1933, or comparable registration requirements of any applicable non-U.S. securities laws.

(xii) Accuracy of Information. All information provided by it or on its behalf to the Seller in writing in connection with this Agreement or the transactions contemplated hereby is, or if provided at a later date, shall be, to the actual knowledge of the Purchaser, true, complete and correct in all material respects as of the date of such information.

(xiii) No reliance. Independently and without reliance upon the Seller (other than its reliance on the Seller's representations, warranties and covenants set forth in the Transaction Documents) and based upon such documents and information as it has deemed appropriate, the Purchaser has made and will continue (to the extent permitted hereunder) to make its own appraisal of and investigation into the business, operations, property, prospects, financial and other conditions and creditworthiness of the Seller, and its own decision to enter into this Agreement and to take, or omit to take, action under any Transaction Document.

(c) The representations and warranties of the Seller and the Purchaser set forth in Section 3.01 shall survive for a period of one (1) year following the Acquisition Date, and neither Party (nor its successors or assigns) will have any right, remedy or cause of action in relation to any breach or alleged breach by the other Party of any such representation or warranty if such Party has not brought an action alleging such breach in a court of law or before an arbitral tribunal prior to the end of such one (1) year.

SECTION 3.02 Representations and Warranties Relating to Conveyed Property.

(a) Life Insurance Policies. With respect to each Life Insurance Policy and the related Conveyed Property that is acquired by the Purchaser on the Acquisition Date, the Seller represents and warrants to the Purchaser as of the Acquisition Date that:

(i) the information relating thereto is the information appearing in the documentation comprising the related Asset Documentation Package and any other documents in the possession of the Seller and delivered to the Purchaser, and, to the Seller's Actual Knowledge, such information is true, accurate and complete in all material respects;

(ii) to the Seller's Actual Knowledge, at issuance of such Life Insurance Policy the related Insured or original owner thereof was not a party to any written or oral agreement or arrangement to cause the same or interests therein to be issued, assigned, sold, transferred, or otherwise disposed of in violation of applicable law or public policy;

(iii) other than with respect to Life Insurance Policies identified on Schedule 1 hereto as SPAR Assets or SLCM Assets (as to which the Seller does not have Actual Knowledge of whether the Insured or original owner was an Accredited Investor), to the Seller's Actual Knowledge, at the issuance of such Life Insurance Policy

the related Insured or original owner thereof the related Insured was an Accredited Investor (as defined above);

(iv) except as disclosed on Schedule 3.02(a)(iv), and solely to the extent applicable to the Seller, the Seller has no Actual Knowledge that material medical or financial information supplied by or on behalf of the Insured or original owner of such Life Insurance Policy in the application for the issuance of such Life Insurance Policy or in any other item comprising an element of the related Asset Documentation Package is, or at the date of such application or execution of such item was, false, incomplete or misleading in any material respect;

(v) (A) the Seller does not possess or have Actual Knowledge of the existence of any material documentation related to such Life Insurance Policy or the issuance thereof, the acquisition by the Seller thereof, or the maintenance by the Seller thereof, that has not been delivered or disclosed in writing to the Purchaser or its agents and (B) to the extent that, after the Acquisition Date, the Seller has Actual Knowledge of the existence of, or discovers that it or a third party engaged by the Seller in relation to the Life Insurance Policies possesses, any material documentation related to any Life Insurance Policy or the issuance thereof, the acquisition by the Seller thereof, or the maintenance by the Seller thereof, that has not been delivered or disclosed in writing to the Purchaser or its agents pursuant to clause (A) above, it shall and it shall use its commercially reasonable efforts to cause such third parties, if applicable, to deliver, or disclose in writing to the Purchaser or its agents such material documentation;

(vi) prior to the sale and transfer of such Life Insurance Policy to the Purchaser, (A) the Seller has full, complete and absolute ownership thereof or of the Seller's Percentage of the beneficial interests thereof through its ownership of the applicable Equity Asset, free and clear of any encumbrances or Liens of any kind (excluding any disclosed to the Purchaser), including, to the Seller's Actual Knowledge, any claims of any spouse, heir or person previously designated as an owner or beneficiary thereof, and holds legal and beneficial title thereto (except that it does not hold legal title with respect to those Life Insurance Policies (aa) as to which legal title is held by the Securities Intermediary for the benefit of the Seller or (bb) which are owned, directly or indirectly, by an Equity Asset), and (B) to the Seller's Actual Knowledge, there are no existing proceedings brought by the spouse, heir or person previously designated as an owner or beneficiary of any such Life Insurance Policy;

(vii) except as disclosed on Schedule 3.02(a)(vii), upon the sale and transfer of such Life Insurance Policy, the Purchaser or its designee will hold title to and ownership of such Life Insurance Policy or of the beneficial interest in the related applicable legal entity, free and clear of any claim, Lien, encumbrance or obligation in favor of the Seller, its Affiliates, and all Persons taking or claiming

an interest therein through the Seller or any such Affiliate or as a result of any grant of such interest by the Seller or any such Affiliate;

(viii) the Seller acquired such Life Insurance Policy pursuant to the applicable transfer documents contained in the related Asset Documentation Package and in compliance with, in all material aspects, the laws, rules and regulations applicable to the purchase of life insurance policies and specified therein, as then in effect and as then interpreted by the relevant regulators or in case law;

(ix) the Seller has not, and has no Actual Knowledge that any previous owner of such Life Insurance Policy has, waived, amended or terminated any material provision of or any material rights in relation to such Life Insurance Policy or any item comprising the related Asset Documentation Package that would have any effect on the timing or amount of the payment of the Net Death Benefit;

(x) in accordance with the terms of the NSI-MIO Securities Account Control Agreement, the Premiums for such Life Insurance Policy have been paid such that such Life Insurance Policy will not be in a grace period as of October 30, 2010;

(xi) except as disclosed on Schedule 3.02(a)(xi), to the Seller's Actual Knowledge, other than grace period or similar notices relating to payment of premiums, the related Issuing Insurance Company has never delivered notice of its intention to cancel, contest, rescind or refuse payment under such Life Insurance Policy;

(xii) except as disclosed on Schedule 3.02(a)(xii), to the Seller's Actual Knowledge, there is not any pending or threatened claim, action or proceeding challenging the validity or enforceability of such Life Insurance Policy, or of the right or power of the Seller to sell such Life Insurance Policy to the Purchaser or any other person;

(xiii) except as set forth on Schedule 3.02(a)(xiii) hereto, the related Issuing Insurance Company has never delivered a notice stating an intent to increase the cost of insurance for such Life Insurance Policy;

(xiv) the Seller has delivered, disclosed or made available to the Purchaser or its agents the documentation utilized by the Seller to perform servicing activities in relation to the Life Insurance Policies; and

(xv) the Seller has not and has no Actual Knowledge of any challenge or the institution of any proceedings to challenge the validity of the formation or existence of any legal entity in which any Equity Asset holds, directly or indirectly, an ownership or beneficial interest.

(b) Premium Finance Loans. With respect to each Premium Finance Loan and the related Conveyed Property that is acquired by the Purchaser on the Acquisition Date, the Seller represents and warrants to the Purchaser as of the Acquisition Date that:

(i) the information relating thereto is the information appearing in the documentation comprising the related Asset Documentation Package and any other documents in the possession of the Seller and delivered to the Purchaser, and, to the Seller's Actual Knowledge, such information is true, accurate and complete in all material respects;

(ii) to the Seller's Actual Knowledge, at issuance of any life insurance policy that, directly or indirectly, is collateral for such Premium Finance Loan the related Insured or original owner thereof was not a party to any written or oral agreement or arrangement to cause the same or interests therein to be issued, assigned, sold, transferred, or otherwise disposed of in violation of applicable law or public policy;

(iii) to the Seller's Actual Knowledge, at issuance of any life insurance policy that, directly or indirectly, is collateral for such Premium Finance Loan the related Insured was an Accredited Investor (as defined above);

(iv) except as disclosed on Schedule 3.02(b)(iv), and solely to the extent applicable to the Seller, the Seller has no Actual Knowledge that material medical or financial information supplied by or on behalf of the Insured or original owner of any life insurance policy that, directly or indirectly, is collateral for such Premium Finance Loan in the application for the issuance of such life insurance policy, or in any other item comprising an element of the related Asset Documentation Package, is, or at the date of such application or execution of such item was, false, incomplete or misleading in any material respect;

(v) (A) the Seller does not possess or have Actual Knowledge of the existence of any material documentation related to such Premium Finance Loan, the making or maintenance of such Premium Finance Loan, the acquisition of such Premium Finance Loan by the Seller, or the issuance or the maintenance of any life insurance policy that is collateral for such Premium Finance Loan, that has not been delivered or disclosed in writing to the Purchaser or its agents and (B) to the extent that, after the Acquisition Date, the Seller has Actual Knowledge of the existence of, or discovers that it or a third party engaged by the Seller in relation to the Premium Finance Loans possesses, any material documentation related to any Premium Finance Loan, the making or maintenance of such Premium Finance Loan, the acquisition of such Premium Finance Loan by the Seller, or the issuance or the maintenance of any life insurance policy that is collateral for such Premium Finance Loan, that has not been delivered or disclosed in writing to the Purchaser or its agents pursuant to clause (A) above, it shall and it shall use its commercially reasonable efforts to cause such third parties, if applicable, to deliver or disclose in writing to the Purchaser or its agents such material documentation;

(vi) except as disclosed on Schedule 3.02(b)(vi), prior to the sale and transfer of such Premium Finance Loan to the Purchaser, the Seller has full, complete and

absolute title to, and ownership thereof, free and clear of any encumbrances or Liens of any kind, and, to the Seller's Actual Knowledge, no spouse, heir, trust beneficiary or other Person has any Lien on or security interest in any life insurance policy that, directly or indirectly, is collateral for such Premium Finance Loan (excluding any disclosed to the Purchaser);

(vii) upon the sale and transfer of such Premium Finance Loan, the Purchaser or its designee will hold title to and ownership of such Premium Finance Loan, free and clear of any claim, Lien, encumbrance or obligation thereon or on any collateral for such Premium Finance Loan in favor of the Seller, its Affiliates, and all Persons taking or claiming an interest therein through such Seller or any such Affiliate or as a result of any grant of such interest by the Seller or any such Affiliate;

(viii) the Seller made or acquired such Premium Finance Loan pursuant to the applicable documents in the related Asset Documentation Package and in compliance with, the laws, rules and regulations applicable to its making or purchase of premium finance loans and specified therein, as then in effect and as then interpreted by the relevant regulators or in case law, other than any failure to comply with any such law, rule and regulation which would not result in the invalidation or cancellation of the Premium Finance Loan or any amounts due thereunder or would otherwise affect the ability of the Purchaser to collect such Premium Finance Loan or foreclose on the collateral;

(ix) except as disclosed on Schedule 3.02(b)(ix), the Seller has not, and has no Actual Knowledge that any previous owner of such Premium Finance Loan has, waived, amended or terminated any material provision of or any material rights in relation to such Premium Finance Loan, any life insurance policy or other material collateral securing such Premium Finance Loan, or other any item comprising the related Asset Documentation Package that would have any effect on the timing or amount of the payment of the Net Death Benefit;

(x) the Seller has not, and has no Actual Knowledge that any previous owner of any life insurance policy that, directly or indirectly, is collateral for a Premium Finance Loan has, waived, amended or terminated any material provision of or any material rights in relation to such Life Insurance Policy or any item comprising the related Asset Documentation Package that would have any effect on the timing or amount of the payment of the Net Death Benefit;

(xi) in accordance with the terms of the Securities Account Control Agreement, the Premiums for such Premium Finance Loan have been paid such that such life insurance policy will not be in a grace period as of December 15, 2010;

(xii) to the Seller's Actual Knowledge, other than grace period or similar notices relating to payment of premiums, the Issuing Insurance Company that issued any

life insurance policy that is collateral for such Premium Finance Loan has never delivered notice of its intention to cancel, contest, rescind or refuse payment under such life insurance policy;

(xiii) except as disclosed on Schedule 3.02(b)(xii), to the Seller's Actual Knowledge, there is not any pending or threatened claim, action or proceeding challenging the validity or enforceability of such Premium Finance Loan or of any life insurance policy that is collateral for such Premium Finance Loan, or of the right or power of the Seller to sell such Premium Finance Loan to the Purchaser or any other person;

(xiv) except as set forth on Schedule 3.02(b)(xiii) hereto, the related Issuing Insurance Company has never delivered a notice stating an intent to increase the cost of insurance for such Life Insurance Policy;

(xv) the Seller has delivered, disclosed or made available to the Purchaser or its agents the documentation utilized by the Seller to perform servicing activities in relation to the Premium Finance Loans; and

(xvi) the Seller has not and has no Actual Knowledge of any challenge or the institution of any proceedings to challenge the validity of the formation or existence of the trust or other legal entity that is the borrower under such Premium Finance Loan.

(c) Equity Assets. With respect to each Equity Asset that is acquired by the Purchaser on the Acquisition Date, the Seller represents and warrants to the Purchaser as of the Acquisition Date that:

(i) each Equity Asset LLC is duly organized, validly existing and in good standing under the laws of the jurisdiction in which it was formed. Each such Equity Asset LLC is qualified to do business in the jurisdictions wherein the character of the properties owned, leased or operated or the nature of the business or activity currently being conducted by it make such qualification necessary or appropriate. Copies of the current Certificate of Formation and Limited Liability Company Operating Agreement of each such Equity Asset LLC have been heretofore delivered to the Purchaser and are correct, complete and in full force and effect. The current officers and directors of each such Equity Asset LLC and any Person who holds a power-of-attorney in respect of any such Equity Asset LLC are set forth on Schedule 3.02(c)(i). No bankruptcy or insolvency proceedings are pending with respect to any such Equity Asset LLC or contemplated by the Seller, nor, to the Actual Knowledge of the Seller, are such proceedings threatened in writing with respect to any such party;

(ii) the Seller has good, valid and marketable title to the Equity Assets, free and clear of all Liens. The sale and delivery by the Seller of the Equity Assets to the Purchaser pursuant to this Agreement will vest in the Purchaser good, valid and

marketable legal and beneficial title to the Equity Assets, free and clear of all Liens of any kind or nature whatsoever;

(iii) there is no action, suit, investigation or proceeding pending against, or to the Actual Knowledge of the Seller, threatened in writing against or affecting the business of any Equity Asset LLC before any court or arbitrator or any Governmental Authority, agency or official;

(iv) to the Actual Knowledge of the Seller, no Equity Asset LLC is, or has ever been, in violation of any (x) material laws, rules, regulations or (y) court orders, injunctions or judgments applicable to such limited liability company and its acquisition, ownership or maintenance of its assets;

(v) no Equity Asset LLC owns, or has ever owned, leases or has ever leased or subleases or has ever sublet any real property;

(vi) no Equity Asset LLC has or at any time in the past had any employees;

(vii) no Equity Asset LLC has any current, nor at any time in the past had any, employee benefit plans or is liable under any current or past employment benefit plan;

(viii) no Equity Asset LLC owns or licenses, nor at any time has any such limited liability company, owned or licensed any intellectual property rights; and

(ix) to the Actual Knowledge of the Seller, there are no pending or threatened claims by any Government Authority against any Equity Asset LLC with respect to payment or non-payment of tax returns.

(d) Accuracy of Information. All information provided by it or on its behalf to the Purchaser in writing in connection with this Agreement or the transactions contemplated hereby is, or if provided at a later date, shall be, to the Actual Knowledge of the Seller, true, complete and correct in all material respects as of the date of such information.

(e) Survival of Representations and Warranties. The representations and warranties set forth in Section 3.02 with respect to any Conveyed Property shall survive for a period of one (1) year following the Acquisition Date, and the Purchaser and its successors and assigns will have no right, remedy or cause of action in relation to any breach or alleged breach by the Seller of any such representation or warranty if the Purchaser has not brought an action alleging such breach in a court of law or before an arbitral tribunal prior to the end of such one (1) year.

SECTION 3.03 Excluded Representations and Warranties of the Seller as to the Conveyed Property. The Seller makes no representation or warranty as to (i) the fitness of any Conveyed Property for any particular use or business purpose of the Purchaser, (ii) the accuracy of any assessment of life expectancy or the mortality rating provided by any Medical Underwriter, or the appropriateness of the methodology used by any Medical Underwriter to assess a life

expectancy or assign a mortality rating, (iii) the accuracy of any mortality table, (iv) the amount the Purchaser ultimately will recover as proceeds of any Conveyed Property or the timing of its receipt of any such amounts, (v) the amount of the Premiums required to maintain in effect any Life Insurance Policy or any life insurance policy that is collateral for any Premium Finance Loan, (vi) that any Person that is a party to any item in any Asset Documentation Package can or will perform any of its obligations in relation thereto or has not breached or will not breach any representation, warranty, covenant or agreement thereof contained therein or (vii) any other matter other than as expressly set forth in Section 3.01(a) or Section 3.02. Any representation, warranty or covenant made herein by Seller with respect to an Asset or its related property, rights or amounts (the "Related Property") shall not be deemed to be made with respect to such Asset or its Related Property (a) if such Asset or its Related Property is not transferred to the Purchaser hereunder for any reason and therefore is not a Conveyed Asset or Conveyed Property, as applicable, or (b) at and from such time as (i) the Life Insurance Policy has lapsed or expired by the action or inaction of the Purchaser or its designee, or for any other reason is no longer outstanding and in full force, or (ii) such Life Insurance Policy's Net Death Benefit has been paid to the Purchaser or its designee. The Purchaser expressly acknowledges that the Seller has not made any representations and warranties other than as set forth herein and in the other Transaction Documents. Except for items specifically required to be delivered hereunder, the Seller shall not have any duty or responsibility to provide the Purchaser or any of its Affiliates any information that comes into the possession of the Seller or any of its officers, directors, employees, agents, attorneys-in-fact or Affiliates.

SECTION 3.04 Covenants of the Seller.

(a) Acknowledgement of Conveyances. The Seller hereby covenants that (i) it will take no action inconsistent with the Purchaser's ownership of or beneficial interest in any Conveyed Property, (ii) any financial statements of the Seller or any Affiliates thereof that are published, made publicly available or delivered to creditors or investors (or potential creditors or investors) will not indicate or imply that the Seller or any Affiliate thereof has any ownership interest in any Conveyed Property, and (iii) if a third party that has a legal or equitable right to obtain such information (including any creditor, potential creditor, investor or potential investor in the Seller or any regulator or court of competent jurisdiction) should inquire, the Seller will promptly indicate that such Conveyed Property have been sold and transferred to the Purchaser and will not claim ownership interests therein and that the Seller has not retained any ownership interest therein.

(b) No Creation of Adverse Interests. Except for the conveyances hereunder and pursuant to the other Transaction Documents, prior to the transfer of any Conveyed Property to the Purchaser, the Seller will not sell, pledge, assign or transfer to any other Person, or grant, create, incur, assume or suffer to exist any Lien on any Conveyed Property (other than any Lien in favor of the Purchaser or its Affiliates), and following the Acquisition Date, the Seller shall defend the right, title, and interest of the Purchaser in, to and under the Conveyed Property against all claims of third parties claiming through or under the Seller and its Affiliates.

(c) Delivery of Records. The Seller shall deliver to the Purchaser (i) on or prior to the Acquisition Date all books, records, minutes and similar information with respect to the Equity Asset LLCs in its possession at such time, and (ii) promptly upon discovery thereof after the Acquisition Date, any further books, records, minutes and similar information with respect to the Equity Asset LLCs that the Seller comes into possession thereof; *provided*, notwithstanding the terms of this Agreement, the Purchaser shall not have the right to terminate this Agreement or any transactions hereunder due to any breach by the Seller of this Section 3.04(c).

SECTION 3.05 Covenants of the Purchaser. The Purchaser will not sell, transfer, convey or assign any Conveyed Property to a natural person or any partnership, trust, single member limited liability company or other entity whether or not formed for the purpose of owning any Conveyed Property that gives one or more natural persons any direct or indirect beneficial or ownership interest in any Conveyed Property in a transaction or series of transactions in which the transferee also receives medical, financial or personally identifying information concerning the identity of the related Insureds or other information that would or could reasonably be expected to allow or be used by such transferee to identify or contact such Insureds unless in the agreements governing such transfer the transferee expressly agrees to comply with all laws applicable to the preservation of the privacy and other rights of the Insureds.

ARTICLE IV

FUNDING PROCEDURES

SECTION 4.01 Applicable Securities Accounts. On or before the Execution Date, (i) the Seller has opened and has maintained the Seller's Securities Account for and on behalf of the Seller and deposited certain Life Insurance Policies therein; and (ii) the Purchaser, the Seller and the Bank of Utah, as securities intermediary, opened and have maintained the New Stream Securities Account pursuant to a securities account control agreement (the "NSI-MIO Securities Account Control Agreement"), dated as of August 4, 2010, pursuant to which the Seller deposited the Collateral and the Purchaser deposited the Premium Funding Amount into the New Stream Securities Account. On or before the Acquisition Date, the Purchaser shall open and maintain the Purchaser's Securities Account for and on behalf of the Purchaser. For the avoidance of doubt, the terms of the distribution of the Outstanding Premium Funding Amount and any Purchase Price Adjustment Amount shall be governed by the NSI-MIO Securities Account Control Agreement. On or before the Acquisition Date, the Seller shall open and maintain the Escrow Account for and on behalf of the Seller and the Seller Related Parties.

SECTION 4.02 Condition Precedent to the Obligations of the Purchaser.

(a) Beginning on or prior to the Execution Date and concluding prior to the Acquisition Date, the Seller will deliver to the Purchaser and the Verification Agent the Asset Documentation Package with respect to each Asset identified on Schedule 1 attached hereto. The Verification Agent shall review each Asset Documentation Packages and provide notice to the Purchaser and the Seller (such notice, the "ADP Verification Notice") as to whether such Asset Documentation Package is complete or incomplete (which, for the avoidance of doubt,

may constitute one such ADP Verification Notice that encompasses all Assets to which it is applicable) within seven (7) Business Days of receipt thereto.

(b) No Asset shall be transferred hereunder without either such delivery of an ADP Verification Notice with respect to such Asset certifying that such Asset Documentation Package is complete or waiver by both parties of such requirement.

(c) If the ADP Verification Notice provides that the applicable Asset Documentation Package is not complete, the Seller shall have ten (10) Business Days from the receipt of such ADP Verification Notice to deliver to the Purchaser and Verification Agent any documents required to complete the applicable Asset Documentation. If the Seller delivers all documents and information specified as undelivered in the ADP Verification Notice and thereby completes the applicable Asset Documentation Package within ten (10) Business Days of receipt of the ADP Verification Notice, the Verification Agent shall within two (2) Business Days of receipt of such documents provide a further ADP Verification Notice to the Seller and the Purchaser confirming that such Asset Documentation Package is complete. If the Seller does not complete the applicable Asset Documentation Package within ten (10) Business Days and the parties decline to waive the requirement as set forth in cause (b) above, then the Asset to which such Asset Documentation Package relates shall be removed from Schedule I attached hereto and the Purchase Price shall be adjusted downward by the amount in the column designated as the Adjustment Amount for such Asset on Schedule 2; provided, however, that if the Adjustment Amount for the applicable Asset is a negative amount, the downward adjustment of the Purchase Price with respect to such Asset shall be zero.

(d) On or before the Acquisition Date, the Seller shall deposit all Utah Policies into the Seller's Securities Account. On or before the Acquisition Date, the Seller shall have delivered, or shall have caused to be delivered, to the Purchaser, and the Purchaser shall have received one or more opinions of counsel to the Seller, in form and substance satisfactory to the Purchaser, addressing the due authorization, execution and delivery by, and enforceability against the Seller of this Agreement.

SECTION 4.03 Funding of Asset Purchases. Upon completion of the requirements in Section 4.01 and 4.02, and entry by the Bankruptcy Court of a Confirmation Order or Sale Order, as applicable, which is not stayed or reversed, approving this Agreement, the transactions contemplated hereby and in the other Bankruptcy Pleadings, including the sale of the Conveyed Property to the Purchaser in exchange for the Purchase Price (as the same may be adjusted), the purchases of the Assets hereunder shall be executed as follows:

(a) The Purchaser shall deposit the Purchase Price (as the same may be adjusted) into the NSI-MIO Securities Account, as such Purchase Price may have been adjusted in accordance with this Agreement or the NSI-MIO Securities Account Control Agreement.

(b) With respect to each Asset that is a Life Insurance Policy that is part of the Collateral or is a Utah Policy:

(i) The Seller and the Purchaser shall complete an Entitlement Order for each Utah Policy and Collateral being purchased hereunder (with the NSI-MIO Securities Account Control Agreement sufficient to satisfy this requirement with respect to the Collateral if all parties consent thereto).

(ii) Upon receipt by the Seller's Securities Intermediary of the ADP Verification Notice in Section 4.02 above (or waiver of the requirement for an ADP Verification Notice) indicating that the Asset Documentation Package in respect of each Life Insurance Policy is complete (other than any Asset Documentation Package in respect of which the Purchase Price was adjusted downward as provided in Section 4.02 above) and verification by the Seller's Securities Intermediary of the execution of the applicable Entitlement Order in clause (b)(i) above, the following shall occur simultaneously (i) Seller's Securities Intermediary shall transfer the Utah Policies and all related Conveyed Property from the Seller's Securities Account to the Purchaser's Securities Account, (ii) the New Stream Securities Intermediary shall transfer the Collateral and all related Conveyed Property from the New Stream Securities Account to the Purchaser's Securities Account and (iii) the New Stream Securities Intermediary shall transfer the Purchase Price with respect to such Life Insurance Policy from the New Stream Securities Account to the Escrow Account.

(c) With respect to each Asset that is a Premium Finance Loan:

(i) The Seller and the Purchaser shall complete an Assignment Agreement for each Premium Finance Loan being purchased hereunder.

(ii) Upon receipt by the Seller's Securities Intermediary of the ADP Verification Notice in Section 4.02 above (or waiver of the requirement for an ADP Verification Notice) indicating that the Asset Documentation Package in respect each Premium Finance Loan is complete (other than any Asset Documentation Package in respect of which the Purchase Price was adjusted downward as provided in Section 4.02 above) and verification by the Seller's Securities Intermediary of the execution of the applicable Entitlement Order in clause (c)(i) above, the following shall occur simultaneously (i) all rights and ownership of the Premium Finance Loan and all related Conveyed Property shall be deemed transferred to the Purchaser pursuant to the terms of the Assignment Agreement and this Agreement, and (ii), the New Stream Securities Intermediary shall transfer the Purchase Price with respect to such Premium Finance Loan from the New Stream Securities Account to the Escrow Account.

(d) With respect to each Asset that is an Equity Asset:

(i) The Seller and the Purchaser shall complete an Assignment Agreement for each Equity Asset being purchased hereunder.

(ii) Upon receipt by the Seller's Securities Intermediary of the ADP Verification Notice in Section 4.02 above (or waiver of the requirement for an ADP Verification Notice) indicating that the Asset Documentation Package in respect of each Equity Asset is complete (other than any Asset Documentation Package in respect of which the Purchase Price was adjusted downward as provided in Section 4.02 above) and verification by the Seller's Securities Intermediary of the execution of the applicable Entitlement Order in clause (d)(i) above, the following shall occur simultaneously (i) all rights and ownership of the Equity Asset owned by the Seller and all related Conveyed Property shall be deemed transferred to the Purchaser pursuant to the terms of the Assignment Agreement and this Agreement, and (ii) the New Stream Securities Intermediary shall transfer the Purchase Price with respect to such Equity Asset from the New Stream Securities Account to the Escrow Account.

SECTION 4.04 Proceeds Account. Any Net Death Benefits or any other proceeds resulting from the death of an Insured that are received on or after October 1, 2010 shall be handled as provided in the first priority, senior secured multiple draw term loan credit facility between the Seller, as borrower, and the Purchaser, as lender, as ratified and amended by the agreement between and among, inter alia, the Seller and the Purchaser.

SECTION 4.05 Distribution from Escrow Account. Upon deposit of any monies in the Escrow Account in accordance with this Article IV, the Escrow Agent shall distribute such monies in accordance with the Escrow Agreement, as provided on Schedule II hereto.

ARTICLE V

CONFIDENTIALITY

SECTION 5.01 General Duty. Each Party hereto agrees that, (a) each of the Transaction Documents and their contents (and all drafts thereof), and all written notices or instructions delivered thereunder (and the contents thereof), (b) each Asset Documentation Package and its contents (and all drafts thereof), and all written notices or instructions delivered thereunder (and the contents thereof), (c) all medical and personal information concerning the Insureds, Original Sellers and Representatives, (d) each written report delivered on the Acquisition Date or otherwise by the Seller (and the contents thereof), and (e) the identity of and information concerning payments to any third parties involved in any Origination comprise the "Confidential Information."

SECTION 5.02 Reasonable Precautions. Each Party hereto shall take such precautions as may be lawful and reasonably necessary to restrain its officers, directors, employees, agents or representatives from disclosure of Confidential Information to any other Person; provided, that Confidential Information may be disclosed by the Purchaser in accordance with the terms hereof (a) to the extent that such Confidential Information has become publicly known other than as a result of a breach by the Purchaser, or any of its officers, directors, employees, agents or advisors of any obligation to keep such Confidential Information confidential if disclosed in a manner that

does not identify any Insured and could not reasonably be expected to facilitate the identification of any Insured by any other Person that does not have a right to know the identity of such Insured, and (b) to the extent necessary for the Purchaser and its Affiliates, officers, directors, employees and agents to service and maintain the Assets, resell any Asset to another Person or negotiate or obtain any co-investment in the Assets or other funding in respect thereof, and provided further, that any Confidential Information may be disclosed (i) to the extent ordered to produce such Confidential Information by a court or other Governmental Authority having appropriate jurisdiction over such Party and the Confidential Information, but only if (to the extent lawful) such Party promptly supplies notice to the other Party of such order and the specific Confidential Information identified therein and (to the extent known by such Party and lawful) the basis and purpose of such order, so that the other Party may, at its sole cost and expense, contest such order, and (ii) to the extent necessary or appropriate in support of any claim or motion before any court of competent jurisdiction within the United States in an action including the Parties to this Agreement or the other Transaction Documents, provided that such Party (x) has petitioned the court to treat such Confidential Information confidentially to the greatest extent permissible under law and in the context of such dispute, and (y) if the Seller is not a party to such action, has given the Seller five (5) Business Days' prior written notice of the anticipated disclosure.

SECTION 5.03 Dissemination of Certain Information. Each Party hereto shall at all times comply with all laws and regulations applicable to it and affecting the Conveyed Property and the servicing thereof, including but not limited to laws and regulations regarding the privacy of any Insured, Original Seller and Representative and the maintenance of all information obtained by the Purchaser, and the Seller in the Origination, purchase, maintenance or servicing of Conveyed Assets in accordance with applicable laws and regulations concerning the dissemination of such information; provided that any Party may disclose such information to competent judicial or regulatory authorities in response to a written request therefrom for such information or as otherwise required by law; provided, however, that the Purchaser (a) shall not disclose such information to such judicial or regulatory authorities before the date set forth in such request therefor, and (b) shall provide the Seller with prompt notice to the extent permitted by law or regulation of such request, in order to permit the Seller, at its own expense, to seek judicial or other relief before such information is disclosed.

SECTION 5.04 Tax Structure. Notwithstanding anything to the contrary contained in the Transaction Documents, each Party hereto (and each employee, representative or other agent of such Party) may disclose to any and all Persons, without limitation of any kind, the U.S. tax treatment and U.S. tax structure of the transactions contemplated by the Transaction Documents, and all materials of any kind (including opinions or other tax analyses) that are provided to such Party relating to such U.S. tax treatment and U.S. tax structure, other than any information for which non-disclosure is reasonably necessary in order to comply with applicable securities law.

SECTION 5.05 Publicity. Neither the Seller nor the Purchaser shall issue any press release or public announcement concerning this Agreement or the transactions contemplated hereby without obtaining the prior written approval of the other Party, which approval will not be unreasonably withheld or delayed, unless, in the sole judgment of the Purchaser or the Seller,

disclosure is otherwise required by applicable law or by the Bankruptcy Court with respect to filings to be made with the Bankruptcy Court in connection with this Agreement, provided that the Party intending to make such release shall use its best efforts consistent with such applicable law or Bankruptcy Court requirement to consult with the other Party with respect to the text thereof.

ARTICLE VI

TERMINATION

SECTION 6.01 Termination. This Agreement shall automatically terminate upon the conveyance by the Seller to the Purchaser of all right, title and interest of the Seller in and to the Assets identified on Schedule 1 attached hereto (other than any Asset which the Parties hereto have mutually agreed to exclude). Moreover:

(a) This Agreement may be terminated on any date by mutual written agreement of the Purchaser and the Seller; or

(b) Prior to the Acquisition Date, the Purchaser, in its sole discretion, may terminate its obligation to purchase the Assets by delivery thereby of written notice to the Seller of such termination upon the occurrence of:

(i) a change in any applicable law or regulation that causes it to be illegal for the Purchaser to continue to perform its material obligations under this Agreement or would otherwise prevent the consummation of the transactions contemplated hereby;

(ii) the failure by the Seller and its applicable Affiliates to obtain Bankruptcy Court approval of this Agreement and the sale of the Assets to the Purchaser for the Purchase Price, by (a) [February 3, 2011] in the event that the Debtors (as defined below) pursue a Cram-Down Plan (as defined below), (b) March 4, 2011 if the Debtors are seeking confirmation of a Consensual Plan (as defined below), (c) such later date as may be mutually agreed upon by the Seller and the Purchaser; or

(iii) the occurrence of a breach of any representation, warranty or covenant of the Seller under any Transaction Document where such breach will have a material effect on the Seller's ability to perform its obligations hereunder, and, to the extent such breach is capable of being cured, such breach continues uncured for more than ten (10) Business Days from the date notice thereof was first delivered to the Seller.

(c) Prior to the Acquisition Date, the Seller, in its sole discretion, may terminate its obligations hereunder to sell the Assets by delivery thereby of written notice to the Purchaser of such termination upon the occurrence of:

(i) a change in any applicable law or regulation that causes it to be illegal for the Seller to continue to perform its material obligations under this Agreement;

(ii) the occurrence and continuance of an Insolvency Event with respect to the Purchaser; or

(iii) the occurrence of a breach of any representation, warranty or covenant of the Purchaser under any Transaction Document where such breach will have a material effect on the Purchaser's ability to perform its obligations hereunder and, to the extent such breach is capable of being cured, such breach continues uncured for more than ten (10) Business Days from the date notice thereof was first delivered to the Purchaser.

Notwithstanding the foregoing, (1) the provisions of Article V and Article VIII shall survive the termination of this Agreement, and (2) any liability of one Party to the other arising out of any breach of any representation, warranty or covenant specified in Article III hereof shall survive the termination of this Agreement for a period of one (1) year from the Acquisition Date.

ARTICLE VII

BANKRUPTCY MATTERS

SECTION 7.01 Commencement of Cases; Procedures.

(a) Pre-bankruptcy Solicitation. As a pre-requisite to the effectiveness of this Agreement, the Seller and/or its applicable Affiliates (the "Debtors") shall have obtained the support of the requisite majority and number of the Bermuda C, F and I Classes and Bermuda non-C, F and I Classes to ensure acceptance of the Plan by those classes under the Bankruptcy Code, and shall have solicited the votes of the members of those classes in accordance with the requirements of Section 1125(g) of the Bankruptcy Code. In addition, the Debtors shall have made commercially reasonable efforts to obtain the support of the requisite majority and number of US/Cayman Class to ensure acceptance of the Plan by such class, and shall have solicited the vote of the members of such class in accordance with the requirements of Section 1125(g) of the Bankruptcy Code.

(b) If the Plan is accepted in accordance with subparagraph (a) hereof by all of the classes (a "Consensual Plan"), the Debtors shall proceed in accordance with the Bankruptcy Timeline to schedule a confirmation hearing on the Consensual Plan and the sale of the assets hereunder at the earliest possible date, but not later than the date required by the Bankruptcy Timeline. If the Plan is not accepted by the US/Cayman Class prior to the filing, but is accepted by the Bermuda C, F and I Classes and the Bermuda non-C, F and I Classes (a "Cram-down Plan"), then the Debtors shall proceed in accordance with the Bankruptcy Timeline to schedule a sale hearing with respect to this Agreement at the earliest possible date but not later than the date required by the Bankruptcy Timeline.

(c) The Debtors shall file the Bankruptcy Pleadings with the Bankruptcy Court pursuant to the Bankruptcy Timeline. In the event that the Bankruptcy Court is unable or unwilling to schedule a hearing on any required date set forth in the Bankruptcy Timeline, the applicable milestone date and each subsequent milestone date set forth in the Bankruptcy Timeline shall be deemed automatically extended by an equal number of days (or such later date as would constitute the next Business Day) up to a maximum of seven (7) Business Days. Each milestone date may also be extended with the prior written consent of the Purchaser.

(d) Within five (5) days after the Petition Date, the Debtors shall file or cause to be filed (and shall diligently pursue entry of an order on shortened time if permitted by the Bankruptcy Court) a motion (the "Purchaser Protection Approval Motion") seeking entry of an order (the "Purchaser Protection Order") approving the matters specified in this Article VII (Bankruptcy Matters), the Bankruptcy Timeline and Article VI (Termination) and shall at the earliest possible date, without adjournment unless consented to in writing by Purchaser, seek Court approval of such Purchaser Protection Motion. The Purchaser Protection Approval Motion and the Purchaser Protection Order shall be in forms agreed to by the Debtors and Purchaser.

(e) Scheduling Motion. Pursuant to the schedule set forth in the Bankruptcy Timeline, the Debtors shall file, or cause to be filed the Scheduling Motion.

(f) Confirmation Order. In the event the Debtors pursue a Consensual Plan, then in accordance with the Bankruptcy Timeline, the Debtors shall seek to cause the entry of the Confirmation Order. The consent of the Purchaser shall be required for any material changes to the Confirmation Order imposed or required by the Bankruptcy Court or requested by the Debtors.

(g) Sale Motion. In the event the Debtors pursue a Cram-down Plan, then in accordance with the Bankruptcy Timeline, the Debtors shall file, or cause to be filed, the Sale Motion with the Bankruptcy Court pursuant to the Bankruptcy Timeline which shall seek entry of an order (the "Sale Order") by the Bankruptcy Court; *provided, however,* that the consent of the Purchaser shall be required for any material changes to the Sale Order imposed or required by the Bankruptcy Court or requested by the Debtors. The Debtors shall seek to cause the entry of the Sale Order in accordance with the Bankruptcy Timeline. [Reserved]

(i) Sale Order. The Sale Order will, among other things: (a) approve the sale of the Assets to the Purchaser on the terms and conditions set forth in this Agreement and authorize the Debtors to proceed with this transaction; (b) include specific findings that the Purchaser is a good faith purchaser of the Assets pursuant to Section 363(m) of the Bankruptcy Code and that the sale price for the Assets was not controlled by an agreement among potential bidders; (c) provide that the sale of the Assets to the Purchaser shall be free and clear of any and all encumbrances, including any and all liens, mortgages, claims or debts relating to the Assets which accrue or arise on or prior to the Acquisition Date or otherwise relate to any acts or omissions on or prior to the Acquisition Date ("Encumbrances"), and that upon the Acquisition Date the Purchaser shall have good and marketable title to the Assets, free and clear of any and

all Encumbrances; (d) provide for a waiver of the stays contemplated by United States Federal Rules of Bankruptcy Procedure 6004(g) and 6006(d); (e) not impose upon the Purchaser any financial obligation to provide "adequate assurances" (as such term is used in Section 365 of the Bankruptcy Code) to any person or entity in respect of any contracts assigned pursuant to this Agreement; (f) (i) provide that the Debtors are authorized and directed to assume and assign to the Purchaser all Assets which are executory contracts or unexpired leases under Section 365 of the Bankruptcy Code, (ii) provide that the Debtors shall be responsible for curing any and all breaches and/or defaults arising under or relating to Assets which are executory contracts or unexpired leases under Section 365 of the Bankruptcy Code which accrue or arise on or prior to the Acquisition Date or otherwise relate to any acts or omissions on or prior to the Acquisition Date, (iii) provide that upon entry of the Sale Order, the Debtors shall have cured, or shall be deemed to have provided adequate assurance that the Debtors will promptly cure, any and all defaults, (iv) provide that upon entry of the Sale Order, the Debtors shall have compensated, or shall be deemed to have provided adequate assurance that the Debtors will compensate, any and all parties, other than the Debtors, to any and all executory contracts or unexpired leases under Section 365 of the Bankruptcy Code which are included within the Assets, for any and all actual pecuniary losses to such parties resulting from any defaults, and (v) provide that as of the Acquisition Date, any and all defaults, including any events of default or conditions or events which with the giving of notice or passage of time, or both, could constitute a default or an event of default under any and all executory contracts or unexpired leases under Section 365 of the Bankruptcy Code which are included within the Assets shall be deemed cured; (g) provide that no bulk sales law, or similar law of any state or other jurisdiction, shall apply in any way to the transactions contemplated by this Agreement, and (h) provide that, upon closing of the sale, the sum of one hundred twenty five million dollars ($125,000,000.00) from the Purchase Price shall be transferred by the Seller to the Bermuda Liquidation Account (as such term is defined in the Plan).

(j) Unless and until this Agreement is terminated and prior to entry of the Sale Order or Confirmation Order, as applicable, except as the Debtors may reasonably determine in good faith to be otherwise required in connection with applicable fiduciary duties after consultation with counsel, the Debtors shall not, except as otherwise required by the Bankruptcy Court, knowingly take any action, directly or indirectly, to cause, promote, authorize, or result in the purchase by any person other than Purchaser of any transaction competing, conflicting or interfering with the completion of the transactions contemplated by this Agreement (a "Competing Transaction"), including, without limitation, granting access to any third parties to the Debtors' assets, business, records, officers, directors, or employees, which access, to the Debtors' knowledge, relates to, or is reasonably expected to lead to, a Competing Transaction or a potential Competing Transaction.

(k) The Debtors shall provide drafts of any Bankruptcy Pleadings, including any exhibits thereto and any notices or other materials in connection therewith, to be filed in the Bankruptcy Court to Purchaser prior to filing for Purchaser's review and comments. Any Bankruptcy Pleadings filed by the Debtors in connection with this Agreement, including any exhibits thereto and any notices or other materials in connection therewith, must be in form and substance acceptable to Purchaser.

(l) The Debtors shall comply (or obtain an order from the Bankruptcy Court waiving compliance) with all requirements (including all notice requirements) under the Bankruptcy Code and the United States Federal Rules of Bankruptcy Procedure in connection with obtaining approval of this Agreement, the Bankruptcy Pleadings and the transactions contemplated hereby.

(m) The Purchaser shall have no obligation or duty to accept any substantive modifications to this Agreement, the Bankruptcy Pleadings, any related agreements and any related court documents mandated by the Bankruptcy Court that are not acceptable to Purchaser.

(n) The Debtors will cooperate with the Purchaser to promptly take such actions as are requested by the Purchaser to assist in obtaining entry of any orders related to the Bankruptcy Pleadings, including furnishing affidavits or other documents or information for filing with the Bankruptcy Court for purposes, among others, of (i) demonstrating that the Purchaser is a "good faith" purchaser under Section 363 of the Bankruptcy Code and (ii) establishing adequate assurance of future performance within the meaning of Section 365 of the Bankruptcy Code.

(o) In the event that the Bankruptcy Court's approval of the Sale Order or the Confirmation Order, as applicable, are appealed, the Debtors shall use their best efforts to pursue such appeal in a manner not inconsistent in any material respect with the transactions contemplated by this Agreement; *provided, however,* that so long as the applicable orders are not stayed or reversed, the Debtors shall proceed promptly to effectuate the transactions as approved by the Court and shall not await the outcome of any such appeals.

(p) Upon the termination of this Agreement for the reasons specified in Section 6.01(b)(ii), or if the Purchaser is not the successful bidder to purchase the Assets at an auction mandated by the Bankruptcy Court, and the offer of a third party accepted at such auction is subsequently approved by the bankruptcy court, or if the Debtors accept any Competing Transaction, then the Purchaser will be entitled to receive from the Debtors, without deduction or offset of any nature, a flat fee payment (not dependent on amounts actually expended or incurred by Purchaser) in immediately available funds in the amounts of $3,187,500.00 (the "Break-Up Fee").

ARTICLE VIII

MISCELLANEOUS PROVISIONS

SECTION 8.01 Amendment. This Agreement may be amended from time to time with the mutual consent of the Purchaser and the Seller as evidenced by a writing executed by the Purchase and the Seller.

SECTION 8.02 Governing Law. (a) THIS AGREEMENT SHALL IN ALL RESPECTS BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE INTERNAL LAWS OF THE STATE OF NEW YORK, WITHOUT REFERENCE TO ITS CONFLICTS OF

LAWS PROVISIONS (OTHER THAN SECTION 5-1401 OF THE NEW YORK GENERAL OBLIGATIONS LAW), AND THE OBLIGATIONS, RIGHTS AND REMEDIES OF THE PARTIES HEREUNDER SHALL BE DETERMINED IN ACCORDANCE WITH SUCH LAWS.

(b) EACH OF THE PARTIES HERETO IRREVOCABLY SUBMITS TO THE NON-EXCLUSIVE JURISDICTION OF ANY FEDERAL OR STATE COURT SITTING IN THE COUNTY AND STATE OF NEW YORK IN RESPECT OF ANY ACTION OR PROCEEDING ARISING OUT OF OR IN CONNECTION WITH THIS AGREEMENT. EACH PARTY TO THIS AGREEMENT IRREVOCABLY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY OBJECTION THAT IT MAY NOW OR HEREAFTER HAVE TO THE LAYING OF VENUE OF ANY SUCH PROCEEDINGS IN ANY SUCH COURT AND ANY CLAIM THAT ANY PROCEEDING BROUGHT IN ANY SUCH COURT HAS BEEN BROUGHT IN AN INCONVENIENT FORUM.

(c) EACH PARTY HERETO HEREBY WAIVES THE RIGHT THAT IT MAY HAVE TO A TRIAL BY JURY ON ANY CLAIM, COUNTERCLAIM, SETOFF, DEMAND, ACTION OR CAUSE OF ACTION (i) ARISING OUT OF OR IN ANY WAY RELATED TO THIS AGREEMENT OR ANY OTHER TRANSACTION DOCUMENTS, OR (ii) IN ANY WAY IN CONNECTION WITH OR PERTAINING OR RELATED TO OR INCIDENTAL TO ANY DEALINGS OF THE PARTIES TO THIS AGREEMENT WITH RESPECT TO THE TRANSACTION DOCUMENTS OR IN CONNECTION WITH THIS AGREEMENT OR THE EXERCISE OF ANY PARTY'S RIGHTS AND REMEDIES UNDER THIS AGREEMENT OR OTHERWISE, OR THE CONDUCT OR THE RELATIONSHIP OF THE PARTIES HERETO, IN ALL OF THE FOREGOING CASES WHETHER NOW EXISTING OR HEREAFTER ARISING AND WHETHER SOUNDING IN CONTRACT, TORT OR OTHERWISE.

SECTION 8.03 Notices. All demands, notices, reports and communications hereunder shall be in writing and shall be deemed to have been duly given if personally delivered at, delivered by electronic mail to, mailed by certified mail, return receipt requested, mailed by a nationally recognized overnight courier or sent via facsimile, to (a) in the case of the Seller, to New Stream Insurance, LLC, 38C Grove Street, Ridgefield, CT 06877 Attention: John Collins; and (b) in the case of the Purchaser, to c/o MIO Partners, Inc., 55 East 52nd Street, New York, NY 10055, Attention: Chief Financial Officer and Casey Lipscomb; or, as to any of such Persons, at such other address or facsimile number as shall be designated by such Person in a written notice to the other Persons party hereto. Notices, demands and communications hereunder given by facsimile shall be deemed given when received.

SECTION 8.04 Severability of Provisions. If any one or more of the covenants, agreements, provisions or terms of this Agreement shall for any reason whatsoever be held invalid or unenforceable, then such covenants, agreements, provisions or terms shall be deemed severable from the remaining covenants, agreements, provisions and terms of this Agreement and shall in no way affect the validity or enforceability of the other provisions of this Agreement.

SECTION 8.05 Further Assurances. Each Party hereto agrees to do and perform, from time to time, any and all acts and to execute any and all further instruments required or reasonably requested by any other Party hereto more fully to effect the purposes of this Agreement, including, without limitation, the execution of any financing statements, amendments, continuation statements or releases relating to the Conveyed Property for filing under the provisions of the UCC or other law of any applicable jurisdiction.

SECTION 8.06 No Waiver; Cumulative Remedies. No failure to exercise and no delay in exercising, on the part of the Purchaser or the Seller, of any right, remedy, power or privilege hereunder shall operate 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. The rights, remedies, powers and privileges herein provided are cumulative and not exhaustive of any rights, remedies, powers and privileges provided by law.

SECTION 8.07 Counterparts. This Agreement may be executed in two or more counterparts (and by different Parties on separate counterparts), each of which shall be an original, but all of which together shall constitute one and the same instrument. Delivery of an executed counterpart of a signature page to this Agreement by telecopier or by electronic message shall be effective as delivery of a manually executed counterpart of this Agreement.

SECTION 8.08 Third-Party Beneficiaries. This Agreement will inure to the benefit of and be binding upon the Parties signatory hereto. No Person that is not a Party to this Agreement will have any right hereunder and there shall be no third-party beneficiaries to this Agreement; provided that, to the extent any interest in an Asset is assigned or sold by a Party (for purposes of this Section, the "Assigning Party") to any Person (the "Assignee"), any rights and obligations of the Assignee with respect to such Asset and the non-Assigning Party hereunder shall inure solely to the benefit of the Assigning Party.

SECTION 8.09 Merger and Integration. Except as specifically stated otherwise herein and the other Transaction Documents to which the Parties hereto are a party, this Agreement sets forth the entire understanding of the Parties hereto relating to the subject matter hereof, and all prior understandings, written or oral, are superseded by this Agreement. This Agreement may not be modified, amended, waived or supplemented except as provided herein.

SECTION 8.10 Headings. The headings herein are for purposes of reference only and shall not otherwise affect the meaning or interpretation of any provision hereof.

SECTION 8.11 Tax Classification. Nothing contained in this Agreement is intended to or shall be deemed or construed by the Parties hereto or by any third person to create the relationship of principal and agent (including dependent agent) or of a partnership or joint venture. The Parties hereto agree that they will not take any action contrary to the foregoing intention and agree to report the transaction for all tax purposes consistent with the foregoing intention unless and until determined to the contrary by an applicable tax authority.

SECTION 8.12 Tax Consequences. Each Party hereto (for purposes of this Section 7.12, each, an "Initial Party") acknowledges that no other Party hereto, and in each case none of the partners, shareholders, members, owners, managers, agents, officers, employees, Affiliates, investors therein or consultants of such other Party (in each case, whether direct or indirect), will be responsible or liable for the tax consequences to such Initial Party or any of such Initial Party's partners, shareholders, members, owners, managers, agents, officers, employees, Affiliates, investors or consultants (in each case, whether direct or indirect), with regard to the tax consequences of the transactions covered by this Agreement, and that such Initial Party (and each of such Initial Party's partners, shareholders, members, owners, managers, agents, officers, employees, Affiliates, investors and consultants (in each case, whether direct or indirect)) will look solely to, and rely upon, such Initial Party's own advisors with respect to such tax consequences.

SECTION 8.13 Indemnification. The Seller shall indemnify and hold harmless the Purchaser and its Affiliates and their successors and assigns (collectively, the "Purchaser Indemnified Persons") from and against any and all damages, losses, claims (whether or not the Purchaser Indemnified Person is a party to any action or proceeding that gives rise to any indemnification obligation), actions, suits, demands, judgments, liabilities (including penalties), obligations, disbursements of any kind or nature and related costs and expenses, including reasonable attorney's fees and other professional fees and expenses incurred in connection with collection efforts or the defense of any suit or action in an amount not to exceed the fees and expenses of counsel or equivalent professionals retained by such Party in connection with such suit or action (such amounts, in the aggregate, the "Losses"), awarded against or incurred by any Purchaser Indemnified Person arising out of or as a result (a) the breach of any of the representations and warranties made by the Seller herein, and (b) the failure by the Seller to perform any activities for delivery of the Conveyed Property expressly contained in the Purchase Agreement. For the avoidance of doubt, the Seller shall not indemnify and hold harmless any Purchaser Indemnified Person for any Losses awarded against or incurred by such Purchaser Indemnified Person arising out of or as a result of any Asset or Related Property (a) if such Asset or its Related Property is not transferred to the Purchaser hereunder for any reason and therefore is not a Conveyed Asset or Conveyed Property, as applicable, or (b) under which (i) the Life Insurance Policy has lapsed or expired by the action or inaction of the Purchaser or its designee, or for any other reason is no longer outstanding and in full force, or (ii) such Life Insurance Policy's Net Death Benefit has been paid to the Purchaser or its designee.

SECTION 8.14 Assignment. This Agreement may not be assigned by (i) the Purchaser without the prior written consent of the Seller, or (ii) the Seller without the prior written consent of the Purchaser.

[Remainder of Page Intentionally Left Blank]

IN WITNESS WHEREOF, the Parties hereto have caused this Agreement to be duly executed by their respective officers as of the day and year first above written.

NEW STREAM INSURANCE, LLC

By its Special Member
New Stream Capital, LLC

By:_____
Name:
Title:

LIMITED LIFE ASSETS LLC

By: _____
Name:
Title:

SCHEDULE 1

SCHEDULE OF ASSETS AND PURCHASE PRICES

[See attached]

SCHEDULE 2

BANKRUPTCY TIMELINE

I. Consensual Plan

Date	**Action/Milestone**
(i) November [19], 2010	Borrower shall commence solicitation of votes of creditors to accept or reject the Plan.
(ii) December [15], 2010	Borrower shall deposit $30,000,000 of additional NSI Life Portfolio Collateral into the SACA.
(iii) December [19], 2010	Borrower shall conclude solicitation of votes of creditors to accept or reject the Plan.
(iv) December [20], 2010	Borrower shall file with the Bankruptcy Court the Required Bankruptcy Pleadings, which, in each case, shall be in form and substance satisfactory to the Administrative Agent.
(v) December [21-22], 2010	Bankruptcy Court shall enter (i) the Interim Order, (ii) orders approving the "first day" pleadings, and (iii) an order approving the expedited scheduling of the Confirmation Hearing not later than March [4], 2011, which, in each case, shall be in form and substance satisfactory to the Administrative Agent.
(vi) January [21], 2011	Bankruptcy Court shall enter the Final Order, which shall be in form and substance satisfactory to the Administrative Agent.
(vii) March [4], 2011	Bankruptcy Court shall hold the Confirmation Hearing and enter the Confirmation Order approving the Plan, which shall be in form and substance satisfactory to the Administrative Agent. As confirmed, the Plan shall, among other things, (a) provide for the sale of the NSI Life Portfolio to Newco under the APA, and (b) terminate the Total Commitment and provide for the repayment in full, in cash of all Obligations.
(viii) No later than March [14], 2011	Closing of sale on NSI Life Portfolio to Newco pursuant to the APA and Plan.

(ix) March [14], 2011	Plan shall become effective (unless effective date has already occurred).

II. 363 Sale / Cram-down Plan

Date	**Action/Milestone**
(i) December [15], 2010	Borrower shall deposit $30,000,000 of additional NSI Life Portfolio Collateral into the SACA.
(ii) December [20], 2010	Debtors shall file with the Bankruptcy Court the Required Bankruptcy Pleadings.
(iii) December [21-22], 2010	Bankruptcy Court shall enter (i) the Interim Order, (ii) orders approving the "first day" pleadings, and (iii) an order approving the scheduling of the 363 Sale hearing not later than January [24], 2011, which, in each case, shall be in form and substance satisfactory to the Administrative Agent.
(iv) No later than December [23], 2010	Debtors shall file the Sale Motion seeking entry of the Sale Order approving the 363 Sale.
(v) January [21], 2011	Bankruptcy Court shall enter the final order approving the DIP Motion, which shall be in form and substance satisfactory to the Administrative Agent.
(vi) No later than January [24], 2011	Bankruptcy Court shall hold the hearing on Sale Motion to approve the 363 Sale and enter the Sale Order approving the 363 Sale, which shall be in form and substance satisfactory to the Administrative Agent and Purchaser.
(vii) No later than	

February [3], 2011	Closing of 363 Sale to Purchaser pursuant to the APA and Sale Order.

In the event that (a) the Petition Date occurs after December [15], 2010, or (b) the Bankruptcy Court is unable or unwilling to schedule a hearing on the required date, the milestone dates set forth above shall be deemed automatically extended by an equal number of days (or such later date as would constitute the next business day) up to a maximum of seven (7) business days. The milestone dates may also be extended with the prior written consent of the Administrative Agent.

SCHEDULE OF ADJUSTED POLICY VALUES

[See attached]

GLOSSARY OF DEFINED TERMS

"Acquisition Date" means with respect to the Conveyed Property, that certain date on which the Seller or the designee thereof receives the Purchase Price therefor in accordance with this Agreement, which date shall not occur prior to the date on which the Bankruptcy Court approves of the Bankruptcy Petition, including, without limitation, the sale of the Assets to Purchaser and the terms and provisions of the Purchase Agreement.

"Actual Knowledge" means, with respect to Seller, the actual knowledge of any officer or director of the Seller.

"Affiliate" means, with respect to any Person, any other Person controlling or controlled by or under common control with such specified Person. For purposes of this definition, "control," when used with respect to a specific Person, means the power to direct the management and policies of such Person, directly or indirectly, whether through the ownership of voting securities, by contract or otherwise; and the term "controlling" and "controlled" have meanings correlative to the foregoing.

"Asset" means a Life Insurance Policy (whether owned directly by the Seller or related Selling Party or owned by a Trust, the related trust beneficial interests of which are owned by the Seller or the related Selling Party), Premium Finance Loan or other Equity Asset, in each case as identified on Schedule I of the Agreement.

"Asset Documentation Package" means the documents provided by the Seller to the Buyer with respect to each Asset, as listed on Schedule I hereto.

"Asset Purchase Agreement" or "Purchase Agreement" means that certain Asset Purchase Agreement dated as of the Execution Date, entered into by and between the Seller and the Purchaser.

"Bank of Utah" means the Bank of Utah, a Utah banking corporation, with offices located at 200 E. South Temple, Suite 210 Salt Lake City, Utah 84111 and tax id 27-6630093.

"Bankruptcy Code" means, as amended, Title 11 of the United States Code, 11 U.S.C. §§101 - 1532).

"Bankruptcy Court" means a United States bankruptcy court or United States appellate court of competent jurisdiction and acceptable to the Purchaser.

"Bankruptcy Pleadings" means any of the following documents, each of which shall be in form and substance satisfactory to the Purchaser:

a) a voluntary chapter 11 bankruptcy petition;
b) the Plan;
c) the Disclosure Statement;
d) the Confirmation Order;
e) the Scheduling Motion;

f) the Scheduling Order;
g) the Sale Motion;
h) the Sale Order;
i) [IF USING DIP] [the DIP Motion;
j) interim and final orders approving the DIP Motion]; and
k) any other necessary, required or related pleadings and documentation to be filed before the Bankruptcy Court.

"Bankruptcy Timeline" means the dates and milestones set forth on Schedule 2 of the Asset Purchase Agreement.

"Bermuda C, F and I Classes" shall mean Bermuda Segregated Account Classes C, F and I of New Stream Capital Fund Ltd.

"Bermuda non-C, F and I Classes" shall mean Bermuda Segregated Account Classes B, E, H, K, L, N and O of New Stream Capital Fund Ltd.

"Break-Up Fee" shall have the meaning assigned to such term in Section 7.01(p) of the Asset Purchase Agreement.

"Business Day" means a day other than a Saturday or Sunday on which commercial banks in New York, New York or Salt Lake City, Utah are not authorized or required to be closed for business.

"CFC of Delaware Assets" means the equity interests owned by the Seller in CFC of Delaware LLC described on Schedule I of the Asset Purchase Agreement.

"CFC Policy" means any Life Insurance Policy designated as a CFC Policy on Schedule I to the Asset Purchase Agreement.

"Collateral" shall have the meaning assigned to such term in the NSI-MIO Securities Account Control Agreement.

"Competing Transaction" shall have the meaning assigned to such term in Section 7.01(j) of the Asset Purchase Agreement.

"Confidential Information" shall have the meaning assigned to such term in Section 6.01 of the Asset Purchase Agreement.

"Confirmation Hearing" shall mean a hearing before the Bankruptcy Court on the adequacy of the Seller's Disclosure Statement and confirmation of the Seller's Plan under the Bankruptcy Code.

"Confirmation Order" means a final order of the Bankruptcy Court in the form attached as Exhibit A to the Asset Purchase Agreement; *provided, however*, that the Purchaser shall have the sole ability to waive the requirement that such order be final.

"Conveyed Asset" means each Asset purchased by the Purchaser from the Seller pursuant to the Asset Purchase Agreement.

"Conveyed Property" shall have the meaning assigned to such term in Section 2.01(a) of the Asset Purchase Agreement.

"Consensual Plan" shall have the meaning assigned to such term in Section 7.01(b) of the Asset Purchase Agreement.

"Cram-down Plan" shall have the meaning assigned to such term in Section 7.01(b) of the Asset Purchase Agreement.

"Custodian" shall mean Deutsche Bank AG, Dublin Branch, a German limited liability company, acting through its Dublin branch, and its successors and assigns.

"DIP Agreement" shall mean that certain [INSERT EXACT NAME OF DIP AGREEMENT] between the [Seller] and the [Purchaser] in form and substance satisfactory to the Purchaser to be filed with the Bankruptcy Court.

"DIP Motion" shall mean a motion for entry of an interim and final order approving the DIP Agreement and all related documentation.

"Disclosure Statement" shall mean the Seller's disclosure statement under the Bankruptcy Code accompanying the Plan, which shall, among other things, disclose the transactions contemplated by this Asset Purchase Agreement.

"Equity Asset" means, collectively or individually as the context may require, the Seller's respective ownership rights, interests and obligations with respect to the Seller's equity interests in (i) the Georgia Premium Funding I Assets, (ii) the Georgia Premium Funding II Assets, (iii) the National Life Funding Assets, (iv) the Vantage Funding I Assets, (v) the Vantage Funding II Assets, (vi) the UNFCH Assets, (vii) the CFC of Delaware Assets, and (viii) the SLCM Assets (which, for the avoidance of doubt, shall include SLCM's interest in the SLCM Securities Account).

"Equity Asset LLC" means, collectively or individually as the context may require, (i) Georgia Premium Funding Company I, LLC, (ii) Georgia Premium Funding II, LLC, (iii) National Life Funding, LLC, (iv) Vantage Funding, LLC, (v) Vantage Funding II, LLC, (vi) UNFCH, (vii) CFC of Delaware LLC, and (viii) SLCM.

"Encumbrances" shall have the meaning assigned to such term in Section 7.01(i) of the Asset Purchase Agreement.

"Escrow Account" means the escrow account established and maintained by the Seller with the Escrow Agent with account number [_____], in accordance with the terms of the Escrow Agreement.

"Escrow Agent" means the Bank of Utah, not in its individual capacity, but solely in its capacity as escrow agent with respect to the Escrow Account pursuant to the Escrow Agreement.

"Escrow Agreement" means the escrow agreement dated as of [_____], 2010, by and between the Seller and the Escrow Agent.

"Execution Date" means the date on which the Purchase Agreement is executed.

"Funding Documents" means the Seller's Securities Account Control Agreement, the NSI-MIO Securities Account Control Agreement, the Purchaser's Securities Account and all other documents related thereto.

"Georgia Premium Funding I Assets" means the equity interests owned by the Seller in Georgia Premium Funding Company I, LLC described on Schedule I of the Asset Purchase Agreement.

"Georgia Premium Funding II Assets" means the equity interests owned by the Seller in Georgia Premium Funding II, LLC on Schedule I of the Asset Purchase Agreement.

"Governmental Authority" means the government of the United States of America, any state or other political subdivision thereof and any entity of competent jurisdiction exercising executive, legislative, judicial, regulatory or administrative functions of or pertaining to government.

"Initial Party" shall have the meaning assigned to such term in Section 8.12 of the Asset Purchase Agreement.

"Insolvency Event" means that any of the following has occurred: a party shall generally not pay its debts as such debts become due, or shall admit in writing its inability to pay its debts generally, or any formal 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 the party other than a solvent liquidation or reorganisation of the party; (ii) a composition, assignment or arrangement with the creditors of the party as a whole; (iii) the appointment of a liquidator (other than in respect of a solvent liquidation of the party), receiver, administrator, administrative receiver, compulsory manager or other similar officer in respect of the party; provided, that any such event arising by reason of currency restrictions or foreign political restrictions or regulations beyond the control of the party shall not be deemed an "Insolvency Event" hereunder.

"Insured" means, with respect to any Life Insurance Policy, the person (or each one of the persons) whose life (lives) is (are) insured by such Life Insurance Policy.

"Issuing Insurance Company" means, with respect to any Life Insurance Policy, the insurance company that is obligated to pay the related Net Death Benefit upon the death of the related Insured by the terms of such Life Insurance Policy (or the successor to such obligation).

"Lien" means any interest in property securing an obligation owed to, or a claim by, a Person, whether such interest is based on the common law, statute or contract, and including but not limited to the security interest lien arising from a mortgage, encumbrance, judgment, pledge, conditional sale or trust receipt for a lease, consignment or bailment for security purposes, but, with respect to an Asset, does not include the interest of the Issuing Insurance Company therein if such interest arises solely from or with respect to a related Policy Loan.

"Life Insurance Policy" means an entire policy of life insurance, or, as indicated by the context, a specific life insurance policy which is an Asset under this Agreement.

"Material Adverse Effect" means (a) a material adverse effect on the Conveyed Property (taken as a whole), or (b) a material adverse effect on the ability of the Seller to consummate the transactions contemplated by this Agreement or perform its obligations under this Agreement other than an effect resulting solely from an Excluded Matter. "Excluded Matter" means any one or more of the following: (i) the announcement of the signing of the Purchase Agreement or the filing of the Bankruptcy Petition, compliance with the express provisions of this Agreement or the consummation of the transactions contemplated hereby, (ii) reasonably anticipated events, conditions, circumstances, developments, changes or effects arising out of the filing of the Bankruptcy Petition, (iii) actions or omissions taken or not taken by or on behalf of the Seller or any of its Affiliates at the express request, or with the consent, of the Purchaser or its Affiliates, (iv) actions taken by the Purchaser or its Affiliates, other than as contemplated by this Agreement, (v) changes or proposed changes in applicable law or interpretations thereof by any Governmental Authority (other than changes that would prohibit the consummation of the transactions contemplated by the Purchase Agreement), (vi) changes which generally affect the national or regional markets for life insurance, (vii) changes in general economic conditions, currency exchange rates or United States or international debt or equity markets and (viii) national or international political or social conditions or any national or international hostilities, acts of terror or acts of war; *provided* that, in the case of clauses (vi) through (viii), inclusive, such events, changes, conditions, circumstances, developments or effects shall be taken into effect in determining whether any such material adverse effect has occurred to the extent that any such events, changes, conditions, circumstances, developments or effects have a material and disproportionate adverse effect on the Conveyed Property, the Assumed Liabilities or the Seller as compared to other similarly affected Persons.

"Medical Underwriter" means AVS Underwriting Services or Dr. Barry Reed, MD, or any other nationally recognized life expectancy provider approved by the Purchaser in writing, that is identified by the Seller as having supplied the applicable mortality rating.

"National Life Funding Assets" means the equity interests owned by the Seller in National Life Funding, LLC described on Schedule I of the Asset Purchase Agreement.

"Net Death Benefit" means, with respect to any Life Insurance Policy, as of any date of determination, the face amount payable under such Life Insurance Policy net of any Policy Loan (and accrued Policy Loan interest not yet paid on or capitalized into any related Policy Loan) and, with respect to any Equity Asset, net of payments to Equity Asset Co-Owners or

other payments pursuant to documentation governing such Equity Asset, as of such date of determination.

"New Stream Securities Account" means the securities account established and maintained by the Seller and the Purchaser with the New Stream Securities Intermediary with account number 8000563, in accordance with the terms of the NSI-MIO Securities Account Control Agreement.

"New Stream Securities Intermediary" means Bank of Utah, not in its individual capacity, but solely in its capacity as securities intermediary with respect to the New Stream Securities Account pursuant to the NSI-MIO Securities Account Control Agreement.

"NSI-MIO Securities Account Control Agreement" shall have the meaning assigned to such term in Section 4.01 of the Asset Purchase Agreement.

"Original Seller" means the direct or indirect owner of an Asset that first sells or otherwise transfers such Asset pursuant to an Asset Documentation Package to the Seller.

"Origination", "Originate" or "Originated" means the process conducted by an Originator of soliciting the sale by the Original Seller of and purchase by such Originator, directly or indirectly, of an Asset, including the negotiation, execution and delivery of the agreements, documents and instruments evidencing such transaction and/or evidencing consents, acknowledgements and waivers delivered in connection therewith by the related Insured, any spouse of the Insured, any related beneficiary, any Original Seller or any third party, and the acquisition and verification by such Originator of information concerning the related Insured, Original Seller and Asset.

"Originator" with respect to any Asset, the Person that Originated such Asset.

"Person" means any individual, corporation, partnership, joint venture, association, joint-stock company, limited liability company, trust, unincorporated association, Governmental Authority or any other entity.

"Petition Date" means the date on which the Seller filed its voluntary chapter 11 bankruptcy petition with the Bankruptcy Court.

"PFG Policy" means and Life Insurance Policy designated as a PFG Policy on Schedule I to the Asset Purchase Agreement.

"Plan" shall mean the Seller's plan of reorganization under chapter 11 of the Bankruptcy Code, which shall, among other things, seek approval of the transactions contemplated by this Asset Purchase Agreement.

"Policy Loan" means, with respect to any Life Insurance Policy, any loan or other cash advances against, or cash withdrawals from, the cash value of such Life Insurance Policy, pursuant to the terms and conditions of such Life Insurance Policy.

"Premium" means, with respect to any Life Insurance Policy, as indicated by the context, any due or past due premiums required to be paid in order to maintain such Life Insurance Policy in force in general or for the period indicated by the context.

"Premium Finance Loan" means a loan evidenced by an Asset Documentation Package and secured by one or more Life Insurance Policies.

"Premium Funding Amount" means $25,000,000.

"Proceeds Account" means an Escrow Account established by the Seller with deposits and distributions in accordance with Section 4.04 of the Purchase Agreement.

"Purchase Price" means $127.5 million.

"Purchaser" means [_____].

"Purchaser Indemnified Person" shall have the meaning assigned to such term in Section 8.13 of the Asset Purchase Agreement.

"Purchaser Protection Approval Motion" shall have the meaning assigned to such term in Section 7.01(d) of the Asset Purchase Agreement.

"Purchaser Protection Order" shall have the meaning assigned to such term in Section 7.01(d) of the Asset Purchase Agreement.

"Purchaser's Securities Account" means the securities account established by the Purchaser's Securities Intermediary pursuant to the Purchaser's Securities Account Control Agreement for the benefit of the Purchaser.

"Purchaser's Securities Account Control Agreement" means that certain securities account control agreement with respect to the Purchaser's Securities Account entered into between the Purchaser's Securities Intermediary and the Purchaser, dated as of the [_____].

"Purchaser's Securities Intermediary" means Bank of Utah, not in its individual capacity, but solely in its capacity as securities intermediary with respect to the Purchaser's Securities Account pursuant to the Purchaser's Securities Account Control Agreement.

"Related Property" shall have the meaning assigned to such term in Section 3.03 of the Asset Purchase Agreement.

"Representative" means, with respect to each Insured, the natural person or persons designated by the Insured as persons with whom the Seller or its designee may make contact for the purposes of obtaining updated information concerning the health and residency of the Insured and/or communicating information concerning the related Asset.

"Responsible Officer" when used with respect to (i) [the Purchaser's Securities Intermediary, means any officer assigned to the principal corporate office thereof, including any

Vice President, Assistant Vice President, Assistant Treasurer, Assistant Secretary, trust officer and any other officer thereof that customarily performs functions similar to those of the above-designated officers and that has direct responsibility for the administration of the Transaction Documents as Purchaser's Securities Intermediary, and also, with respect to a particular matter, any other officer thereof to whom such matter is referred because of such officer's knowledge of and familiarity with the particular subject], (iii) the Purchaser, means [_____] and (iv) the Seller, means Anthony Giobbi or John Collins.

"Sale Motion" a motion for entry of an order approving the Asset Purchase Agreement and the transactions contemplated thereunder pursuant to, among other section, Section 363 of the Bankruptcy Code.

"Sale Order" shall have the meaning assigned to such term in Section 7.01(g) of the Asset Purchase Agreement.

"Scheduling Motion" means the Seller's motion submitted to the Bankruptcy Court (i) scheduling the Confirmation Hearing on the adequacy of the Seller's Disclosure Statement and confirmation of the Seller's Plan for not later than sixty (60) days after the Petition Date; (ii) approving procedures for filing objections thereto; (iii) approving the form and manner of notice of the Confirmation Hearing; and (iv) granting other related relief.

"Seller" means New Stream Insurance LLC.

"Seller's Percentage" means the percentage ownership of a Life Insurance Policy held by the Seller, either directly or through an Equity Asset, which shall be (i) if such Life Insurance Policy is not listed on Schedule 3.02(a)(vi), 100%, or (ii) if such Life Insurance Policy is listed on Schedule 3.02(a)(vi), the percentage specified for such Life Insurance Policy on such Schedule.

"Seller Related Parties" means the parties entitled to receive distributions from the Escrow Account in accordance with the Escrow Agreement, which shall include (i) Guggenheim Capital Markets, (ii) Reed Smith LLP, (iii) O'Melveny & Myers LLP, (iv) [other NSI related parties]

"Seller's Securities Account" means the securities account held in the name of the Seller at the Bank of Utah with account number 8000503.

"Seller's Securities Account Control Agreement" means that certain securities account control agreement with respect to the Seller's Securities Account entered into between the Seller's Securities Intermediary and the Purchaser, dated as of the [_____].

"Seller's Securities Intermediary" means Bank of Utah, not in its individual capacity, but solely in its capacity as securities intermediary with respect to the Seller's Securities Account pursuant to the Seller's Securities Account Control Agreement.

["Servicer" means [_____], in its capacity as such under the Servicing Agreement, and its successors and assigns in such capacity.]

"Servicing Agreement" means that certain Servicing and Monitoring Agreement dated as of the Execution Date, entered into by and between the Purchaser and the Servicer.

"SLCM" means Secondary Life Capital Management, LLC.

"SLCM Assets" means the Life Insurance Policies contained in the SLCM Securities Account.

"SLCM Securities Account" means the securities account held in the name of the SLCM at the Bank of Utah with account number 8000504.

"SPAR Asset" means any Asset designated as a SPAR Asset on Schedule I to the Asset Purchase Agreement.

"Transaction Documents" means the Asset Purchase Agreement and the Escrow Agreement, as the same may be amended, supplemented or modified from time to time and all other instruments, financing statements, documents and agreements executed in connection with any of the foregoing.

"UCC" means the Uniform Commercial Code as in effect in any applicable jurisdiction.

"UNF Policy" means any Life Insurance Policy designated as a UNF Policy on Schedule I to the Asset Purchase Agreement.

"UNFCH" means United National Funding Collateral Holdings, LLC.

"UNFCH Assets" means the equity interests owned by the Seller in UNFCH described on Schedule I of the Asset Purchase Agreement.

"Utah Policies" means the Life Insurance Policies owned by the Seller that are not Collateral and, on or before the Acquisition Date pursuant to Section 4.02 of the Asset Purchase Agreement, such Life Insurance Policies are to be transferred to the Seller's Securities Intermediary, as securities intermediary for the Seller pursuant to the Seller's Securities Account Control Agreement, with the Issuing Insurance Company to record the Seller's Securities Intermediary as the owner and beneficiary thereof.

"Vantage Funding I Assets" means the equity interests owned by the Seller in Vantage Funding, LLC described on Schedule I of the Asset Purchase Agreement.

"Vantage Funding II Assets" means the equity interests owned by the Seller in Vantage Funding II, LLC described on Schedule I of the Asset Purchase Agreement.

SCHEDULE 1

Schedule 1

(Percentage Share of each Investor's Claim in the US Fund)

Investor Identification Number		**Percentage of Ownership**[1]
131		1.80%
132		7.23%
133		3.15%
134		1.27%
135		3.40%
136		1.73%
137		0.03%
138		1.11%
139		1.23%
140		13.75%
141		15.15%
142		2.65%
143		1.59%
144		1.52%
145		4.14%
146		8.24%
147		0.39%
148		22.44%
149		0.40%

[1] Percentage share for each investor of the US Fund, as defined in the Plan, as of April 30, 2010.

150		0.40%
151		0.11%
152		0.38%
153		0.06%
154		0.56%
155		0.28%
156		2.29%
157		0.86%
158		0.60%
159		0.84%
160		0.82%
161		0.40%
162		0.79%
163		0.40%
Total		**100.00%**

SCHEDULE 2

Schedule 2

(Assumed Executory Contracts)

Contract No.	Type of Contract	Date of Contract	Title of Contract
061610	Brokerage Agreement	June 16, 2010	Brokerage Agreement by and between Grant Heller, a licensed life insurance settlement broker in the State of Georgia, and Vantage Funding, LLC
072710	Consulting Agreement	July 27, 2010	Consulting Agreement by and between South Cove Capital, LLC, a consultant, and Vantage Funding, LLC

SCHEDULE 3

Loan Name	Type
NORTHSTAR (common)	Insurance
COHEN, JAYSON (1)	Commercial
VAN LEEUWEN	Real Estate
BEATIE & OSBORN	Commercial
M. BERNSTEIN (2)	Commercial
THE KELLY GROUP (1)	Commercial
CHRIS A. PAYNE	Commercial
ERWIN & BALINGIT (2)	Commercial
ERWIN & BALINGIT (1)	Commercial
THE KELLY GROUP (2)	Commercial
G. SMITH	Commercial
ELIC ANBAR (4)	Commercial
C. SNYDER	Commercial
CALIFOR PRIVATE	Commercial
CRAMPTON	Commercial
ELIC ANBAR (1)	Commercial
ELIC ANBAR (2)	Commercial
ELIC ANBAR (3)	Commercial
FREDDAVIDJAMES	Real Estate
GR SOLUTIONS	Commercial
M. BERNSTEIN (1)	Commercial
M. BERNSTEIN (3)	Commercial
P. RIVERA (2)	Commercial
RD LEGAL FUNDING	Commercial
W. D. WOODS	Commercial
HARTFORD/HABANA	Real Estate
HOSPITALITY ASSO	Real Estate

EXHIBIT 2

INITIAL PLAN SUPPORT AGREEMENT

This INITIAL PLAN SUPPORT AGREEMENT (this "**Agreement**") is made and entered into as of November [9], 2010, by and among New Stream Insurance, LLC, a Delaware limited liability company ("**NSI**"), New Stream Secured Capital, L.P., a Delaware limited partnership ("**NSSC**"), New Stream Capital, LLC, a Delaware limited liability company ("**NSC**"), New Stream Secured Capital Inc., a Delaware corporation ("**NSSCI**; and together with NSI, NSSC and NSC, collectively, the "**New Stream Debtors**"), and certain of the New Stream Debtors' creditors and equity holders, including, but not limited to: (a) each of the entities set forth on Schedule 1 hereto, which are consenting Bermuda Segregated Account Classes C, F and I of New Stream Capital Fund Ltd. (collectively, the "**Consenting Bermuda C, F and I Classes**"); (b) John McKenna, in his capacity as receiver for Bermuda C, F and I Classes ("**CFI Receiver**"); (c) each of the entities set forth on Schedule 2 hereto, which are consenting Bermuda Segregated Account Classes B, E, H, K, L, N and O of New Stream Capital Fund Ltd. (collectively, the "**Consenting Bermuda non-C, F and I Classes**"); (d) Michael Morrison and Charles Thresh, in their capacity as joint receivers for the Bermuda non-C, F and I Classes("**non-CFI Receivers**"; together with the CFI Receiver, collectively, the "**Receivers**"); (e) each of the entities set forth on Schedule 3 hereto (collectively, the "**Consenting US/Cayman Creditors**"); (f) MIO Partners, Inc., a Delaware corporation ("**MIO**"), solely in its capacity as general partner, adviser, managing member, investment manager or manager of (i) entities that are lenders under the Bridge Loan (the "**Bridge Loan Lenders**"), (ii) NewCo (as defined in the Plan Term Sheet) and (iii) entities that provide DIP Financing pursuant to the DIP Term Sheet. The parties hereto are sometimes collectively referred to herein as the "**Parties**" and individually as a "**Party**."

The following exhibits are attached hereto and incorporated herein:

Exhibit A — Plan Term Sheet

Exhibit B — DIP Term Sheet

Exhibit C — Asset Purchase Agreement

Capitalized terms not defined in this introduction or in the recitals to this Agreement shall have the meanings assigned thereto in Section 1 hereof or the Plan Term Sheet, the DIP Term Sheet or the Asset Purchase Agreement, as applicable.

RECITALS

WHEREAS, the Parties, with the assistance of their legal and financial advisors, have engaged in good faith negotiations with the objective of reaching an agreement with regard to the acquisition by NewCo of the life insurance settlement and premium finance loan portfolio owned by NSI (the "**Life Settlement Portfolio**"); the related financing necessary to consummate the acquisition; the distribution of the proceeds of that acquisition; and the liquidation of the New Stream Debtors on substantially the terms and conditions set forth in the Plan Term Sheet, the DIP Term Sheet, and the Asset Purchase Agreement (the "**Transactions**");

WHEREAS, it is anticipated and a fundamental assumption and requirement of this Agreement, that the Transactions will be effectuated through a pre-packaged plan of reorganization as described below (the "**Plan**") in chapter 11 bankruptcy cases under chapter 11 of title 11 of the United States Code 11 U.S.C. §§ 101-1532 (the "**Bankruptcy Code**") to be filed by the New Stream Debtors (the "**Chapter 11 Cases**") in the United States Bankruptcy Court for the District of Delaware (the "**Bankruptcy Court**");

WHEREAS, it is anticipated and a fundamental assumption and requirement of this Agreement, that the Parties will enter into a further Plan Support Agreement (the "**PSA**") that will attach the Plan and Disclosure Statement (as defined below) on terms consistent in all material respects with this Agreement, the Plan Term Sheet, the DIP Term Sheet and the Asset Purchase Agreement;

WHEREAS, the Parties shall use their commercially reasonable best efforts to obtain the consent and approval of the PSA by the creditors of the New Stream Debtors;

WHEREAS, the Plan will effectuate the Transactions through either (i) a fully consensual pre-packaged plan of reorganization with the support necessary for confirmation from the New Stream Debtors, the Receivers, the Bermuda C, F and I Classes, the Bermuda non-C, F and I Classes and the US/Cayman Creditors or (ii) an expedited sale pursuant to section 363 of the United States Bankruptcy Code under a plan which has the support necessary for confirmation from the New Stream Debtors, the Receivers, the Bermuda C, F and I Classes and the Bermuda non-C, F and I Classes, but not the US/Cayman Creditors; and

WHEREAS, this Agreement sets forth the terms and conditions of the Parties' respective obligations hereunder.

NOW, THEREFORE, in consideration of the foregoing, the promises and mutual covenants, conditions and agreements contained herein, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties hereto hereby agree as follows:

Section 1. Definitions.

"Asset Purchase Agreement" means an agreement substantially in the form of the agreement attached hereto as Exhibit C.

"***Bridge Loan"*** means that certain USD $25 Million Secured Promissory Note dated as of August 4, 2010 executed and delivered by NSI to the Lenders (as defined therein), as amended from time to time, and the other documents executed in connection therewith.

"Business Day" means any day, other than a Saturday, Sunday, or a legal holiday, as defined in Rule 9006(a) of the Federal Rules of Bankruptcy Procedure.

"Confirmation Date" means the date of entry by the Bankruptcy Court of the Confirmation Order.

"Confirmation Order" means an order entered by the Bankruptcy Court confirming the Plan (as defined below) pursuant to section 1129 of the Bankruptcy Code.

"DIP Financing" means the financing provided by entities that are controlled by MIO, solely in its capacity as general partner, adviser, managing member, investment manager or manager, to fund premiums on the Life Settlement Portfolio on the terms and conditions contained in the DIP Term Sheet.

"DIP Related Documents" means, collectively, all documents and agreements required to effectuate the DIP Financing, including, but not limited to, all documents and agreements contemplated by the DIP Term Sheet, including any appendices, amendments, modifications, supplements, exhibits and schedules relating to the DIP Financing. All DIP Related Documents shall be in form and substance reasonably acceptable to the Required Parties and materially consistent in all respects with this Agreement and the DIP Term Sheet.

"DIP Term Sheet" means the term sheet attached hereto as Exhibit B.

"Disclosure Statement" means the disclosure statement related to the Plan to be filed in the Chapter 11 Cases, which shall be in such form and substance as is reasonably satisfactory to the Parties and with any changes or modifications required by the Bankruptcy Court.

"Effective Date" has the meaning set forth in Section 9 hereof.

"Petition Date" means the date on which the New Stream Debtors shall have commenced the Chapter 11 Cases in the Bankruptcy Court.

"Plan" means a chapter 11 plan of reorganization for the New Stream Debtors consistent in all respects with the terms and conditions contained in the Plan Term Sheet.

"Plan Effective Date" means the effective date of confirmation of the Plan.

"Plan Related Documents" means, collectively, the Plan and all documents required to effectuate the Plan or the Transactions, including, but not limited to, all documents and agreements contemplated by the Plan Term Sheet and, to the extent not included in the above, (a) the PSA (b) the Asset Purchase Agreement, (c) the Disclosure Statement, (d) the materials related to the Solicitation, (e) the proposed Confirmation Order and (f) any other documents or agreements filed with the Bankruptcy Court by New Stream Debtors that are necessary to implement the Plan, including any appendices, amendments, modifications, supplements, exhibits and schedules relating to the Plan or the Disclosure Statement. All Plan Related Documents shall be in form and substance reasonably acceptable to the Required Parties and materially consistent in all respects with this Agreement, the Plan and the Transactions.

"Plan Term Sheet" means the term sheet attached hereto as Exhibit A.

"Required Parties" means collectively (i) each of the New Stream Debtors, (ii) each of the Receivers, (iii) the Bridge Loan Lenders, (iv) NewCo, (v) Consenting Bermuda C, F and I Classes; and (vi) Consenting Bermuda non-C, F and I Classes.

"Solicitation" means the solicitation of votes in respect of the Plan in the Chapter 11 Cases.

"Termination Date" means the date on which this Agreement is terminated in its entirety pursuant to Section 5 hereof.

"Termination Event" has the meaning set forth in Section 5 hereof.

Section 2. Approval of the Plan Term Sheet, DIP Term Sheet, Asset Purchase Agreement and Related Agreements.

(a) The Parties severally acknowledge and agree that (i) the terms and conditions set forth in the Plan Term Sheet, the DIP Term Sheet and the Asset Purchase Agreement are acceptable in all material respects to the Parties and their respective counsel and (ii) the Plan Related Documents shall contain terms and conditions consistent in all material respects with those set forth in the Plan Term Sheet, the DIP Term Sheet and the Asset Purchase Agreement.

Section 3. Support of the Transactions; Additional Covenants. From the Effective Date of the Agreement until the occurrence of a Termination Event (as defined herein), if any, and subject to the conditions set forth in this Agreement, each Party agrees and covenants that, without the written consent of all other Parties hereto, it will not:

(a) commence any proceeding to oppose, alter, delay or impede or take any other action, directly or indirectly, to interfere with entry of one or more orders approving the Plan or other Plan Related Documents;

(b) directly or indirectly seek, solicit, negotiate, file, consent to, support or participate in the formulation of any plan of reorganization or other restructuring other than the Plan;

(c) directly or indirectly seek, solicit, negotiate, file, support or engage in any discussions regarding any chapter 11 plan other than the Plan;

(d) take any other action, including but not limited to, initiating any legal proceeding, that is materially inconsistent with, or that would prevent or delay in any material respect consummation of the Transaction;

(e) object to the Disclosure Statement;

(f) object to the Solicitation or support any such objection by a third party;

(g) support, consent to, file, or participate in the formulation of, any motion seeking the appointment of a chapter 11 trustee or an examiner;

(h) support, consent to, file, or participate in the formulation of, any motion seeking to convert the Chapter 11 Cases to cases under Chapter 7 of the Bankruptcy Code;

(i) support, consent to, file, or participate in the formulation of, any motion seeking relief from the automatic stay imposed by section 362 of the Bankruptcy Code to enforce any right or remedy with respect to any property of the New Stream Debtors or their bankruptcy estates;

(j) take any enforcement action or remedy against the assets of any of the New Stream Debtors; or

(k) directly or indirectly, seek, solicit, negotiate, support or engage in any discussions relating to or enter into any agreements relating to, any restructuring, plan of reorganization, dissolution, winding up, liquidation, reorganization, financing, merger, transaction, sale or disposition (or all or substantially all of their assets or equity) other than as set forth in the Plan Term Sheet and DIP Term Sheet;

(l) take any other action not required by law that is inconsistent with, or that would materially delay, the confirmation or consummation of the Plan or that is otherwise inconsistent with this Agreement; or

(m) solicit or direct any person or entity, to undertake any of the foregoing.

Section 4. Mutual Agreements.

(a) Transaction Matters. The New Stream Debtors hereby agree to use their reasonable best efforts to prepare or cause the preparation of the PSA, the Plan and the other Plan Related Documents. MIO or NewCo and the New Stream Debtors agree to use their reasonable best efforts to prepare or cause the preparation of the Asset Purchase Agreement and the DIP Related Documents. All Parties hereby agree to negotiate in good faith with the intent of effectuating the Transactions as soon as practically possible.

(b) Execution of Transaction. Each Party agrees to use commercially reasonable efforts to (i) take all reasonably necessary and appropriate actions to finalize and execute the Asset Purchase Agreement, to draft, negotiate and execute the PSA, to negotiate the Plan Related Documents, negotiate the DIP Related Documents and obtain confirmation and consummation of the Plan, the DIP Financing and the Transaction contemplated therein, (ii) take any and all necessary and appropriate actions in furtherance of the Transaction and the other actions contemplated under this Agreement, the Plan Term Sheet, the Plan Related Documents, the DIP Term Sheet and the DIP Related Documents, (iii) obtain any and all required regulatory approvals and material third-party approvals for the Transaction and (iv) not take any actions inconsistent with this Agreement, the Plan Term Sheet, the DIP Term Sheet, the Asset Purchase Agreement or other Plan Related Documents or other DIP Related Documents.

Section 5. Termination of this Agreement. Upon the occurrence of any of the following events (each, a "**Termination Event**"), this Agreement shall automatically terminate on the third Business Day after the date of such Termination Event, unless the Required Parties agree in writing to waive such Termination Event:

(a) The failure of the Parties to execute the PSA on or before November 19, 2010;

(b) The failure of the New Stream Debtors to prepare and circulate the Plan and Disclosure Statement and appropriate solicitation materials to the Bermuda Classes and the US/Cayman classes for voting on or before November 19, 2010;

(c) The failure of the Parties (who are a party thereto) to execute the Asset Purchase Agreement on or before November 15, 2010;

(d) The failure of the New Stream Debtors to file the Chapter 11 Cases together with the Plan on or before December 20, 2010 consistent in all material respects with the Plan Term Sheet;

(e) The issuance by any governmental authority (including any Bermuda Court) or any other regulatory authority or court of competent jurisdiction, of any final ruling, determination or order making illegal or otherwise restricting, preventing or enjoining the consummation of a material portion of the Transaction, including a final order denying confirmation of the Plan or approval of the DIP Financing and such ruling, determination or order has not been vacated or reversed within five (5) Business Days of issuance;

(f) The material breach by any Party of any of their undertakings, representations, warranties or covenants set forth in this Agreement;

(g) Receipt by any of the New Stream Debtors of written notification from the Lenders that an event of default occurred under the Bridge Loan; and

(h) All Parties agree in writing to terminate this Agreement.

The foregoing Termination Events are intended solely for the benefit of the Parties to this Agreement. No Party may seek to terminate this Agreement based upon a material breach, a failure of any condition in this Agreement arising out of its own actions or omissions. Notwithstanding the foregoing, at the request of the New Stream Debtors, MIO shall have the right to extend the dates set forth in Sections 5(a), (b), (c) and (d) above, so long as it obtains the consent of the Receivers for any extension longer than seven (7) days from the dates set forth above and provides notice to the other Parties on or before the third (3rd) Business Day after the date of such Termination Event would have occurred.

Notwithstanding the foregoing, the Parties acknowledge and agree that the commencement of an involuntary case under chapter 7 of the Bankruptcy Code, or any other involuntary liquidation, conservatorship, bankruptcy, assignment for the benefit of creditors, moratorium, rearrangement, receivership, insolvency, reorganization, or similar debtor relief laws of the United States or other applicable jurisdictions (an "**Involuntary Case**") shall not constitute a Termination Event, so long as (i) the affected New Stream Debtor converts any such Involuntary Case within one (1) Business Day of the filing to a voluntary case under chapter 11 of the Bankruptcy Code, (ii) the affected New Stream Debtor moves on an expedited basis to have any bankruptcy case transferred to the Bankruptcy Court, and the case is actually transferred to the Bankruptcy Court within ten (10) days of the filing of the case, and (iii) no trustee (whether on an interim or permanent basis) has been appointed in the Involuntary Case.

Section 6. Effect of Termination. Upon occurrence of a Termination Event, this Agreement shall be of no further force and effect and each Party hereto shall be released from its commitments, undertakings, and agreements under or related to this Agreement except to the extent provided in Section 12 of this Agreement.

Section 7. Good Faith Cooperation; Further Assurances; Transaction Documents. The Parties shall cooperate with each other in good faith and shall coordinate their activities (to the extent practicable) in respect of all matters concerning the implementation and consummation of the Transaction. Furthermore, each of the Parties shall take such action (including executing and delivering any other agreements and making and filing any required regulatory filings) as may be reasonably necessary or appropriate to carry out the purposes and intent of this Agreement. Each Party hereby covenants and agrees (a) to negotiate in good faith the Plan Related Documents and DIP Related Documents, each of which shall (i) contain the same economic terms as and other terms consistent in all material respects with, the terms set forth in the Plan Term Sheet and DIP Term Sheet, (ii) be in form and substance reasonably acceptable in all respects to each of the Required Parties and (iii) be consistent with this Agreement in all material respects and (b) to execute (to the extent such Party is a party thereto) or otherwise approve in writing the Plan Related Documents and DIP Related Documents subject to the terms of this Agreement.

Section 8. Representations and Warranties. Each Party hereby represents and warrants to the other Parties that the following statements are true, correct and complete as of the date hereof and as of the date of any amendment of this Agreement approved by such Party:

(a) No Conflicts. To the Parties' actual knowledge, the execution, delivery and performance by such Party of this Agreement does not and shall not (i) violate (A) any provision of law, rule or regulation applicable to it or any of its subsidiaries or (B) its charter or bylaws (or other similar governing documents) or those of any of its subsidiaries or (ii) conflict with, result in a breach of or constitute (with due notice or lapse of time or both) a default under any material contractual obligation to which it or any of its subsidiaries is a party.

(b) Governmental Consents. The execution, delivery and performance by such Party of this Agreement does not and shall not require any registration or filing with, consent or approval of or notice to or other action to, with or by, any Federal, state or governmental authority or regulatory body other than the Bankruptcy Court, including any court or governmental authority outside of the jurisdiction of the United States.

(c) Binding Obligation. This Agreement is the legally valid and binding obligation of such Party, enforceable against it, and its officers, directors and agents, in accordance with its terms, except as enforcement may be limited by bankruptcy, insolvency, reorganization, moratorium or other similar laws relating to or limiting creditors' rights generally or by equitable principles relating to enforceability or a ruling of the Bankruptcy Court.

Section 9. Effectiveness. This Agreement shall become effective and binding on each Party upon (a) the effectiveness (or simultaneous effectiveness) of an amendment of the Bridge Loan executed by the Bridge Loan Lenders and New Stream in form and substance satisfactory to the Required Parties extending the maturity date of the Bridge Loan through December 20,

2010; and (b) execution of this Agreement by each of the Required Parties (the "**Effective Date**"). Delivery by telecopier or electronic mail of an executed counterpart of a signature page to this Agreement shall be effective as delivery of an original executed counterpart hereof.

Section 10. GOVERNING LAW; JURISDICTION; JURY TRIAL WAIVER. THIS AGREEMENT SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE INTERNAL LAWS OF THE STATE OF NEW YORK, WITHOUT REGARD TO ANY CONFLICT OF LAWS PROVISIONS WHICH WOULD REQUIRE THE APPLICATION OF THE LAW OF ANY OTHER JURISDICTION. BY ITS EXECUTION AND DELIVERY OF THIS AGREEMENT, EACH OF THE PARTIES HEREBY IRREVOCABLY AND UNCONDITIONALLY AGREES THAT ANY LEGAL ACTION, SUIT OR PROCEEDING AGAINST IT WITH RESPECT TO ANY MATTER UNDER OR ARISING OUT OF OR IN CONNECTION WITH THIS AGREEMENT OR FOR RECOGNITION OR ENFORCEMENT OF ANY JUDGMENT RENDERED IN ANY SUCH ACTION, SUIT OR PROCEEDING, MAY BE BROUGHT IN THE FEDERAL COURT IN THE SOUTHERN DISTRICT OF NEW YORK AND BY EXECUTION AND DELIVERY OF THIS AGREEMENT, EACH OF THE PARTIES HEREBY IRREVOCABLY ACCEPTS AND SUBMITS ITSELF TO THE EXCLUSIVE JURISDICTION OF SUCH COURT, GENERALLY AND UNCONDITIONALLY, WITH RESPECT TO ANY SUCH ACTION, SUIT OR PROCEEDING. NOTWITHSTANDING THE FOREGOING CONSENT TO JURISDICTION, UPON THE COMMENCEMENT OF THE CHAPTER 11 CASES, EACH OF THE PARTIES AGREES THAT THE BANKRUPTCY COURT PRESIDING OVER THE CHAPTER 11 CASES SHALL HAVE EXCLUSIVE JURISDICTION WITH RESPECT TO ANY MATTER UNDER OR ARISING OUT OF OR IN CONNECTION WITH THIS AGREEMENT OR THE TRANSACTION CONTEMPLATED HEREIN.

Section 11. Specific Performance; Exclusive Remedy. Each Party hereto recognizes and acknowledges that a breach by it of any covenants or agreements contained in this Agreement will cause the other Parties to sustain damages for which such Parties would not have an adequate remedy at law for money damages, and therefore each Party hereto agrees that in the event of any such breach the other Parties shall be entitled to the remedy of specific performance of such covenants and agreements and injunctive relief, without the necessity of securing or posting a bond or other security in connection with such remedy. Notwithstanding anything to the contrary set forth above, the Parties also agree that the remedy of specific performance shall be the exclusive remedy of the Parties under this Agreement in the event of a breach of this Agreement by another Party hereto.

Section 12. Survival. Notwithstanding the termination of this Agreement in accordance with its terms, the agreements and obligations of the Parties in Sections 6 (effect of termination), 10 (governing law), 11 (specific performance), 12 (survival), 14 (successors and assigns), 15 (no third party beneficiaries), 20 (reservation of rights) hereof shall survive such termination and shall continue in full force and effect for the benefit of the Parties hereto in accordance with the terms hereof.

Section 13. Headings. The headings of the sections, paragraphs and subsections of this Agreement are inserted for convenience only and shall not affect the interpretation hereof.

Section 14. Successors and Assigns; Severability; Several Obligations. This Agreement is intended to bind and inure to the benefit of the Parties and their respective permitted successors, assigns, heirs, executors, estates, administrators and representatives. Except as provided in Section 5(e) hereof, the invalidity or unenforceability at any time of any provision hereof in any jurisdiction shall not affect or diminish in any way the continuing validity and enforceability of the remaining provisions hereof or the continuing validity and enforceability of such provision in any other jurisdiction. The agreements, representations and obligations of the Parties under this Agreement are, in all respects, several and not joint.

Section 15. No Third Party Beneficiaries. Unless otherwise expressly stated herein, this Agreement shall be solely for the benefit of the Parties and no other person or entity shall be a third party beneficiary hereof.

Section 16. Entire Agreement. This Agreement constitutes the entire agreement of the Parties with respect to the subject matter hereof and supersedes all prior agreements (oral and written) and all other prior negotiations, but shall not supersede the Plan or the other Plan Related Documents, the Bridge Financing, DIP Financing or DIP Related Documents, or the Asset Purchase Agreement.

Section 17. Counterparts. This Agreement and any amendments, waivers, consents or supplements hereto or in connection herewith may be executed in any number of counterparts and by different parties hereto in separate counterparts, each of which when so executed and delivered shall be deemed an original, but all such counterparts together shall constitute but one and the same instrument.

Section 18. Notices. All demands, notices, requests, consents and other communications under this Agreement shall be in writing, sent contemporaneously to all of the Parties (unless otherwise stated in the Agreement) and deemed given (a) when delivered, if delivered by hand (b) or upon confirmation of facsimile transmission if delivered on a Business Day by email and facsimile (from 8:00 A.M. to 6:00 P.M.) if sent as follows:

If to the New Stream Debtors:

New Stream Capital
38C Grove Street
Ridgefield, CD 06877
Attn: David Bryson, Managing Partner

Telephone: 203-431-0330 ext. 809
Facsimile: 203-286-1649
email: dbryson@brysoncapital.com

with a copy to

Reed Smith LLP
599 Lexington Avenue
22nd Floor
New York, NY 10022-4611
Attn: Constantine Karides, Esquire

Telephone: 212-521-5400
Facsimile: 212-521-5450
email: ckarides@reedsmith.com

and

Reed Smith LLP
1650 Market Street
2500 One Liberty Place
Philadelphia, PA 19103
Attn: Scott M. Esterbrook, Esquire

Telephone: 215-851-8100
Facsimile: 215-851-1420
email: sesterbrook@reedsmith.com

If to John McKenna
in his capacity as liquidator and receiver for Bermuda
C, F and I Classes:

Finance & Risk Services Limited.
P.O. Box HM 321
Hamilton HM BX
Bermuda
Attn: John C. McKenna

Telephone: 441-292-5526
Facsimile:
email: john.mckenna@frsl.bm

with a copy to

Goodwin Procter LLP
The New York Times Building
620 Eighth Avenue
New York, NY 10018
Attn: Emanuel C. Grillo, Esquire

Telephone: 212-813-8880
Facsimile: 212-355-3333
email: egrillo@goodprocter.com

If to Michael Morrison and Charles Thresh
in their capacity as joint receivers for Bermuda
non-C, F and I Classes:

KPMG Advisory Limited
Crown House
4 Par-la-Ville Road
Hamilton HM 08
Bermuda
Attn: Michael Morrison

Telephone: 441-294-2626
Facsimile: 441-295-8280
email: mmorrison@kpmg.bm

with a copy to

Dewey & LeBoeuf LLP
1301 Avenue of the Americas
New York, NY 10019
Attn: Peter A. Ivanick

Telephone: 212-259-8075
Facsimile: 212-649-9413
email: pivanick@dl.com

If to MIO Partners, Inc.,
in its capacity as general partner, adviser, managing member, investment manager or manager to the Bridge Loan Lenders, NewCo or any lenders under the DIP Financing:

MIO Partners, Inc.
55 East 52nd Street
New York, NY 10055
Attn: Casey S. Lipscomb

Telephone: 212-415-5332
Facsimile: 646-307-6561
email: Casey_Lipscomb@mckinsey.com

with a copy to

Hogan Lovells US LLP
875 Third Avenue

New York, NY 10022
Attn: Robin Keller, Esquire

Telephone: 212-909-0640
Facsimile: 212-918-3100
email: robin.keller@hoganlovells.com

Section 19. Rule of Interpretation; Calculation of Time Period. The provisions of this Agreement shall be interpreted in a reasonable manner to effect the intent of the Parties hereto. None of the Parties hereto shall have any term or provision construed against such Party solely by reason of such Party having drafted the same. When calculating the period of time before which, within which or following which any act is to be done or step taken pursuant to this Agreement, the date that is the reference date in calculating from which such period is calculated shall be excluded. If the last day of such period is not a Business Day, the period in question shall end on the next succeeding Business Day.

Section 20. Reservation of Rights. Nothing herein shall be deemed an admission of any kind. For avoidance of doubt, nothing herein, in the Plan Term Sheet or in any of the Plan Related Documents shall constitute or be deemed an admission of any kind with respect to the allocation matters to be determined by the Bermuda Court in accordance with the Plan Term Sheet. If the transactions contemplated herein are not consummated or this Agreement is terminated for any reason, the Parties fully reserve any and all of their rights. Pursuant to Rule 408 of the Federal Rule of Evidence, any applicable state rules of evidence and any other applicable law, foreign or domestic, this Agreement and all negotiations relating thereto shall not be admissible into evidence in any proceeding other than a proceeding to enforce its terms.

Section 21. Publicity; Confidentiality. The Parties understand and acknowledge that, until publicly disclosed by the New Stream Debtors as herein contemplated, the terms of this Agreement and the exhibits hereto are confidential information, and the Parties agree to keep such information confidential and not use it for any purpose except as contemplated hereby.

Section 22. Representation by Counsel. Each Party acknowledges that it has had the opportunity to be represented by counsel in connection with this Agreement and the transactions contemplated by this Agreement. Accordingly, any rule of law or any legal decision that would provide any Party with a defense to the enforcement of the terms of this Agreement against such Party based upon lack of legal counsel shall have no application and is expressly waived.

Section 23. Acknowledgement. This Agreement and the Transaction are the product of negotiations among the Parties, together with their respective representatives. This Agreement is not, and shall not be deemed to be, a solicitation of votes for the acceptance of the Plan or any plan of reorganization for the purposes of sections 1125 and 1126 of the Bankruptcy Code or otherwise. A Party's vote(s) will not be solicited until it has received the Disclosure Statement and any other required materials related to the Solicitation. In addition, this Agreement does not constitute an offer to issue or sell securities to any person, or the solicitation of an offer to acquire or buy securities, in any jurisdiction where such offer or solicitation would be unlawful.

Section 24. No Waiver. The failure of any Party hereto to exercise any right, power or remedy provided under this Agreement or otherwise available in respect hereof at law or in equity or to insist upon compliance by any other Party hereto with its obligations hereunder and any custom or practice or the Parties at variance with the terms hereof, shall not constitute a waiver by such Party of its right to exercise any such right, power or remedy or to demand such compliance.

Section 25. Modification. This Agreement may only be modified, altered, amended, or supplemented by an agreement in writing signed by the Parties.

[Signature Page Follows]

*****

THE REMAINDER OF THIS PAGE IS INTENTIONALLY LEFT BLANK

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed and delivered by their duly authorized officers to be effective on the day and year first above written.

NEW STREAM SECURED CAPITAL, INC.

By: _____
Name: DAVID A. BRYSON
Title: DIRECTOR

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed and delivered by their duly authorized officers to be effective on the day and year first above written.

NEW STREAM CAPITAL, LLC

By: _____
Name: DAVID A. BRYSON
Title: MANAGING PARTNER

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed and delivered by their duly authorized officers to be effective on the day and year first above written.

NEW STREAM SECURED CAPITAL, L.P.

By: New Stream Capital, LLC, its General Partner

By: _____
Name: DAVID A. BRYSON
Title: MANAGING PARTNER

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed and delivered by their duly authorized officers to be effective on the day and year first above written.

NEW STREAM INSURANCE, LLC

By: New Stream Capital, LLC, its Special Member

By: _____
Name: DAVID A. BRYSON
Title: MANAGING PARTNER

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed and delivered by their duly authorized officers to be effective on the day and year first above written.

FORTIS PRIME FUND SOLUTIONS CUSTODIAL SERVICES (IRELAND) LIMITED RE KBC A/C ERFF

By: _____

Name:

Title: **Daniel Kermode**

Authorised Signatory

M. E. WEBB.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed and delivered by their duly authorized officers to be effective on the day and year first above written.

FORTIS (ISLE OF MAN) NOMINEES LTD RE: ERUFMI

By: _____

Name: **Daniel Kermode**

Title: Authorised Signatory

M.K. WEBB

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed and delivered by their duly authorized officers to be effective on the day and year first above written.

FORTIS (IOM) NOMINEES LTD RE: ER

By: _____
Name:
Title: **Daniel Kermode**

Authorised Signatory

M.K. WEBB.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed and delivered by their duly authorized officers to be effective on the day and year first above written.

BNY AIS NOMINEES LIMITED A/C GVA MARKET NEUTRAL MASTER LIMITED

Signed: _____
Eva O'Driscoll
Authorised Signatory

By: _____
Name: SZYMON BADURA
Title: SUPERVISOR

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed and delivered by their duly authorized officers to be effective on the day and year first above written.

Signed: _____
Eva O'Driscoll
Authorised Signatory

BNY AIS NOMINEES LIMITED A/C GOTTEX HORIZON MASTER FUND LIMITED

By: _____
Name: SZYMON BADURA
Title: SUPERVISOR

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed and delivered by their duly authorized officers to be effective on the day and year first above written.

Signed:
Eva O'Driscoll
Authorised Signatory

BNY AIS NOMINEES LIMITED A/C GOTTEX/NOMURA MARKET NEUTRAL FUND (USD) LIMITED

By:
Name: SZYMON BADURA
Title: SUPERVISOR

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed and delivered by their duly authorized officers to be effective on the day and year first above written.

Signed: _____
Eva O'Driscoll
Authorised Signatory

BNY AIS NOMINEES LIMITED A/C HUDSON ABL FUND LIMITED

By: _____
Name: SZYMON BADURA
Title: SUPERVISOR

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed and delivered by their duly authorized officers to be effective on the day and year first above written.

Signed: _____
Eva O'Driscoll
Authorised Signatory

BNY AIS NOMINEES LIMITED A/C GOTTEX ABL (CAYMAN) FUND LIMITED

By: _____
Name: SZYMON BADURA
Title: SUPERVISOR

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed and delivered by their duly authorized officers to be effective on the day and year first above written.

BNY AIS NOMINEES LIMITED A/C GVA MARKET NEUTRAL MASTER LIMITED

Signed: _____
Eva O'Driscoll
Authorised Signatory

By: _____
Name: SZYMON BIADURA
Title: SUPERVISOR

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed and delivered by their duly authorized officers to be effective on the day and year first above written.

Signed: _____
Eva O'Driscoll
Authorised Signatory

BNY AIS NOMINEES LIMITED A/C GOTTEX HORIZON MASTER FUND LIMITED

By: _____
Name: SZYMON BADURA
Title: SUPERVISOR

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed and delivered by their duly authorized officers to be effective on the day and year first above written.

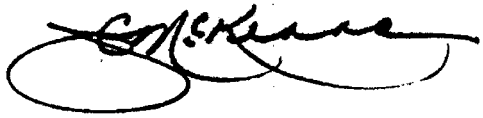
Signed:
Eva O'Driscoll
Authorised Signatory

BNY AIS NOMINEES LIMITED A/C GOTTEX/NOMURA MARKET NEUTRAL FUND (USD) LIMITED

By:
Name: SZYMON BADURA
Title: SUPERVISOR

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed and delivered by their duly authorized officers to be effective on the day and year first above written.

John McKenna, in his capacity as receiver for the Bermuda C, F and I Classes



By: _____
Name: John McKenna
Title: Receiver

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed and delivered by their duly authorized officers to be effective on the day and year first above written.

Michael Morrison and Charles Thresh, in their capacity as joint receivers for the Bermuda non-C, F and I Classes

By: _____
Name: MICHAEL MORRISON
Title: JOINT RECEIVER

By: _____
Name: CHARLES THRESH
Title: JOINT RECEIVER.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed and delivered by their duly authorized officers to be effective on the day and year first above written.

NewCo:

MIO PARTNERS, INC.,
solely in its capacity as manager, managing member, general partner, investment manager, adviser or authorized signatory, as the case may be, for NewCo

By: _____
Name: Todd Tibbetts
Title: Vice President - Investment & Chief Investment Officer

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed and delivered by their duly authorized officers to be effective on the day and year first above written.

Bridge Loan Lenders:

MIO PARTNERS, INC.,
solely in its capacity as manager, managing member, general partner, investment manager, adviser or authorized signatory, as the case may be, for each of the Bridge Loan Lenders

By: _____
Name: Casey Lipscomb
Title: Vice President - Legal and Secretary

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed and delivered by their duly authorized officers to be effective on the day and year first above written.

Consenting US/Cayman Creditors:

MIO PARTNERS, INC.,
solely in its capacity as manager, managing member, general partner, investment manager, adviser or authorized signatory, as the case may be, for each of the Consenting US/Cayman Creditors

By: _____
Name:
Title: Casey Lipscomb
Vice President - Legal and Secretary

INITIAL PLAN SUPPORT AGREEMENT

SCHEDULE 1

CONSENTING BERMUDA C, F AND I CLASSES

Parent Account: Eden Rock Capital Management Ltd
Fortis Prime Fund Solutions Custodial Services (Ireland) LIMITED RE KBC A/C ERFF
Fortis (Isle of Man) Nominees LTD RE: ERUFMI
Fortis (IOM) Nominees LTD RE:ER
Parent Account: Gottex Fund Management
BNY AIS Nominees Limited A/C Gottex ABL (Cayman) Fund Limited
BNY AIS Nominees Limited A/C Hudson ABL Fund Limited

INITIAL PLAN SUPPORT AGREEMENT

SCHEDULE 2

CONSENTING BERMUDA NON-C, F AND I CLASSES

Parent Account: Eden Rock Capital Management Ltd
Fortis Prime Fund Solutions Custodial Services (Ireland) LIMITED RE KBC A/C ERFF
Fortis (Isle of Man) Nominees LTD RE: ERUFMI
Fortis (IOM) Nominees LTD RE:ER
Parent Account: Gottex Fund Management
BNY AIS Nominees Limited A/C Gottex ABL (Cayman) Fund Limited
BNY AIS Nominees Limited A/C Hudson ABL Fund Limited
BNY AIS Nominees Limited a/c Gottex Horizon Master Fund Limited
BNY AIS Nominees Limited a/c GVA Market Neutral Master Limited
BNY AIS Nominees Limited a/c Gottex/Nomura Market Neutral Fund (USD) Limited

INITIAL PLAN SUPPORT AGREEMENT

SCHEDULE 3

CONSENTING CAYMAN CREDITORS

Parent Account: MIO Partners, Inc.
Barfield Nominees Limited a/c SLI01
Barfield Nominees Limited A/C CSC01

CONSENTING US CREDITORS

Parent Account: MIO Partners, Inc.
Special Situations Investment Fund L.P.
Barfield Nominees Limited A/C CSJ01 FBO Compass Special Situations Fund LLC
Security Benefit Life Insurance Company Variable Annuity Account IX
McKinsey Master Retirement Trust

EXHIBIT 3

PLAN SUPPORT AGREEMENT

This PLAN SUPPORT AGREEMENT (this "**Agreement**") is made and entered into as of January 21, 2011, by and among New Stream Insurance, LLC, a Delaware limited liability company ("**NSI**"), New Stream Secured Capital, L.P., a Delaware limited partnership ("**NSSC**"), New Stream Capital, LLC, a Delaware limited liability company ("**NSC**"), New Stream Secured Capital Inc., a Delaware corporation ("**NSSCI**; and together with NSI, NSSC and NSC, collectively, the "**New Stream Debtors**"), and certain of the New Stream Debtors' creditors and equity holders, including, but not limited to: (a) each of the entities set forth on Schedule 1 hereto, which are consenting Bermuda Segregated Account Classes C, F and I of New Stream Capital Fund Ltd. (collectively, the "**Consenting Bermuda C, F and I Classes**"); (b) John McKenna, in his capacity as receiver for Bermuda C, F and I Classes ("**CFI Receiver**"); (c) each of the entities set forth on Schedule 2 hereto, which are consenting Bermuda Segregated Account Classes B, E, H, K, L, N and O of New Stream Capital Fund Ltd. (collectively, the "**Consenting Bermuda non-C, F and I Classes**"); (d) Michael Morrison and Charles Thresh, in their capacity as joint receivers for the Bermuda non-C, F and I Classes("**non-CFI Receivers**"; together with the CFI Receiver, collectively, the "**Receivers**"); (e) each of the entities set forth on Schedule 3 hereto (collectively, the "**Consenting US/Cayman Creditors**"); (f) MIO Partners, Inc., a Delaware corporation ("**MIO**"), solely in its capacity as general partner, adviser, managing member, investment manager or manager of (i) entities that are lenders under the Bridge Loan (the "**Bridge Loan Lenders**"), (ii) the Purchaser (as defined in the Plan) and (iii) entities that provide DIP Financing pursuant to the DIP Term Sheet. The parties hereto are sometimes collectively referred to herein as the "**Parties**" and individually as a "**Party**."

The following exhibits are attached hereto and incorporated herein:

Exhibit A	Plan of Reorganization
Exhibit B	Disclosure Statement
Exhibit C	DIP Term Sheet
Exhibit D	Form of Asset Purchase Agreement
Exhibit E	Milestone Dates

Capitalized terms not defined in this introduction or in the recitals to this Agreement shall have the meanings assigned thereto in the Initial Plan Support Agreement, as applicable.

RECITALS

WHEREAS, certain of the Parties are parties to that certain Initial Plan Support Agreement, effective November 9, 2010 (together with all schedules, exhibits and annexes and as amended, supplemented or otherwise modified from time to time, the "**IPSA**");

WHEREAS, the Parties, with the assistance of their legal and financial advisors, have engaged in good faith negotiations with the objective of reaching an agreement with regard to the acquisition by the Purchaser of the life insurance settlement and premium finance loan portfolio owned by NSI (the "**Life Settlement Portfolio**"); the related financing necessary to consummate the acquisition; the distribution of the proceeds of that acquisition; and the liquidation of the New Stream Debtors on substantially the terms and conditions set forth in the Plan Term Sheet, the DIP Term Sheet, and the Asset Purchase Agreement (the "**Transactions**");

WHEREAS, it is anticipated and a fundamental assumption and requirement of this Agreement, that the Transactions will be effectuated through a pre-packaged plan of reorganization as described below (the "**Plan**") in chapter 11 bankruptcy cases under chapter 11 of title 11 of the United States Code 11 U.S.C. §§ 101-1532 (the "**Bankruptcy Code**") to be filed by the New Stream Debtors (the "**Chapter 11 Cases**") in the United States Bankruptcy Court for the District of Delaware (the "**Bankruptcy Court**");

WHEREAS, it was anticipated and a fundamental assumption and requirement of the IPSA, that the parties to the IPSA, together with all other Parties would enter into a further Plan Support Agreement (the "**PSA**") that would attach the Plan and Disclosure Statement (as defined below) on terms consistent in all material respects with the IPSA;

WHEREAS, this Agreement constitutes the PSA contemplated by the parties to the IPSA;

WHEREAS, following the execution of the IPSA each of the Parties have participated in the negotiation of the Plan, the Asset Purchase Agreement and the DIP Term Sheet;

WHEREAS, pursuant to the terms of this Agreement, the Parties have agreed to support confirmation of the Plan;

WHEREAS, the Plan will effectuate the Transactions through either (i) a fully consensual pre-packaged plan of reorganization with the support necessary for confirmation from the New Stream Debtors, the Receivers, the Bermuda C, F and I Classes, the Bermuda non-C, F and I Classes and the US/Cayman Creditors or (ii) an expedited sale pursuant to section 363 of the United States Bankruptcy Code to be followed by confirmation of a plan which has the support necessary for confirmation from the New Stream Debtors, the Receivers, the Bermuda C, F and I Classes and the Bermuda non-C, F and I Classes, but not the US/Cayman Creditors;

WHEREAS, this Agreement sets forth the terms and conditions of the Parties' respective obligations hereunder; and

WHEREAS, in expressing such support and commitment, the Parties do not desire and do not intend in any way to derogate from or diminish the solicitation requirements of applicable securities and bankruptcy law.

NOW, THEREFORE, in consideration of the foregoing, the promises and mutual covenants, conditions and agreements contained herein, and for other good and valuable

consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties hereto hereby agree as follows:

Section 1. Definitions.

"Asset Purchase Agreement" means an agreement substantially in the form of the agreement attached hereto as Exhibit D.

"***Bridge Loan"*** means that certain USD $25 Million Secured Promissory Note dated as of August 4, 2010 executed and delivered by NSI to the Lenders (as defined therein), as amended by the Amended and Restated Secured Promissory Note, dated as of November 8, 2010, in the amended principal amount of Thirty-Nine Million Four Hundred Eighty Thousand Two Hundred Sixty Eight and 58/100 Dollars (USD $39,480,268.58), and as further amended from time to time, and the other documents executed in connection therewith.

"Business Day" means any day, other than a Saturday, Sunday, or a legal holiday, as defined in Rule 9006(a) of the Federal Rules of Bankruptcy Procedure.

"Confirmation Date" means the date of entry by the Bankruptcy Court of the Confirmation Order.

"Confirmation Order" means an order entered by the Bankruptcy Court confirming the Plan (as defined below) pursuant to section 1129 of the Bankruptcy Code.

"DIP Financing" means the financing provided by entities that are controlled by MIO, solely in its capacity as general partner, adviser, managing member, investment manager or manager, to fund premiums on the Life Settlement Portfolio on the terms and conditions contained in the DIP Term Sheet.

"DIP Related Documents" means, collectively, all documents and agreements required to effectuate the DIP Financing, including, but not limited to, all documents and agreements contemplated by the DIP Term Sheet, including any appendices, amendments, modifications, supplements, exhibits and schedules relating to the DIP Financing. All DIP Related Documents shall be in form and substance reasonably acceptable to the Required Parties and materially consistent in all respects with this Agreement and the DIP Term Sheet.

"DIP Term Sheet" means the term sheet attached hereto as Exhibit C.

"Disclosure Statement" means the disclosure statement related to the Plan to be filed in the Chapter 11 Cases, which shall be substantially in the form attached hereto as Exhibit B and with any changes or modifications required by the Bankruptcy Court or as otherwise permitted pursuant to the terms of the Plan.

"Effective Date" has the meaning set forth in Section 10 hereof.

"Milestone Dates" means the dates upon which the actions and events must occur as set forth on Exhibit E.

"Petition Date" means the date on which the New Stream Debtors shall have commenced the Chapter 11 Cases in the Bankruptcy Court.

"Plan" means the chapter 11 plan of reorganization for the New Stream Debtors to be filed in the Chapter 11 Cases, which shall be substantially in the form attached hereto as Exhibit A and with any changes or modifications required by the Bankruptcy Court or as otherwise permitted pursuant to the terms of the Plan.

"Plan Effective Date" means the effective date of confirmation of the Plan.

"Plan Related Documents" means, collectively, the Plan and all documents required to effectuate the Plan or the Transactions, including, but not limited to, all documents and agreements contemplated by the Plan and, to the extent not included in the above, (a) the Asset Purchase Agreement, (b) the Disclosure Statement, (c) the materials related to the Solicitation, (d) the proposed Confirmation Order and (e) any other documents or agreements filed with the Bankruptcy Court by New Stream Debtors that are necessary to implement the Plan, including any appendices, amendments, modifications, supplements, exhibits and schedules relating to the Plan or the Disclosure Statement. All Plan Related Documents shall be in form and substance reasonably acceptable to the Required Parties and materially consistent in all respects with this Agreement, the Plan and the Transactions.

"Required Parties" means collectively (i) each of the New Stream Debtors, (ii) each of the Receivers, (iii) the Bridge Loan Lenders, and (iv) the Purchaser.

"Solicitation" means the solicitation of votes in respect of the Plan in the Chapter 11 Cases.

"Termination Date" means the date on which this Agreement is terminated in its entirety pursuant to Section 6 hereof.

"Termination Event" has the meaning set forth in Section 6 hereof.

"Transfer" has the meaning set forth in Section 15 hereof.

Section 2. Acknowledgment and Approval by the Parties. The Parties severally acknowledge and agree that the terms and conditions set forth in the Plan, the Disclosure Statement, the DIP Term Sheet and the Asset Purchase Agreement are acceptable in all material respects to the Parties and their respective counsel. All Parties hereby agree to negotiate in good faith with the intent of effectuating the Transactions as soon as practically possible.

Section 3. New Stream Debtors Covenants. The New Stream Debtors believe that prompt consummation of the Plan will best facilitate the Transactions and are in the best interests of New Stream Debtors' creditors, equity holders, and other parties in interest. Accordingly, the New Stream Debtors hereby expresses their intention to seek approval of the Plan. Without limiting the foregoing, for so long as this Agreement remains in effect, and subject to the Parties fulfilling their respective obligations as contemplated herein, the New Stream Debtors agree:

(a) to use their reasonable best efforts to file their voluntary petitions to commence the Chapter 11 Cases in the Bankruptcy Court on or before January 31, 2011;

(b) to use their reasonable best efforts to pursue their insurers and utilize proceeds of any available insurance policies to pay for any pending Administrative Actions (as such term is defined in the Plan);

(c) to use their reasonable best efforts to obtain entry of an order from the Bankruptcy Court establishing a Bar Date (as such term is defined in the Plan) that is not later than thirty (30) days following the Petition Date;

(d) to take such actions as may be necessary or appropriate to effectuate the Transactions, whether by obtaining approval of a consensual prepackaged Plan or a Bankruptcy Code section 363 sale as soon as practicable followed by obtaining approval for a cramdown Plan;

(e) in the event the sale of the Life Settlement Portfolio is effectuated pursuant to a Bankruptcy Code section 363 sale prior to the entry of the Confirmation Order, to take such actions as may be necessary or appropriate to ensure that all net proceeds from such sale are promptly transferred to the Bermuda Liquidation Account (as defined in the Plan) following the receipt of such proceeds which shall be held by the Receivers in the Bermuda Liquidation Account until the confirmation of the Plan;

(f) not to pursue, propose or support, or encourage the pursuit, proposal or support of, any plan of reorganization for the New Stream Debtors that is inconsistent with the Plan; and

(g) to otherwise use their best efforts to take, or cause to be taken, all actions, and to do, or cause to be done, all things necessary, proper or advisable under applicable laws and regulations to consummate and make effective the transactions contemplated by the Plan at the earliest practicable date.

Section 4. Support of the Transactions; Additional Covenants. From the Effective Date of the Agreement until the occurrence of a Termination Event (as defined herein), if any, and subject to the conditions set forth in this Agreement, each Party agrees and covenants that , it will support confirmation of the Plan, any Bankruptcy Code section 363 sale to the Purchaser contemplated by the Plan, and timely vote in favor of the Plan, and it will not, without the written consent of all other Parties hereto:

(a) commence any proceeding to oppose, alter, delay or impede or take any other action, directly or indirectly, to interfere with entry of one or more orders approving the Plan, the Transaction contemplated by the Plan or other Plan Related Documents;

(b) directly or indirectly seek, solicit, negotiate, vote for, file, consent to, support or participate in the formulation of any plan of reorganization or other restructuring other than the Plan;

(c) directly or indirectly seek, solicit, negotiate, file, support or engage in any discussions regarding any chapter 11 plan other than the Plan;

(d) take any other action, including but not limited to, initiating any legal proceeding, that is materially inconsistent with, or that would prevent or delay in any material respect consummation of the Transaction;

(e) object to the Disclosure Statement or support any such objection by a third party;

(f) object to the Solicitation or support any such objection by a third party;

(g) support, consent to, file, or participate in the formulation of, any motion seeking the appointment of a chapter 11 trustee or an examiner;

(h) support, consent to, file, or participate in the formulation of, any motion seeking to convert the Chapter 11 Cases to cases under Chapter 7 of the Bankruptcy Code;

(i) support, consent to, file, or participate in the formulation of, any motion seeking relief from the automatic stay imposed by section 362 of the Bankruptcy Code to enforce any right or remedy with respect to any property of the New Stream Debtors or their bankruptcy estates;

(j) take any enforcement action or remedy against the assets of any of the New Stream Debtors, including, in the case of the Bridge Loan Lenders, the exercise of any right or remedy of the Bridge Loan Lenders under the Bridge Loan or any Loan Document (as defined in the Secured Note) as a result of the occurrence and continuance of any Event of Default (as defined in the Secured Note) including the Events of Default identified by the Bridge Loan Lenders in their letter to the New Stream Debtors dated December 21, 2010, from the date hereof through the occurrence of any Termination Event;

(k) directly or indirectly, seek, solicit, negotiate, support or engage in any discussions relating to or enter into any agreements relating to, any restructuring, plan of reorganization, dissolution, winding up, liquidation, reorganization, financing, merger, transaction, sale or disposition (or all or substantially all of their assets or equity) other than as set forth in the Plan and DIP Term Sheet;

(l) object to confirmation of the Plan or support any such objection by a third party;

(m) delay, impede, appeal or take any other negative action, directly or indirectly, to interfere with, the acceptance or implementation of the Plan;

(n) take any other action not required by law that is inconsistent with, or that would materially delay, the confirmation or consummation of the Plan or that is otherwise inconsistent with this Agreement; or

(o) solicit, support, encourage or direct any person or entity, to undertake any of the foregoing.

Section 5. Execution of Transaction. Each Party agrees to use commercially reasonable efforts to (i) negotiate the DIP Related Documents and obtain confirmation and consummation of the Plan, the DIP Financing, Asset Purchase Agreement and the Transactions contemplated herein, (ii) take any and all necessary and appropriate actions in furtherance of the Transactions and the other actions contemplated under this Agreement, the Plan, the Plan Related Documents, the DIP Term Sheet and the DIP Related Documents, (iii) obtain any and all required regulatory approvals and material third-party approvals for the Transaction and (iv) not take any actions inconsistent with this Agreement, the Plan or other Plan Related Documents. No Party shall, directly or indirectly, seek, solicit, negotiate, support or engage in any discussions relating to or enter into any agreements relating to, any restructuring, plan of reorganization, dissolution, winding up, liquidation, reorganization, merger, transaction, sale or disposition of all or substantially all of the New Stream Debtors' assets or equity other than as set forth in the Plan, nor shall any Party solicit or direct any person or entity, including, without limitation, any member of any of the Parties' board of directors or, as to the New Stream Debtors, any holder of equity in the New Stream Debtors, to undertake any of the foregoing; provided, however, that the Parties may agree to modifications to the Plan Related Documents as provided herein, the DIP Term Sheet, the Asset Purchase Agreement or other Plan Related Documents or other DIP Related Documents.

Section 6. Termination of this Agreement. Upon the occurrence of any of the following events (each, a "**Termination Event**"), this Agreement shall automatically terminate on the third Business Day after the date any Required Party sends written notice to the other Parties of the occurrence of a Termination Event, unless the Required Parties agree in writing to waive such Termination Event:

(a) The failure of the New Stream Debtors or any other Party to meet any of the Milestone Dates;

(b) the Bankruptcy Court shall have declared, in an order that shall not have been stayed, modified or vacated on appeal (a "**Final Order**") this Agreement to be unenforceable;

(c) the entry of a Final Order by the Bankruptcy Court (i) dismissing any of the chapter 11 cases, (ii) converting any of the Chapter 11 Cases to a case under chapter 7 of the Bankruptcy Code, or (iii) appointing a trustee or an examiner with expanded powers pursuant to section 1104 of the Bankruptcy Code in any of the Chapter 11 Cases;

(d) the granting by the Bankruptcy Court of relief that is inconsistent, in the sole judgment of the Purchaser, with the terms set forth in the Plan in any material respect;

(e) the issuance by any governmental authority (including any Bermuda Court) or any other regulatory authority or court of competent jurisdiction, of any final ruling, determination or order making illegal or otherwise restricting, preventing or enjoining the consummation of a material portion of the Transaction, including a final order denying

confirmation of the Plan or approval of the DIP Financing and such ruling, determination or order has not been vacated or reversed within five (5) Business Days of issuance;

(f) the material breach by any Party of any of their undertakings, representations, warranties or covenants set forth in this Agreement that is not otherwise waived by the Required Parties within five (5) Business Days of such breach;

(g) Receipt by any of the New Stream Debtors of written notification from the lenders party thereto that an event of default has occurred under the Bridge Loan (other than currently existing defaults as of the date of execution of this Agreement), or the DIP Financing;

(h) Receipt by any of the New Stream Debtors of written notification from the Purchaser that the Asset Purchase Agreement has been terminated; and

(i) All Required Parties agree in writing to terminate this Agreement.

The foregoing Termination Events are intended solely for the benefit of the Parties to this Agreement. No Party may seek to terminate this Agreement based upon a material breach, a failure of any condition in this Agreement arising out of its own actions or omissions. Notwithstanding the foregoing, at the request of the New Stream Debtors, MIO shall have the right to extend the Milestone Dates, so long as it obtains the consent of the Receivers for any extension longer than seven (7) days from the dates set forth above and provides notice to the other Parties on or before the third (3rd) Business Day after the date such Termination Event would have occurred. Furthermore, in the event that (a) the Petition Date occurs after February 28, 2011 because such Milestone Date is extended as permitted herein, or (b) the Bankruptcy Court is unable or unwilling to schedule a hearing on the required date, the Milestone Dates shall be deemed automatically extended by an equal number of days (or such later date as would constitute the next business day) up to a maximum of seven (7) business days.

Notwithstanding the foregoing, the Parties acknowledge and agree that the commencement of an involuntary case under chapter 7 of the Bankruptcy Code, or any other involuntary liquidation, conservatorship, bankruptcy, assignment for the benefit of creditors, moratorium, rearrangement, receivership, insolvency, reorganization, or similar debtor relief laws of the United States or other applicable jurisdictions (an "**Involuntary Case**") shall not constitute a Termination Event, so long as (i) the affected New Stream Debtor converts any such Involuntary Case within one (1) Business Day of the filing to a voluntary case under chapter 11 of the Bankruptcy Code, (ii) the affected New Stream Debtor moves on an expedited basis to have any bankruptcy case transferred to the Bankruptcy Court, and the case is actually transferred to the Bankruptcy Court within ten (10) days of the filing of the case, and (iii) no trustee (whether on an interim or permanent basis) has been appointed in the Involuntary Case.

Section 7. Effect of Termination. Upon occurrence of a Termination Event, this Agreement shall be of no further force and effect and each Party hereto shall be released from its commitments, undertakings, and agreements under or related to this Agreement except to the extent provided in Section 13 of this Agreement.

Section 8. Good Faith Cooperation; Further Assurances; Transaction Documents. The Parties shall cooperate with each other in good faith and shall coordinate their activities (to

the extent practicable) in respect of all matters concerning the implementation and consummation of the Transaction. Furthermore, each of the Parties shall take such action (including executing and delivering any other agreements and making and filing any required regulatory filings) as may be reasonably necessary or appropriate to carry out the purposes and intent of this Agreement. Each Party hereby covenants and agrees (a) to negotiate in good faith the Plan Related Documents and DIP Related Documents, each of which shall (i) contain the same economic terms as and other terms consistent in all material respects with, the terms set forth in the Plan Term Sheet and DIP Term Sheet, (ii) be in form and substance reasonably acceptable in all respects to each of the Required Parties and (iii) be consistent with this Agreement in all material respects and (b) to execute (to the extent such Party is a party thereto) or otherwise approve in writing the Plan Related Documents and DIP Related Documents subject to the terms of this Agreement.

Section 9. Representations and Warranties. Each Party hereby represents and warrants to the other Parties that the following statements are true, correct and complete as of the date hereof and as of the date of any amendment of this Agreement approved by such Party:

(a) No Conflicts. To the Parties' actual knowledge, the execution, delivery and performance by such Party of this Agreement does not and shall not (i) violate (A) any provision of law, rule or regulation applicable to it or any of its subsidiaries or (B) its charter or bylaws (or other similar governing documents) or those of any of its subsidiaries or (ii) conflict with, result in a breach of or constitute (with due notice or lapse of time or both) a default under any material contractual obligation to which it or any of its subsidiaries is a party.

(b) Governmental Consents. The execution, delivery and performance by such Party of this Agreement does not and shall not require any registration or filing with, consent or approval of or notice to or other action to, with or by, any Federal, state or governmental authority or regulatory body other than the Bankruptcy Court, including any court or governmental authority outside of the jurisdiction of the United States.

(c) Binding Obligation. This Agreement is the legally valid and binding obligation of such Party, enforceable against it, and its officers, directors and agents, in accordance with its terms, except as enforcement may be limited by bankruptcy, insolvency, reorganization, moratorium or other similar laws relating to or limiting creditors' rights generally or by equitable principles relating to enforceability or a ruling of the Bankruptcy Court.

(d) Authority. Each Party has the right, power, and authority and have taken all necessary corporate or other organizational action to duly authorize the execution, delivery, implementation, and performance of and compliance with this Agreement and all agreements, instruments, and documents executed or delivered by them pursuant hereto or in connection herewith.

(e) Other Consents. No consent, waiver, approval, or other authorization of or by any court, administrative agency, or other governmental or quasi-governmental authority is required in connection with the execution, delivery, implementation, or performance of or compliance with this Agreement or any other agreement, instrument, or document executed or delivered pursuant hereto or in connection herewith.

Section 10. Effectiveness. This Agreement shall become effective and binding on each Party upon execution of this Agreement by each of the Required Parties (the "**Effective Date**"). Delivery by telecopier or electronic mail of an executed counterpart of a signature page to this Agreement shall be effective as delivery of an original executed counterpart hereof. Schedules 1 (Consenting Bermuda C, F and I Classes), 2 (Consenting Bermuda non-C, F and I Classes) and 3 (Consenting US/Cayman Creditors) will be updated from time to time as additional Parties execute and agree to the terms of this Agreement. Any Party that executes this Agreement after the Effective Date shall be bound by this Agreement and this Agreement shall be effective upon such Party as if the Party executed this Agreement on the Effective Date.

Section 11. GOVERNING LAW; JURISDICTION; JURY TRIAL WAIVER. THIS AGREEMENT SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE INTERNAL LAWS OF THE STATE OF NEW YORK, WITHOUT REGARD TO ANY CONFLICT OF LAWS PROVISIONS WHICH WOULD REQUIRE THE APPLICATION OF THE LAW OF ANY OTHER JURISDICTION. BY ITS EXECUTION AND DELIVERY OF THIS AGREEMENT, EACH OF THE PARTIES HEREBY IRREVOCABLY AND UNCONDITIONALLY AGREES THAT ANY LEGAL ACTION, SUIT OR PROCEEDING AGAINST IT WITH RESPECT TO ANY MATTER UNDER OR ARISING OUT OF OR IN CONNECTION WITH THIS AGREEMENT OR FOR RECOGNITION OR ENFORCEMENT OF ANY JUDGMENT RENDERED IN ANY SUCH ACTION, SUIT OR PROCEEDING, MAY BE BROUGHT IN THE FEDERAL COURT IN THE SOUTHERN DISTRICT OF NEW YORK AND BY EXECUTION AND DELIVERY OF THIS AGREEMENT, EACH OF THE PARTIES HEREBY IRREVOCABLY ACCEPTS AND SUBMITS ITSELF TO THE EXCLUSIVE JURISDICTION OF SUCH COURT, GENERALLY AND UNCONDITIONALLY, WITH RESPECT TO ANY SUCH ACTION, SUIT OR PROCEEDING. NOTWITHSTANDING THE FOREGOING CONSENT TO JURISDICTION, UPON THE COMMENCEMENT OF THE CHAPTER 11 CASES, EACH OF THE PARTIES AGREES THAT THE BANKRUPTCY COURT PRESIDING OVER THE CHAPTER 11 CASES SHALL HAVE EXCLUSIVE JURISDICTION WITH RESPECT TO ANY MATTER UNDER OR ARISING OUT OF OR IN CONNECTION WITH THIS AGREEMENT OR THE TRANSACTION CONTEMPLATED HEREIN.

Section 12. Specific Performance; Exclusive Remedy. Each Party hereto recognizes and acknowledges that a breach by it of any covenants or agreements contained in this Agreement will cause the other Parties to sustain damages for which such Parties would not have an adequate remedy at law for money damages, and therefore each Party hereto agrees that in the event of any such breach the other Parties shall be entitled to the remedy of specific performance of such covenants and agreements and injunctive relief, without the necessity of securing or posting a bond or other security in connection with such remedy. Notwithstanding anything to the contrary set forth above, the Parties also agree that the remedy of specific performance shall be the exclusive remedy of the Parties under this Agreement in the event of a breach of this Agreement by another Party hereto.

Section 13. Survival. Notwithstanding the termination of this Agreement in accordance with its terms, the agreements and obligations of the Parties in Sections 7 (effect of termination), 11 (governing law), 12 (specific performance), 13 (survival), 15 (successors and assigns), 16 (no third party beneficiaries), 21 (reservation of rights) hereof shall survive such

termination and shall continue in full force and effect for the benefit of the Parties hereto in accordance with the terms hereof.

Section 14. Headings. The headings of the sections, paragraphs and subsections of this Agreement are inserted for convenience only and shall not affect the interpretation hereof.

Section 15. Successors and Assigns; Severability; Several Obligations. This Agreement is intended to bind and inure to the benefit of the Parties and their respective permitted successors, assigns, heirs, executors, estates, administrators and representatives. Except as provided in Section 6(h) hereof, the invalidity or unenforceability at any time of any provision hereof in any jurisdiction shall not affect or diminish in any way the continuing validity and enforceability of the remaining provisions hereof or the continuing validity and enforceability of such provision in any other jurisdiction. The agreements, representations and obligations of the Parties under this Agreement are, in all respects, several and not joint. Each Party hereby agrees it shall not (i) sell, transfer, assign, pledge, grant a participation interest in or otherwise dispose of, directly or indirectly, its right, title or interest in respect of this Agreement or any claim it may have against any of the New Stream Debtors in whole or in part, or any interest therein, or (ii) grant any proxies, deposit any claim it may have against any of the New Stream Debtors into a voting trust, or enter into a voting agreement with respect to any of such claim (collectively, "**Transfer**"). Any Transfer made in violation of this Section shall be deemed null and void and of no force or effect.

Section 16. No Third Party Beneficiaries. Unless otherwise expressly stated herein, this Agreement shall be solely for the benefit of the Parties and no other person or entity shall be a third party beneficiary hereof.

Section 17. Entire Agreement. This Agreement constitutes the entire agreement of the Parties with respect to the subject matter hereof and supersedes all prior agreements (oral and written) and all other prior negotiations, but shall not supersede the IPSA, the Plan or the other Plan Related Documents, the Bridge Financing, DIP Financing or DIP Related Documents, or the Asset Purchase Agreement, except as is expressly provided for herein.

Section 18. Counterparts. This Agreement and any amendments, waivers, consents or supplements hereto or in connection herewith may be executed in any number of counterparts and by different parties hereto in separate counterparts, each of which when so executed and delivered shall be deemed an original, but all such counterparts together shall constitute but one and the same instrument.

Section 19. Notices. All demands, notices, requests, consents and other communications under this Agreement shall be in writing, sent contemporaneously to all of the Parties (unless otherwise stated in the Agreement) and deemed given (a) when delivered, if delivered by hand (b) or upon confirmation of facsimile transmission if delivered on a Business Day by email and facsimile (from 8:00 A.M. to 6:00 P.M.) if sent as follows:

If to the New Stream Debtors:

New Stream Capital
38C Grove Street

Ridgefield, CD 06877
Attn: David Bryson, Managing Partner

Telephone: 203-431-0330 ext. 809
Facsimile: 203-286-1649
email: dbryson@brysoncapital.com

with a copy to

Reed Smith LLP
599 Lexington Avenue
22nd Floor
New York, NY 10022-4611
Attn: Constantine Karides, Esquire

Telephone: 212-521-5400
Facsimile: 212-521-5450
email: ckarides@reedsmith.com

and

Reed Smith LLP
1650 Market Street
2500 One Liberty Place
Philadelphia, PA 19103
Attn: Scott M. Esterbrook, Esquire

Telephone: 215-851-8100
Facsimile: 215-851-1420
email: sesterbrook@reedsmith.com

If to John McKenna
in his capacity as liquidator and receiver for Bermuda
C, F and I Classes:

Finance & Risk Services Limited.
P.O. Box HM 321
Hamilton HM BX
Bermuda
Attn: John C. McKenna

Telephone: 441-292-5526
email: john.mckenna@frsl.bm

with a copy to

Goodwin Procter LLP
The New York Times Building
620 Eighth Avenue
New York, NY 10018
Attn: Emanuel C. Grillo, Esquire

Telephone: 212-813-8880
Facsimile: 212-355-3333
email: egrillo@goodprocter.com

If to Michael Morrison and Charles Thresh
in their capacity as joint receivers for Bermuda
non-C, F and I Classes:

KPMG Advisory Limited
Crown House
4 Par-la-Ville Road
Hamilton HM 08
Bermuda
Attn: Michael Morrison

Telephone: 441-294-2626
Facsimile: 441-295-8280
email: mmorrison@kpmg.bm

with a copy to

Dewey & LeBoeuf LLP
1301 Avenue of the Americas
New York, NY 10019
Attn: Timothy Karcher

Telephone: 212-259-6050
Facsimile: 212-259-6333
email: tkarcher@dl.com

If to MIO Partners, Inc.,
in its capacity as general partner, adviser, managing member, investment manager or manager to the Bridge Loan Lenders, the Purchaser or any lenders under the DIP Financing:

MIO Partners, Inc.
55 East 52nd Street

New York, NY 10055
Attn: Casey S. Lipscomb

Telephone: 212-415-5332
Facsimile: 646-307-6561
email: Casey_Lipscomb@mckinsey.com

with a copy to

Hogan Lovells US LLP
875 Third Avenue
New York, NY 10022
Attn: Robin Keller, Esquire

Telephone: 212-909-0640
Facsimile: 212-918-3100
email: robin.keller@hoganlovells.com

Section 20. Rule of Interpretation; Calculation of Time Period. The provisions of this Agreement shall be interpreted in a reasonable manner to effect the intent of the Parties hereto. None of the Parties hereto shall have any term or provision construed against such Party solely by reason of such Party having drafted the same. When calculating the period of time before which, within which or following which any act is to be done or step taken pursuant to this Agreement, the date that is the reference date in calculating from which such period is calculated shall be excluded. If the last day of such period is not a Business Day, the period in question shall end on the next succeeding Business Day.

Section 21. Reservation of Rights. Nothing herein shall be deemed an admission of any kind. For avoidance of doubt, nothing herein, in the Plan or in any of the Plan Related Documents shall constitute or be deemed an admission of any kind with respect to the allocation matters to be determined by the Bermuda Court in accordance with the Plan. If the transactions contemplated herein are not consummated or this Agreement is terminated for any reason, the Parties fully reserve any and all of their rights. Pursuant to Rule 408 of the Federal Rule of Evidence, any applicable state rules of evidence and any other applicable law, foreign or domestic, this Agreement and all negotiations relating thereto shall not be admissible into evidence in any proceeding other than a proceeding to enforce its terms.

Section 22. Joint NSSC Receivers' Fees. The New Stream Debtors will pay the actual and reasonable fees, costs, and expenses of the Joint NSSC Receivers (as such term is defined in the Plan) (the "NSSC Receivers' Fees") as follows:

(a) on the Effective Date, the New Stream Debtors will wire $1,756,107.52 at the direction of the Joint NSSC Receivers to satisfy the NSSC Receivers' Fees incurred and outstanding on and prior to December 17, 2010;

(b) on or before the day immediately preceding the day the New Stream Debtors anticipate filing the Chapter 11 Cases, the Debtors will pay the NSSC Receivers' Fees that were incurred and are outstanding from December 18, 2010 through such date; provided,

however, that (i) prior to the payment of such fees, the Joint NSSC Receivers shall submit copies of invoices to the New Stream Debtors for review; and (ii) the NSSC Receivers' Fees for such period shall not include, and the Joint NSSC Receivers shall certify that the NSSC Receivers' Fees do not include, any amounts incurred by the Joint NSSC Receivers or their professionals for costs or expenses relating to the distribution or allocation of proceeds to and between the Bermuda Segregated Account Classes B, C, F, E, H, I, K, L, N and O of New Stream Capital Fund Ltd. (collectively, the "**Bermuda Classes**") and/or any disputes, actions, causes of action, claims, suits, controversies, or litigation of any kind, type or description by and between any of the Bermuda Classes (the "**Bermuda Investor Related Fees**"); and

(c) upon the filing of the Chapter 11 Cases, the New Stream Debtors shall file a motion in form and substance reasonably satisfactory to the Joint NSSC Receivers seeking authorization from the Bankruptcy Court to pay the NSSC Receivers' Fees in the ordinary course during the pendency of the Chapter 11 Cases, and further requesting that such payments shall not be subject to further Bankruptcy Court approval or the U.S. Trustee guidelines, and no recipient of any such payment shall be required to file with respect thereto any interim or final fee application with the Bankruptcy Court; provided, however that:

(i) the NSSC Receivers' Fees shall not include, and the Joint NSSC Receivers shall certify that the NSSC Receivers' Fees do not include, Bermuda Investor Fees;

(ii) the Joint NSSC Receivers shall submit, on a monthly basis, copies of their invoices to the New Stream Debtors, the U.S. Trustee and any committee formed by the U.S. Trustee and such parties shall have fifteen (15) days following receipt of such invoices to object to the reasonableness of the NSSC Receivers' Fees submitted by the Joint NSSC Receivers;

(iii) the parties shall work together to consensually resolve any dispute regarding the NSSC Receivers' Fees, and if no resolution is achieved, a hearing with respect to such dispute may be conducted at the next regularly scheduled omnibus hearing in the Chapter 11 Cases, or at any scheduled hearing on notice to parties in interest; provided, however, that in the event any party objects to the reasonableness of the fees of the Joint NSSC Receivers (as opposed to any fees of any professional retained by the Joint NSSC Receivers), the Supreme Court of Bermuda shall retain exclusive jurisdiction over any determination as to the reasonableness of such fees and the New Stream Debtors shall not pay any of the fees of the Joint NSSC Receivers being objected to until such determination is made;

(iv) all cash payments of interest and fees to the Joint NSSC Receivers shall be provisional in nature and subject to final allowance and subject to the rights of any party in interest to object thereto and challenge, among other things, the extent and validity of the Joint NSSC Receivers' claims and liens;

(v) to the extent any such payments of interest, fees and expenses are not allowed and at the time of such disallowance there is outstanding principal owed by the New Stream Debtors to the Bermuda Segregated Account Classes B, E, H, K, L, N and O of New Stream Capital Fund Ltd. (collectively, the "**Bermuda non-C, F and I Classes**") under any applicable loan document, such payments shall be either subject to disgorgement or recharacterized and applied as payments of principal owed to the Bermuda non-C, F and I Classes under any applicable loan document;

(vi) if at any time the New Stream Debtors determine in their reasonable business judgment that they do not have sufficient liquidity or cash proceeds to meet their projected obligations, the New Stream Debtors may send a written notice (the "Fee Notice") to the Joint NSSC Receivers the U.S. Trustee and any committee formed by the U.S. Trustee evidencing their projected lack of liquidity, and upon delivery of such notice New Stream will have no further obligation to pay the NSSC Receivers' Fees during the Chapter 11 Cases, unless otherwise directed by the Bankruptcy Court, provided, however, that the Joint NSSC Receivers may object to any Fee Notice; and

(vii) if the sale of the Life Settlement Portfolio has occurred prior to the delivery of the Fee Notice, the Joint NSSC Receivers may exercise their charging lien against the proceeds of such sale, without the need for further application to, or order of, the Bankruptcy Court.

Section 23. Publicity; Confidentiality. The Parties understand and acknowledge that, until publicly disclosed by the New Stream Debtors as herein contemplated, the terms of this Agreement and the exhibits hereto are confidential information, and the Parties agree to keep such information confidential and not use it for any purpose except as contemplated hereby.

Section 24. Representation by Counsel. Each Party acknowledges that it has had the opportunity to be represented by counsel in connection with this Agreement and the transactions contemplated by this Agreement. Accordingly, any rule of law or any legal decision that would provide any Party with a defense to the enforcement of the terms of this Agreement against such Party based upon lack of legal counsel shall have no application and is expressly waived.

Section 25. Acknowledgement. This Agreement and the Transaction are the product of negotiations among the Parties, together with their respective representatives. While the Parties agree herein to support approval of the Plan, this Agreement is not and shall not be deemed to be a solicitation for consent to the Plan in contravention of section 1125(b) of the Bankruptcy Code but is intended to fall within the safe harbor provisions in section 1125(g) of the Bankruptcy Code. In addition, this Agreement does not constitute an offer to issue or sell securities to any person, or the solicitation of an offer to acquire or buy securities, in any jurisdiction where such offer or solicitation would be unlawful.

Section 26. No Waiver. The failure of any Party hereto to exercise any right, power or remedy provided under this Agreement or otherwise available in respect hereof at law or in equity or to insist upon compliance by any other Party hereto with its obligations hereunder and any custom or practice or the Parties at variance with the terms hereof, shall not constitute a waiver by such Party of its right to exercise any such right, power or remedy or to demand such compliance.

Section 27. Modification. This Agreement may only be modified, altered, amended, or supplemented by an agreement in writing signed by the Required Parties; provided, however, that the consent of any Party shall be required for any amendment that materially adversely affects such Party. For the avoidance of doubt, the extension of any date set forth in Sections 6 shall be governed by the terms of Section 6. This Agreement does not extinguish the obligations of any person, entity or Party under the IPSA, which shall continue to be in full force and effect and is hereby ratified and confirmed in all respects, except as otherwise modified pursuant to the terms herein.

[Signature Page Follows]

*****

THE REMAINDER OF THIS PAGE IS INTENTIONALLY LEFT BLANK

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed and delivered by their duly authorized officers to be effective on the day and year first above written.

NEW STREAM SECURED CAPITAL, INC.

By: _____
Name: Perry Gillies
Title: President

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed and delivered by their duly authorized officers to be effective on the day and year first above written.

NEW STREAM INSURANCE, LLC

By: New Stream Capital, LLC, its Special Member

By: _____
Name: Donald Porter
Title: Managing Partner

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed and delivered by their duly authorized officers to be effective on the day and year first above written.

NEW STREAM SECURED CAPITAL, L.P.

By: New Stream Capital, LLC, its General Partner

By: _____
Name: Donald Foster
Title: Managing Partner

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed and delivered by their duly authorized officers to be effective on the day and year first above written.

NEW STREAM CAPITAL, LLC

By: _____
Name: Donald Porter
Title: Managing Partner

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed and delivered by their duly authorized officers to be effective on the day and year first above written.

NEW STREAM CAPITAL FUND LIMITED
(in liquidation)
CLASSES B, E, H, K, L, N and O
SEGREGATED ACCOUNTS
as Lenders

By: _____
Name: Michael Morrison
Title: Joint Receiver

Appointed by order of the Supreme Court of Bermuda dated June 18, 2010, as agent without personal liability

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed and delivered by their duly authorized officers to be effective on the day and year first above written.

NEW STREAM CAPITAL FUND LIMITED
(in liquidation)
CLASSES C, F and I
SEGREGATED ACCOUNTS,
as Lenders

By: _____
Name: John C. McKenna
Title: Receiver

Appointed by orders of the Supreme Court of Bermuda dated May 27, 2010 and June 18, 2010, as agent without personal liability

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed and delivered by their duly authorized officers to be effective on the day and year first above written.

Bridge Loan Lenders:

MIO PARTNERS, INC.,
solely in its capacity as manager, managing member, general partner, investment manager, adviser or authorized signatory, as the case may be, for each of the Bridge Loan Lenders

By: _____
Name: Todd Tibbetts
Title: Vice President - Investments & Chief Investment Officer

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed and delivered by their duly authorized officers to be effective on the day and year first above written.

Consenting US/Cayman Creditors:

MIO PARTNERS, INC.,
solely in its capacity as manager, managing member, general partner, investment manager, adviser or authorized signatory, as the case may be, for each of the Consenting US/Cayman Creditors

By: _____
Name:
Title: Todd Tibbetts
Vice President - Investments & Chief Investment Officer

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed and delivered by their duly authorized officers to be effective on the day and year first above written.

NewCo:

MIO PARTNERS, INC.,
solely in its capacity as manager, managing member, general partner, investment manager, adviser or authorized signatory, as the case may be, for the Purchaser

By: _____
Name:
Title: Todd Tibbetts
Vice President - Investments & Chief Investment Officer

EXHIBIT A

IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE

In re: NEW STREAM SECURED CAPITAL, INC., a Delaware corporation, Debtor.	Chapter 11
In re: NEW STREAM INSURANCE, LLC, a Delaware limited liability company, Debtor.	Chapter 11
In re: NEW STREAM CAPITAL, LLC, a Delaware limited liability company, Debtor.	Chapter 11
In re: NEW STREAM SECURED CAPITAL, L.P., a Delaware limited partnership, Debtor.	Chapter 11

JOINT PLAN OF REORGANIZATION UNDER CHAPTER 11 OF THE BANKRUPTCY CODE

REED SMITH LLP
599 LEXINGTON AVENUE
22ND FLOOR
NEW YORK, NY 10022
Telephone: (212) 521 5400
Facsimile: (212) 521 5450

REED SMITH LLP
1201 MARKET STREET
SUITE 1500
WILMINGTON, DE 19801
Telephone: (302) 778 7500
Facsimile: (302) 778 7575

Proposed Counsel for the Debtors

Dated: January 24, 2011

TABLE OF CONTENTS

Page

Schedules and Exhibits

Exhibit A: Form of Asset Purchase Agreement

Schedule 1: Percentage Share for each US-Cayman Investor

Schedule 2: Assumed Executory Contracts

Schedule 3: USC Wind Down Assets

INTRODUCTION

New Stream Secured Capital, Inc. ("NSCI"), New Stream Insurance, LLC ("NSI"), New Stream Capital, LLC ("NSC") and New Stream Secured Capital, L.P. ("NSSC" and, collectively with NSCI, NSI and NSC, the "Debtors") jointly propose this Joint Plan of Reorganization under Chapter 11 of the Bankruptcy Code (as defined below). The Debtors are the proponents of this Plan (as defined below) within the meaning of section 1129 of the Bankruptcy Code. All capitalized terms not defined in this Introduction have the meanings ascribed to them in Article 1 of this Plan, in other sections of the Plan or in the Bankruptcy Code.

Reference is made to the Disclosure Statement, distributed contemporaneously herewith, for a discussion of the Debtors' history, businesses, resolution of material disputes, significant asset sales, financial projections and a summary and analysis of the Plan and certain related matters.[1]

ALL HOLDERS OF CLAIMS IN VOTING CLASSES ARE ENCOURAGED TO READ THIS PLAN AND THE DISCLOSURE STATEMENT IN THEIR ENTIRETY BEFORE VOTING TO ACCEPT OR REJECT THE PLAN.

At the Confirmation Hearing, the Debtors will seek a ruling that, if no Holder of a Claim or Interest eligible to vote in a particular Class timely votes to accept or reject the Plan, the Plan will be deemed accepted by the Holders of such Claims or Interests in such Class for the purposes of section 1129(b) of the Bankruptcy Code.

---

[1] As of the date of the Disclosure Statement, the Debtors have not commenced cases under Chapter 11 of the Bankruptcy Code. Because no chapter 11 cases have been commenced, the Disclosure Statement has not been approved by any Bankruptcy Court with respect to whether it contains adequate information within the meaning of section 1125(a) of the Bankruptcy Code or complies with applicable non-bankruptcy law. Nonetheless, if Chapter 11 cases are subsequently commenced, the Debtors expect promptly to seek an order of the Bankruptcy Court approving the Disclosure Statement pursuant to section 1125 of the Bankruptcy Code and determining that the solicitation of votes on this Plan by means of the Disclosure Statement was in compliance with section 1126(b) of the Bankruptcy Code.

Under sections 1125(g) and 1126(b) of the Bankruptcy Code, a vote to accept or reject the Plan may be solicited from Holders of Claims and/or Interests prior to the commencement of a case under Chapter 11 of the Bankruptcy Code if such solicitation complies with applicable non-bankruptcy law and, a vote to accept or reject the Plan also may be solicited from Holders of Claims and/or Interests after the commencement of a case under Chapter 11 of the Bankruptcy Code and prior to approval of a disclosure statement so long as the solicitation was commenced prior to the filing of the petition and in compliance with applicable nonbankruptcy law.

The Debtors urge Holders of Claims entitled to vote on the Plan to read this Plan and the Disclosure Statement in their entirety before voting to accept or reject this Plan. To the extent, if any, that the Disclosure Statement is inconsistent with the Plan, the Plan will govern. No solicitation materials other than the Disclosure Statement and any schedules and exhibits attached thereto or referenced therein, or otherwise enclosed with the Disclosure Statement served on interested parties, have been authorized by the Debtors for use in soliciting acceptances of the Plan.

It is expected that this Plan will be accepted by the requisite number and amount of Holders of Class 1 (Bermuda C, F and I Classes) and Class 2 (NSSC Bermuda Lenders) Claims. If the requisite number and amount of Holders of Class 3 (US-Cayman Claims) Claims vote to accept this Plan, the Debtors will file the Plan as part of a "prepackaged" bankruptcy filing (the "Consensual Process") and seek to effectuate the approval of the Insurance Portfolio Sale as part of the Confirmation of the Plan within approximately 60 days or less of the Petition Date, with the closing of the Insurance Portfolio Sale expected to occur on the Effective Date. If the requisite number and amount of Holders of Class 3 (US-Cayman Fund Class) Claims do not vote to accept this Plan, the Debtors may seek to confirm the Plan notwithstanding the non-

acceptance of Class 3 pursuant to the cramdown requirements of section 1129(b) of the Bankruptcy Code (the "Cramdown Process"). In the event that the Class 3 (US-Cayman Fund Class) fails to accept the Plan, the Debtors intend to file Chapter 11 Petitions and move for approval of the Insurance Portfolio Sale, under section 363 of the Bankruptcy Code (*see*, section 7.1.3 of the Plan), in which event the closing of the Insurance Portfolio Sale may take place within approximately 40 days after the Petition Date and to hold the Insurance Portfolio Asset Proceeds pending Confirmation of the Plan or further order of the Bankruptcy Court. *See*, section 7.1.3, *infra*. Further, in the event that the non-acceptance of any other Impaired Class delays Confirmation of the plan, the Purchaser may request that the Debtors initiate the 363 Sale Process and move for approval of the Insurance Portfolio Sale, in which event the closing of the Insurance Portfolio Sale may take place prior to Confirmation of the Plan and the Insurance Portfolio Asset Proceeds will be transferred to the Bermuda Liquidation Account. See, section 7.1.3, *infra*.

Holders of Claims in Class 4(b) and Holders of Interests in Class 5(b) and Class 5(c) will not receive any distribution nor retain any property under the Plan on account of such Claims and Interests and, pursuant to section 1126(g) of the Bankruptcy Code, are conclusively deemed to reject the Plan. Accordingly, the Debtors will not solicit acceptance or rejections of the Plan from Holders of Claims or Interests in these Classes, will seek to confirm the Plan notwithstanding the non-acceptance of Class 3 pursuant to the cramdown requirements of section 1129(b) of the Bankruptcy Code, and will seek to confirm the Plan notwithstanding the deemed rejection of Class 4(b), Class 5(b), and Class 5(c).

Subject to certain restrictions and requirements set forth in section 1127 of the Bankruptcy Code, Bankruptcy Rule 3019 and section 15.1 of this Plan, the Debtors expressly

reserve the right to alter, amend, modify, revoke or withdraw this Plan prior to its Consummation.

ARTICLE 1.

DEFINITIONS, INTERPRETATION AND RULES OF CONSTRUCTION

A. Scope of Definitions. For the purposes of this Plan, except as expressly provided or unless the context otherwise requires, all capitalized terms not otherwise defined shall have the meanings ascribed to them in this Article 1 of the Plan or in other provisions of this Plan. Any term used in this Plan that is not defined herein, but is defined in the Bankruptcy Code or the Bankruptcy Rules, shall have the meaning ascribed to that term in the Bankruptcy Code or the Bankruptcy Rules, respectively. Whenever the context requires, capitalized terms shall include the plural as well as the singular number, the masculine gender shall include the feminine and the feminine gender shall include the masculine.

B. Definitions. In addition to such other terms as are defined in other sections of the Plan, the following terms (which appear in the Plan as capitalized terms) shall have the meanings ascribed to them in this Article 1 of the Plan.

1.1 363 Sale: A sale, free and clear of any liens, claims or interests, under section 363 of the Bankruptcy Code to effectuate the transactions contemplated by the Asset Purchase Agreement, with all such liens, claims, and encumbrances attaching to the Insurance Portfolio Asset Proceeds, which shall be transferred to the Bermuda Liquidation Account in accordance with the provisions of this Plan.

1.2 363 Sale Motion: A motion seeking approval of a sale, free and clear of any liens, claims or encumbrances, under section 363 of the Bankruptcy Code to effectuate the transactions contemplated by the Asset Purchase Agreement.

1.3 Administrative Action: Any current or future administrative, regulatory or criminal investigation, proceeding or other action against the Debtors or their current or former officers, directors, principals, members, employees, or agents for any actions, events or circumstances that took place on or prior to the Petition Date.

1.4 Administrative Claim: A Claim for any cost or expense of administration (including Professional Claims) of the Chapter 11 Cases asserted or arising under sections 503, 507(a)(1) or 507(b) of the Bankruptcy Code, including any (i) actual and necessary cost or expense of preserving the Debtors' Estates or operating the business of the Debtors arising on or after the Petition Date, (ii) payment to be made under this Plan to cure a default on an executory contract or unexpired lease that is assumed pursuant to section 365 of the Bankruptcy Code, (iii) obligations validly incurred or assumed by the Debtors in the ordinary course of business arising on or after the Petition Date, (iv) compensation or reimbursement of expenses of Professionals arising on or after the Petition Date, to the extent allowed by the Bankruptcy Court under section 330(a) or section 331 of the Bankruptcy Code, (v) fees or charges of the Debtors' Estates under section 1930 of title 28 of the United States Code, and (vi) costs and expenses incurred by the Joint NSSC Receivers.

1.5 Administrative Claims Bar Date: The Business Day that is the twenty-eighth (28) day following the Effective Date.

1.6 Allocation Order: A Final Order, or Final Orders, of the Bermuda Court entered in the Bermuda Proceedings that (i) determines the respective rights of the investors in the Bermuda Fund segregated account classes B, E, H, K, L, N and O to distributions made to the NSSC Bermuda Lenders in the distributions made pursuant to section 5.2 of the Plan and (ii)

authorizes the Receivers to make distributions to the investors in the Bermuda Fund segregated account classes B, E, H, K, L, N and O.

1.7 Allowed [ ] Claim or Allowed [ ] Interest: An Allowed Claim or Allowed Interest in the particular category or Class identified.

1.8 Allowed Claim or Allowed Interest: A Claim against or Interest in the Debtors or any portion thereof (a) that has been allowed by a Final Order, or (b) as to which, on or by the Effective Date, (i) no proof of Claim or Interest has been filed with the Bankruptcy Court and (ii) the liquidated and noncontingent amount of which is Scheduled as undisputed, other than a Claim or Interest that is Scheduled at zero or in an unknown amount, or (c) for which a proof of Claim or Interest in a liquidated amount has been timely filed with the Bankruptcy Court pursuant to the Bankruptcy Code, any Final Order of the Bankruptcy Court, or other applicable bankruptcy law, and as to which either (i) no objection to its allowance has been filed within the applicable periods of limitation fixed by the Plan, the Bankruptcy Code, or by any order of the Bankruptcy Court sought pursuant to section 8.1 of the Plan or otherwise entered by the Bankruptcy Court or (ii) all objections to its allowance have been settled, withdrawn or denied by a Final Order, or (d) that is expressly allowed in a liquidated amount by a provision of the Plan.

1.9 Assets: All legal or equitable pre-petition and post-petition interests of the Debtors or the Non-Debtor Affiliates in any and all real or personal property of any nature, including any real estate, rights, easements, leases, subleases, licenses, goods, materials, supplies, furniture, fixtures, equipment, work in process, inventory, finished goods, accounts, chattel paper, cash, deposit accounts, reserves, deposits, contractual rights, intellectual property rights, executory contracts and unexpired leases that have not been rejected and any other

general intangibles, and the proceeds, product, offspring, rents or profits thereof; for the avoidance of doubt, Assets include both the Debtors' Interests in Non-Debtor Affiliates as well as the Assets of such Non-Debtor Affiliates, but does not include any books, records, rights or legal privileges of the Debtors, other than the books and records relating to the ownership and/or operation of the Bermuda Wind Down Assets or those that are sold to the Purchaser pursuant to the Insurance Portfolio Sale.

1.10 Asset Management Agreement: The Asset Management Agreement, substantially in the form to be included in the Plan Supplement, if one is to be entered into on or before the Effective Date, between the Joint NSSC Receivers, on behalf of the Bermuda Wind Down Asset Structure, and the manager for the management of the Bermuda Wind Down Assets.

1.11 Asset Purchase Agreement: The Asset Purchase Agreement to be entered into by and between NSI as seller and Purchaser, as purchaser, substantially in the form that is annexed as Exhibit A to the Plan.

1.12 Available Cash: The amount of Cash held by the Debtors on the Effective Date in excess of (i) the amounts paid into the Bermuda Liquidation Account, (ii) the Disputed Claims Reserve and (iii) the Liquidation Budget Amount; provided, however, that Available Cash shall not include any Net Death Benefits (as such term is defined in the Asset Purchase Agreement) or any other proceeds resulting from the death of an Insured (as such term is defined in the Asset Purchase Agreement) that are received on or after October 1, 2010.

1.13 Avoidance Action: Any actual or potential Claims to avoid a transfer of an interest in property or an obligation incurred by the Debtors pursuant to any applicable section of the Bankruptcy Code, including, without limitation, all claims under Chapter 5 of the Bankruptcy Code.

1.14 Bankruptcy Code: Title 11 of the United States Code, as in effect on the Petition Date and as thereafter amended, as applicable in the Chapter 11 Cases.

1.15 Bankruptcy Court: The United States Bankruptcy Court for the District of Delaware acting in, and exercising its jurisdiction over, the voluntary Chapter 11 cases of each of the Debtors.

1.16 Bankruptcy Rules: The Federal Rules of Bankruptcy Procedure and the Local Rules of Bankruptcy Practice and Procedure of the United States Bankruptcy Court for the District of Delaware, as in effect on the Petition Date and as thereafter amended, as applicable from time to time in the Chapter 11 Cases.

1.17 Bar Date: The deadline established by the Bankruptcy Court for filing and serving upon the Debtors all proofs of claim.

1.18 Bermuda Court: The Supreme Court of Bermuda (Commercial Court) acting in, and exercising its jurisdiction over, the Bermuda Proceedings.

1.19 Bermuda C, F and I Contribution: Cash in the amount of $5,000,000, which shall be transferred to the USCB Escrow for distribution as set forth in section 5.2 of the Plan.

1.20 Bermuda Fund: New Stream Capital Fund Ltd., a Bermuda Segregated Accounts Company in liquidation.

1.21 Bermuda Investors: Entities holding an Interest in any of the Segregated Share Classes of the Bermuda Fund.

1.22 Bermuda Liquidation Account: The segregated account, established by the Receivers at a bank or other incorporated banking institution into which the Debtors shall

transfer Cash in the amount of $125,000,000, upon the closing of the Insurance Portfolio Sale, as provided in Article 7 of the Plan.

1.23 Bermuda Liquidators: John McKenna, Michael Morrison and Charles Thresh in their capacities as the joint provisional liquidators of the Bermuda Fund pursuant to an order of the Bermuda Court entered on September 13, 2010.

1.24 Bermuda non-C, F and I Consensual Process Contribution: The sum of $5,000,000 to be funded and paid on behalf of the NSSC Bermuda Lenders into the Global Settlement Fund pursuant to section 5.2 of the Plan in the event the Plan has been accepted by Class 3.

1.25 Bermuda non-C, F and I Cramdown Process Contribution: The sum of $2,500,000 to be funded and paid on behalf of the NSSC Bermuda Lenders into the Global Settlement Fund pursuant to section 5.2 of the Plan in the event the Plan has not been accepted by Class 3 and the Debtors seek to confirm the Plan pursuant to the cramdown requirements of section 1129(b)(7) due to the non-acceptance of Class 3.

1.26 Bermuda Proceedings: Collectively, the proceedings commenced before the Supreme Court of Bermuda (Commercial Court) by Originating Summons dated June 15, 2010, entitled "*In the matter of Classes B, E, F, H, K, L, N and O of the New Stream Capital Fund Limited*," matter 2010 No. 190 (as consolidated) and the winding up proceedings initiated by a petition presented by the Receivers on September 13, 2010, entitled "*In the matter of New Stream Capital Fund Limited and in the matter of the Companies Act 1981 and in the matter of the Segregated Accounts Companies Act 2000*", matter 2010 No. 312, and related proceedings.

1.27 Bermuda Wind Down Assets: All of the Assets of NSSC and NSI, including Available Cash (but excluding the Liquidation Budget Amount) and Interests in

entities holding Assets, other than (i) the Assets that are the subject of the Asset Purchase Agreement and (ii) the USC Wind Down Assets.

1.28 Bermuda Wind Down Asset Structure: An ownership structure to be determined by the Joint NSSC Receivers and adopted before the Plan is Filed, and detailed in the Plan Supplement which shall set forth (i) the manner in which the Bermuda Wind Down Assets will be owned, held, or configured in the hands of NSSC and its affiliates in preparation for the transfer of the Bermuda Wind Down Assets to, or at the direction of, the Joint NSSC Receivers if the Plan is confirmed, (ii) in the case of any Bermuda Wind Down Asset that is an Entity, the proper classification of such Entity for U.S. federal tax purposes, and steps that must be taken to achieve such classification, and (iii) any election or elections that must be filed or other actions that must be taken by the Debtors for U.S. federal tax purposes with respect to the Bermuda Wind Down Assets. The Debtors will cooperate fully with the Joint NSSC Receivers to facilitate their determination of the Bermuda Wind Down Asset Structure and the implementation of that structure provided herein.

1.29 Business Day: Any day other than a Saturday, Sunday or a "legal holiday", as such term is defined in Rule 9006(a) of the Federal Rules of Bankruptcy Procedure.

1.30 Cash: Legal tender accepted in the United States of America for the payment of public and private debts, denominated in United States dollars.

1.31 Cause of Action: Any: (a) Claims, causes of action, demands, rights, actions, suits, obligations, liabilities, accounts, defenses and offsets; (b) all rights of setoff, counterclaim or recoupment and Claims on contracts or for breaches of duties imposed by law; (c) rights to object to Claims or Interests; (d) Avoidance Actions; and (e) Claims and defenses such as fraud, mistake, duress and usury and any other defenses available to the Debtor under

section 558 of the Bankruptcy Code of any kind or character whatsoever, known or unknown, contingent or non-contingent, matured or unmatured, suspected or unsuspected, whether arising before, on, or after the Petition Date including through the Effective Date, in contract, sounding in tort, at law, in equity, or pursuant to any other theory of law.

1.32 Cayman Funds: Collectively, each of the exempted companies formed with limited liability under the laws of the Cayman Islands for which New Stream Capital (Cayman), Ltd. acts as the investment manager.

1.33 Cayman Notes: Collectively, each of the individual promissory notes made by NSSC to each of the Cayman Funds, as each may have been amended, restated, amended and restated, supplemented or otherwise modified from time to time, to the extent valid and enforceable.

1.34 CFI Allocation: Shall have the meaning specified in section 5.1 of the Plan.

1.35 Chapter 11 Cases: The Chapter 11 cases of the Debtors to be commenced in the Bankruptcy Court and, as to any Debtor individually, a Chapter 11 Case.

1.36 Claim: A claim as defined in section 101(5) of the Bankruptcy Code.

1.37 Class: A group of Claims or Interests as classified in a particular class under the Plan pursuant to section 1122 of the Bankruptcy Code.

1.38 Class 4(c) Distribution Amount: The sum of $200,000 to be distributed to the Holders of Allowed Claims in Class 4(c) pursuant to section 5.6 of the Plan.

1.39 Collateral: Any property or interest in property of any of the Debtors' Estates that is subject to a Lien to secure the payment or performance of a Claim, which Lien is not subject to avoidance or otherwise invalid under the Bankruptcy Code or applicable state law.

1.40 Collateral Agent: Wilmington Trust Company, a Delaware banking company, or its successor, acting in its capacity as collateral agent pursuant to either (i) the NSI Collateral Agency Agreement, or (ii) the NSSC Collateral Agency Agreement.

1.41 Confirmation: Entry of the Confirmation Order by the Bankruptcy Court.

1.42 Confirmation Date: The date on which the Bankruptcy Court enters the Confirmation Order on its docket, within the meaning of Bankruptcy Rules 5003 and 9021.

1.43 Confirmation Hearing: The hearing held by the Bankruptcy Court to consider Confirmation of the Plan pursuant to section 1128 of the Bankruptcy Code, including any continuances thereof.

1.44 Confirmation Order: The order of the Bankruptcy Court confirming the Plan pursuant to section 1129 of the Bankruptcy Code.

1.45 Consensual Process: Shall have the meaning specified in the Introduction to the Plan.

1.46 Consummation: The occurrence of the first Business Day as of which each of the following conditions has been satisfied: (i) occurrence of the Effective Date and (ii) the Bermuda C, F and I Contribution has been deposited into the USCB Escrow.

1.47 Cramdown Process: Shall have the meaning specified in the Introduction to the Plan.

1.48 Creditor: Any Entity holding a Claim against any of the Debtors.

1.49 Debtors: Shall have the meaning ascribed in the Introduction to the Plan.

1.50 Deficiency Claim: Any portion of a Secured Claim in excess of the value of all the Collateral securing such Secured Claim, provided, however, that pursuant to section

5.11 of the Plan, Holders of Secured Claims in Class 1, Holders of Secured Claims in Class 2 and Holders of Secured Claims in Class 3 are each deemed to have waived their Deficiency Claims, if any.

1.51 DIP Credit Agreement: The Senior Secured, Super-Priority Debtor-in-Possession Credit Agreement, to be entered into shortly on or after the commencement of the Chapter 11 Cases, pursuant to which the DIP Lenders will provide financing to NSI in the aggregate principal amount of not more than $54,000,000.

1.52 DIP Facility: The facility provided to NSI by the DIP Lender evidenced by the DIP Credit Agreement.

1.53 DIP Facility Orders: Any interim order and Final Order of the Bankruptcy Court authorizing the Debtors to enter into the DIP Facility.

1.54 DIP Lenders: The Note Lenders in their capacity as lenders under the DIP Facility.

1.55 Disclosure Statement: The written disclosure statement relating to the Plan, including all schedules and exhibits attached thereto, as it may be amended, modified or supplemented from time to time.

1.56 Disputed Claim or Disputed Interest: A Claim or Interest either (i) that is disputed or scheduled as contingent or unliquidated in the Debtors' Schedules and which has not been superseded by a timely filed proof of Claim or Interest, or (ii) proof of which has been timely and properly filed, to which a timely objection and/or request for estimation in accordance with section 502(c) of the Bankruptcy Code and Bankruptcy Rule 3018 has been interposed, which objection and/or request for estimation has not been withdrawn or determined by a Final Order.

1.57 Disputed Claims Estimated Amount: The aggregate amount estimated to become Allowed General Unsecured Claims of all Disputed General Unsecured Claims as estimated by the Bankruptcy Court for distribution purposes.

1.58 Disputed Claims Reserve: The reserve for disputed claims established pursuant to section 8.2 of the Plan.

1.59 Effective Date: A date selected by the Debtors (in the case of the Consensual Plan such date shall be selected in consultation with and subject to the approval of the Purchaser and in conformity with the terms of the Asset Purchase Agreement) that is not more than five (5) Business Days following the first date on which all conditions to the Effective Date set forth in Article 10 of the Plan have been satisfied or, if waivable, waived pursuant to section 10.2 of the Plan.

1.60 Effective Date Distribution: Shall be the distributions described in section 9.8 hereof.

1.61 Entity: An entity as defined in section 101(15) of the Bankruptcy Code.

1.62 Estates: The estates of the Debtors created pursuant to section 541 of the Bankruptcy Code by the commencement of the Chapter 11 Cases.

1.63 Exculpated Parties: Each of the Debtors, the DIP Lenders, MIO, Purchaser, the Note Lenders, the NSI Receiver, the Joint NSSC Receivers, the Bermuda Liquidators, the US-Cayman Investors that are affiliates of or controlled by MIO, all creditors who execute the Plan Support Agreements, and any of such parties' respective members, officers, directors, shareholders, employees, representatives, advisors, attorneys, financial advisors, investment bankers or agents.

1.64 Face Amount: Unless otherwise expressly set forth herein with respect to a specific Claim, (i) the "Face Amount" of a Disputed Claim means the liquidated amount (if any) set forth on the proof of Claim, unless no proof of Claim has been timely Filed or deemed Filed, in which case the Face Amount shall be zero, and (ii) the Face Amount of an Allowed Claim means the liquidated amount set forth on the proof of Claim, unless an objection has been filed to the allowance of the Claim, in which case the Face Amount shall be the amount set forth in any Final Order allowing the Claim.

1.65 File or Filed: To file, or to have been filed, with the Clerk of the Bankruptcy Court in the Chapter 11 Cases.

1.66 Final Decree: A Final Order of the Bankruptcy Court entered pursuant to section 350(a) of the Bankruptcy Code closing the Chapter 11 Cases.

1.67 Final Distribution: The final periodic payment made to the Holders of Claims in Class 3.

1.68 Final Distribution Date: The date upon which the Final Distribution is made.

1.69 Final Order: An order or judgment of the Bankruptcy Court, the Bermuda Court, or other court of competent jurisdiction, as entered on its docket, that has not been reversed, stayed, modified or amended, and as to which (a) the time to appeal, petition for certiorari or move for reargument, rehearing or a new trial has expired and no appeal, petition for certiorari or motion for reargument, rehearing or a new trial, respectively, has been timely filed (which time period shall mean, with respect to motions to correct such order under Rule 9024 of the Federal Rules of Bankruptcy Procedure, Rule 60 of the Federal Rules of Civil Procedure or otherwise, 15 days after the entry of such order), or (b) any appeal, any petition for *certiorari* or

any motion for reargument, rehearing or a new trial that has been timely filed has been resolved by the highest court (or any other tribunal having appellate jurisdiction over the order or judgment) to which the order or judgment was appealed or from which certiorari or reargument, rehearing or a new trial was sought, and the time to take any further appeal, petition for *certiorari* or move for reargument, rehearing or a new trial shall have expired without such actions having been taken.

1.70 General Unsecured Claims: All Claims against the Debtors other than Claims in Class 1, Claims in Class 2, Claims in Class 3, Intercompany Claims, Tax Claims, Administrative Claims, claims arising under the DIP Facility, or Priority Claims, provided, however, that in accordance with section 5.11 of the Plan, in the event Holders of Secured Claims in Class 1, Holders of Secured Claims in Class 2, and/or Holders of Secured Claims in Class 3 vote to accept the Plan, Deficiency Claims of the Holders of Secured Claims in Class 1, Deficiency Claims of the Holders of Secured Claims in Class 2, and Deficiency Claims of the Holders of Secured Claims in Class 3, respectively, shall not constitute General Unsecured Claims.

1.71 Global Settlement Fund: The fund held in an account established by section 12.7 of the Plan consisting of Cash contributed pursuant to section 5.2, section 10.2.7, section 10.2.8, section 10.2.10 and section 12.7 of the Plan.

1.72 Global Settlement Payment: Payment of Cash made to US-Cayman Investors pursuant to section 12.7 of the Plan.

1.73 Governmental Unit: Shall have the meaning ascribed to such term in section 101(27) of the Bankruptcy Code.

1.74 GP Administrative Reserve: The amount of $2,000,000 to be established as a reserve on the Effective Date to be held and used by the GP Manager in its discretion pursuant to section 7.13 of the Plan solely to pay fees, expenses and costs that may be incurred in connection with any Administrative Action or pursuing any insurer or insurance policy to pay for such amounts.

1.75 GP Manager: A newly formed Entity to be organized prior to the Effective Date and jointly owned by David Bryson, Bart Gutekunst and Donald Porter, which will serve as the non-member manager of reorganized NSC.

1.76 GP Reserve Termination Date: The date upon which the GP Manager determines in its reasonable discretion that there are no longer any current or potential Administrative Actions pending.

1.77 Holder: An Entity holding a Claim or an Interest.

1.78 Impaired: When used with reference to a Claim, an Interest or a Class of Claims or Interests, "Impaired" shall have the meaning ascribed to it in section 1124 of the Bankruptcy Code.

1.79 Indemnification Claims: The obligations of the Debtors, or any one of them, pursuant to their bylaws, applicable law, any employment agreement or other agreement to indemnify any of their current or former officers and directors, on the terms and subject to the limitations described therein.

1.80 Initial Plan Support Agreement: The Initial Plan Support Agreement made and entered into as of November 9, 2010, by and among the Debtors and certain of the Debtors' creditors and equity holders, or certain creditors or equity holders of the Bermuda Fund,

including, but not limited to each of the entities set forth on Schedules 1-3 thereto, as amended or supplemented from time to time.

1.81 Insurance Portfolio Asset Proceeds: Proceeds resulting from the Insurance Portfolio Sale.

1.82 Insurance Portfolio Sale: The sale of NSI's life insurance settlement and premium finance loan portfolio pursuant to the Asset Purchase Agreement by way of either (i) the 363 Sale or (ii) Confirmation of the Plan by Consensual Process, as applicable.

1.83 Intercompany Claim: Any Claim held by a Debtor against another Debtor, or held by a Non-Debtor Affiliate against a Debtor, that is not a Secured Claim in Class 1, Secured Claim in Class 2 or Secured Claim in Class 3.

1.84 Intercompany Interest: Interest in a Debtor held by another Debtor or a Non-Debtor Affiliate.

1.85 Interest: When used in the context of holding an equity interest (and not used to denote (i) the compensation paid for the use of money for a specified time and usually denoted as a percentage rate of interest on a principal sum of money or (ii) a security interest in property), the term "Interest" shall mean "equity security" as defined in section 101(16) of the Bankruptcy Code, and shall include (i) stock issued by a corporation, (ii) membership interests in a limited liability company or (iii) partnership interests in a general partnership or limited partnership.

1.86 Investors: Bermuda Investors and US-Cayman Investors.

1.87 Joint NSSC Receivers: Michael Morrison and Charles Thresh, of KPMG Advisory Limited, in their capacity as joint receivers for Segregated Account Classes B, E, H, K,

L, N and O of the Bermuda Fund appointed pursuant to orders of the Bermuda Court in the Bermuda Proceedings on June 18, 2010 and July 16, 2010.

1.88 Lien: has the meaning set forth in section 101(37) of the Bankruptcy Code.

1.89 Liquidation Budget Amount: The amount of Cash to be retained by the Post-Confirmation Debtors on the Effective Date pursuant to the Wind Down Budget to pay the expenses and Claims in accordance with the Plan.

1.90 McKenna: John C. McKenna of Finance and Risk Services Limited, in his capacity as NSI Receiver and/or in his capacity as Bermuda Liquidator of the Bermuda Fund.

1.91 MIO: MIO Partners, Inc., as manager, managing member, general partner, investment manager, adviser or authorized signatory, as the case may be, for each of the Note Lenders, DIP Lenders and Purchaser.

1.92 Morrison: Michael Morrison, in his capacity as Joint NSSC Receiver and/or in his capacity as Bermuda Liquidator for the Bermuda Fund.

1.93 New NSSC Manager: A newly formed Entity to be organized under Delaware law prior to the Effective Date, which will be solely owned by NSCI from and after the Effective Date.

1.94 New Stream: The Debtors, the Bermuda Fund, the US Fund and the Cayman Funds.

1.95 Non-CFI Allocation: has the meaning ascribed to that term in section 5.1 of the Plan.

1.96 Non-Debtor Affiliates: All Entities that are, directly or indirectly, owned or controlled by the Debtors other than the Bermuda Fund.

1.97 Note Lenders: The Lenders identified on Annex A of the Pre-Petition Secured Note.

1.98 NSC: New Stream Capital, LLC, a Delaware limited liability company.

1.99 NSCI: New Stream Secured Capital, Inc., a Delaware corporation.

1.100 NSCS: New Stream Capital Services, LLC, a Delaware limited liability company.

1.101 NSI: New Stream Insurance LLC, a Delaware limited liability company, formerly known as Assurance Investments, LLC.

1.102 NSI Collateral Agency Agreement: The Collateral Agency Agreement, dated as of October 5, 2006 by and among the lenders identified therein, NSI, and Wilmington Trust, as Collateral Agent, as amended, restated, amended and restated, supplemented or otherwise modified from time to time.

1.103 NSI Loan Agreement: Each of: (i) the loan and security agreement between NSI and Segregated Account Class C, (ii) the loan and security agreement between NSI and Segregated Account Class F, and (ii) the loan and security agreement between NSI and Segregated Account Class I, as each may have been amended, restated, amended and restated, supplemented or otherwise modified from time to time, to the extent valid and enforceable.

1.104 NSI Secured Lender: Each of Segregated Account Classes C, F and I of New Stream Capital Fund Ltd. (each a "NSI Secured Lender" and collectively, the "NSI Secured Lenders").

1.105 NSI Receiver: McKenna, in his capacity as the receiver for Segregated Account Classes C, F and I of New Stream Capital Fund Ltd. appointed by Orders of the Bermuda Court in the Bermuda Proceedings on June 18, 2010 and July 16, 2010.

1.106 NSSC: New Stream Secured Capital, L.P., a Delaware limited partnership, formerly known as Porter Secured Capital Partners, L.P.

1.107 NSSC Bermuda Lenders: Segregated Account Classes B, E, H, K, L, N and O of the Bermuda Fund.

1.108 NSSC Collateral Agency Agreement: The Second Amended and Restated Collateral Agency Agreement by and among NSSC (as defined herein), the Lenders, as identified therein, the Subordinated Lenders as identified therein, and Wilmington Trust, as Collateral Agent (as amended, restated, amended and restated, supplemented or otherwise modified from time to time).

1.109 Other Priority Claim: Any Claim of a Creditor, other than an Administrative Claim, to the extent such Claim is entitled to priority pursuant to section 507(a) of the Bankruptcy Code.

1.110 Percentage Share: For purposes of sections 5.3 and 12.7 of the Plan, the ratio ―expressed as a percentage― of each US-Cayman Investor's investment to the aggregate of all US-Cayman Investors' investment as reflected on Schedule 1 annexed to the Plan.

1.111 Person: A "person" as defined in section 101(41) of the Bankruptcy Code.

1.112 Petition Date: The date on which the Debtors' voluntary petitions commencing their respective Chapter 11 Cases are filed with the Bankruptcy Court.

1.113 Plan: This Joint Plan of Reorganization under Chapter 11 of the Bankruptcy Code, and all exhibits annexed hereto or referenced herein, as it may be amended, modified or supplemented from time to time in accordance with the provisions of the Plan or the Bankruptcy Code and Bankruptcy Rules.

1.114 Plan Administrator: FTI Consulting, or any successor Entity selected by the Post-Confirmation Debtors with the consent of the Joint NSSC Receivers.

1.115 Plan Supplement: The compilation of documents, forms of documents, schedules, and exhibits to the Plan to be Filed by the Debtors no later than five (5) days prior to the Confirmation Hearing or such later date as may be approved by the Bankruptcy Court on notice to parties in interest, and additional documents filed with the Bankruptcy Court prior to the Effective Date as amendments to the Plan Supplement, comprised of, among other documents, the following: (a) the organizational documents for the Bermuda Wind Down Asset Structure that have been implemented by the Debtors; (b) the Wind Down Budget; (c) schedules of executory contracts and/or unexpired leases to be assumed; and, (d) the form of the Asset Management Agreement to be entered into as of the Effective Date. Any reference to the Plan Supplement in the Plan shall include each of the documents identified above as (a) through (d). The Debtors shall have the right to amend the documents contained in the Plan Supplement with the prior consent of the Joint NSSC Receivers, and add additional documents to the Plan Supplement, through and including the Effective Date, provided, however, that the written consent of Purchaser shall be required for any amendment or addition that affects the Insurance Portfolio Sale and the written consent of the DIP Lenders shall be required for any amendment or addition that affects the DIP Facility, the Plan terms or the "Milestones" set forth in the Plan Support Agreements.

1.116 Plan Support Agreement: The Plan Support Agreement entered into as of January 21, 2011, by and among the Debtors and certain of the Debtors' creditors and equity holders, or certain creditors or equity holders of the Bermuda Fund, including, but not limited to

each of the entities set forth on Schedules 1-3 thereto, as amended or supplemented from time to time.

1.117 Plan Support Agreements: Collectively the Initial Plan Support Agreement and the Plan Support Agreement, each as amended or supplemented from time to time.

1.118 Post-Confirmation Debtors: The Debtors, or any successor thereto, by merger, consolidation, or otherwise, on or after the Effective Date.

1.119 Pre-Petition Secured Note: That certain Secured Promissory Note, dated as of August 4, 2010, as amended, made by NSI, as borrower, in favor of the Note Lenders in the original principal amount of Twenty-Five Million and No/100 Dollars (USD $25,000,000.00), as amended by the Amended and Restated Secured Promissory Note, dated as of November 8, 2010, in the amended principal amount of Thirty-Nine Million Four Hundred Eighty Thousand Two Hundred Sixty Eight and 58/100 Dollars (USD $39,480,268.58), made by NSI, as borrower, in favor of the Note Lenders.

1.120 Professional: A Person (a) employed in the Chapter 11 Cases pursuant to a Final Order in accordance with sections 327, 328 and 1103 of the Bankruptcy Code and to be compensated for services rendered prior to the Effective Date, pursuant to sections 327, 328, 329, 330, 331 and 363 of the Bankruptcy Code or (b) for which compensation and reimbursement has been allowed by the Bankruptcy Court pursuant to section 503(b)(4) of the Bankruptcy Code.

1.121 Professional Claim: A Claim of a Professional (a) retained in the Chapter 11 Cases pursuant to a Final Order in accordance with sections 327, 328 and 1103 of the Bankruptcy Code or otherwise, for compensation or reimbursement of actual and necessary costs

and expenses relating to services incurred after the Petition Date and prior to and including the Effective Date or (b) for compensation and reimbursement that has been allowed by the Bankruptcy Court pursuant to section 503(b)(4) of the Bankruptcy Code.

1.122 Pro Rata Portion: For purposes of section 5.6 of the Plan, the ratio that the Allowed Amount of each Claim in Class 4(c) bears to the aggregate of all Allowed Claims in Class 4(c).

1.123 Purchaser: An entity that is controlled or managed by MIO, which shall be the purchaser under the Asset Purchase Agreement.

1.124 Purchaser Contribution: The sum of $5,000,000 to be paid by Purchaser or by the Note Lenders, into the Global Settlement Fund, solely in the event that the Plan is confirmed by the Consensual Process, which payment shall be separate, distinct and in addition to the amounts payable by Purchaser, as the purchaser under the Asset Purchase Agreement, and the amounts advanced under the DIP Facility.

1.125 Receivers: Collectively, the NSI Receiver and the Joint NSSC Receivers.

1.126 Released Parties: Each of: (a) the Bermuda Liquidators, in their capacity as such; (b) the Joint NSSC Receivers, in their capacity as such; (c) the NSI Receiver, in his capacity as such; (d) the Collateral Agent, in its capacity as such; (e) the DIP Lenders, in its capacity as such; (f) the Note Lenders, in their capacity as such; (g) Purchaser, in its capacity as purchaser under the Asset Purchase Agreement; (h) MIO, both in its individual capacity and in its capacity as manager, managing member, general partner, investment manager, adviser or authorized signatory, as the case may be, for Purchaser, the DIP Lenders and the Note Lenders; (i) the US-Cayman Investors that are affiliates of or controlled by MIO, (j) the Debtors and the Post-Confirmation Debtors; and (k) with respect to each of the foregoing entities in clauses (a)

through (j), such person's current and former officers, directors, principals, members, employees, agents, financial advisors, attorneys, accountants, investment bankers, consultants, representatives, and other professionals, in each case in their capacity as such.

1.127 Sale Order: A Final Order of the Bankruptcy Court, which is entered prior to Confirmation of the Plan, approving the Insurance Portfolio Sale on the terms set forth in the Asset Purchase Agreement and authorizing the Debtors to consummate the Insurance Portfolio Sale on the terms set forth in the Asset Purchase Agreement.

1.128 Scheduled: Information that is set forth on the Schedules.

1.129 Schedules: The Schedules of Assets and Liabilities Filed by the Debtors in accordance with section 521 of the Bankruptcy Code and Bankruptcy Rule 1007, as the same may be amended from time to time in accordance with Bankruptcy Rule 1009.

1.130 Secured Claim: A Claim that is (a) secured by a Lien on Collateral in which the Estate has an interest, which Lien is valid, perfected, and enforceable pursuant to applicable law or by reason of a Bankruptcy Court order, or that is subject to setoff pursuant to section 553 of the Bankruptcy Code, to the extent of the value of the creditor's interest in the Estate's interest in such Collateral or to the extent of the amount subject to setoff, as applicable, as determined pursuant to section 506(a) of the Bankruptcy Code; or (b) Allowed as such pursuant to the Plan.

1.131 Segregated Account: A Segregated Account of the Bermuda Fund.

1.132 Segregated Account Class C: Segregated Account Class C of the Bermuda Fund.

1.133 Segregated Account Class F: Segregated Account Class F of the Bermuda Fund.

1.134 Segregated Account Class I: Segregated Account Class I of the Bermuda Fund.

1.135 Taxes: All income, gaming, franchise, excise, sales, use, employment, withholding, property, payroll or other taxes, assessments, or governmental charges, together with any interest, penalties, additions to tax, fines, and similar amounts relating thereto, imposed or collected by any federal, state, local or foreign governmental authority on or from any of the Debtors.

1.136 Unimpaired: Any Claim, Interest, or Class of Creditors or Interests, that is not Impaired.

1.137 United States Trustee: The United States Trustee appointed under section 581(a)(3) of title 28 of the United States Code to serve in the District of Delaware.

1.138 US-Cayman Claims: All Claims, liens, rights and Interests, including all accrued but unpaid interest thereon, and any claims arising under section 507(b) of the Bankruptcy Code of any nature that (i) arise under, or in connection with, the US Fund Notes or the Cayman Notes or (ii) are held by the US Fund, the Cayman Fund, or the US-Cayman Investors, whether secured or unsecured.

1.139 US-Cayman Investors: Entities holding Claims that (i) arise in connection with, derive from or are a result of, their investment or participation in either the US Fund or any of the Cayman Funds or (ii) refer or relate in any manner to the US-Cayman Claims. For purposes of the Plan, Investors holding an Interest in the US Fund will be solicited for their indication to the manager of the US Fund on how to vote the Claim of the US Fund under the US Fund Notes to either accept or reject the Plan.

1.140 USCB Escrow: An escrow to be established by the Receivers for the benefit of the NSSC Bermuda Lenders and the US-Cayman Funds (as provided for in Article 5 of the Plan) on or before the Effective Date, into which the NSI Secured Lenders shall cause to be paid the C, F and I Contribution that is deducted from the Bermuda Liquidation Account.

1.141 USC Wind Down Assets: The common stock of North Star Financial Services Limited and the specific assets identified in Schedule 3 to the Plan, or the proceeds from any sale or disposition of the foregoing..

1.142 US Fund: New Stream Secured Capital Fund (US), LLC, a Delaware limited liability company.

1.143 US Fund Investor Ballot: The form of ballot to be provided to those US-Cayman Investors holding an Interest in the US Fund, which solicits their indication to the manager of the US Fund whether to vote the Claim of the US Fund under the US Fund Notes to either accept or reject the Plan.

1.144 US Fund Claim: The claim of the US Fund arising under the US Fund Notes, which for purposes of this Plan is deemed an Allowed Claim in Class 3 in the amount of $319,346,652.00.

1.145 US Fund Notes: The individual promissory notes made by NSSC to the US Fund, as each may have been amended, restated, amended and restated, supplemented or otherwise modified from time to time, to the extent valid and enforceable..

1.146 Voting Classes: The Impaired Classes entitled to vote to accept or reject the Plan.

1.147 Wind Down Budget: The budget, approved by the NSSC Receivers of (i) amounts needed to pay Claims under the Plan on the Effective Date, and (ii) expenses estimated to be necessary to consummate the Plan, which shall be filed as part of the Plan Supplement.

C. Rules of Interpretation.

1. In the event of an inconsistency, the provisions of the Plan shall control over the contents of the Disclosure Statement. The provisions of the Confirmation Order shall control over the contents of the Plan.

2. For the purposes of the Plan:

(a) any reference in the Plan to a contract, instrument, release or other agreement or document being in a particular form or on particular terms and conditions means that such document shall be substantially in such form or substantially on such terms and conditions; provided, however, that any change to such form, terms or conditions that is material to a party to such document shall not be modified without such party's written consent unless such document expressly provides otherwise;

(b) any reference in the Plan to an existing document, exhibit or schedule Filed or to be Filed means such document, exhibit or schedule, as it may have been or may be amended, modified or supplemented as of the Effective Date;

(c) unless otherwise specified, all references in the Plan to "sections," "Articles," and "Exhibits" are references to sections, articles and exhibits of , or to, the Plan;

(d) the words "herein," "hereof," "hereto," "hereunder" and others of similar import refer to the Plan in its entirety rather than to only a particular portion of the Plan;

(e) captions and headings to articles and sections are inserted for convenience of reference only and are not intended to be part or to affect interpretations of the Plan;

(f) the rules of construction set forth in section 102 of the Bankruptcy Code shall apply, except to the extent inconsistent with the provisions of this Article of the Plan; and,

(g) the word "including" means "including without limitation."

3. Whenever a distribution of property is required to be made on a particular date, the distribution shall be made on such date or as soon as reasonably practicable thereafter.

4. All schedules and Exhibits to the Plan and the Plan Supplement are incorporated into the Plan and shall be deemed to be included in the Plan, regardless of when they are Filed.

5. Subject to the provisions of any contract, certificate, bylaws, instrument, release or other agreement or document entered into in connection with the Plan, the rights and obligations arising under the Plan shall be governed by, and construed and enforced in accordance with, federal law, including the Bankruptcy Code and Bankruptcy Rules.

6. The Plan is the product of extensive discussions and negotiations between and among, *inter alia*, the Debtors, the DIP Lenders, the Receivers, and certain other Creditors and constituencies. Each of the foregoing was represented by counsel who either (a) participated in

the formulation and documentation of or (b) was afforded the opportunity to review and provide comments on, the Plan, the Disclosure Statement, and the documents ancillary thereto.

D. Computation of Time. In computing any period of time prescribed or allowed by the Plan, unless otherwise expressly provided, the provisions of Rule 9006(a) of the Federal Rules of Bankruptcy Procedure shall apply.

E. Reference to Monetary Figures. All references in the Plan to monetary figures shall refer to currency of the United States of America, unless otherwise expressly provided.

F. Governing Law. Unless a rule of law or procedure is supplied by applicable federal law (including the Bankruptcy Code and Bankruptcy Rules), Bermuda law or Cayman law, or unless otherwise specifically stated, the laws of the State of Delaware, without giving effect to the principles of conflict of laws, shall govern the rights, obligations, construction, and implementation of the Plan, any agreements, documents, instruments, or contracts executed or entered into in connection with the Plan except as otherwise set forth in those agreements, in which case the governing law as set forth in such agreement shall control.

G. Required Authorization. The Confirmation Order shall provide that the NSI Receiver, the Joint NSSC Receivers, and the Bermuda Liquidators shall each have the authority to take any act, or execute any document, necessary to effectuate the provisions of the Plan, including the authority to transfer funds from the Bermuda Liquidation Account and the USCB Escrow, without the need for further authorization from, or application to, the Bankruptcy Court.

ARTICLE 2.

TREATMENT OF UNCLASSIFIED CLAIMS

2.1 DIP Claims. The DIP Facility will terminate and all obligations thereunder will be due and payable in full on the earlier to occur of: (i) the Effective Date of the

Plan if the Plan is confirmed by the Consensual Process, (ii) the date on which the Debtors receive the Insurance Portfolio Asset Proceeds if the Debtors pursue the Cramdown Process and the Insurance Portfolio Sale pursuant to the Sale Order, (iii) the occurrence of an event of default under the DIP Credit Agreement, or (iv) February 28, 2011. In the event of the occurrence of an event set forth in clauses (i) or (ii) above, the principal amount of all obligations under the Pre-Petition Secured Note and the Additional Commitment (as defined in the DIP Facility) shall be deemed satisfied as additional consideration for the Insurance Portfolio Sale pursuant to the Asset Purchase Agreement; provided, however, that notwithstanding the foregoing, all fees and expenses under the DIP Facility shall be due and payable, in full and in Cash, upon the termination of the DIP Facility.

2.2 Administrative Claims. Subject to the allowance procedures and deadlines provided herein, on the Effective Date or as soon thereafter as is practicable, each Holder of an Allowed Administrative Claim shall receive on account of such Allowed Administrative Claim and in full satisfaction, settlement and release of and in exchange for such Allowed Administrative Claim, (a) Cash equal to the unpaid portion of such Allowed Administrative Claim, or (b) such other treatment as to which the Debtors and the holder of such Allowed Administrative Claim have agreed upon in writing, provided, however, that Administrative Claims with respect to liabilities incurred by the Debtors in the ordinary course of business during the Chapter 11 Cases shall be paid in the ordinary course of business in accordance with the terms and conditions of any agreement or course of dealing relating thereto and (or such other treatment as to which the Debtors and the holder of such Allowed Administrative Claim have agreed) Professional Claims shall be paid in accordance with section 2.5 of the Plan.

2.3 Intercompany Claims. On the Effective Date, Intercompany Claims shall be deemed discharged, satisfied and released. Intercompany Claims shall not be entitled to receive any distribution under the Plan and shall be deemed to have voted against the Plan.

2.4 Statutory Fees. On or before the Effective Date, all fees due and payable pursuant to 28 U.S.C. § 1930, as determined by the Bankruptcy Court at the Confirmation Hearing, shall be paid in full, in Cash.

2.5 Professional Claims. Immediately prior to the Effective Date, the Debtors shall pay all amounts owing to the Professionals for all outstanding Professional Claims relating to prior periods and for the period ending on the Effective Date. The Professionals shall estimate Professional Claims due for periods that have not been billed as of the Effective Date. On or prior to the Administrative Claims Bar Date (or such other time as the Bankruptcy Court may permit), each Professional shall File with the Bankruptcy Court its final fee application seeking final approval of all fees and expenses from the Petition Date through the Effective Date. Within ten (10) days after entry of a Final Order with respect to its final fee application, each Professional shall remit any overpayment to the Post-Confirmation Debtors or the Post-Confirmation Debtors shall pay any outstanding amounts owed to the Professional.

2.6 Other Priority Claims. With respect to each Allowed Other Priority Claim, on the Effective Date or as soon thereafter as is practicable, the holder of an Allowed Other Priority Claim shall receive on account of the Allowed Other Priority Claim, and in full satisfaction, settlement and release of and in exchange for such Allowed Other Priority Claim, (a) Cash equal to the unpaid portion of such Allowed Other Priority Claim, or (b) such other treatment as to which the Debtors and the holder of such Allowed Other Priority Claim have agreed upon in writing.

2.7 Deadline for Filing Administrative Claims.

2.7.1 **Administrative Claims Other Than Tax Claims**. Other than with respect to Administrative Claims for which the Bankruptcy Court previously has established a Bar Date, any and all requests for payment or proofs of Administrative Claims, including Claims of all Professionals or other Entities requesting compensation or reimbursement of expenses pursuant to sections 327, 328, 330, 331, 503(b) or 1103 of the Bankruptcy Code for services rendered on or before the Effective Date (including any compensation requested by any Professional or any other Entity for making a substantial contribution in the Chapter 11 Cases), must be Filed and served on the Post-Confirmation Debtors and their counsel no later than the Administrative Claims Bar Date, or such later date as the Bankruptcy Court may permit. Objections to any such Administrative Claims must be Filed and served on the claimant no later than thirty (30) days after the Administrative Claims Bar Date or such later date as the Bankruptcy Court may permit. The Post-Confirmation Debtors shall use reasonable efforts to promptly and diligently pursue resolution of any and all disputed Administrative Claims. Holders of Administrative Claims, including all Professionals or other Entities requesting compensation or reimbursement of expenses pursuant to sections 327, 328, 330, 331, 503(b) or 1103 of the Bankruptcy Code for services rendered on or before the Effective Date (including any compensation requested by any Professional or any other Entity for making a substantial contribution in the Chapter 11 Cases), that are required to File a request for payment or proof of such Claims and that do not File such requests or proofs of Claim on or before the Administrative Claims Bar Date shall be forever barred from asserting such Claims against the any of the Debtors, their Estates, any other Person or Entity, or any of their respective property.

2.7.2 **Tax Claims**. All requests for payment of Claims by a Governmental Unit (as defined in section 101(27) of the Bankruptcy Code) for Taxes (and for interest and/or penalties or other amounts related to such Taxes) for any tax year or period, all or any portion of which occurs or falls within the period from and including the Petition Date through and including the Effective Date, and for which no Bar Date has otherwise been previously established, must be Filed on or before the later of: (a) sixty (60) days following the Effective Date; or (b) to the extent applicable, ninety (90) days following the filing of a tax return for such Taxes (if such Taxes are assessed based on a tax return) for such tax year or period with the applicable Governmental Unit. Any holder of a Claim for Taxes that is required to File a request for payment of such Taxes and other amounts due related to such Taxes and which does not File such a Claim by the applicable bar date shall be forever barred from asserting any such Claim against any of the Debtors, the Estates, or any other Entity, or their respective property and shall receive no distribution under the Plan or otherwise on account of such Claim. Tax Claims that are Allowed will be paid in full on the earlier of (i) the Effective Date, or (ii) the date on which the Tax Claim becomes an Allowed Claim.

2.8 Insider Claims. Unless otherwise provided in the Wind Down Budget approved by the Joint NSSC Receivers, no Administrative Claims asserted by an Insider (as that term is defined by section 101(31) of the Bankruptcy Code) in excess of $5,000.00 shall be Allowed in the ordinary course as an Administrative Claim without the consent of the Joint NSSC Receivers, which consent shall not be unreasonably withheld. In the event the Joint NSSC Receivers do not consent to the Allowance of such Administrative Claim in the ordinary course, the Holders of such Administrative Claim may file a request for Allowance of such Administrative Claim in accordance with the provisions of the Bankruptcy Code.

ARTICLE 3.

CLASSIFICATION OF CLAIMS AND INTERESTS

A. General. Pursuant to section 1122 of the Bankruptcy Code, set forth below is a designation of the Classes of Claims and Interests in the Debtors. A Claim or Interest is placed in a particular Class only to the extent that such Claim or Interest falls within the description of that Class. A Claim or Interest is also placed in a particular Class for purposes of receiving a distribution under the Plan, but only to the extent such Claim or Interest is an Allowed Claim or Interest and has not been paid, released, or otherwise settled prior to the Effective Date. Except as otherwise expressly set forth in this Plan, a Claim or Interest which is not an Allowed Claim or Allowed Interest shall not receive any payments, rights or distributions under this Plan. In accordance with section 1123(a)(1) of the Bankruptcy Code, DIP Facility Claims, Administrative Claims of the kinds specified in section 507(a)(1) of the Bankruptcy Code and Other Priority Claims of the kind specified in section 507(a) of the Bankruptcy Code (other than section 507(a)(8)) have not been classified and are treated as set forth in Article 2 above.

B. Classification. Claims against, and Interests, in the Debtors are classified as follows:

3.1 Class 1: Bermuda C, F and I Class Claims. Class 1 shall consist of the Secured Claims against NSI, and all associated liens, rights and interests, including, without limitation, all accrued but unpaid interest thereon, of any nature, held by the Bermuda Fund on behalf of Segregated Account Class C, Segregated Account Class F and Segregated Account Class I.

3.2 Class 2: NSSC Bermuda Lender Claims. Class 2 shall consist of the Secured Claims against NSSC, and all associated liens, rights and interests, including, without

limitation, all accrued but unpaid interest thereon, of any nature, held by the NSSC Bermuda Lenders.

3.3 Class 3: US-Cayman Claims. Class 3 shall consist of all US-Cayman Claims to the extent that they are Secured Claims.

3.4 Classes 4(a) – (d): General Unsecured Claims. General Unsecured Claims against the Debtors are classified as follows:

3.4.1 Class 4(a): General Unsecured Claims against NSI.

3.4.2 Class 4(b): General Unsecured Claims against NSSC.

3.4.3 Class 4(c): General Unsecured Claims against NSC.

3.4.4 Class 4(d): General Unsecured Claims against NSCI.

3.5 Class 5 (a) – (d): Interests. Interests in the Debtors are classified as follows:

3.5.1 Class 5(a): Interest in NSI.

3.5.2 Class 5(b): Interests in NSSC.

3.5.3 Class 5(c): Interests in NSC.

3.5.4 Class 5(d): Interests in NSCI.

ARTICLE 4.

IDENTIFICATION OF CLASSES IMPAIRED AND NOT IMPAIRED BY THE PLAN

4.1 Voting Classes: Classes of Claims Entitled to Vote. The following Classes are Impaired by the Plan and Holders of Claims and/or Interests in each of these Classes are entitled to vote to accept or reject the Plan:

Class 1 (Bermuda C, F and I Classes)
Class 2 (NSSC Bermuda Lenders)
Class 3 (US/Cayman Fund Class)

Class 4(c) (General Unsecured Claims against NSC)

4.2 Unimpaired Classes of Claims and Interests Not Entitled to Vote. The following Classes are not Impaired by the Plan and Holders of Claims and/or Interests in each of these Classes are not entitled to vote to accept or reject the Plan:

Class 4(a) (General Unsecured Claims against NSI)

Class 4(d) (General Unsecured Claims against NSCI)

Class 5(a) (Interests in NSI)

Class 5(d) (Interests in NSCI)

4.3 Impaired Classes of Claims or Interests Deemed to Reject the Plan and Not Entitled to Vote. Holders of Claims in Class 4(b) (General Unsecured Claims against NSSC) and Holders of Interests in Class 5(b) (Interests in NSSC) and Class 5(c) (Interests in NSC) will not receive any distribution nor retain any property under the Plan on account of such Claims and Interests and, pursuant to section 1126(g) of the Bankruptcy Code, are conclusively deemed to reject the Plan. Accordingly, the Debtors will not solicit acceptance or rejections of the Plan from Holders of Claims or Interests in these Classes and will seek to confirm the Plan notwithstanding the deemed rejection of such Classes.

ARTICLE 5.

TREATMENT OF CLAIMS AND INTERESTS

The Classes of Impaired Claims and Interests shall be treated as follows, in full settlement, discharge, release and satisfaction of their Claims against, or Interests in, the Debtors:

5.1 Class 1 (Bermuda C, F and I Classes). As soon as reasonably practicable following the closing of the Insurance Portfolio Sale and the funding of the Bermuda Liquidation Account pursuant to sections 7.1 and section 7.2 of the Plan:

(i) the Receivers shall determine which portion of the Bermuda Liquidation Account shall be allocated to the NSI Secured Lenders (the "CFI Allocation") and which portion is to be distributed on the Effective Date to the NSSC Bermuda Lenders (the "non-CFI Allocation"); provided, however, that in the event the Receivers are unable to determine the CFI Allocation and non-CFI Allocation amounts prior to the Effective Date, (x) the Bermuda C, F and I Contribution shall be transferred directly from the Bermuda Liquidation Account to the USCB Escrow on the Effective Date, to be held and paid as provided in sections 5.2 and 12.7 of this Plan, and (y) the Receivers shall use reasonable efforts to promptly determine the CFI Allocation and non-CFI Allocation amounts from the amount remaining in the Bermuda Liquidation Account following the transfer of the Bermuda C, F, and I Contribution in accordance with clause (x) of this section 5.1(i), and the transfer of the Bermuda non-C, F and I Contribution in accordance with clause (x) of section 5.2(i) of the Plan;

(ii) The CFI Allocation shall be distributed as follows:

(a) On the Effective Date or as soon thereafter as practicable, the Bermuda C, F and I Contribution shall be deposited in the USCB Escrow and held and paid as provided in section 5.2 and section 12.7 of this Plan; and

(b) The balance of the CFI Allocation shall be distributed to the NSI Receiver in full satisfaction of the Claims of the NSI Secured Lenders.

5.2 Class 2 (NSSC Bermuda Lenders). Unless otherwise specified in this section 5.2, as soon as is reasonably practicable following the closing of the Insurance Portfolio

Sale and the funding of the Bermuda Liquidation Account pursuant to section 7.1 and section 7.2 of the Plan, in satisfaction of the Claims of the NSSC Lenders:

(i) the Receivers shall distribute the non-CFI Allocation as follows:

(a) Either:

(1) in the event that the Plan is confirmed by the Consensual Process, on or before the Effective Date or as soon thereafter as practicable, the Receivers shall pay the Bermuda non-C, F and I Consensual Process Contribution from the Bermuda Liquidation Account into the Global Settlement Fund provided, however, that in the event the Receivers are unable to determine the CFI Allocation and non-CFI Allocation amounts prior to the Effective Date (x) the Bermuda non-C, F and I Contribution shall be transferred directly from the Bermuda Liquidation Account to the Global Settlement Fund on the Effective Date, and (y) the Receivers shall use reasonable efforts to promptly determine the CFI Allocation and non-CFI Allocation amounts from the amount remaining in the Bermuda Liquidation Account following the transfer of the Bermuda non-C, F, and I Contribution in accordance with clause (x) of this Section 5.2(i)(a)(1) and the transfer of the Bermuda non-C, F and I Contribution in accordance with Section 5.2(i) of this Plan; or

(2) in the event that the Plan is confirmed by the Cramdown Process, on or before the Effective Date, the Receivers shall pay the

Bermuda non-C, F and I Cramdown Process Contribution from the Bermuda Liquidation Account into the Global Settlement Fund;

and

(b) On or after the Effective Date, in accordance with the provisions of any Allocation Order(s), the Joint NSSC Receivers shall distribute the balance of the Bermuda Liquidation Account.

(c) If any Allocation Order provides that any Bermuda Investors of Bermuda Segregated Account Class B, E, H, K, L, N or O are not entitled to participate in the distributions on a *pari passu* basis with other Bermuda Investors in that same segregated share class, then the Joint NSSC Receivers shall make payments, to be withdrawn from the USCB Escrow, to those Bermuda Investors who were found to be subordinated to other Bermuda Investors in the same segregated share class in an amount sufficient to ensure that each subordinated Bermuda Investor receives the same *pro rata* distribution as the Bermuda Investors in their respective segregated share class who received distributions in priority to them; provided, however, that in no event shall the amount withdrawn by the Joint NSSC Receivers from the USCB Escrow pursuant to this clause exceed the amount deposited into the USCB Escrow by the NSI Secured Lenders from the NSI Secured Lenders' distribution from the Bermuda Liquidation Account.

(ii) The balance remaining in the USCB Escrow, if any, after any distributions required as a result of any Allocation Order shall be paid forthwith into the Global Settlement Fund, to be distributed in accordance with section 12.7 of this Plan.

(iii) The Bermuda Wind Down Assets (and the Debtors' ownership interests in any Entity or Entities that hold any such asset, as the case may be) shall be transferred as provided in section 7.3.1 and section 7.3.2 of the Plan and, under the exclusive control and supervision of the Joint NSSC Receivers, or at their direction, shall be liquidated with the net proceeds of such liquidation to be paid by the Joint NSSC Receivers to the Bermuda Investors in such manner as may be directed by the Bermuda Court pursuant to an Allocation Order or other Final Order.

5.3 Class 3 (US-Cayman Funds). The Holders of Claims in Class 3 shall each receive a Percentage Share of periodic distributions of the net proceeds from the liquidation of the USC Wind Down Assets, which shall be paid by the Post-Confirmation Debtors directly to each US-Cayman Investor on dates to be determined in the reasonable discretion of the Post-Confirmation Debtors until all of the USC Wind Down Assets have been liquidated at which time the Post-Confirmation Debtors shall make the Final Distribution to the Holders of Claims in Class 3.

5.4 Class 4(a) (General Unsecured Claims against NSI) and Class 4(d) (General Unsecured Claims against NSCI). Except to the extent that a Holder of an Allowed General Unsecured Claim agrees to a less favorable treatment or has been paid prior to the Effective Date, each Allowed General Unsecured Claim in Class 4(a) (General Unsecured

Claims against NSI) and Class 4(d) (General Unsecured Claims against NSCI) shall be paid in full in Cash on Confirmation, or, otherwise rendered Unimpaired. Without limiting the generality of the foregoing, if a General Unsecured Claim arises (i) based on liabilities incurred in, or to be paid in, the ordinary course of business or (ii) pursuant to an executory contract or unexpired lease, the Holder of such General Unsecured Claim shall be paid in Cash by NSI (or, after the Effective Date, by the Post-Confirmation Debtor) pursuant to the terms and conditions of the particular transaction and/or agreement giving rise to such General Unsecured Claim. Notwithstanding the provisions of this section 5.4 of the Plan, the Debtors reserve their rights to dispute in the Bankruptcy Court, or any other court with jurisdiction, the validity of any General Unsecured Claim at any time prior to the date fixed pursuant to section 8.1 of this Plan.

5.5 Class 4(b) (General Unsecured Claims against NSSC). Holders of Class 4(b) Claims will not receive any distribution nor retain any property on account of such Claim and all such Claims will be extinguished on the Effective Date.

5.6 Class 4(c) (General Unsecured Claims against NSC). Each Allowed General Unsecured Claim in each of Class 4(c) (General Unsecured Claims against NSC) shall receive their Pro Rata Portion of the Class 4(c) Distribution Amount. In the event that the Class 4(c) Distribution Amount is in excess of the aggregate amount of the Face Amount of Allowed Class 4(c) Claims and any amount required to be reserved for Class 4(c) Claims that have not been Allowed, such excess shall be deemed to be part of the Bermuda Wind Down Assets.

5.7 Class 5(a) (Interests in NSI). On and after the Effective Date, the Interests in NSI shall continue to be held by NSSC, as a Post-Confirmation Debtor, and shall not be in any way affected by the Plan.

5.8 Class 5(b) (Interests in NSSC). All Interests in NSSC shall be extinguished on the Effective Date and the Holders of Interests in Class 5(b) shall not receive or retain any property on account of such Interest.

5.9 Class 5(c) (Interests in NSC). All Interests in NSC shall be extinguished on the Effective Date and the Holders of Interests in Class 5(c) shall not receive or retain any property on account of such Interest.

5.10 Class 5(d) (Interests in NSCI). On and after the Effective Date, the Interests in NSCI shall continue to be held by the Holders of such Interests, and shall not be in any way affected by the Plan.

5.11 Deficiency Claims. The Deficiency Claims of each accepting Class of Secured Claims are waived and released.

ARTICLE 6.

TREATMENT OF EXECUTORY CONTRACTS AND UNEXPIRED LEASES

6.1 Assumption; Assignment As of the Effective Date, the Debtors shall assume or assume and assign, as applicable, pursuant to section 365 of the Bankruptcy Code, each of the executory contracts and unexpired leases of the Debtors that are identified in Schedule 2 to the Plan that have not expired under their own terms prior to the Effective Date. Except as provided in section 6.2 below, the Debtors reserve the right upon consultation with the Receivers to amend Schedule 2 to the Plan not later than fourteen (14) days prior to the Confirmation Hearing either to: (a) delete any executory contract or lease listed therein and provide for its rejection pursuant to section 6.4 hereof; or (b) add any executory contract or lease to Schedule 2, thus providing for its assumption or assumption and assignment, as applicable, pursuant to this section. The Debtors shall provide notice of any such amendment of such

Schedule 2 to (i) the parties to the executory contract or lease affected thereby and (ii) the Receivers not later than fourteen (14) days prior to the Confirmation Hearing. The Receivers reserve the right to dispute any cure amount. The Confirmation Order shall constitute an order of the Bankruptcy Court pursuant to section 365 of the Bankruptcy Code approving all such assumptions or assumptions and assignments, as applicable, described in this section 6.1, as of the Effective Date.

6.2 Cure Payments; Adequate Assurance of Performance Any monetary defaults under each executory contract and unexpired lease to be assumed under the Plan shall be satisfied, pursuant to section 365(b)(1) of the Bankruptcy Code, in either of the following ways: (a) by payment of the default amount in Cash, in full on the Effective Date; or (b) by payment of the default amount on such other terms as may be agreed to by the Debtors and the non-Debtor parties to such executory contract or lease. In the event of a dispute regarding (i) the amount or timing of any cure payments, (ii) the ability of the Debtors or an assignee thereof to provide adequate assurance of future performance under the contract or Lease to be assumed or assumed and assigned, as applicable, or (iii) any other matter pertaining to assumption or assumption and assignment of the contract or lease to be assumed, the Debtors or the Post-Confirmation Debtors shall pay all required cure amounts promptly following the entry of a Final Order resolving the dispute; provided, however, notwithstanding any other provision of this Plan, (a) with the written agreement of the counterparty to an executory contract or lease or (b) upon written notice to the counterparty, the Debtors or the Post-Confirmation Debtors may add any executory contract or lease to the list of rejected contracts if the Debtors determine, in their sole discretion, that it is not in their bests interests to assume the executory contract or lease considering the cure amount or

any other terms of assumption or assumption and assignment as determined by the Bankruptcy Court in a Final Order.

6.3 Objections To Assumption of Executory Contracts and Unexpired Leases To the extent that any party to an executory contract or unexpired lease identified for assumption asserts arrearages or damages pursuant to section 365(b)(1) of the Bankruptcy Code, or has any other objection with respect to any proposed assumption, revestment, cure or assignment on the terms and conditions provided herein, all such arrearages, damages and objections must be Filed and served: (a) as to any contracts or leases identified in Schedule 2 hereto that is mailed to any party to any such contract or lease along with all other solicitation materials accompanying the Plan, within the same deadline and in the same manner established for the Filing and service of objections to Confirmation of the Plan; and (b) as to any contracts or leases identified in any subsequent amendments to Schedule 2 within fourteen (14) days after the Debtors File and serve such amendment. Failure to assert such arrearages, damages or objections in the manner described above shall constitute consent to the proposed assumption, revestment, cure or assignment on the terms and conditions provided herein, including an acknowledgement that the proposed assumption and/or assignment provides adequate assurance of future performance and that the amount identified for "cure" in Schedule 2, or any amendments thereto, hereto is the amount necessary to cover any and all outstanding defaults under the executory contract or unexpired lease to be assumed, as well as an acknowledgement and agreement that no other defaults exist under such contract or lease.

6.4 Rejection Except for those executory contracts and unexpired leases that are (a) assumed pursuant to this Plan, (b) the subject of previous orders of the Bankruptcy Court providing for their assumption or rejection pursuant to section 365 of the Bankruptcy Code, (c)

to be conveyed pursuant to the Asset Purchase Agreement, or (d) the subject of a pending motion before the Bankruptcy Court with respect to the assumption or assumption and assignment of such executory contracts and unexpired leases, as of the Effective Date, all executory contracts and unexpired leases of the Debtors shall be rejected pursuant to section 365 of Bankruptcy Code; provided, however, that neither the inclusion by the Debtors of a contract or lease on Schedule 2 nor anything contained in this Article 6 shall constitute an admission by any Debtor that such contract or lease is an executory contract or unexpired lease or that any Debtor or its successors and assigns has any liability thereunder. To the extent any loan agreement or lease agreement pursuant to which any Debtor is lender or lessor is deemed to be an executory contract or unexpired lease within the meaning of 365 of the Bankruptcy Code, rejection of such loan agreement or lease agreement shall not, by itself, eliminate the borrower's or lessee's obligations thereunder or cause any Debtor's Liens, security interests or ownership rights to be released or extinguished. For the avoidance of doubt, the DIP Credit Agreement shall not be deemed to be an executory contract. The Joint NSSC Receiver shall have standing to object to any Claims arising from the rejection of executory contracts or unexpired leases.

6.5 Approval of Rejection; Rejection Damages Claims Bar Date The Confirmation Order shall constitute an Order of the Bankruptcy Court approving the rejection of executory contracts and unexpired leases under section 6.4 above pursuant to section 365 of the Bankruptcy Code as of the Effective Date. Any Claim for damages arising from any such rejection must be Filed within thirty (30) days after the later of (i) the Effective Date or (ii) service of a written notice deeming such contract or lease to be rejected pursuant to section 6.4 of the Plan. Any timely filed Claim for damages arising from any such rejection, if Allowed, will be as General Unsecured Claim.

6.6 Asset Purchase Agreement and Executory Contracts Related Thereto The Debtors' rights and remedies under each section of this Article 6 and the Bankruptcy Code with regard to executory contracts are to be exercised in conformity with their obligations under the Asset Purchase Agreement. Purchaser's prior written consent is required for any action by the Debtor that may result in the rejection of the Asset Purchase Agreement or the rejection of the executory contracts to be conveyed pursuant to the Asset Purchase Agreement. The Receivers shall have standing to object to the cure amounts asserted in connection with any assumption or assignment.

6.7 Insurance Policies Notwithstanding any other the provisions of the Plan with regard to executory contracts, from and after the Effective Date, each of the Debtors' insurance policies in existence as of the Effective Date will be reinstated and continued in accordance with their terms and, to the extent applicable, will be deemed assumed by the applicable Post-Confirmation Debtor pursuant to section 365 of the Bankruptcy Code. Nothing in the Plan will affect, impair or prejudice the rights of the insurance carriers or the Post-Confirmation Debtors under the insurance policies in any manner, and such insurance carriers and Post-Confirmation Debtors will retain all rights and defenses under such insurance policies, and such insurance policies will apply to, and be enforceable by and against, the Post-Confirmation Debtors in the same manner and according to the same terms and practices applicable to the Debtors, as existed prior to the Effective Date.

6.8 Indemnification Agreements Notwithstanding any other provisions of the Plan with regard to executory contracts, from and after the Effective Date, the obligations of each Debtor or Post-Confirmation Debtor to indemnify any Person who is serving or has served as one of its managers, directors, officers or employees as of the Petition Date by reason of such

Person's prior or future service in such a capacity or as a manager, director, officer or employee of any Non-Debtor Affiliates, to the extent provided in the applicable certificates of incorporation, by-laws or similar constituent documents, by statutory law or by written agreement, policies or procedures of or with such Debtor or Non-Debtor Affiliates, will be deemed and treated as of the Effective Date, as executory contracts that are assumed by the applicable Debtor or Post-Confirmation Debtor pursuant to the Plan and section 365 of the Bankruptcy Code. Accordingly, any Indemnification Claims will survive and be unaffected by entry of the Confirmation Order, irrespective of whether such indemnification is owed for an act or event occurring before or after the Petition Date. The funding of the GP Administrative Reserve and the application of the GP Administrative Reserve, as outlined in section 7.13 hereof, is not an indemnification obligation of NSI.

ARTICLE 7.

MEANS FOR EXECUTION AND IMPLEMENTATION OF THE PLAN.

7.1 Insurance Portfolio Sale.

7.1.1 **Purchaser Protection Motion**. Within five (5) days of the Petition Date, the Debtors shall file or cause to be filed the Purchaser Protection Motion (as defined in the Asset Purchase Agreement).

7.1.2 **Consensual Process**. In the event of a Consensual Process, then in accordance with the Bankruptcy Timeline (as defined in the Asset Purchase Agreement), the Debtors shall seek entry of the Confirmation Order approving, among other things, this Plan and the transactions contemplated by the Asset Purchase Agreement. Concurrently with their motion to schedule the Confirmation Hearing, the Debtors shall move to assume, or assume and assign, as the case may be, the Asset Purchase Agreement and all executory contracts to be conveyed

pursuant to the Asset Purchase Agreement. The Debtors shall provide notice of the assumption of the Asset Purchase Agreement and all executory contracts to be conveyed pursuant to the Asset Purchase Agreement, or any amendment thereof, to (i) the parties to the executory contract or lease affected thereby and (ii) the Receivers not later than fourteen (14) days prior to the Confirmation Hearing. Any objection with respect to any proposed assumption, revestment, cure or assignment of the Asset Purchase Agreement and any executory contracts related thereto must be Filed and served within the same deadline and in the same manner established for the Filing and service of objections to Confirmation of the Plan. The Confirmation Order shall constitute an order of the Bankruptcy Court pursuant to section 365 of the Bankruptcy Code approving all such assumptions or assumptions and assignments, as applicable, relating to the Asset Purchase Agreement, as of the Effective Date.

7.1.3 **Cramdown Process**. In the event that Class 3 does not vote to accept this Plan, then the Debtors will (i) seek approval of the Insurance Portfolio Sale to Purchaser by filing a motion seeking the Sale Order and (ii) seek to confirm this Plan pursuant to section 1129(b) of the Bankruptcy Code, in which event, the Insurance Portfolio Asset Proceeds shall be utilized by the Debtors in the manner provided for in this Plan. In the event of a Cramdown Process, then in accordance with the Bankruptcy Timeline (as defined in the Asset Purchase Agreement), the Debtors shall file, or cause to be filed, a motion seeking entry of the Sale Order. Concurrently with their motion seeking entry of the Sale Order, the Debtors shall move to assume, or assume and assign, as the case may be, the Asset Purchase Agreement and all executory contracts to be conveyed pursuant to the Asset Purchase Agreement. The Debtors shall provide notice of the assumption of the Asset Purchase Agreement and all executory contracts to be conveyed pursuant to the Asset Purchase Agreement, or any amendment thereof,

to (i) the parties to the executory contract or lease affected thereby and (ii) the Receivers not later than fourteen (14) days prior to the 363 Sale hearing. Any objection with respect to any proposed assumption, revestment, cure or assignment of the Asset Purchase Agreement and any executory contracts related thereto must be Filed and served within the same deadline and in the same manner established for the Filing and service of objections to approval of the 363 Sale. The Sale Order shall constitute an order of the Bankruptcy Court pursuant to section 365 of the Bankruptcy Code approving all such assumptions or assumptions and assignments, as applicable, described herein, as of the closing of the 363 Sale; and, the Debtors may consummate the Insurance Portfolio Sale prior to Confirmation.

7.1.4 **Consummation of the Insurance Portfolio Sale under the Consensual Process**. As provided for in section 7.1.2 of the Plan, on or before the Effective Date, NSI shall consummate the Insurance Portfolio Sale to Purchaser free and clear of all liens, claims and encumbrances, with all such liens, claims, and encumbrances attaching to the Insurance Portfolio Asset Proceeds, which shall be transferred to the Bermuda Liquidation Account in accordance with the provisions of this Plan. The Insurance Portfolio Sale shall be pursuant to the Asset Purchase Agreement, which terms are incorporated herein by reference and made a part of this Plan. The Insurance Portfolio Asset Proceeds shall be used to fund the Bermuda Liquidation Account.

7.2 Bermuda Liquidation Account On or before the Effective Date, and in any event, upon receipt of the Insurance Portfolio Asset Proceeds, the Debtors shall deposit $125,000,000.00 into the Bermuda Liquidation Account. Upon receipt of the Insurance Portfolio Asset Proceeds, and prior to their deposit into the Bermuda Liquidation Account, the Debtors shall hold the Insurance Portfolio Asset Proceeds in trust for the benefit of the Receivers and

such Insurance Portfolio Asset Proceeds shall at all times be free and clear of all Liens, Claims, interests and encumbrances (other than the obligation of the applicable Receivers to make the Bermuda C, F and I Contribution and the Bermuda non-C, F and I Cramdown Process Contribution or Bermuda non-C, F and I Consensual Process Contribution, as the case may be), including, without limitation, any claim or right asserted by any officer, manager, director or employee of any Debtor or Non-Debtor Affiliates pursuant to any indemnification or similar agreement assumed by any Debtor pursuant to section 6.8 of this Plan.

7.3 Bermuda Wind Down Assets.

7.3.1 **Transfer Free and Clear**. On the Effective Date, the Bermuda Wind Down Assets (and the Debtors' ownership interest in any Entity or Entities that own or hold any such asset, as the case may be), shall be transferred to or placed under the exclusive control of the Joint NSSC Receivers, and disposed of as provided for in this Plan, free and clear of all Liens, Claims, interests and encumbrances.

7.3.2 **Administration of the Bermuda Wind Down Assets**. The proceeds from the disposition of the Bermuda Wind Down Assets will be distributed by the Bermuda Wind Down Asset Structure and allocated by the Joint NSSC Receivers for distribution to the Bermuda NSSC Lenders pursuant to the provisions of this Plan and any Allocation Order.

7.4 USC Wind Down Assets. Title to all USC Wind Down Assets shall be revested in NSSC, as a Post-Confirmation Debtor, to be liquidated by the Post-Confirmation Debtors for the benefit of the US-Cayman Investors. Except as may be set forth herein, all such USC Wind Down Assets shall be owned by the Debtors free and clear of all Liens, Claims, interests and encumbrances. The proceeds of the USC Wind Down Assets, after payment of all

costs and expenses incurred by the Reorganized Debtors, will be allocated and distributed pursuant to Article 5 of this Plan.

7.5 Continuation of Automatic Stay. In furtherance of the implementation of the Plan, except as otherwise provided herein, all injunctions or stays provided for in the Chapter 11 Cases pursuant to sections 105 or 362 of the Bankruptcy Code, or otherwise, and in existence on the Confirmation Date, shall remain in full force and effect and apply to all Holders of Claims against, or Interests in, the Debtors, the Estates and the Assets until the Final Distribution Date; provided, however, that nothing herein shall be deemed to extend the scope of any such injunction or stay beyond the provisions of section 362 of the Bankruptcy Code.

7.6 Post-confirmation Operations. Following Confirmation and prior to the occurrence of the Effective Date, the then-current officers, directors, managers and managing members of each of the Debtors shall continue in their respective capacities and the Debtors shall execute such documents and take such other action as is necessary to effectuate the transactions provided for in this Plan. On and after the Effective Date, all such officers, directors, managers and managing members shall be deemed to have resigned and new officers, directors, managers and managing members, who shall be identified in the Plan Supplement, will be appointed by the Plan Administrator to serve for the Post-Confirmation Debtors in accordance with the respective organizational documents of each of the Post-Confirmation Debtors. The officers, directors, managers and managing members appointed by the Plan Administrator shall continue to serve in such roles unless a majority of the Holders of the Interests in reorganized NSCI shall vote to remove any such officer, director, manager or managing member for "cause", in which event the Plan Administrator, in consultation with the Holders of the Interests in reorganized NSCI shall appoint a successor. Also on the Effective date, Interests in NSSC and NSC will be restructured

such that (i) New NSSC Manager, a newly formed Entity, will become the holder of all of the membership interests in reorganized NSC, (ii) GP Manager, a newly formed Entity, will become the non-member manager of reorganized NSC, to serve without compensation and exercise the management responsibilities set forth in the amended limited liability company operating agreement to be included in the Plan Supplement, (iii) reorganized NSCI will become the sole limited partner of reorganized NSSC, and (iv) reorganized NSC will become the general partner of reorganized NSSC. The organizational documents for the foregoing transactions will be included in the Plan Supplement. From and after the Effective Date, the Post-Confirmation Debtors, as restructured herein, shall (i) continue in possession, custody and control of all their respective, books, records, rights and privileges together with any Assets that are not disposed of pursuant to the provisions of this Plan, and (ii) be solely responsible for the management of their respective affairs and the operation of their respective businesses, subject only to the jurisdiction of the Bankruptcy Court to enforce the provisions of this Plan.

7.7 The Plan Administrator. Following the Effective Date and until the entry of a Final Decree, the Plan Administrator shall have the authority and right on behalf of the Post-Confirmation Debtors, and pursuant to section 1123(b)(3) of the Bankruptcy Code, without the need for Bankruptcy Court approval (unless otherwise indicated), to carry out and implement all provisions of the Plan, including, without limitation, to: (i) control and effectuate the Claims reconciliation process, including to object to, seek to subordinate, compromise or settle any and all Claims in accordance with the Plan; (ii) make Distributions to holders of Allowed Claims in accordance with the Plan; (iii) prosecute, on behalf of the Bermuda Wind Down Asset Structure, all Causes of Action, (to the extent not released in the Plan), including Avoidance Actions, and to elect not to pursue any Claims or Avoidance Actions, in which case the Causes of Action and

Avoidance Actions may be pursued by, or at the direction of, the manager of the Bermuda Wind Down Asset Structure, and whether and when to compromise, settle, abandon, dismiss, or otherwise dispose of any Claims or Avoidance Actions, as the Plan Administrator may determine is in the best interests of the Post-Confirmation Debtors and their Creditors, provided, however, that no Avoidance Actions or Causes of Action shall be abandoned, dismissed, or otherwise disposed of without the written consent of the Joint NSSC Receivers; (iv) make payments to existing professionals who may continue to perform in their current capacities; (v) retain Professionals to assist in performing its duties under the Plan; (vi) maintain the books and records and accounts of the Post-Confirmation Debtors; (vii) incur and pay reasonable and necessary expenses in connection with the performance of its duties under the Plan, including the reasonable fees and expenses of professionals retained by the Plan Administrator and the Joint Receivers; (viii) administer each Post-Confirmation Debtor's tax obligations, including (i) filing and paying tax returns, and paying taxes (ii) requesting, if necessary, an expedited determination of any unpaid tax liability of each Debtor or its estate under Bankruptcy Code section 505(b) for all taxable periods of such Debtor ending after the Commencement Date and (iii) representing the interest and account of each Debtor or its estate before any taxing authority in all matters including, without limitation, any action, suit, proceeding or audit; and (ix) prepare and file any and all informational returns, reports, statements, returns or disclosures relating to the Debtors that are required by any Governmental Unit or applicable law. The Plan Administrator shall have no liability for any acts or omissions in its capacity as Plan Administrator to the Post-Confirmation Debtors other than for gross negligence or willful misconduct of the Plan Administrator. On and after the Effective Date, the costs and expenses incurred for the preparation of tax returns, financial statements and audit reports covering any period prior to the

Effective Date shall be paid: (i) 95% by the Joint NSSC Receivers and the Bermuda Wind Down Asset Structure; and, (ii) 5% by the Post-Confirmation Debtors; provided, however, that the Plan Administrator receives approval from the Joint NSSC Receivers before commencing an audit to be funded under the terms of this provision.

7.8 Restructuring of the Post-Confirmation Debtors. On or after the Effective Date, the Post-Confirmation Debtors may merge, consolidate or reorganize any of the Debtors and/or combine any of the Debtors with any Non-Debtor Affiliates in such manner as the Post-Confirmation Debtors may deem prudent with a view toward minimizing the cost of administering their Assets or conducting their respective businesses.

7.9 Issuance of Interests in Post-Confirmation Debtors. On the Effective Date, (i) all of the memberships interests in reorganized NSC shall be issued to New NSSC Manager and (ii) NSCI shall become the sole limited partner of the reorganized NSSC.

7.10 Avoidance Actions Except to the extent released pursuant to Article 12 of this Plan, effective on and after the Effective Date, all Avoidance Actions and Causes of Action shall be preserved for the benefit of the Bermuda Investors and shall be Bermuda Wind Down Assets. The Plan Administrator and Post-Confirmation Debtors shall cooperate with the Joint NSSC Receivers and take any and all actions to facilitate the prosecution of Causes of Action and Avoidance Actions for the benefit of the Bermuda Investors. For the avoidance of any doubt, no Avoidance Actions or Causes of Action against any Released Parties shall be preserved for the benefit of the Bermuda Investors. The Confirmation Order shall provide that, from and after the Effective Date, the Plan Administrator and the manager of the Bermuda Wind Down Asset Structure shall have the right to prosecute any and all non-released Causes of Action and/or Avoidance Actions as a representative of the estate under section 1123(b)(3)(B) of the

Bankruptcy Code. The Bankruptcy Court shall retain jurisdiction over any and all Causes of Action and Avoidance Actions.

7.11 Closing of the Chapter 11 Cases. The Plan Administrator may seek the entry of a Final Decree at any time after this Plan has been substantially consummated provided that all required fees due under 28 U.S.C. § 1930 have been paid.

7.12 Post-Effective Date Reporting. As promptly as practicable after the making of any distributions that are required under the Plan to be made on the Effective Date, but in any event no later than twenty-one (21) days after the making of such distributions, the Plan Administrator shall File with the Bankruptcy Court and serve on the United States Trustee a report setting forth the amounts and timing of all such distributions and the recipients thereof. Thereafter, the Plan Administrator shall File with the Bankruptcy Court and serve on the United States Trustee quarterly reports summarizing the cash receipts and disbursements of the Debtors for the immediately preceding three-month period. Each quarterly report shall also state the Debtors' cash balances as of the beginning and ending of each such period. Quarterly reports shall be provided until the entry of a Final Decree. The Post-Confirmation Debtors shall comply with all tax withholding, reporting requirements and regulatory obligations imposed on them by any Governmental Unit, and all distributions pursuant to the Plan shall be subject to such withholding, requirements or obligations. Notwithstanding any provision in the Plan to the contrary, the Plan Administrator and the Post-Confirmation Debtors shall be authorized to take all actions necessary or appropriate to comply with such withholding, requirements or obligations.

7.13 GP Administrative Reserve. The GP Administrative Reserve shall be administered by the GP Manager until the GP Reserve Termination Date. The GP

Administrative Reserve shall not be used to pay any judgments, fines, restitution, penalties, or any similar sums in connection with any Administrative Action; provided, however, that the GP Manager shall have the right in its discretion, and with the consent of the Joint NSSC Receivers, which consent shall not be unreasonably withheld, to pay a settlement amount if it determines in its reasonable business judgment that paying such amount would avoid the cost and risk of permitting the Administrative Action to continue. The GP Administrative Reserve shall not be used to pay any amount incurred by any past, present or future manager, director, officer or employee of the GP Manager, the Debtors or the Post-Confirmation Debtors in connection with any Administrative Action that is due to be paid under any policy of insurance except that the GP Administrative Reserve may be used to advance an amount an insurer has wrongfully refused to pay or for which an insurer has, in the discretion of the GP Manager, unduly delayed payment. Such advancement shall be provided subject to the receipt of an appropriate undertaking or agreement from the insured party to repay such advancement into the GP Administrative Reserve when payment is received from the insurer and to remain liable for the advanced amount until such time. The GP Administrative Reserve shall be replenished from any insurance proceeds received by the GP Manager, Debtors or Post-Confirmation Debtors in connection with any Administrative Action. The GP Manager, Debtors or Post-Confirmation Debtors (as applicable) will pursue their insurers and use their best efforts to utilize proceeds of any available insurance policies to reimburse any amounts utilized in the GP Administrative Reserve. The amounts, if any, remaining in the GP Administrative Reserve on the GP Reserve Termination Date after all outstanding fees, expenses and costs have been paid shall be remitted to the Joint NSSC Receivers. Upon the GP Reserve Termination Date, at the request of and at the sole costs and expense of the Joint NSSC Receivers, the GP Manager shall provide accountings to the Joint

NSSC Receivers of any amounts utilized in the GP Administrative Reserve. In the event the GP Manager uses or otherwise utilizes proceeds in the GP Administrative Reserve but fails (or fails to direct the Debtors or Post-Confirmation Debtors) to use best efforts to pursue the applicable insurers and insurance policies for reimbursement of such amounts, the Joint NSSC Receivers shall be subrogated to the rights of the GP Manager (or the Debtors or Post-Confirmation Debtors as applicable) to pursue the applicable insurers and insurance policies to pay for reimbursement of such amounts at the sole cost and expense of the Joint NSSC Receivers.

7.14 Disposition of Liquidation Budget Amount. Any portion of the Liquidation Budget Amount that is not expended by the Post-Confirmation Debtors in accordance with the provisions of this Plan shall be paid to the Joint NSSC Receivers.

ARTICLE 8.

CLAIM OBJECTIONS

8.1 Objections to Claims. Prior to the Effective Date, objections to, and requests for estimation of, Claims against the Debtors may be interposed and prosecuted by the Debtors. Except to the extent released pursuant to Article 12 of this Plan or as otherwise provided herein, from and after the Effective Date, the Plan Administrator shall have the sole authority to File, settle, compromise, withdraw, arbitrate or litigate to judgment objections to Claims pursuant to applicable procedures established by the Bankruptcy Code, the Bankruptcy Rules, and this Plan. The Plan Administrator shall consult with the Joint NSSC Receivers regarding any Claim that is filed for an amount in excess of $100,000; and, if following such consultation the Plan Administrator elects not to file an objection to any such Claim, the Joint NSSC Receivers shall have the right to file and prosecute such an objection at their sole costs and expense. Objections to any Other Priority Claim or General Unsecured Claim must be Filed

and served on the claimant no later than the later of (x) one hundred twenty (120) days after the date the Claim is Filed, (y) ninety (90) days after the Effective Date, or (z) such other date as may be ordered from time to time by the Court. The Plan Administrator shall use reasonable efforts to promptly and diligently pursue resolution of any and all disputed Other Priority Claims and General Unsecured Claims. Except with respect to Other Priority Claims, General Secured Claims, and Administrative Claims, no deadlines by which objections to Claims must be Filed have been established in these Chapter 11 Cases.

8.2 Disputed Claims Reserve. On or before the Effective Date, the Debtors shall establish a reserve, which shall be maintained by the Plan Administrator, as part of the Wind Down Budget, for all Disputed Claims, if any, in an amount equal to what would be distributed to holders of such Claims if their Disputed Claims had been Allowed Claims on the Effective Date equal to the Face Amount of such Disputed Claim or such other amount as may be determined by a Final Order of the Bankruptcy Court. With respect to such Disputed Claims, if, when, and to the extent any such Disputed Claim becomes an Allowed Claim by Final Order, the relevant portion of the Cash held in reserve therefore shall be distributed by the Plan Administrator to the Claimant in a manner consistent with distributions to similarly situated Allowed Claims. The balance of such Cash, if any, remaining after any particular Disputed Claims has been resolved and distributions made to the Holder of such Claim in accordance with the Plan, shall be released and transferred to the Bermuda Liquidation Account. No payments or distributions shall be made with respect to a Claim that is a Disputed Claim pending the resolution of the dispute by Final Order or agreement of the parties. Objections to Claims may be litigated to judgment or withdrawn, and may be settled with the approval of the Bankruptcy Court, except to the extent such approval is not necessary as provided in this section. After the

Effective Date, and subject to the terms of this Plan, the Post-Confirmation Debtor may settle any Disputed Claim where the result of the settlement or compromise is an Allowed Claim in an amount of $10,000 or less without providing any notice or obtaining an order from the Bankruptcy Court. All proposed settlements of Disputed Claims where the amount to be settled or compromised exceeds $10,000 shall be subject to the approval of the Bankruptcy Court after notice and an opportunity for a hearing.

8.3 Claims in Class 4(a). As of the Effective Date, each Claim in Class 4(a) shall be deemed Disputed unless and until (i) such Claim has been Allowed, (ii) has been Scheduled by the Debtors as undisputed, or (iii) has been identified in the Plan Supplement as undisputed; provided, however, that the rights of the Plan Administrator and Joint NSSC Receivers pursuant to section 8.1 of the Plan to object to the Allowance of any Claim in Class 4(a) on any grounds after the Effective Date are fully reserved.

ARTICLE 9.

DISTRIBUTIONS

9.1 No Duplicate Distributions. To the extent more than one Debtor is liable for any Claim, such Claim shall be considered a single Claim and entitled only to the payment provided therefor under the applicable provisions of the Plan.

9.2 Delivery of Distributions in General. Distributions to holders of Allowed Claims shall be made: (a) at the addresses set forth in the proofs of Claim Filed by such holders; (b) at the addresses set forth in any written notices of address change delivered after the date on which any related proof of Claim was Filed; (c) at the addresses reflected in the Schedules relating to the applicable Allowed Claim if no proof of Claim has been Filed and the

Post-Confirmation Debtors have not received a written notice of a change of address, or (d) to the Receivers for further distribution.

9.3 Cash Payments. Except as otherwise provided in the Confirmation Order, cash payments to be made pursuant to the Plan shall be made by checks drawn on a domestic bank or by wire transfer from a domestic bank, at the option of the Post-Confirmation Debtors.

9.4 Interest on Claims. Postpetition interest shall not accrue or be paid on Claims, and no holder of a Claim shall be entitled to interest accruing on or after the Petition Date on any Claim. Interest shall not accrue or be paid upon any Disputed Claim in respect of the period from the Petition Date to the date a Final Distribution is made thereon if and after such Disputed Claim becomes an Allowed Claim. To the extent that any Allowed Claim entitled to a distribution under the Plan is composed of indebtedness and accrued but unpaid interest thereon, such distribution shall, to the extent permitted by applicable law, be allocated for federal income tax purposes to the principal amount of the Allowed Claim first and then, to the extent the consideration exceeds the principal amount of the Allowed Claim, to the portion of such Allowed Claim representing accrued but unpaid interest.

9.5 No De Minimis Distributions. No payment of Cash in an amount of less than $50.00 shall be required to be made on account of any Allowed Claim. Such undistributed amount may instead be made part of the Cash for use in accordance with this Plan.

9.6 Face Amount. Unless otherwise expressly set forth herein with respect to a specific Claim or Class of Claims, for the purpose of the provisions of this Plan, the "Face Amount" of a Disputed Claim means the amount set forth on the proof of Claim unless the

Disputed Claim has been estimated for distribution purposes or, in the alternative, if no proof of Claim has been timely Filed or deemed Filed, zero.

9.7 Undeliverable Distributions. If the distribution check to any holder of an Allowed Claim is not cashed within 90 days after issuance by the Debtors or Post-Confirmation Debtors, at the discretion of the Post-Confirmation Debtors, a stop payment order may be given with respect to the check and at the election of the Post-Confirmation Debtors, no further distributions shall be made to such holder on account of such Allowed Claim. Such Allowed Claim shall be released and the holder of such Allowed Claim shall be forever barred from asserting such Claim against the Debtors, their Estates or their respective property. In such cases, any Cash held for distribution on account of such Claim shall (i) become the property of the Debtors' estates, and (ii) be distributed to other Creditors in accordance with the terms of this Plan.

9.8 Effective Date Distributions. On the Effective Date, or as soon thereafter as practicable, the Post-Confirmation Debtors shall distribute to the holders of Allowed Administrative Claims and Allowed General Unsecured Claims in Classes 4(a), 4(c) and 4(d) Cash equal to the distributions on account of each such Claim that are provided for in this Plan.

9.9 Disputed Claims Reserve. The Post-Confirmation Debtors shall establish reserves for Disputed Claims in accordance with section 8.2 of this Plan. On and after the Effective date, the Plan Administrator shall maintain such Disputed Claims Reserve and periodically make payments out of such Disputed Claims Reserve in the manner specified in section 8.2 of this Plan.

9.10 Compliance with Tax Requirements. In connection with the Plan and the distributions made in accordance thereto, to the extent applicable, the Debtors and the Post-Confirmation Debtors shall comply with all tax withholding and reporting requirements, if any, imposed by any Governmental Unit and all distributions pursuant to the Plan shall be subject to such withholding and reporting requirements. The Post-Confirmation Debtors shall be authorized to take any and all actions that may be necessary or appropriate to comply with such withholding and reporting requirements.

ARTICLE 10.

CONDITIONS PRECEDENT

10.1 Conditions to Confirmation. The following are each conditions to entry of the Confirmation Order:

10.1.1 The Confirmation Order shall be in form and substance satisfactory to the Debtors, the Receivers, the DIP Lenders and Purchaser, in its capacity as purchaser under the Asset Purchase Agreement;

10.1.2 No uncured default shall have occurred and be continuing under the DIP Credit Agreement; and

10.1.3 The Wind Down Budget has been agreed to by the Debtors and the Joint NSSC Receivers.

10.2 Conditions to the Effective Date. The Plan shall not become effective and the Effective Date shall not occur unless and until:

10.2.1 The Bankruptcy Court shall have entered the Confirmation Order, and the Sale Order if appropriate, in form and substance satisfactory to the Debtors, the DIP Lenders and Purchaser, in its capacity as purchaser under the Asset Purchase Agreement;

10.2.2 No stay of the Sale Order, if any, or the Confirmation Order shall be in effect at the time the other conditions set forth in this Article 10 of the Plan are satisfied, or, if permitted, waived;

10.2.3 All documents, instruments and agreements provided for under this Plan or necessary to implement this Plan, including, without limitation, the Asset Management Agreement shall be in form and substance satisfactory to the Debtors, the Receivers, the DIP Lenders and Purchaser, in its capacity as purchaser under the Asset Purchase Agreement, and have been executed and delivered by the parties thereto, unless such execution or delivery has been waived by the parties benefited thereby;

10.2.5 The payments required pursuant section 2.5 of the Plan have been paid in full;

10.2.6 The Bermuda Liquidation Account shall have been funded by the Debtors in accordance with section 7.2 of the Plan;

10.2.7 The GP Administrative Reserve shall have been funded by the Debtors;

10.2.8 Solely in the event that the Plan is confirmed by the Consensual Process, the Bermuda non-C, F and I Consensual Contribution shall have been transferred to the Global Settlement Fund;

10.2.9 Solely in the event that this Plan is confirmed by the Cramdown Process, the Bermuda non-C, F and I Cramdown Contribution shall have been shall have been transferred to the Global Settlement Fund;

10.2.10 Solely in the event that this Plan is confirmed by the Consensual Process, the Purchaser Contribution shall have been transferred to the Global Settlement Fund;

10.2.11 The USCB Escrow defined in section 5.1 of this Plan shall be fully funded and paid by the Bermuda C, F and I Classes.

10.2.12 The Debtor shall hold sufficient Cash to pay all estimated Allowed Administrative Claims, Tax Claims, Allowed Other Priority Claims and Allowed General Unsecured Claims in Classes 4(a) , 4(c) and 4(d); and

10.2.13 The Confirmation Order shall have become a Final Order.

10.3 Termination of Plan for Failure To Become Effective. If the Effective Date shall not have occurred on or prior to the date that is forty-five (45) days after the Confirmation Date, then this Plan shall terminate and be of no further force or effect unless the provisions of this section 10.3 are waived in writing by the Debtors, the Receivers, the DIP Lenders and Purchaser, in its capacity as purchaser under the Asset Purchase Agreement; provided, however, that this section 10.3 shall not modify or supersede the terms of the DIP Facility or the Asset Purchase Agreement or any Event of Default thereunder, nor shall this provision in any way affect the prior completion of the sale pursuant to the Asset Purchase Agreement under a Sale Order.

10.4 Waiver of Conditions. The Debtors, with the written consent of the Receivers, the DIP Lenders and Purchaser, in its capacity as purchaser under the Asset Purchase Agreement, may waive any or all of the conditions set forth in sections 10.1 and/or 10.2 that does not affect the Debtors' ability to consummate the Plan.

10.5 Notice of Effective Date. On the Effective Date, or as soon thereafter as is reasonably practicable, the Debtors shall file with the Bankruptcy Court "Notice of Effective Date" in a form reasonably acceptable to the Debtors in their sole discretion, which notice shall constitute appropriate and adequate notice that this Plan has become effective, provided,

however, that the Debtors shall have no obligation to notify any Person other than counsel to the DIP Lenders of such fact. The Plan shall be deemed to be effective as of 12:01 a.m., prevailing Eastern time, on the Effective Date specified in such filing. A courtesy copy of the Notice of Effective Date may, but is not required to, be sent by first class mail, postage prepaid (or at the Company's option, by courier or facsimile) to those Persons who have filed with the Bankruptcy Court requests for notices pursuant to Bankruptcy Rule 2002.

ARTICLE 11.

EFFECT OF CONFIRMATION

11.1 Jurisdiction of Court. Pursuant to sections 105(a) and 1142 of the Bankruptcy Code, and notwithstanding entry of the Confirmation Order and occurrence of the Effective Date, the Bankruptcy Court shall retain exclusive jurisdiction over all matters arising out of, and related to, the Chapter 11 Cases and the Plan to the fullest extent permitted by law, including among other things, jurisdiction over the subject matters set forth in Article 12 of this Plan.

11.2 Entry of Confirmation Order. Entry of a Confirmation Order shall mean that all modifications or amendments to the Plan since the solicitation thereof are approved pursuant to section 1127(a) of the Bankruptcy Code and do not require additional disclosure or resolicitation under Bankruptcy Rule 3019.

11.3 Binding Effect. Except as otherwise provided in section 1141(d) of the Bankruptcy Code, on and after the Confirmation Date, the provisions of this Plan shall bind any holder of a Claim against or Interest in the Debtors and their respective successors and assigns, whether or not the Claim or Interest of such holder is Impaired under this Plan and whether or not such holder has accepted the Plan.

11.4 Exculpation. Except as otherwise specifically provided in this Plan, none of the Exculpated Parties shall have or incur, and are hereby released from, any obligation, Cause of Action or liability to one another or to any Creditor, or any other party in interest, for any act or omission in connection with, relating to, or arising out of, the Chapter 11 Cases, the negotiation or execution of the Plan Support Agreements, the negotiation and pursuit of confirmation of this Plan, the Consummation of this Plan, or the administration of the Estates or the property to be distributed under this Plan, except for their gross negligence or willful misconduct, and in all respects shall be entitled to reasonably rely upon the advice of counsel with respect to their duties and responsibilities (if any) under this Plan. Notwithstanding any other provision of this Plan, no Creditor nor other party in interest, shall have any right of action against any Exculpated Party for any act or omission in connection with, relating to, or arising out of, the Chapter 11 Cases, the negotiation or execution of the Plan Support Agreements, the negotiation and pursuit of confirmation of this Plan, the Consummation of this Plan, or the administration of the Estates or the property to be distributed under this Plan, except for such Exculpated Party's gross negligence or willful misconduct.

11.5 Limitation of Liability. Except as expressly set forth in the Plan, following the Effective Date, no Exculpated Party shall have or incur any liability to any holder of a Claim or Interest for any act or omission in connection with, related to, or arising out of, the Chapter 11 Cases, the negotiation and pursuit of confirmation of the Plan, the Consummation of the Plan or any contract, instrument, release or other agreement or document created in connection with this Plan, or the administration of the Plan or the property to be distributed under the Plan, except for such Exculpated Party's gross negligence or willful misconduct.

ARTICLE 12.
COMPROMISE, GLOBAL SETTLEMENT, INJUNCTION AND RELATED PROVISIONS

12.1 Compromise and Settlement.

Notwithstanding anything to the contrary contained in this Plan or the Confirmation Order, the allowance, classification and treatment of all Allowed Claims, and their respective distributions and treatments hereunder, takes into account and conforms to the relative priority and rights of the Claims and the Interests in each Class in connection with any contractual, legal and equitable subordination rights relating thereto whether arising under general principles of equitable subordination, section 510 of the Bankruptcy Code, or otherwise to the extent such subordination is enforceable under applicable law. As of the Effective Date, any and all such rights described in the preceding sentence are settled, compromised, discharged and released pursuant hereto. The Confirmation Order will constitute the Bankruptcy Court's finding and determination that the settlements reflected in the Plan are (i) in the best interests of the Debtors, their estates and all Holders of Claims, (ii) fair, equitable and reasonable, (iii) made in good faith, and (iv) approved by the Bankruptcy Court pursuant to section 363 of the Bankruptcy Code and Bankruptcy Rule 9019. The Confirmation Order shall approve the releases by all Entities of all such contractual, legal and equitable subordination rights or Causes of Action that are satisfied, compromised and settled pursuant hereto. Nothing in this Article 12.1 shall compromise or settle in any way whatsoever, any Causes of Action that the Debtors, the Receivers or the Post-Confirmation Debtors, as applicable, may have against Entities that are not Released Parties or provide for the indemnity of any Entities that are not Released Parties. In accordance with the provisions of this Plan, and pursuant to section 363 of the Bankruptcy Code and Bankruptcy Rule 9019, without any further notice to or action, order or approval of the Bankruptcy Court, after the Effective Date (i) the Post-Confirmation Debtors may, in their sole

and absolute discretion and with the consent of the Joint NSSC Receivers, compromise and settle Claims against the Debtors and (ii) the Joint NSSC Receivers may, in their sole and absolute discretion, compromise and settle Causes of Action against other Entities that have been assigned to the Joint NSSC Receivers.

12.2 Satisfaction of Claims and Termination of Interests.

Pursuant to section 1141(d) of the Bankruptcy Code, and except as otherwise specifically provided in the Plan or in any contract, instrument, or other agreement or document created pursuant to the Plan, the distributions, rights, and treatments that are provided in the Plan are in complete discharge, settlement, satisfaction and release, effective as of the Effective Date, of Claims (including Intercompany Claims), Interests and Causes of Action of any nature whatsoever, including any interest accrued on Claims or Interests from and after the Petition Date, whether known or unknown, against, liabilities of, Liens on, obligations of, rights against, and Interests in, the Debtors or any of their assets or properties, regardless of whether any property shall have been distributed or retained pursuant to the Plan on account of such Claims and Interests, including demands, liabilities and Causes of Action that arose before the Effective Date, any liability (including withdrawal liability) to the extent such Claims or Interests relate to services performed by employees of the Debtors prior to the Effective Date and that arise from a termination of employment, any contingent or non-contingent liability on account of representations or warranties issued on or before the Effective Date, and all debts of the kind specified in sections 502(g), 502(h) or 502(i) of the Bankruptcy Code. The Confirmation Order shall be a judicial determination of the discharge of all Claims and Interests subject to the Effective Date occurring.

12.3 Release of Liens.

Except as otherwise provided in the Plan, or in any contract, instrument, release or other agreement or document created pursuant to the Plan, on the Effective Date and concurrently with the applicable distributions made pursuant to the Plan and, in the case of a Secured Claim, satisfaction in full of the portion of the Secured Claim that is Allowed as of the Effective Date, all mortgages, deeds of trust, Liens, pledges or other security interests against any property of the Estates shall be fully released and discharged, and all of the right, title and interest of any Holder of such mortgages, deeds of trust, Liens, pledges or other security interests shall revert to the Post-Confirmation Debtors and their successors and assigns.

12.4 Releases by the Debtors.

Pursuant to section 1123(b) of the Bankruptcy Code, for good and valuable consideration, on and after the Effective Date, the Released Parties are each deemed released and discharged by the Debtors, the Post-Confirmation Debtors and the Estates from any and all Claims, obligations, rights, suits, damages, Causes of Action, remedies and liabilities whatsoever, whether for tort, fraud, contract, violations of federal or state securities laws, or otherwise, including any derivative Claims asserted or that could possibly have been asserted on behalf of the Debtors, whether known or unknown, foreseen or unforeseen, existing or hereinafter arising, in law, equity, or otherwise, that the Debtors, the Post-Confirmation Debtors, the Estates, or their Affiliates would have been legally entitled to assert in their own right (whether individually or collectively) or on behalf of the Holder of any Claim or Interest or other Entity, based on or relating to, or in any manner arising from, in whole or in part, the Debtors or their Non-Debtor Affiliates, the Chapter 11 Cases, the purchase, sale, or rescission of the purchase or sale of any security, the subject matter of, or the transactions or events giving rise to, any Claim or Interest that is treated in the Plan, the business or contractual arrangements between any Debtor and any

Released Party, the restructuring of Claims and Interests prior to or in the Chapter 11 Cases, the negotiation, formulation, or preparation of the Plan and related Disclosure Statement, or related agreements, instruments, or other documents, upon any other act or omission, transaction, agreement, event, or other occurrence taking place on or before the Confirmation Date of the Plan, other than Claims or liabilities arising out of or related to any contractual or fixed monetary obligation owed to the Debtors. Entry of the Confirmation Order shall constitute the Bankruptcy Court's approval, pursuant to Bankruptcy Rule 9019, of the provisions of this provision of the Plan and further, shall constitute the Bankruptcy Court's finding that the provisions hereof are: (1) in exchange for the good and valuable consideration provided by the Released Parties; (2) a good faith settlement and compromise of the Claims released; (3) in the best interests of the Debtors and all Holders of Claims and Interests; (4) fair, equitable and reasonable; (5) given and made after due notice and opportunity for hearing; and (6) a bar to any of the Debtors, the Post-Confirmation Debtors or their successors asserting any claim or Claim or Cause of Action against any of the Released Parties. Notwithstanding anything to the contrary in the foregoing, the release set forth above does not release any post-Effective Date obligations of any party under the Plan or any document, instrument, or agreement executed to implement the Plan.

12.5 Releases by Holders of Claims.

Notwithstanding any other provision of this Plan or the Confirmation Order, as of the Effective Date, each Creditor or Holder of a Claim that was entitled to vote on the Plan and did not vote timely to reject the Plan shall be deemed to have unconditionally, irrevocably and forever, released each of the Released Parties from all obligations, suits, judgments, damages, demands, debts, rights, Causes of Action and liabilities, whether liquidated or unliquidated, fixed or contingent, matured or unmatured, known or unknown, foreseen or unforeseen, then existing

or thereafter arising, in law, equity, or otherwise that are based in whole or part on any act, omission, transaction, event, or other occurrence taking place on or prior to the Effective Date (including prior to the Petition Date) in any way relating to the Debtors, the NSI Receiver, the Joint NSSC Receivers, the Bermuda Liquidators, the Chapter 11 Cases, the Plan, or the Disclosure Statement, the subject matter of, or the transactions or events giving rise to, any Claim or Interest that is treated in the Plan, the business or contractual arrangements between any Debtor and any Creditor, the restructuring of Claims and Interests prior to or in the Chapter 11 Cases, the negotiations, formulation, or preparation of the Plan, the related Disclosure Statement, or related agreements, instruments, or other documents, or upon any other act or omission, transaction, agreement, event, or other occurrence taking place before the Effective Date and that could have been asserted at any time up to immediately prior to the Effective Date; provided, however, that any rights or remedies of Purchaser pursuant to the Asset Purchase Agreement shall be deemed expressly provided for and preserved in this Plan and the Confirmation Order and shall not be subject to this release. Notwithstanding any language to the contrary contained in the Disclosure Statement, Plan, and/or Confirmation Order, no provision shall release any non-debtor, including any of the Released Parties, from liability in connection with any legal action or claim brought by the United States Securities and Exchange Commission.

12.6 Injunctions. Except as otherwise specifically provided in the Plan or the Confirmation Order, all Entities who have held, hold or may hold Claims, rights, Causes of Action, liabilities or any equity interests based upon any act or omission, transaction or other activity of any kind or nature related to the Debtors, the NSI Receiver, the Joint NSSC Receivers, the Bermuda Liquidators, or the Chapter 11 Cases that occurred prior to the Effective Date, other than as expressly provided in this Plan or the Confirmation Order, regardless of the

filing, lack of filing, allowance or disallowance of such a Claim or Interest and regardless of whether such Entity has voted to accept the Plan and any successors, assigns or representatives of such Entities shall be precluded and permanently enjoined on and after the Effective Date from (a) the commencement or continuation in any manner of any claim, action or other proceeding of any kind with respect to any Claim, Interest or any other right or claim against the Debtors, the NSI Receiver, the Joint NSSC Receivers, the Bermuda Liquidators, the DIP Lenders, MIO, the Purchaser, the Note Lenders, or the US-Cayman Investors that are affiliates of or controlled by MIO, or any assets of the foregoing, which they possessed or may possess prior to the Effective Date, (b) the enforcement, attachment, collection or recovery by any manner or means of any judgment, award, decree or order with respect to any Claim, Interest or any other right or claim against the Debtors, the NSI Receiver, the Joint NSSC Receivers, the Bermuda Liquidators, the DIP Lenders, MIO, the Purchaser, the Note Lenders, or the US-Cayman Investors that are affiliates of or controlled by MIO, or any assets of the foregoing, which such Entities possessed or may possess prior to the Effective Date, (c) the creation, perfection or enforcement of any encumbrance of any kind with respect to any Claim, Interest or any other right or claim against the Debtors, the NSI Receiver, the Joint NSSC Receivers, the Bermuda Liquidators, the DIP Lenders, MIO, the Purchaser, the Note Lenders, or the US-Cayman Investors that are affiliates of or controlled by MIO, or any assets of the foregoing which they possessed or may posses and (d) the assertion of any Claim that is released under this Plan; provided, however, that any rights or remedies of Purchaser pursuant to the Asset Purchase Agreement shall be deemed expressly provided for and preserved in this Plan and the Confirmation Order and shall not be subject to this injunction. Notwithstanding any language to the contrary contained in the Disclosure Statement, Plan, and/or Confirmation Order, no

provision thereof shall release the Joint NSSC Receivers, the NSI Receiver or the Bermuda Liquidators from any Cause of Action that may be brought by any Bermuda Investor under Bermuda law.

12.7 Global Settlement Fund. On the Effective Date, and periodically thereafter as necessary, all sums deposited in, or required to be delivered to, the USCB Escrow shall be transferred into the Global Settlement Fund, which shall be used exclusively for the purpose of making the payments provided for in this section 12.7. In addition to, and irrespective of, the amounts, if any, to be distributed to each Class 3 Creditor pursuant to section 5.3 of the Plan, on the Effective Date, each US-Cayman Investor who either (i) votes to accept the Plan or (ii) executes a ballot that consents to the acceptance of the Plan by the US Fund or any of the Cayman Funds in which such US-Cayman Investor holds an Interest (collectively, "Accepting US-Cayman Investors"), shall receive a payment from the Global Settlement Fund that is calculated based on the ratio that each such US-Cayman Investor's Percentage Share bears to the aggregate of the Percentage Shares of all Accepting US-Cayman Investors. In consideration thereof, each Accepting US-Cayman Investor who receives a distribution from the Global Settlement Fund, solely in its capacity as such, shall be deemed to have unconditionally, irrevocably and forever, released and discharged each of the Released Parties from any and all Claims, Interests, Causes of Action, remedies and liabilities whatsoever, whether for tort, fraud, contract, violations of federal or state securities laws, or otherwise, including any derivative Claims, asserted on behalf of a Debtor, whether known or unknown, foreseen or unforeseen, existing or hereafter arising, in law, equity, or otherwise, that such entity would have been legally entitled to assert (whether individually or collectively), based on or in any way relating to, or in any manner arising from, in whole or in part, the Debtors, the Debtors' restructuring, the

Chapter 11 Cases, the purchase, sale, or rescission of the purchase or sale of any security, the subject matter of, or the transactions or events giving rise to, any Claim or Interest that is treated in the Plan, the business or contractual arrangements between any Debtor and any Released Party, the restructuring of Claims and Interests prior to or in the Chapter 11 Cases, the negotiation, formulation, or preparation of the Plan, the related Disclosure Statement or related agreements, instruments, or other documents, upon any other act or omission, transaction, agreement, event, or other occurrence taking place at any time on or before the Effective Date of the Plan. A vote to accept this Plan, or the acceptance of any payment or distribution made from the Global Settlement Fund, by any Investor or Creditor shall constitute, and be conclusively presumed to be, consent and acquiescence to the absolute, unconditional and irrevocable release and discharge of each of the Released Parties from any and all Claims, Interests, Causes of Action, remedies and liabilities, as set forth hereinabove. Notwithstanding anything to the contrary in the foregoing, the release set forth above does not release any post-Effective Date obligations of any party under the Plan or any document, instrument, or agreement executed to implement the Plan. In the event that any vote on the Plan by a Creditor holding an Allowed Claim in Class 3 is designated pursuant to section 1126(e) of the Bankruptcy Code or is otherwise not counted for purposes of determining whether Class 3 has accepted the Plan and such Creditor has timely returned a ballot indicating its acceptance of the Plan, then any such Creditor Holding an Allowed Claim in Class 3 shall nonetheless be entitled to receive its share of the Global Settlement Payment and shall be deemed to have consented to the release and discharge of the Released Parties set forth herein.

ARTICLE 13.

RETENTION OF JURISDICTION

Notwithstanding the entry of the Confirmation Order and the occurrence of the Effective Date, the Bankruptcy Court shall retain jurisdiction over the Chapter 11 Cases after the Effective Date to the fullest extent legally permissible, including jurisdiction to, among other things:

(a) Allow, disallow, determine, liquidate, classify, estimate or establish the priority or secured or unsecured status of any Claim or Interest, including the resolution of any request for payment of any Administrative Claim and the resolution of any and all objections to the allowance or priority of all Claims and Interests;

(b) Hear and determine any and all causes of action against any Person and rights of the Debtors that arose before or after the Petition Date, including but not limited any Avoidance Action that is commenced on or prior to the Effective Date;

(c) Grant or deny any applications for allowance of compensation for professionals authorized pursuant to the Bankruptcy Code or the Plan, for periods ending on or before the Effective Date;

(d) Resolve any matters relating to the assumption, assumption and assignment or rejection of any executory contract or unexpired lease to which any Debtor is a party or with respect to which any of the Debtors may be liable, including without limitation the determination of whether such contract is executory or such lease is unexpired for the purposes of section 365 of the Bankruptcy Code, and hear, determine and, if necessary, liquidate any Claims arising therefrom;

(e) Enter any orders that may be required approving the Post-Confirmation Debtors' post-Confirmation sale or other disposition of Assets;

(f) Ensure that distributions to holders of Allowed Claims are accomplished pursuant to the provisions of the Plan;

(g) Decide or resolve any motions, adversary proceedings, contested or litigated matters and any other matters and grant or deny any applications involving any Debtor that may be pending in the Chapter 11 Cases on the Effective Date;

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

(i) Enter such orders as may be necessary or appropriate to implement or consummate the provisions of the Asset Management Agreement, the DIP Credit Agreement, the Plan, the DIP Facility Orders, the Asset Purchase Agreement and the Confirmation Order;

(j) Hear and determine any matters concerning the enforcement of the provisions of Article 11 and 12 of this Plan and any other exculpations, limitations of liability or injunctions contemplated by this Plan;

(k) Resolve any cases, controversies, suits or disputes that may arise in connection with the Consummation, interpretation or enforcement of the Asset Management Agreement, the DIP Credit Agreement, the Plan, the DIP Facility Orders or the Confirmation Order;

(l) Permit the Debtors, to the extent authorized pursuant to section 1127 of the Bankruptcy Code, to modify the Plan or any agreement or document created in connection with the Plan, or remedy any defect or omission or reconcile any inconsistency in the Plan or any agreement or document created in connection with the Plan;

(m) Issue injunctions, enter and implement other orders or take such other actions as may be necessary or appropriate to restrain interference by any entity with Consummation, implementation or enforcement of the Asset Management Agreement, the DIP Credit Agreement, the Plan, the DIP Facility Order, the Asset Purchase Agreement or the Confirmation Order;

(n) Enforce any injunctions entered in connection with or relating to the Plan or the Confirmation Order;

(o) Enter and enforce such orders as are necessary or appropriate if the Confirmation Order is for any reason modified, stayed, reversed, revoked or vacated, or distributions pursuant to the Plan are enjoined or stayed;

(p) Determine any other matters that may arise in connection with or relating to the Plan or any agreement or the Confirmation Order;

(q) Enter any orders in aid of prior orders of the Bankruptcy Court; and

(r) Enter a final decree closing the Chapter 11 Cases.

ARTICLE 14.

ACCEPTANCE OR REJECTION OF THE PLAN

14.1 Persons Entitled to Vote. Class 4(a), Class 4(d), Class 5(a) and Class 5 (d) are not Impaired and pursuant to section 1126(f) of the Bankruptcy Code are deemed to have accepted the Plan and these Classes will not be solicited. Holders of Claims or Interests in Class 4(b), Class 5(b) and Class 5(c) will not receive or retain any property under the Plan on account of such Claims or Interests and are deemed to have rejected the Plan pursuant to section 1126(g) of the Bankruptcy Code and these Classes will not be solicited. Only Holders of Claims or

Interests in Class 1, Class 2, Class 3 and Class 4(c) will be entitled to vote to accept or reject the Plan.

14.2 Acceptance by Impaired Classes. An Impaired Class of Claims shall have accepted the Plan if (i) the holders (other than any holder designated under section 1126(e) of the Bankruptcy Code) of at least two-thirds in amount of the Allowed Claims actually voting in such Class have voted to accept the Plan and (ii) the holders (other than any holder designated under section 1126(e) of the Bankruptcy Code) of at least one-half in number of the Allowed Claims actually voting in such Class have voted to accept the Plan.

14.3 Voting and Acceptance by US Fund. The US Fund Claim is an Allowed Claim in Class 3. The US Fund will vote that entire Claim in accordance with the indications received from the holders of a majority of the Interests in the US Fund. US-Cayman Investors holding Interests in the US Fund will be provided with the US Fund Investor Ballot, which solicits their indication to the manager of the US Fund of a preference for acceptance or rejection of the Plan. The US Fund will vote its Claim under the US Fund Notes in the manner indicated by those US-Cayman Investors who hold a majority of the value of the Interests in the US Fund and who timely return ballots. For purposes of sections 5.3 and 12.7 of the Plan, any ballots returned by the US-Cayman Investors holding Interests in the US Fund indicating the US Fund to vote its Claim under the US Fund Notes in favor of the Plan will be deemed to be a US-Cayman Investor who has voted to accept the Plan and shall be entitled to receive a *pro rata* share of the amounts in the Global Settlement Fund to be calculated and distributed in the manner provided in section 12.7 of the Plan.

ARTICLE 15.

MISCELLANEOUS PROVISIONS

15.1 Modification of the Plan. Subject to the restrictions on Plan modifications set forth in section 1127 of the Bankruptcy Code and subject to the consent of the Receivers, the DIP Lenders and Purchaser, in its capacity as purchaser under the Asset Purchase Agreement, the Debtors reserve the right to alter, amend, abandon, revoke or withdraw the Plan prior to the Confirmation Date and to file subsequent plans of reorganization. If the Debtors withdraw the Plan, or if Confirmation or Consummation does not occur, then: (1) the Plan shall be null and void in all respects; (2) any settlement or compromise embodied in the Plan (including the fixing or limiting to an amount certain of any Claim or Interest or Class of Claims or Interests), assumption or rejection of executory contracts or unexpired leases effected under the Plan and any document or agreement executed pursuant to the Plan, shall be deemed null and void; and (3) nothing contained in the Plan shall: (a) constitute a waiver or release of any Claims or Interests; (b) prejudice in any manner the rights of such Debtor or any other Entity; or (c) constitute an admission.

15.2 No Admissions. If Confirmation or the Effective Date does not occur, nothing contained in the Plan or Disclosure Statement shall be deemed as an admission by the Debtors with respect to any matter set forth herein or therein including, without limitation, liability on any Claim or the propriety of any Claims classification.

15.3 Severability of Plan Provisions. If prior to Confirmation any term or provision of the Plan that does not govern the treatment of Claims or Interests is held by the Bankruptcy Court to be invalid, void or unenforceable, at the request of the Debtors and subject to the consent of the DIP Lenders, the Bankruptcy Court shall have the power to alter and

interpret such term or provision to make it valid or enforceable to the maximum extent practicable, consistent with the original purpose of the term or provision held to be invalid, void or unenforceable and such term or provision shall then be applicable as altered or interpreted. Notwithstanding any such holding, alteration or interpretation, the remainder of the terms and provisions of the Plan shall remain in full force and effect and shall in no way be affected, Impaired or invalidated by such holding, alteration or interpretation. The Confirmation Order shall constitute a judicial determination and shall provide that each term and provision of the Plan, as it may have been altered or interpreted in accordance with the foregoing, is valid and enforceable pursuant to its terms.

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

15.5 Exemption from Certain Transfer Taxes. Pursuant to section 1146(a) of Bankruptcy Code, the issuance, transfer or exchange of any security or the making or delivery of any instrument of transfer under this Plan may not be taxed under any law imposing a stamp tax or similar tax. The Insurance Portfolio Sale and any sale of any Asset occurring after or upon the Effective Date shall be deemed to be in furtherance of this Plan.

15.6 Preservation of Rights of Setoffs. The Debtors, may, but shall not be required to, set off against any Claim and the payments or other distributions to be made pursuant to this Plan in respect of such Claim, claims of any nature whatsoever that the Debtors may have against the holder of such Claims; but neither the failure to do so nor the allowance of any Claim hereunder shall constitute a waiver or release by the Debtors of any such claim that the Debtors may have against such holder; provided, however, that the Debtors shall not set off

any obligations or claims arising under the DIP Credit Agreement, the Pre-Petition Secured Note or the Asset Purchase Agreement against any obligations or claims relating to US-Cayman Investors that are controlled or managed by MIO.

15.7 Defenses with Respect to Unimpaired Claims. Except as otherwise provided in this Plan, nothing shall affect the rights and legal and equitable defenses of the Debtors with respect to any Unimpaired Claim, including all rights in respect of legal and equitable defenses to setoffs or recoupments against Unimpaired Claims.

15.8 No Injunctive Relief. Except as otherwise provided in the Plan or Confirmation Order, no Claim or Interest shall under any circumstances be entitled to specific performance or other injunctive, equitable, or other prospective relief.

15.9 Saturday, Sunday or Legal Holiday. If any payment or act under the Plan is required to be made or performed on a date that is not a Business Day, then the making of such payment or the performance of such act may be completed on the next succeeding Business Day, but shall be deemed to have been completed as of the required date.

15.10 Entire Agreement. This Plan and the Plan Supplement, together with the related agreements, exhibits and schedules, set forth the entire agreement and undertaking relating to the subject matter hereof and supersede all prior discussions and documents. The Debtors' Estates shall not be bound by any terms, conditions, definitions, warranties, understandings, or representations with respect to the subject matter hereof, other than as expressly provided for herein and in the related agreements, exhibits and schedules.

15.11 Notices. Any notice required or permitted to be provided under this Plan shall be in writing and served by either (a) certified mail, return receipt requested, postage

prepaid, (b) hand delivery, or (c) reputable overnight delivery service, freight prepaid, to be addressed as follows:

Counsel for the Debtors:

REED SMITH LLP
599 LEXINGTON AVENUE
22ND FLOOR
NEW YORK, NY 10022
ATTENTION: MICHAEL J. VENDITTO
Telephone: (212) 521 5400
Facsimile: (212) 521 5450

REED SMITH LLP
1201 MARKET STREET
SUITE 1500
WILMINGTON, DE 19801
ATTENTION: KURT F. GWYNN
Telephone: (302) 778 7512
Facsimile: (302) 778 7575

Counsel for the Joint NSSC Receivers:

DEWEY & LEBOEUF LLP
1301 Avenue of the Americas
NEW YORK, NY 10019
ATTENTION: TIMOTHY Q. KARCHER
Telephone: 212-259-6050
Facsimile: 212-259-6333

Counsel for the Debtors' post-petition lenders:

HOGAN LOVELLS US LLP
875 THIRD AVENUE
NEW YORK, NY 10022
ATTENTION: ROBIN E. KELLER
Telephone: 212-909-0640
Facsimile: 212-918-3100

Counsel for NSI Receiver:

GOODWIN PROCTER LLP
THE NEW YORK TIMES BUILDING
620 8TH AVENUE
NEW YORK, NEW YORK 10018
ATTENTION: EMANUEL C. GRILLO
Telephone: 212-813-8800
Facsimile: 212-355-3333

15.12 Closing of Chapter 11 Cases. The Post-Confirmation Debtors shall, promptly after the full administration of the Chapter 11 Cases, File with the Bankruptcy Court all documents required by Bankruptcy Rule 3022 and any applicable order of the Bankruptcy Court to close the Chapter 11 Cases.

15.13 Waiver or Estoppel. Each Holder of a Claim or an Interest shall be deemed to have waived any right to assert any argument, including the right to argue that its Claim or Interest should be Allowed in a certain amount, in a certain priority, secured or not subordinated by virtue of an agreement made with the Debtors or any other Entity, if such agreement was not disclosed in the Plan, the Disclosure Statement, or papers filed with the Bankruptcy Court prior to the Confirmation Date.

15.14 Conflicts. Except as set forth in the Plan, to the extent that any provision of the Disclosure Statement, or any orders (other than the Confirmation Order) referenced in the Plan (or any exhibits, schedules, appendices, supplements, or amendments to any of the foregoing), conflict with or are in any way inconsistent with any provision of the Plan, the Plan shall govern and control. To the extent that any provision of this Plan conflicts with, or is any manner inconsistent with, the provisions of the Confirmation Order, the Confirmation Order shall govern and control.

Dated: January 24, 2011

Respectfully submitted,

NEW STREAM SECURED CAPITAL, INC.

By: _____
Name: Perry Gillies
Title: President

NEW STREAM INSURANCE, LLC

By: New Stream Capital, LLC, its Special Member

By: _____
Name: Donald Porter
Title: Managing Partner

NEW STREAM CAPITAL, LLC

By: _____
Name: Donald Porter
Title: Managing Partner

NEW STREAM SECURED CAPITAL, L.P.

By: New Stream Capital, LLC, its General Partner

By: _____
Name: Donald Porter
Title: Managing Partner

EXHIBITS OMITTED FROM THIS COPY

EXHIBIT B

IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE

In re: NEW STREAM SECURED CAPITAL, INC., a Delaware corporation, Debtor.	Chapter 11
In re: NEW STREAM INSURANCE, LLC, a Delaware limited liability company, Debtor.	Chapter 11
In re: NEW STREAM CAPITAL LLC, a Delaware limited liability company, Debtor.	Chapter 11
In re: NEW STREAM SECURED CAPITAL L.P., a Delaware limited partnership, Debtor.	Chapter 11

DISCLOSURE STATEMENT IN CONNECTION WITH THE PREPETITION SOLICITATION OF VOTES IN RESPECT OF THE JOINT PLAN OF REORGANIZATION UNDER CHAPTER 11 OF THE BANKRUPTCY CODE

NO CASES UNDER CHAPTER 11 OF THE BANKRUPTCY CODE HAVE YET BEEN COMMENCED. THIS DISCLOSURE STATEMENT HAS NOT BEEN APPROVED BY ANY U.S. BANKRUPTCY COURT AS CONTAINING ADEQUATE INFORMATION WITHIN THE MEANING OF SECTION 1125(a) OF THE BANKRUPTCY CODE.

REED SMITH LLP
599 LEXINGTON AVENUE
22ND FLOOR
NEW YORK, NY 10022
Telephone: (212) 521 5400
Facsimile: (212) 521 5450

REED SMITH LLP
1201 MARKET STREET
SUITE 1500
WILMINGTON, DE 19801
Telephone: (302) 778 7512
Facsimile: (302) 778 7575

Proposed Counsel for the Debtors

THIS DISCLOSURE STATEMENT FOR THE PREPETITION SOLICITATION OF VOTES IN RESPECT OF THE JOINT PLAN OF REORGANIZATION OF NEW STREAM SECURED CAPITAL, INC. AND ITS AFFILIATED DEBTORS UNDER CHAPTER 11 OF THE UNITED STATES BANKRUPTCY CODE, THE ACCOMPANYING BALLOTS AND RELATED MATERIALS DELIVERED HEREWITH, ARE BEING PROVIDED BY THE DEBTORS TO KNOWN HOLDERS OF CLAIMS AND EQUITY INTERESTS PURSUANT TO SECTIONS 1125(g) AND 1126 OF THE BANKRUPTCY CODE IN CONNECTION WITH THE DEBTORS' SOLICITATION OF VOTES TO ACCEPT THE PLAN.

ALL CREDITORS ENTITLED TO VOTE THEREON ARE URGED TO VOTE IN FAVOR OF THE PLAN, WHICH IS ANNEXED TO THIS DISCLOSURE STATEMENT AS EXHIBIT 1.

A SUMMARY OF THE VOTING INSTRUCTIONS IS SET FORTH IN ARTICLE II OF THIS DISCLOSURE STATEMENT. ADDITIONAL INSTRUCTIONS ARE CONTAINED ON THE BALLOTS DISTRIBUTED TO CREDITORS ENTITLED TO VOTE ON THE PLAN (THE "BALLOTS").

TO BE COUNTED, YOUR BALLOT MUST BE DULY COMPLETED, EXECUTED AND RECEIVED BY 5:00 P.M., PREVAILING PACIFIC STANDARD TIME, ON FEBRUARY 22, 2011 (THE "VOTING DEADLINE"), UNLESS EXTENDED IN WRITING BY THE DEBTORS.

IN THE EVENT THE DEBTORS DETERMINE TO COMMENCE CHAPTER 11 CASES, THE PLAN CAN BE CONFIRMED BY THE BANKRUPTCY COURT AND THEREBY MADE BINDING UPON YOU IF IT IS ACCEPTED BY THE HOLDERS OF TWO-THIRDS IN AMOUNT AND MORE THAN ONE-HALF IN NUMBER OF CLAIMS IN EACH CLASS OF CLAIMS THAT IS ENTITLED TO VOTE THAT VOTES ON THE PLAN, OR IF THE PLAN OTHERWISE SATISFIES THE REQUIREMENTS OF SECTION 1129 OF THE BANKRUPTCY CODE.

THE DEBTORS HAVE NOT AT THIS TIME TAKEN ANY ACTION TO COMMENCE CASES FOR THE DEBTORS UNDER CHAPTER 11 OF THE BANKRUPTCY CODE. IF YOU VOTE IN FAVOR OF THE PLAN, YOUR VOTE ON THE PLAN CAN BE USED BY THE DEBTORS IN CONNECTION WITH A FUTURE BANKRUPTCY FILING.

ANY STATEMENTS IN THIS DISCLOSURE STATEMENT CONCERNING THE PROVISIONS OF ANY DOCUMENT ARE NOT NECESSARILY COMPLETE, AND IN EACH INSTANCE REFERENCE IS MADE TO SUCH DOCUMENT FOR THE FULL TEXT THEREOF.

THE EFFECTIVENESS OF THE PROPOSED PLAN IS SUBJECT TO MATERIAL CONDITIONS PRECEDENT, SOME OF WHICH MAY NOT BE SATISFIED, OR WAIVED BY THE RELEVANT PARTIES. SEE ARTICLE XIV.B.

NO PERSON IS AUTHORIZED BY ANY OF THE DEBTORS IN CONNECTION WITH THE PLAN OR THE SOLICITATION OF ACCEPTANCES OF THE PLAN TO GIVE ANY INFORMATION OR TO MAKE ANY REPRESENTATION

THIS DISCLOSURE STATEMENT AND THE RELATED DOCUMENTS SUBMITTED HEREWITH ARE THE ONLY DOCUMENTS TO BE USED IN CONNECTION WITH THE SOLICITATION OF VOTES ON THE PLAN. THE DEBTORS HAVE NOT AUTHORIZED ANY REPRESENTATIONS CONCERNING THE DEBTORS OR THE VALUE OF THEIR PROPERTY OTHER THAN THOSE SET FORTH IN THIS DISCLOSURE STATEMENT. HOLDERS OF CLAIMS SHOULD NOT RELY ON ANY INFORMATION, REPRESENTATIONS OR INDUCEMENTS MADE TO OBTAIN YOUR ACCEPTANCE OF THE PLAN THAT ARE OTHER THAN, OR INCONSISTENT WITH, THE INFORMATION CONTAINED HEREIN AND IN THE PLAN.

THERE HAS BEEN NO INDEPENDENT AUDIT OF THE INFORMATION CONTAINED IN THIS DISCLOSURE STATEMENT EXCEPT AS MAY BE EXPRESSLY INDICATED HEREIN. THIS DISCLOSURE STATEMENT WAS COMPILED FROM INFORMATION OBTAINED BY THE DEBTORS FROM NUMEROUS SOURCES AND IS BELIEVED TO BE ACCURATE TO THE BEST OF THE DEBTORS' KNOWLEDGE, INFORMATION AND BELIEF. HOLDERS OF CLAIMS MUST RELY ON THEIR OWN EXAMINATION OF THE TERMS OF THE PLAN, INCLUDING THE MERITS AND RISKS INVOLVED. BEFORE SUBMITTING BALLOTS, HOLDERS OF CLAIMS ENTITLED TO VOTE ON THE PLAN SHOULD CAREFULLY REVIEW THE PLAN, THIS DISCLOSURE STATEMENT AND THE EXHIBITS TO BOTH DOCUMENTS IN THEIR ENTIRETY.

FOR THE CONVENIENCE OF HOLDERS OF CLAIMS AND EQUITY INTERESTS, THIS DISCLOSURE STATEMENT SUMMARIZES THE TERMS OF THE PLAN BUT DOES NOT CONTAIN ALL OF ITS TERMS AND PROVISIONS. ALL PARTIES WHO ARE ENTITLED TO VOTE ON THE PLAN ARE STRONGLY ADVISED TO REVIEW THE PLAN IN ITS ENTIRETY BEFORE VOTING ON THE PLAN. TO THE EXTENT OF ANY INCONSISTENCY BETWEEN THE PLAN OR ANY PLAN DOCUMENT AND THIS DISCLOSURE STATEMENT, THE TERMS OF THE PLAN OR THE PLAN DOCUMENT ARE CONTROLLING.

THIS DISCLOSURE STATEMENT MAY NOT BE RELIED ON FOR ANY PURPOSE OTHER THAN TO DETERMINE (IN CONJUNCTION WITH A REVIEW OF THE PLAN) WHETHER TO VOTE TO ACCEPT OR REJECT THE PLAN. NOTHING STATED HEREIN SHALL BE DEEMED OR CONSTRUED AS AN ADMISSION OF ANY FACT OR LIABILITY BY ANY PARTY, OR BE ADMISSIBLE IN ANY PROCEEDING INVOLVING THE DEBTORS OR ANY OTHER PARTY, OR BE DEEMED CONCLUSIVE EVIDENCE OF THE TAX OR OTHER LEGAL EFFECTS OF THE PLAN ON THE DEBTORS OR HOLDERS OF CLAIMS OR EQUITY INTERESTS. HOLDERS OF CLAIMS AND EQUITY INTERESTS SHOULD NOT CONSTRUE THE CONTENTS OF THIS DISCLOSURE STATEMENT AS PROVIDING ANY LEGAL, BUSINESS, FINANCIAL OR TAX ADVICE. THEREFORE, EACH SUCH HOLDER SHOULD CONSULT WITH ITS OWN LEGAL, BUSINESS, FINANCIAL AND TAX ADVISORS AS TO ANY SUCH MATTERS CONCERNING THE SOLICITATION, THE PLAN AND THE TRANSACTIONS CONTEMPLATED THEREBY. THE STATEMENTS CONTAINED HEREIN ARE MADE AS OF THE DATE HEREOF, UNLESS ANOTHER TIME IS SPECIFIED. CERTAIN STATEMENTS CONTAINED IN THIS DISCLOSURE STATEMENT, BY THEIR NATURE, ARE FORWARD-LOOKING AND CONTAIN ESTIMATES AND ASSUMPTIONS. THERE CAN BE NO ASSURANCE THAT SUCH STATEMENTS WILL REFLECT ACTUAL OUTCOMES. THE DELIVERY OF THIS DISCLOSURE STATEMENT SHALL NOT BE DEEMED OR CONSTRUED TO CREATE ANY IMPLICATION THAT THE INFORMATION CONTAINED IN THIS DISCLOSURE STATEMENT IS CORRECT AT ANY TIME AFTER THE DATE HEREOF.

TABLE OF CONTENTS

Page

TABLE OF SCHEDULES AND EXHIBITS

I. INTRODUCTION

New Stream Secured Capital, Inc. ("NSCI"), New Stream Insurance, LLC ("NSI"), New Stream Capital LLC ("NSC"), and New Stream Secured Capital L.P. ("NSSC" or the "Master Fund", and, collectively with NSCI, NSI, and NSC, the "Debtors")[1] intend to file voluntary petitions for relief under Chapter 11 of title 11 of the United States Code (the "Bankruptcy Code") in the United States Bankruptcy Court for the District of Delaware (the "Bankruptcy Court"). The purpose of the filing is to finalize the Debtors' reorganization by, among other things, (i) facilitating the Insurance Portfolio Sale and liquidation of the Bermuda feeder fund, (ii) implementing a restructuring of the remaining two feeder funds that will enable them to maximize the value of remaining assets and (iii) implementing a global settlement that will resolve the Claims of Creditors, allocate assets in the Debtors' investment portfolio and provide mechanisms for liquidating those assets and returning value to Creditors.

If the Plan is not confirmed, the Debtors believe they may be forced to liquidate under Chapter 7 of the Bankruptcy Code. In such event, the Debtors believe that Investors and other Creditors would realize a less favorable distribution of value, or, in certain cases, none at all, for their Claims. See Article XVIII.B, *infra*, and the values set forth in the Liquidation Analysis attached hereto as Exhibit 7.

The Debtors are the proponents of the Plan within the meaning of Section 1129 of the Bankruptcy Code.

[1] Capitalized terms used but not defined herein shall have the meanings ascribed to such terms in the Plan or in the Bankruptcy Code.

All capitalized terms not defined in this Introduction have the meanings ascribed to them in Article 1 of the Plan, a copy of which is annexed to this Disclosure Statement. For ease of reference, a glossary of defined terms is also annexed to this Disclosure Statement as Schedule 1.

Chapter 11 of the Bankruptcy Code allows debtors to sponsor a plan of reorganization that proposes how to dispose of a debtor's assets and treat claims against, and interests in, such debtor. The confirmation of a plan, which is the vehicle for satisfying the rights of holders of claims against and interests in a debtor, is the overriding purpose of a Chapter 11 case. Upon confirmation of the plan, it becomes binding on the debtor and all of its creditors and stakeholders, and the obligations owed by the debtor to those parties are compromised and exchanged for the obligations specified in the plan.

As of the date hereof, the Debtors ***have not filed*** Chapter 11 cases. If a legally sufficient amount and number of impaired Claims vote in favor of the Plan, the Debtors intend to file Chapter 11 cases and seek confirmation of the Plan. A plan of reorganization may provide for a debtor-in-possession to reorganize by continuing to operate, to liquidate by selling assets of the estate or to implement a combination of both. Here, the Plan proposed by the Debtors is a combination. The Debtor is proposing to sell its life settlement portfolio, either by (i) a pre-packaged consensual Chapter 11 sale under the Plan or (ii) an expedited sale pursuant to Section 363 of the Bankruptcy Code, free and clear of all claims, liens and encumbrances, followed by confirmation of the Plan pursuant to the cram-down requirements of Section 1129(b) of the Bankruptcy Code. The sale proceeds will be transferred to the Bermuda Liquidation Account upon receipt and allocated among various constituencies in accordance with their legal rights and priorities, and pursuant to certain settlements. The remaining assets will be allocated among Creditors Classes and utilized by the reorganized Debtors to maximize the returns for Creditors.

Under Section 1125(g) of the Bankruptcy Code, a vote to accept or reject the Plan may be solicited from Holders of Claims and/or Interests prior to the commencement of a case under Chapter 11 of the Bankruptcy Code if such solicitation complies with applicable non-bankruptcy law. The Debtors urge Holders of Claims entitled to vote on the Plan to read the Plan and the Disclosure Statement in their entirety ***before voting*** to accept or reject the Plan. To the extent, if any, that the Disclosure Statement is inconsistent with the Plan, the Plan will govern.

No solicitation materials other than this Disclosure Statement and any schedules and exhibits attached thereto or referenced therein, or otherwise enclosed in the solicitation package with this Disclosure Statement, have been authorized by the Debtors for use in soliciting acceptances of the Plan.

A. Why You Are Receiving This Document

The Debtors are providing this Disclosure Statement to all Creditors who are being solicited to vote to accept or reject the Plan, and to other Persons only for informational and notice purposes. This Disclosure Statement summarizes the Plan's content and provides information relating to the Plan and the process the Bankruptcy Court will follow in determining whether to confirm the Plan. This Disclosure Statement also describes the negotiation of the Plan, discusses the events leading to the Debtors' filing their Chapter 11 cases, and, finally, summarizes and analyzes the Plan. This Disclosure Statement also describes certain U.S. Federal income tax consequences of the Plan to the Debtors and Holders of Claims and Equity Interests, voting procedures and the confirmation process.

The Bankruptcy Code requires that, in connection with soliciting creditors and interest holders, the party proposing a Chapter 11 plan must provide the creditors and interest holders with "adequate information." When the solicitation occurs after the commencement of a Chapter 11 case, the proponent is required to prepare and file with the bankruptcy court a document

called a "disclosure statement", which the Bankruptcy Code mandates must contain sufficient information to enable parties who are affected by the plan to vote knowingly for or against the plan, or object to the plan, as the case may be. Ordinarily, the plan proponent is permitted to disseminate the plan and disclosure statement and solicit creditors and interest holders only after the bankruptcy court finds that the proposed disclosure statement contains such information.

Here, however, because the Debtors' solicitation is occurring prior to the commencement of a Chapter 11 case, there is no requirement that this Disclosure Statement be reviewed or approved by the Bankruptcy Court ***prior*** to the solicitation. The Debtors are proposing a "pre-packaged Chapter 11", which is a form of consensual Chapter 11 that enables a debtor to solicit acceptances and rejections of a plan ***prior*** to filing a bankruptcy petition. In a pre-packaged Chapter 11, prior to filing a Chapter 11 petition, a debtor negotiates with key creditors and/or interest holders to develop a plan. The debtor then solicits votes on that plan prior to filing a Chapter 11 petition. If the debtor obtains the required acceptances, it then files its Chapter 11 petition simultaneously with the plan and disclosure statement. The bankruptcy court thereafter conducts a hearing to review the adequacy of the disclosure statement and may then confirm the plan.

The Debtors expect that the Plan will be accepted by the requisite number and amount of Holders of Claims in Class 1 (NSI Secured Lenders) and Class 2 (NSSC Bermuda Lenders) because the Receivers have affirmed their intent to vote in favor of the Plan on behalf of their constituencies by signing the Plan Support Agreements. If the requisite number and amount of Holders of Claims in Class 3 (US/Cayman Fund Class) vote to accept the Plan, the Debtors will file the Plan as a pre-packaged consensual plan (the "Consensual Process"), and effectuate the approval of the Insurance Portfolio Sale as part of confirmation of the Plan, within

approximately 60 days or less after the Petition Date, with the closing of the Insurance Portfolio Sale set for the Effective Date. If the requisite number and amount of Holders of US/Cayman Fund Claims do not vote to accept the Plan, the Debtors will seek to confirm the Plan pursuant to the cram-down requirements of Section 1129(b) of the Bankruptcy Code (the "Cramdown Process"). In the event the Debtors seek to confirm the Plan pursuant to the Cramdown Process, the Debtors will move for approval of the Insurance Portfolio Sale under Section 363 of the Bankruptcy Code within three days after the Petition Date, with the closing of the sale set for approximately 40 days or less following the filing of the 363 Sale Motion. In either event, the Debtors will transfer the proceeds from the sale of the Insurance Portfolio Sale to the Bermuda Liquidation Account upon receipt, which proceeds will be used for further distributions to the NSI Secured Lenders and the NSSC Bermuda Lenders.

This Disclosure Statement has been compiled by the Debtors to accompany the Plan. The factual statements, projections, financial information, and other information contained in this Disclosure Statement have been taken from documents prepared by the Debtors. The information provided in this Disclosure Statement represents the Debtors' best information regarding facts and financial information and is true to the best of their knowledge. Nothing contained in this Disclosure Statement shall have any preclusive effect against any party (whether by waiver, admission, estoppel or otherwise) in any cause or proceeding that may currently exist or occur in the future. This Disclosure Statement shall not be construed as or deemed to constitute an acceptance of fact or an admission by any party, including the Receivers, with regard to any of the statements made herein. This Disclosure Statement contains statements which constitute the Debtors' view of certain facts and events. All such disclosures should be read as assertions by the Debtors only and not by any other party.

The statements contained in this Disclosure Statement are made as of the date hereof unless another time is specified herein, and neither delivery of this Disclosure Statement nor any exercise of rights granted in connection with the Plan, should be read to imply that there has been no change in the information set forth herein since the date of this Disclosure Statement.

Certain of the information contained in this Disclosure Statement, by its nature, is forward looking, contains estimates and assumptions which may prove to be inaccurate, and contains projections which may prove to be wrong, or which may be materially different from actual future results. Each Creditor, Interest Holder, and any other party receiving this Disclosure Statement should independently verify the information contained herein and in the Plan and Plan documents, as well as the effect of the Plan, and should consult its individual attorney and accountant as to the effect of the Plan on such individual Creditor or Interest Holder. Your rights may be affected, even if you are not a Holder of a Claim against the Debtors. .

All Creditors should carefully review both this Disclosure Statement and the Plan before voting to accept or reject the Plan. Indeed, Creditors should not rely solely on the Disclosure Statement but should also read the Plan. The Plan provisions will govern if there are any inconsistencies between the Plan and the Disclosure Statement.

THIS DISCLOSURE STATEMENT HAS NOT BEEN APPROVED OR DISAPPROVED BY THE SECURITIES AND EXCHANGE COMMISSION NOR HAS THE SECURITIES AND EXCHANGE COMMISSION PASSED UPON THE ACCURACY OR ADEQUACY OF THE STATEMENTS CONTAINED HEREIN.

THE FOLLOWING IS A VERY BRIEF SUMMARY OF THE PROVISIONS OF THE PROPOSED PLAN. ALL PARTIES ARE ENCOURAGED TO READ THE PLAN IN ITS ENTIRETY BEFORE VOTING TO ACCEPT OR REJECT THE PLAN. IF THE BANKRUPTCY COURT CONFIRMS THE PLAN, THEN THE PLAN WILL BE BINDING ON ALL CLAIM HOLDERS AND EQUITY INTEREST HOLDERS, REGARDLESS OF WHETHER OR HOW SUCH CREDITOR OR EQUITY INTEREST HOLDER VOTED.

B. Plan Overview

1. Purpose

The purpose of the Plan is to provide for the sale of a substantial portion of the Debtors' assets and the distribution of the proceeds of the sale among the Debtors' various Creditors, including, an allocation of the remaining assets among two senior classes of secured Creditors, which are the Segregated Account classes in the Bermuda Fund, and the reorganization of the Debtors' structure and operations to provide for the administration of the remaining assets within a structure that will be wholly owned by the Investors in the US Fund and the Cayman Funds, on a *pro rata* basis. The Debtors believe that the restructuring contemplated by the Plan is in the best interests of all of their Creditors and Investors.

In addition, if the Plan is not accepted by the requisite majorities in number and amount of the Debtors' Creditors entitled to vote on the Plan, and is not confirmed in accordance with the timelines set forth in the Asset Purchase Agreement, the DIP Credit Agreement and the Plan Support Agreements, there is no assurance that (i) the Debtors will be able to consummate a sale of their assets to Purchaser, (ii) any other offer for the Debtors' assets will be available and (iii) the Debtors will be able to continue to finance payments to maintain the value of their life insurance settlement and premium finance loan portfolio.

If the Plan is not confirmed, the Debtors believe that they will be forced either to develop an alternate plan of reorganization or to liquidate under Chapter 7 or Chapter 11 of the Bankruptcy Code. In either event, the Debtors believe that the Debtors' Investors and other Creditors would realize a less favorable distribution of value, or, in certain cases, none at all, for their Claims.

2. Summary of Plan Treatment

The Plan provides for, among other things, the sale of the life insurance settlement and premium finance loan portfolio owned by NSI ("NSI Insurance Portfolio") either pursuant to the Consensual Process or the Cramdown Process. The terms of the Insurance Portfolio Sale will be pursuant to the Asset Purchase Agreement, substantially in the form annexed to the Plan and incorporated therein. If the Debtors file Chapter 11 petitions with the Bankruptcy Court, the DIP Lenders will provide the DIP Facility on the terms and conditions set forth on Exhibit 5 attached hereto. The sole purpose of that financing will be to support and maintain the NSI Insurance Portfolio pending a closing of the Insurance Portfolio Sale to Purchaser.

In the event the Debtors seek to sell the NSI Insurance Portfolio to anyone other than Purchaser, the Pre-Petition Secured Notes and any amounts outstanding under the DIP Facility will be immediately due and owing in full. Hence, a sale to any party other than Purchaser would require a purchase price sufficient to repay all amounts due and owing to the Note Lenders and the DIP Lenders. If the sale to Purchaser is consummated, Purchaser will contribute the outstanding principal balance owed to the Note Lenders and the DIP Lenders to the purchase price of $127.5 million, and forgive repayment of those balances (other than interest and fees accrued under the DIP Facility).

In the event the closing of the Insurance Portfolio Sale occurs prior to Confirmation of the Plan, the proceeds from the Insurance Portfolio Sale will be contributed to the Bermuda Liquidation Account and distributed pursuant to the terms of the Plan as finally confirmed by the Bankruptcy Court.

In negotiating the terms of the Plan, the Receivers have agreed to waive certain rights and/or Claims in order for the Debtors to have additional assets available for distribution to the US/Cayman subordinated creditor class. If the Plan is not confirmed, there can be no assurance

that such concessions would be available to enhance the recoveries of Creditors other than the Segregated Account classes of the Bermuda Fund.

The terms of the reorganization that are embodied in the Plan, were negotiated over a period of several months and thereafter agreed upon by the Debtors and certain of the Debtors' Creditors and equity Holders, including, certain Investors holding Interests in Segregated Account Class C, Segregated Account Class F and Segregated Account Class I, McKenna, certain Investors holding Interests in consenting Segregated Account Classes B, E, H, K, L, N and O of the Bermuda Fund, the Joint NSSC Receivers, certain consenting US-Cayman Investors, the Note Lenders and the Purchaser. That agreement is reflected in the IPSA, and the subsequent Plan Support Agreement (which essentially reflects the amended Timelines), copies of which are annexed as Exhibit 2 and 3 to this Disclosure Statement, and the provisions of which are deemed incorporated herein.[2]

By the Plan Support Agreements, the signatories thereto have agreed to support confirmation of the Plan subject to certain terms and conditions. The Debtors believe that those terms and conditions will be met and therefore, the parties to the Plan Support Agreements will be required to vote in favor of and/or otherwise support and facilitate confirmation of the Plan.

Subject to the foregoing, Claims against and Interests in the consolidated Debtors are classified in the Plan as follows:

Class 1: NSI Secured Lender Claims. Class 1 consists of all Claims, liens, rights and interests, including, without limitation, all accrued but unpaid interest thereon and any Claims

[2] The descriptions of the provisions of each of the Plan Support Agreements set forth in this Disclosure Statement do not purport to be a precise or complete statement of all the terms and provisions of the Plan Support Agreements and reference is made to the text of the Plan Support Agreements for a full and complete description of such terms and provisions.

arising under Section 507(b) of the Bankruptcy Code of any nature held by the Bermuda Fund on behalf of Segregated Account Class C, Segregated Account Class F and Segregated Account Class I. Class 1 is Impaired and, therefore, each Holder of a Class 1 Claim is entitled to vote to accept or reject the Plan. The Debtors believe that the Plan is in compliance with the provisions of the Plan Support Agreements and therefore they expect that Class 1 will vote to accept the Plan.

Class 2: NSSC Bermuda Lender Claims. Class 2 consists of all Claims, liens, rights and interests, including, without limitation, all accrued but unpaid interest thereon and any Claims arising under Section 507(b) of the Bankruptcy Code of any nature held by the NSSC Bermuda Lenders. Class 2 is Impaired and, therefore, each Holder of a Class 2 Claim is entitled to vote to accept or reject the Plan. The Debtors believe that the Plan is in compliance with the provisions of each of the Plan Support Agreements and therefore they expect that Class 2 will vote to accept the Plan.

Class 3: US/Cayman Funds Class Claims. Class 3 consists of all US-Cayman Claims to the extent that they are Secured Claims. Class 3 is Impaired and, therefore, each Holder of a Class 3 Claim is entitled to vote to accept or reject the Plan.

Classes 4 (a) – (d) General Unsecured Claims. General Unsecured Claims against the Debtors are classified as follows:

Class 4(a): General Unsecured Claims against NSI.

Class 4(b): General Unsecured Claims against NSSC.

Class 4(c): General Unsecured Claims against NSC.

Class 4(d): General Unsecured Claims against NSCI.

Class 5 (a) – (d) Interests. Interests in the Debtors are classified as follows:

Class 5(a): Interest in NSI.

Class 5(b): Interests in NSSC.

Class 5(c): Interests in NSC.

Class 5(d): Interests in NSCI.

The Plan's provisions with respect to the treatment of Claims is fully described in Section VIII of this Disclosure Statement.

3. Global Settlement

In addition to distributions to which the Holders of Class 3 Claims will be entitled in exchange for their Claims under the Plan, those Holders of Class 3 Claims who return a ballot accepting the Plan will be entitled to receive Cash payments that will be funded by parties other than the Debtors, as is more fully described below in Article XV.D.6 hereof.

Holders of Class 3 Claims that do not timely return a ballot accepting the Plan will not receive a share of the Cash payments funded by such third parties, although if the Plan is confirmed they will participate in the periodic distributions that will be made to all Holders of Class 3 Claims as certain designated assets are liquidated. Such distributions will be made to Holders of Class 3 Claims without regard to the manner in which they vote on the Plan.

Cash payments that will be made on the Effective Date to Holders of Class 3 Claims voting in favor of the Plan are being offered by the Purchaser and by various Segregated Account Classes of the Bermuda Fund. **These Cash payments are not being offered by the Debtors or paid from the Estates.**

These Cash payments are being offered to induce the Holders of Class 3 Claims to vote in favor of the Plan, support confirmation and agree to Plan provisions that provide releases for various parties. The terms of these Cash payments, the requirements to participate and the releases that are given in connection with these Cash payments are set forth in Section 12.7 of

the Plan. The Cash payments are being made with funds provided solely by the Purchaser and by the Bermuda Fund on behalf of certain Segregated Account Classes, including Segregated Account Class C, Segregated Account Class F and Segregated Account Class I. In the event that any vote on the Plan by a Creditor holding an Allowed Claim in Class 3 is designated pursuant to Section 1126(e) of the Bankruptcy Code or is otherwise not counted for purposes of determining whether Class 3 has accepted the Plan, and such Creditor has timely returned a ballot indicating its acceptance of the Plan, then any such Creditor Holding an Allowed Claim in Class 3 shall nonetheless be entitled to receive its Percentage Share of the Global Settlement Payment.

The Debtors are not offering any inducements to any Creditors in consideration of their votes to accept the Plan other than the treatment that is specifically set forth in the Plan.

Each Holder of a Claim in Class 3 is entitled to vote either to accept or reject the Plan. If the Plan is confirmed, except as described in the Plan, each Holder of a Claim in Class 3 shall receive the same treatment and distribution under the Plan as all other Holders of a Claim in Class 3, regardless of how such Holder may have voted.

4. Executory Contracts and Unexpired Leases

As of the Effective Date, the Debtors will assume or assume and assign, as applicable, only the executory contracts or unexpired leases of the Debtors that are identified in Schedule 2 to the Plan or are subject to the Asset Purchase Agreement. Subject to the consent of the Purchaser for any executory contract that may be subject to the Asset Purchase Agreement, the Debtors reserve the right to amend such Schedule not later than ten (10) days prior to the Confirmation Hearing either to: (a) delete any executory contract or lease listed therein and provide for its rejection pursuant to Section 6.4 of the Plan; or (b) add any executory contract or lease to such Schedule, thus providing for its assumption or assumption and assignment, as applicable.

Except for those executory contracts and unexpired leases that are (a) assumed pursuant to the Plan, (b) the subject of previous orders of the Bankruptcy Court providing for their assumption or rejection pursuant to Bankruptcy Code Section 365, (c) subject to the Asset Purchase Agreement or (d) the subject of a pending motion before the Bankruptcy Court with respect to the assumption or assumption and assignment of such executory contracts and unexpired leases, as of the Effective Date, all executory contracts and unexpired leases of the Debtors shall be rejected pursuant to Section 365 of Bankruptcy Code; *provided*, *however*, that neither the inclusion by the Debtors of a contract or lease on Schedule 2 to the Plan nor anything contained in the Plan shall constitute an admission by any Debtor that such contract or lease is an executory contract or unexpired lease

C. Voting and Confirmation

Each Holder of a Claim in Classes 1, 2, 3 and 4(c) shall be entitled to vote either to accept or reject the Plan.

Pursuant to Section 1126(f) of the Bankruptcy Code, Holders of Claims in Classes 4(a) and 4(d) and the Holders of Interests in Classes 5(a) and 5(d) are conclusively deemed to have accepted the Plan and solicitation of acceptances of the Holders of Claims or Interests in such Classes is not required.

Pursuant to Section 1126(g) of the Bankruptcy Code, Holders of Claims in Class 4(b) and Interests in Classes 5(b) and 5(c) are deemed not to have accepted the Plan and they will not be entitled to vote.

Each Class of Claims that is entitled to vote shall have accepted the Plan if (i) the Holders of at least two-thirds in dollar amount of the Allowed Claims actually voting in each such Class have voted to accept the Plan, and (ii) the Holders of more than one-half in number of the Allowed Claims actually voting in each such Class have voted to accept the Plan.

1. Voting by US-Cayman Investors

For purposes of voting on, and receiving distributions under, the Plan, each US-Cayman Investors will be entitled to cast a ballot in Class 3, whether their Claims are held through the US Fund or the Cayman Funds. For purposes of voting on the Plan, each such Investor will be entitled to execute a Ballot, and as a result, if such Investor accepts the Plan, to receive distributions from the Global Settlement Fund in exchange for granting the third-party releases provided for in the Plan.

Investors in the US Fund will be able to cast a US Fund Investor Ballot that provides direction to the managing member of the US Fund for the manner in which it should vote its single Claim. The US Fund will vote its single Claim in the manner directed by those Investors, who timely return a US Fund Investor Ballot, holding a majority of the Interests in the US Fund; and, any Holder of an Interest in the US Fund who does not object in writing within the period set forth in the US Fund Investor Ballot will be deemed to have consented to the manner in which the US Fund casts its ballot.

The US Fund Investor Ballot also will provide the mechanism by which US Investors can participate in the distributions from the Global Settlement Fund.[3] As described in more detail *infra* (see, pages 125 -126), each US Investor who votes timely to accept the Plan will be entitled to receive a payment from the Global Settlement Fund that is calculated based on the ratio that such Investor's Percentage Share bears to the aggregate of the Percentage Shares of all US-Cayman Investors who vote to accept the Plan. Notwithstanding the foregoing, the

[3] For this purpose, the determination will be made in accordance with §§1.25 and 1.31 of the Limited Liability Company Agreement, made effective as of November 15, 2007, by and among NSC and the US Investors (the "US Operating Agreement"). Moreover, pursuant to §10.9 of the US Operating Agreement, any Investor in the US Fund who does not object in writing is deemed to have consented to the action taken by the Managing Member.

determination as whether Class 3 Creditors have voted to accept or reject the Plan will be made in accordance with Section 1126 of the Bankruptcy Code. For the avoidance of doubt, this will require that (i) Holders of a majority of the Interests in the US Fund (determined pursuant to the provisions of the US Operating Agreement) direct the US Fund on the manner in which to vote its Claim, and (ii) each Investor in the Cayman Funds vote its Claims. Notwithstanding the foregoing, the right to receive a Cash payment from the Global Settlement Fund will be determined by the manner in which each US-Cayman Creditor casts its individual ballot. For purposes of voting on the Plan, the aggregate amount of the Class 3 Claims is $319,346,652.90.

2. Confirmation Hearing Procedures

Assuming the requisite acceptances are obtained, the Debtors intend to file their respective Chapter 11 petitions and seek confirmation of the Plan at a confirmation hearing which will be scheduled by the Bankruptcy Court.

This Disclosure Statement sets forth the deadlines, procedures and instructions for voting to accept or reject the Plan and the applicable standards that will be utilized for tabulating ballots. See Article II, *infra*.

D. Risk Factors and Disclaimer

Prior to deciding whether and how to vote on the Plan, each Holder of a Claim should carefully read this Disclosure Statement, with all attachments and enclosures, in its entirety, and consult with their own advisors, in order to formulate an informed opinion as to the manner in which the Plan affects any Claim(s) they may hold against the Debtors or any other parties and to determine whether to vote to accept the Plan. Holders of Claims should particularly consider the risk factors described in Article XIX below.

Holders of Claims should also read the Plan carefully and in its entirety. The Disclosure Statement contains a summary of the Plan for convenience, but the terms of the Plan supersede and control the summary.

In formulating the Plan, the Debtors relied on financial data derived from their books and records. The Debtors represent that everything stated in this Disclosure Statement is true to the best of their knowledge. The Debtors nonetheless cannot, and do not, confirm the current accuracy of all statements appearing in this Disclosure Statement.

The discussion in this Disclosure Statement regarding the Debtors may contain "forward looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. Such statements consist of any statement other than a recitation of historical fact and can be identified by the use of forward-looking terminology such as "may," "expect," "believe," "anticipate," "estimate" or "continue" or the negative thereof or other variations thereon or comparable terminology. The reader is cautioned that all forward looking statements are necessarily speculative, and there are certain risks and uncertainties that could cause actual events or results to differ materially from those referred to in such forward looking statements. Any forward-looking statements are qualified in their entirety by reference to the factors discussed throughout this Disclosure Statement. The liquidation analyses, distribution projections and other information described herein are estimates only, and the timing and amounts of actual distributions to Creditors may be affected by many factors that cannot be predicted. Therefore, any analyses, estimates or recovery projections may or may not turn out to be accurate.

Nothing contained in this Disclosure Statement is, or shall be deemed to be, an admission or statement against interest by the Debtors for purposes of any pending or future litigation matter or proceeding.

Although the attorneys, accountants, advisors and other professionals employed by the Debtors have assisted in preparing this Disclosure Statement based upon factual information and assumptions respecting financial, business and accounting data found in the books and records of the Debtors, they have not independently verified such information and make no representations as to the accuracy thereof. The attorneys, accountants, advisors and other professionals employed by the Debtors shall have no liability for the information in this Disclosure Statement.

The Debtors and their professionals also have made a diligent effort to identify in this Disclosure Statement, and in the Plan, pending litigation claims and projected Causes of Action and objections to Claims. However, no reliance should be placed on the fact that a particular litigation Claim or projected Cause of Action or objection to Claim is, or is not, identified in this Disclosure Statement or the Plan. The Debtors or the Plan Administrator, as applicable, may seek to investigate, file and prosecute litigation Claims and projected Causes of Action and objections to Claims, in the manner contemplated by the provisions of the Plan, after the Confirmation Date or Effective Date of the Plan irrespective of whether this Disclosure Statement or the Plan identifies any such Claims, Causes of Action or objections to Claims.

While these factors could affect distributions available to Holders of Allowed Claims or Allowed Interests under the Plan, the occurrence or impact of such factors will not affect the validity of the vote of the Impaired Classes entitled to vote to accept or reject the Plan (the "Voting Classes") or require a re-solicitation of the votes of the Holders of Claim in such Voting Classes.

II. VOTING PROCEDURES AND REQUIREMENTS

A. Classes Entitled to Vote

The following Classes are the Voting Classes, which are the only Classes entitled to vote to accept or reject the Plan:

Class	Claim	Estimated Amount[4]	Status
1	NSI Secured Lenders	$ 81,573,375	Impaired
2	NSSC Bermuda Lenders	$369,066,322	Impaired
3	US/Cayman Fund Class	$319,346,652	Impaired
4(c)	General Unsecured Claims against NSC	unknown	Impaired

If your Claim or Interest is not included in Classes 1, 2, 3 or 4(c), you are not entitled to vote and you will not receive a complete solicitation package ("Solicitation Package") which is comprised of (A) this Disclosure Statement, (B) all exhibits to the Disclosure Statement including the Plan, (C) the Class-specific Ballot, (D) the Class-specific voting instructions for the respective Ballots (the "Ballot Instructions"), and (D) a memorandum from New Stream (the "Solicitation Memorandum"). If your Claim is in Classes 1, 2, 3 or 4(c), you should receive a complete Solicitation Package, and you should read the documents provided and follow the instructions listed on the Ballot and Ballot Instructions carefully. Please use only the Ballot that accompanies this Disclosure Statement as each Voting Class has a distinct Ballot.

NOTWITHSTANDING THE FOREGOING, IF YOU ARE AN INVESTOR IN THE BERMUDA FUND, YOU ARE NOT ENTITLED TO VOTE TO ACCEPT OR REJECT THE PLAN. INVESTORS IN THE BERMUDA FUND WILL RECEIVE A

[4] This is the Debtors' estimate of the aggregate of all Claims that it believes, as of December 31, 2010, will be Allowed in each of the identified Voting Classes. The Debtors intend to Schedule these amounts if they commence Chapter 11 cases. The Face Amount of Filed Claims may be higher, which could reduce the value of any distributions made to Creditors in the Voting Classes if the Claims were Allowed in such higher amounts.

COPY OF THIS DISCLOSURE STATEMENT AND THE PLAN WITHOUT A BALLOT IN ORDER TO PROVIDE YOU WITH DISCLOSURE OF, AMONG OTHER THINGS, THE TERMS OF THE PLAN, THE INSURANCE PORTFOLIO SALE, AND THE PROCESS FOR VOTING THE SEGREGATED ACCOUNT CLASSES BY INDIVIDUALS OR ENTITIES EMPOWERED TO DO SO BY JUDICIAL DECREE, WRITTEN AGREEMENT, OR BOTH. EVEN IF YOU ARE NOT ENTITLED TO VOTE, CONFIRMATION OF THE PLAN MAY AFFECT YOUR RIGHTS. ACCORDINGLY, EVEN IF YOU ARE NOT ENTITLED TO VOTE, THE DEBTORS URGE YOU TO READ THIS DISCLOSURE STATEMENT, THE PLAN, AND THE EXHIBITS TO THE DISCLOSURE STATEMENT AND THE PLAN IN THEIR ENTIRETY. THE RECEIVERS WILL HAVE RECEIVED A CLASS 1 OR CLASS 2 BALLOT, AS APPLICABLE, AND ARE ENTITLED TO VOTE ON BEHALF OF THE SEGREGATED ACCOUNT CLASSES OF THE BERMUDA FUND, AS APPLICABLE.

FURTHER, NOTWITHSTANDING THE FOREGOING, IF YOU ARE AN INVESTOR IN THE US FUND YOU WILL RECEIVE THE US FUND INVESTOR BALLOT AS PART OF THE SOLICITATION PACKAGE. THE US FUND INVESTOR BALLOT ALLOWS INVESTORS IN THE US FUND TO INDICATE TO THE MANAGING MEMBER OF THE US FUND WHETHER TO VOTE FOR OR AGAINST THE PLAN IN THE US FUND'S CAPACITY AS A CREDITOR IN CLASS 3 OF THE PLAN. IN SUCH REGARD, YOU HAVE BEEN GIVEN A COPY OF THE DISCLOSURE STATEMENT TO PROVIDE YOU WITH A PLENARY DISCLOSURE OF, AMONG OTHER THINGS, THE TERMS OF THE PLAN, THE INSURANCE PORTFOLIO SALE, AND THE PROCESS FOR VOTING BY INDIVIDUALS OR

ENTITIES EMPOWERED BY JUDICIAL DECREE, WRITTEN AGREEMENT, OR BOTH, WHICH VOTING PROCESS MAY AFFECT YOUR RIGHTS. ACCORDINGLY, THE DEBTORS URGE YOU TO READ THE DISCLOSURE STATEMENT AND ITS EXHIBITS IN THEIR ENTIRETY.

B. Vote Required for Acceptance by a Class

Under the Bankruptcy Code, acceptance of a plan by a Class of Claims is determined by calculating both the number and the dollar amount of Claims voting to accept, based on the actual total allowed Claims voting in such class. Acceptance by a Class requires an affirmative vote of more than one-half in number and two-thirds in amount of the total allowed Claims voting in such Class.

C. Classes Not Entitled to Vote

Under the Bankruptcy Code, Creditors are not entitled to vote if their contractual rights are Unimpaired by the Plan or if they will receive no distribution of property under the Plan. Based on this Standard, the following Classes of Claims or Interests will not be entitled to vote on the Plan:

Class	Claim or Interest	Status	Voting Rights
4(a)	General Unsecured Claims against NSI	Unimpaired	Presumed to Accept
4(d)	General Unsecured Claims against NSCI	Unimpaired	Presumed to Accept
5(a)	Interests in NSI	Unimpaired	Presumed to Accept
5(d)	Interests in NSCI	Unimpaired	Presumed to Accept
4(b)	General Unsecured Claims against NSSC	Impaired	Deemed to Reject
5(b)	Interests in NSSC	Impaired	Deemed to Reject
5(c)	Interests in NSC	Impaired	Deemed to Reject
	Intercompany Claims	Impaired	Deemed to Reject

D. Solicitation Procedures

1. Solicitation Agent

The Debtors have retained Kurtzman Carson Consultants LLC (the "Solicitation Agent") to, among other things, act as the Solicitation Agent in connection with the solicitation of votes to accept or reject the Plan.

2. Solicitation Package

The following materials shall constitute the complete Solicitation Package provided to parties in interest entitled to vote on the Plan:

(A) a Solicitation Memorandum from the Debtors specific to each Class solicited;[5]

(B) the appropriate Ballot(s) and applicable voting instructions, together with a pre- addressed, postage pre-paid return envelope; and,

(C) this Disclosure Statement (with all exhibits thereto, including the Plan).

3. Distribution of the Solicitation Package

The solicitation period for eligible Creditors to vote to accept or reject the Plan will commence prior to the Petition Date. Through the Solicitation Agent, the Debtors intend to distribute the Solicitation Packages not less than 28 days in advance of the Voting Deadline, as defined below.

The Disclosure Statement will be served in CD-ROM format, together with a paper form of the applicable Ballots and Solicitation Memorandum, *via* first class or overnight mail upon the Holders of Claims that comprise each Voting Class as of December 31, 2010, which is the voting record date (the "Voting Record Date"). The Solicitation Package (except the Ballots) also may

[5] The US Fund Investor Solicitation Package will also include a notice memorandum from the managing member of the US Fund.

be obtained from the Solicitation Agent by: (a) calling (888) 733-1541 or (310) 751-2637 (for international callers) or (b) writing to New Stream Ballot Processing Center, c/o Kurtzman Carson Consultants LLC, 2335 Alaska Avenue, El Segundo, California 90245.

IF A BALLOT IS DAMAGED OR LOST, OR IF YOU HAVE ANY QUESTIONS CONCERNING THE BALLOT, YOU MAY CONTACT THE SOLICITATION AGENT AT (888) 733-1541 OR (310) 751-2637 (FOR INTERNATIONAL CALLERS).

E. Voting Procedures

The Voting Record Date, as defined above, is the date for determining (1) which Holders of Claims are entitled to vote to accept or reject the Plan and therefore receive the Solicitation Package and (2) whether Claims have been properly assigned or transferred to an assignee such that the assignee can vote as the Holder of a Claim. The Voting Record Date and all of the Debtors' solicitation and voting procedures shall apply to all of the Debtors' Creditors and other parties in interest.

Under the Plan, Holders of Claims in the Voting Classes are entitled to vote to accept or reject the Plan. In order for the Holder of a Claim in the Voting Classes to have such Holder's Ballot counted as a vote to accept or reject the Plan, such Holder's Ballot must be properly completed, executed and delivered by either:

(i) electronic mail to newstreaminfo@kccllc.com;

(ii) facsimile to 1.310.776.8357 or

(iii) regular mail, overnight delivery or hand delivery to: [6]

NEW STREAM BALLOT PROCESSING CENTER
C/O KURTZMAN CARSON CONSULTANTS LLC
2335 ALASKA AVENUE
EL SEGUNDO, CA 90245
TOLL FREE: 888.733.1541
TELEPHONE: 310.751.2637 (for international callers)
FACSIMILE: 310.776.8357
EMAIL: NEWSTREAMINFO@KCCLLC.COM

TO BE COUNTED, THE SOLICITATION AGENT MUST RECEIVE – AS THE CASE MAY BE --THE CLASS 1, 2, 3 OR 4(C) BALLOT, OR THE US FUND INVESTOR BALLOT INDICATING ACCEPTANCE OR REJECTION OF THE PLAN **NO LATER THAN 5:00 P.M., PREVAILING PACIFIC TIME, ON FEBRUARY 22, 2011** (THE "VOTING DEADLINE") UNLESS COUNSEL TO THE DEBTORS, EXTENDS OR WAIVES THE PERIOD DURING WHICH VOTES WILL BE ACCEPTED BY THE SOLICITATION AGENT, IN WHICH CASE THE TERM "VOTING DEADLINE" FOR SUCH SOLICITATION SHALL MEAN THE LAST TIME AND DATE TO WHICH SUCH SOLICITATION IS EXTENDED. IF A BALLOT IS RECEIVED AFTER THE VOTING DEADLINE, IT WILL NOT BE COUNTED UNLESS THE DEBTORS DETERMINE OTHERWISE IN THEIR SOLE AND ABSOLUTE DISCRETION.

1. Change of Vote

Whenever a Holder of a Claim in a Voting Class casts more than one Ballot voting the same Claim prior to the Voting Deadline, the last Ballot physically received by the Solicitation Agent prior to the Voting Deadline shall be deemed to reflect the voter's intent and thus shall supersede and replace any prior cast Ballot(s), and **any prior cast Ballot(s), shall not be counted**.

[6] If a Ballot is sent via facsimile or electronic mail, the Debtors request that the voter send the signed original via mail or courier to the Solicitation Agent; the failure to return the signed original prior to the Voting Deadline will not affect the validity or timeliness of the Ballot.

2. Non-voting or Voting Errors

Under the Bankruptcy Code, for purposes of determining whether the requisite acceptances have been received, only Holders of an existing Claim who actually vote will be counted. The failure of a Holder to deliver a duly executed Ballot to the Solicitation Agent by the Voting Deadline will be deemed to constitute an abstention by such Holder with respect to voting on the Plan and such abstentions will not be counted as votes for or against the Plan.

A Holder of a Claim must vote all of its Claims in a particular Class to either accept or reject the Plan in order for such Holder's votes in that particular Class to be counted. For example, a Holder of two Claims in Class 3 must vote both Claims to accept the Plan or both Claims to reject the Plan in order for such Holder's Class 3 Ballots to be counted. Such Holder's Class 3 Ballots, for example, will not be counted if such Holder votes one Claim to accept the Plan and abstains from voting one Claim. However, if such Holder of Class 3 Claims votes both Class 3 Claims to accept the Plan and also votes its only Class 2 Claim to reject the Plan, all three Ballots in this scenario will be counted. If such Holder originally voted its Claims in each Class consistently, but later changed its vote, then that Holder must change its vote with respect to all of its Claims in that particular Class in order for the Holder's votes in that Class to be counted.

ANY EXECUTED BALLOT OR COMBINATION OF BALLOTS REPRESENTING CLAIMS IN THE SAME CLASS HELD BY THE SAME HOLDER THAT DOES NOT IN EACH CASE CONSISTENTLY INDICATE EITHER ACCEPTANCE OR REJECTION OF THE PLAN, OR THAT INDICATES BOTH AN ACCEPTANCE AND REJECTION OF THE PLAN, SHALL NOT BE COUNTED.

3. Fiduciaries and Other Representatives

If a Ballot is signed by a trustee, executor, administrator, guardian, attorney-in-fact, officer of a corporation, receiver, or a person or entity acting in a fiduciary or representative capacity, such person should indicate such capacity when signing, and may be required, upon request, to promptly submit proper evidence satisfactory to the Debtors of authority to so act. Authorized signatories should submit the separate Ballot of each Claim Holder for whom they are voting.

ANY UNSIGNED BALLOT SHALL **NOT** BE COUNTED. ALL BALLOTS MUST BE SIGNED BY THE HOLDER OF AN EXISTING CLAIM OR ANY PERSON WHO ON SUCH DATE OF EXECUTION IS AUTHORIZED TO ACT IN A REPRESENTATIVE CAPACITY; HOWEVER, SUCH SIGNATURE NEED NOT BE AN ORIGINAL SIGNATURE, IF THE BALLOT IS SUBMITTED TO THE SOLICITATION AGENT VIA ELECTRONIC MAIL OR FACSIMILE, PROVIDED THAT AN ORIGINAL SIGNED COPY IS ALSO MAILED TO THE SOLICITATION AGENT.

4. Agreements upon Furnishing Ballots

The delivery of an accepting Ballot pursuant to one of the procedures set forth above will constitute the agreement of the creditor(s) with respect to such Ballot to accept (i) all of the terms of, and conditions to, this solicitation of votes to accept or reject the Plan and (ii) the terms of the Plan including the exculpations and releases set forth in Sections 11.4 and 12.5 therein.

5. Waivers of Defects, Irregularities, *Etc*.

Unless otherwise directed by the Bankruptcy Court, all questions as to the validity, form, eligibility (including time of receipt), acceptance and revocation or withdrawal of Ballots will be determined by the Debtors in their sole discretion, which determination will be final and binding. Effective withdrawals of Ballots must be delivered to the Solicitation Agent prior to the Solicitation Deadline. The Debtors reserve the absolute right to contest the validity of any such withdrawal. The Debtors also reserve the right to reject any and all Ballots not in proper form,

the acceptance of which would, in the opinion of the Debtors or their counsel, be unlawful. The interpretation (including the Ballots and the respective instructions thereto) by the Debtors, unless otherwise directed by the Bankruptcy Court, will be final and binding on all parties. Unless waived, any defects or irregularities in connection with deliveries of Ballots must be cured within such time as the Debtors (or the Bankruptcy Court) determine.

THE DEBTORS, WITHOUT NOTICE, SUBJECT TO CONTRARY ORDER OF THE COURT, MAY WAIVE ANY DEFECT IN ANY BALLOT AT ANY TIME, EITHER BEFORE OR AFTER THE CLOSE OF VOTING.

Neither the Debtors nor any other person will be under any duty to provide notification of defects or irregularities with respect to deliveries of Ballots nor will any of them incur any liabilities for failure to provide such notification. Unless otherwise directed by the Bankruptcy Court, delivery of such Ballots will not be deemed to have been made until such irregularities have been cured or waived. Ballots previously furnished (and as to which any irregularities have not theretofore been cured or waived) will be invalid.

WHERE APPLICABLE, THE DEBTORS, IN THEIR SOLE DISCRETION, MAY REQUEST THAT THE SOLICITATION AGENT ATTEMPT TO CONTACT SUCH VOTERS TO CURE ANY SUCH DEFECTS IN THE BALLOTS. SUCH DETERMINATIONS WILL BE DISCLOSED IN THE VOTING REPORT FILED WITH THE BANKRUPTCY COURT PRIOR TO THE CONFIRMATION HEARING.

ANY BALLOT THAT IS PROPERLY COMPLETED AND TIMELY RECEIVED SHALL NOT BE COUNTED IF SUCH BALLOT WAS SENT IN ERROR TO, OR BY, THE VOTING PARTY, BECAUSE THE VOTING PARTY DID NOT HAVE A CLAIM THAT WAS ENTITLED TO BE VOTED IN THE RELEVANT VOTING CLASS AS OF THE VOTING RECORD DATE.

6. Further Information, Additional Copies

If you have any questions or require further information about the voting procedures for voting your Claims or about the Solicitation Package you received, or if you wish to obtain an

additional copy of the Plan, the Solicitation Memorandum, or any exhibits to such documents, please contact the Solicitation Agent.

IT IS IMPORTANT TO FOLLOW THE SPECIFIC INSTRUCTIONS PROVIDED ON EACH BALLOT, AS APPROPRIATE, WHEN SUBMITTING A VOTE.

III. CONFIRMATION OF THE PLAN

A. Confirmation Hearing for the Plan

The Debtors believe that the solicitation of acceptance or rejection of the Plan as contemplated herein will satisfy the requirements of Sections 1125(g) and 1126(b) of the Bankruptcy Code because the solicitation documents contain adequate information and disclosure in accordance with any applicable non-bankruptcy law and Section 1125(a) of the Bankruptcy Code. In the event the Debtors determine to commence cases under Chapter 11 of the Bankruptcy Code, they intend to seek approval of the Disclosure Statement and the solicitation process at the Confirmation Hearing.

At the Confirmation Hearing, the Bankruptcy Court will confirm the Plan only if all of the applicable requirements of Section 1129 of the Bankruptcy Code for confirmation are met. Among such requirements are that, among other things, the Plan: (1) is accepted by the requisite Holders of Claims and in each Impaired Class under the Plan; (2) provides that each Creditor in the Impaired Classes will receive as much as it would if the Debtors were instead liquidated pursuant to Chapter 7 of the Bankruptcy Code; and (3) is not likely to be followed by the liquidation, or need for further financial reorganization, of the Debtors.

The "cramdown" provisions of Section 1129(b) of the Bankruptcy Code permit confirmation of a Chapter 11 plan of reorganization in certain circumstances even if the plan is not accepted by all impaired classes of Claims and Interests. The Debtors have reserved the right

to request Confirmation pursuant to the cramdown provisions of the Bankruptcy Code if, inter alia, Classes 3 or 4(c) fail to accept the Plan.

If the Debtors commence their respective Chapter 11 Cases and seek confirmation of the Plan, the Bankruptcy Court will schedule the Confirmation Hearing to consider whether to confirm the Plan and to consider objections to Confirmation, if any. Notice of the Confirmation Hearing will be sent to all Creditors in the manner required by the Bankruptcy Rules. The Confirmation Hearing may be continued from time to time, without notice, other than an announcement of a continuance date at such hearing or a continued hearing, or by posting such continuance on the Court's docket.

B. Any Objections to Confirmation of the Plan

Any responses or objections to confirmation of the Plan must be in writing and must be filed with the Clerk of the Bankruptcy Court with a copy to the Court's Chambers, together with a proof of service thereof, and served on counsel for the Debtors and the Office of United States Trustee on or before such deadline as the Bankruptcy Court may fix. Bankruptcy Rule 3020 governs the form of any such objection.

Counsel on whom objections must be served are:

Counsel for the Debtors
REED SMITH LLP
599 Lexington Avenue
New York, NY 10022
Attn: Michael J. Venditto

REED SMITH LLP
1201 Market Street, Suite 1500
Wilmington, DE 19801
Attn: Kurt F. Gwynne
Kimberley E. Lawson

Counsel for the United States Trustee

Office of the United States Trustee
844 N. King Street, Second Floor
Wilmington, DE 19801

Counsel for the Joint NSSC Receivers
DEWEY & LEBOEUF LLP
1301 Avenue Of The Americas
New York, NY 10019
Attention: Timothy Q. Karcher

Counsel for MIO, the Purchaser, the Note Lenders and the DIP Lenders
HOGAN LOVELLS US LLP
875 Third Avenue
New York, NY 10022
Attention: Robin E. Keller

Counsel for McKenna
GOODWIN PROCTER LLP
The New York Times Building
620 8th Avenue
New York, New York 10018
Attention: Emanuel C. Grillo

THE DEBTORS BELIEVE THAT THE PLAN IS IN THE BEST INTERESTS OF ALL OF THEIR CREDITORS AS A WHOLE. THE DEBTORS THEREFORE RECOMMEND THAT ALL HOLDERS OF CLAIMS ENTITLED TO VOTE SUBMIT BALLOTS TO ACCEPT THE PLAN.

IV. EVENTS LEADING TO THE PROPOSED PLAN

A. Introduction

The Debtors are an inter-related group of companies that collectively comprise an investment fund, headquartered in Ridgefield, Connecticut, that is colloquially referred to as "New Stream." Until very recently, New Stream had been focused on investments that provided funding solutions for complex transactions in a wide range of industries.

The primary operating entity for this enterprise is NSSC, a limited partnership. All of the working capital for the investments made by NSSC was provided by Investors, each of whom have invested through one of three feeder funds, which are described below. Two of the feeder funds, one in Bermuda and the other in the Cayman Islands, are vehicles for investments made by nonresident aliens and foreign entities. The other feeder fund is the vehicle through which U.S. residents have made investments. Neither NSSC nor any of the three (3) feeder funds is registered, or is required to be registered, with the U.S. Securities and Exchange Commission or otherwise.

The vast majority of New Stream's Investors are "Fund of Funds", meaning that they are themselves pooled investment vehicles with investors of their own, they invest in other funds,

and an investment with the Debtors is among several investments the Fund of Funds has made. The balance of the investors in the Debtors consists largely of pension funds, private bank/trust accounts and investment/wealth advisors.

Since 2005, NSSC and its subsidiaries (including both debtor and non-debtor entities) have invested in a specialized portfolio that yielded positive returns for investors. These investments included commercial loans, real estate holdings and investments in oil and gas investments. But, one of their largest and most valuable assets is the NSI Insurance Portfolio[7] held by NSI, another of the Debtors.

B. Changes in Financial Markets Prompt Flood of Redemptions

In late September 2008, the first of a series of fund failures (most notably, an allegedly fraudulent ABL fund run by Thomas Petters) had an adverse effect on many of the Investors. A substantial number of redemption requests were made as a result of the Petters fraud and similar events during the last week of September 2008, comprising approximately 40% of the value of the Debtors' "Feeder Funds".[8]

As a result of these redemptions, the Debtors made a decision in October, 2008 to take necessary actions to put all Investors who had not yet requested redemption or whose redemptions had not yet become effective on an equal footing with investors submitting requests in the most recent wave, with respect to any cash to be distributed by the Bermuda, US and Cayman Feeders. This was to avoid a situation in which Investors in such Feeder Funds who had

[7] A "life settlement" is a life insurance policy that the policy holder has sold to a third party. The third party makes premium payments going forward and receives the death benefit upon the death of the insured. These policies are bought and sold in privately negotiated transactions in which the transaction price is based on an estimated life expectancy –expressed in months– of the insured. As discussed *infra*, this life expectancy calculation is based on mortality data that is published by third-party agencies.

[8] For a discussion of the Feeder Funds and their role in the Debtors' organization and capital structure, please see Article V.A.

not sought to redeem, primarily because they had no impairment issues themselves and were satisfied with the Debtors' performance, would find themselves with concentration or other adverse selection issues in a fund that would be shrinking by 60%[9]. In the US Feeder and the Cayman Feeders, actions were taken to reject the latest wave of redemption requests (that is, all redemptions which had not become effective on or before October 1, 2008). This would have kept all such Investors in the US Fund and the Cayman Fund, with the intent to pay them (and investors who had not requested redemption) on a *pro rata* basis from the net proceeds generated from the liquidation of NSSC's assets in the ordinary course.

In contrast, the Bermuda Fund took no action to prevent redemption requests taking effect in the ordinary course because there were hardly any investors who had not requested redemption. However, NSC had verbal discussions with all of the investors in the Bermuda Fund and explained that the Debtors intended to pay out redemptions in the Bermuda Fund which had not become effective on or before September 30, 2008 in the same manner as was adopted for the US Fund and the Cayman Fund.

C. Changes in the Life Settlement Market Exacerbates the Problem

On November 28, 2008, before discussions with the investors had begun in earnest, a second catastrophic event occurred. AVS, the largest rating agency for life settlements, announced that it was revising its methodology for determining life expectancy. In simple terms, AVS extended its views on mortality and extending life expectancies, which reduced the implicit value of a life settlements. Over the following three months, secondary sales of life settlements progressively dried up. Buyers and sellers were unable to translate the changes in mortalities and

[9] Redemptions from September 2008 together with earlier redemptions would cause the fund to shrink by 60% in the aggregate.

life expectancies into current policy values, as so few sales were being transacted. Policies that had clear value, using any reasonable estimate of life expectancy, frequently would receive no bids when brought to market. By late February, 2009, the combination of uncertainty around values and general market illiquidity effectively shut down the life settlement market.

These events impacted the Debtors in two ways. First, as of November 30, 2008, 42% of NSSC assets were in life settlements or life settlement related investments (such as premium finance loans). These assets needed to be marked to reflect the rating agencies' changing views on mortality. The Debtors engaged a respected, independent actuary, Milliman Inc., to revalue the life assets. This complex and time-consuming analysis was completed in late February 2009. As a result, the Debtors took a markdown against the NSI Insurance Portfolio (valued at $194 million in November 2008), resulting in $71 million of unrealized losses for NSSC at December 31, 2008**.** Second, the Debtors' ability to monetize assets in the NSI Insurance Portfolio at reasonable value in the short term was impaired. Sales could only be achieved at distressed, not fair, value. The Debtors needed time for the market to normalize and reasonable trading to resume. Indications from leading participants were that the market would re-emerge over time. The Debtors expected this to take between 12 to 24 months. This estimate is still valid, as limited liquidity is only just beginning to return to the market. Third, regular cash payments to service the premiums of the individual policies in the NSI Insurance Portfolio requires frequent capital expenditures approximating US $5 million per month.

D. Development of the 2009 Restructuring Plan

Faced with the incompatible demands of Investor liquidity, the illiquidity of assets in the Debtors' portfolio, and the cash needed to pay premiums on the NSI Insurance Portfolio, the Debtors were compelled to take decisive action. During April and May of 2009, the Debtors negotiated and restructured their relationships with Investors (hereinafter the "2009

Restructuring"). The purpose of the 2009 Restructuring was to allow the Debtors to prudently liquidate investments over a period of time that would maximize their value. The Debtors solicited the consent of the Investors in the three feeder funds to this restructuring and, it believed that it had obtained their unanimous consent. By May 7, 2009, the Debtors received consents to this restructuring from 100% of Cayman Fund Investors, 90% of US Fund Investors, and 60% of Bermuda Fund investors.

Shortly after the 2009 Restructuring was implemented, two Bermuda Investors who had not consented to the 2009 Restructuring commenced litigation in the Supreme Court of Bermuda. (*see* the discussion of the Bermuda Litigation at Article V.B.2). In June, 2010, one of those Bermuda Investors obtained a declaration that that the terms of the 2009 Restructuring did not apply to two of the Segregated Account Classes invested in by that Investor. And as a result of this ruling, the Debtors were unable to liquidate assets and distribute available funds in the manner anticipated by the 2009 Restructuring. Shortly after the Bermuda Court made its ruling, it appointed a receiver, McKenna, to act on behalf of Segregated Account Class C and Segregated Account Class I, the Bermuda share classes that were affected by the ruling.

The appointment of McKenna created a potential conflict between the interests of the prevailing Bermuda Investors and the Investors in the other Bermuda segregated account classes, which was in addition to the obvious conflict between the Bermuda Investors and the Investors in the US Fund and the Cayman Funds. Accordingly, NSC, in its capacity as the investment manager for the Bermuda Fund, caused the Bermuda Fund to request the Bermuda Court to appoint a receiver to act on behalf of the other Bermuda Investors. In response to that request, on June 18, 2010, the Bermuda Court appointed the Joint Receivers for Segregated Account

Classes B, E, H, K, L, N and O of the Bermuda Fund and appointed McKenna as the Receiver over Class F.

On September 13, 2010, the Bermuda Fund Receivers petitioned the Bermuda Court for the winding up of the Bermuda Fund and by ex parte summons for their appointment as joint provisional liquidators of the Bermuda Fund. They were appointed the joint provisional liquidators that same day. On October 7, 2010, the Bermuda Court ordered that the Bermuda Fund be wound up under the provisions of the Companies Act and confirmed the appointment of the joint provisional liquidators.

In December 2009, an Internet blog reported that United States law enforcement authorities had initiated an investigation of Debtors. Although no regulatory authorities had contacted the Debtors, the Debtors proactively communicated with the U.S. Attorney's Office for the District of Connecticut to offer their assistance in any investigation and voluntarily supplied information and documents. In July 2010, the Debtors were contacted by the U.S. Securities and Exchange Commission ("SEC"), which initially sought copies of the materials provided to the U.S. Attorney's Office. The Debtors, again, voluntarily supplied information and documents. Just recently, in mid-December 2010, in connection with its investigation, the SEC has sought additional materials from the Debtors and the Debtors have been voluntarily complying with that request. The SEC's investigation is ongoing. No proceeding has been initiated by any law enforcement authority. The Debtors intend to fully cooperate with any regulatory or enforcement activity.

E. Negotiations with the Bermuda Fund Receivers

Since the appointments of the Bermuda Fund Receivers, the Debtors have been in negotiations with them, as the court-appointed representatives of the Bermuda Fund Segregated Account Classes, concerning an orderly liquidation of the Debtors. During these discussions,

there was disagreement concerning the use of cash generated from NSSC's portfolio to pay premiums on the NSI Life Settlement Portfolio. Without the use of this cash, NSI was unable to pay premiums and faced the potential loss of value from cancellation of policies for non-payment of premiums.

The Debtors, with encouragement and assent of the Bermuda Receivers, marketed the NSI Insurance Portfolio. That marketing effort culminated in the acceptance of an offer made by the Purchaser, which was the highest and best offer received for the Portfolio, for a cash price of $127.5 million plus a "price-neutral" premium financing in the amount extended under the Pre-Petition Secured Note to fund premium payments until the sale could be closed. (*See,* Article V.C.5 for a more detailed discussion on the sale process and terms of the purchase).

F. The Plan Support Agreements

The Debtors anticipate that consummation of the Insurance Portfolio Sale would serve as the foundation for a reorganization. On November 9, 2010, the Debtors entered into the Initial Plan Support Agreement with, *inter alia*, the Receivers and MIO, which outlines the terms for the Plan. A true and correct copy of the Initial Plan Support Agreement is attached as Exhibit 2.

The Initial Plan Support Agreement contemplated a second Plan Support Agreement that would include copies of the Plan and Disclosure Statement. Accordingly on January 21, 2011, the Debtors entered into the Plan Support Agreement with, *inter alia*, the Receivers and MIO, which attaches copies of the Plan and this Disclosure Statement. The Debtors may continue to seek to have the Plan Support Agreement executed by additional Creditors. A true and correct copy of the Plan Support Agreement is attached as Exhibit 3. In connection with the solicitation the Debtors have requested that the US/Cayman Creditors execute a copy of the Plan Support Agreement. All Creditors have the ability to enter into and be bound by the terms of the Plan Support Agreement at any time.

The Plan, if confirmed, would settle and resolve issues related to the rights of Creditors, the relative priorities and potential claims and causes of action that each them may have against the other. The Plan is intended to achieve a global resolution of all such issues and for that reason the Plan contains broad provisions relating to the distribution of assets, the method of liquidation, the release of claims and the compromise of rights and claims that the Debtors' Creditors may have. If the Plan is confirmed by the Bankruptcy Court, it will be binding on all Creditors, regardless of whether they voted to accept or reject the Plan.

V. The Debtors and Their Business

The businesses of each of the Debtors, and their respective organization and operations, are summarized in this section of this Disclosure Statement. However, a brief overview of the organizational structure, which is based on the "master-feeder fund" structure commonly used by investment managers, will simplify the explanation.

A. The Master Fund and Three Feeder Funds

The master-feeder fund structure is commonly utilized by investment managers to accumulate funds raised from both U.S. and foreign investors and pool them into a single master fund. In this way, the investment manager can achieve a critical mass of investments, realize economies of scale, enhance operating efficiencies and thereby reduce costs.

In this parlance, NSSC is the "master fund." The capital that it invests is obtained from the three feeder funds, one of which is a domestic entity that aggregates investments from U.S. investors. The other two feeder funds are foreign entities that aggregate investments from non-resident investors who are not subject to taxation in the United States.

The US Fund, New Stream Secured Capital (U.S.), LLC, is a Delaware limited liability company and the entity through which U.S. residents have invested in NSSC. Each domestic

investor owns a membership Interest in the US Fund, which indirectly holds an Interest in, and is a secured creditor of, NSSC. The US Fund is not a Debtor in these cases.

As noted, there are two foreign feeder funds, organized primarily for non-U.S. investors, structured to allow nonresident aliens and foreign entities to invest without subjecting their investments to U.S. taxation by taking advantage of the "portfolio interest exemption" under the Internal Revenue Code. To qualify for the portfolio interest exemption, these foreign investments generally are loans and not equity.

1. The Bermuda Fund

One of the two foreign feeders is the Bermuda Fund, which is a segregated accounts company formed in Bermuda pursuant to Bermuda's Segregated Accounts Companies Act of 2000 ("SACA"). Each of the individual share classes of the Bermuda Fund owns notes issued by either NSSC or NSI.

In October 2005, New Stream organized the Bermuda Fund for foreign investors not generally subject to U.S. tax laws. This new fund, now known as New Stream Capital Fund Limited, but then known as PCM Capital Limited, was established as a Bermuda segregated account mutual fund company on October 31, 2005. The Bermuda Fund was formed to offer investment opportunities in NSSC (or NSI) to non-US investors under favorable tax treatment.

Until mid-2008, the directors of the Bermuda Fund were certain of the principals of NSC. However, as part of the amendment to the Bermuda Fund By-Laws which occurred at that time, two independent directors were appointed and they have made decisions for the Bermuda Fund until the appointment of the Bermuda Liquidators. NSC was the manager of the Bermuda Fund until September 8, 2010. Since that time, the Bermuda Fund has been administered by the Bermuda Liquidators.

The investment prospectus for both NSSC and the Bermuda Fund specifically stated that redemptions of Bermuda Investors would be paid subject to the fund manager's ability to liquidate the assets of the Fund. As with NSSC, the Bermuda Fund documents afforded investors only the right to a monthly valuation report and an annual audit, and vested the fund manager and the Bermuda Fund's Directors with the broadest of powers.

The Bermuda Investors made their investments into the Bermuda Fund by purchasing shares in the Segregated Account classes. In turn, each of the Segregated Account classes entered into a loan transaction with either the Master Fund or NSI. Bermuda Loans were set up pursuant to Loan and Security Agreements that had a fixed commitment amount and could be drawn using one or multiple notes. Each of the Loan and Security Agreements is governed by Connecticut law. The Bermuda Fund concluded one Loan and Security Agreement for each Segregated Account. Initially, the Loan and Security Agreements were materially identical for each of the Bermuda Fund's Segregated Account classes. However, each of the Loan and Security Agreements and Loan Notes have been through several rounds of amendments since that time.

For each of the Bermuda Loans to NSSC and NSI, the respective borrowers pledged essentially all of its respective assets as Collateral. Upon expiration of the demand period, or breach of covenant, a default could be declared and various remedies obtained by the lender, including, for certain breaches, foreclosure on the collateral. However, these actions could only be taken pursuant to the terms of the applicable "Collateral Agency Agreements" which the applicable borrower entered into with Wilmington Trust Company, the designated "Collateral Agent" and the respective Segregated Account classes.

Each of the Collateral Agency Agreements (one for NSI and one for NSSC) were a form of inter-creditor agreement and clarified the priority of Claims among the various lenders who had an interest in the same collateral pool of the respective borrowers in the event of foreclosure or liquidation of the collateral or other enforcement of the liens upon the collateral.

The respective Collateral Agency Agreements were implemented in October, 2006 on behalf of all the lenders at that time. The Bermuda Fund was a signatory in respect of each Segregated Account and remedies with respect to the Bermuda Loans were made subject to the terms of the Collateral Agency Agreement. The Collateral Agency Agreements are governed by the law of Delaware.

These documents were prepared solely to deal with the rights of foreclosure and liquidation of collateral following an "Event of Default" under the Loan Notes. To effect a liquidation of the collateral under the Collateral Agency Agreements, each of the lender signatories holding at least 51% of the aggregate debt held by all the lender signatories must have declared a default under the respective loan agreements and given written notice to the Collateral Agent. In 2006, the Segregated Accounts of the Bermuda Fund were the only lenders executing the original Collateral Agency Agreements, therefore, upon any such liquidation of NSSC or NSI (as the case may be), Clause 5(n) stated that proceeds were to be paid first to certain "Senior Lender" bank lines, and then in repayment of the Bermuda loans on a *pari passu* basis.

There has never been any action taken in connection with any Event of Default under the Bermuda Loan Notes.

Neither the Collateral Agency Agreements nor an investor's place in the capital structure has ever had any impact on how redemptions were ordered for payment; all redemptions were

paid in the order in which they were received, in accordance with their effective date. Thus, if a US investor placed a redemption and it became effective prior to the effective date of a Bermuda investor's redemption, the US investor would be paid first, irrespective of the debt/equity split or the capital structure position. As such, this issue of senior or subordinate position was completely irrelevant for most purposes and to most investors, whose primary interest was in safely deploying their capital into a fund that was steadily realizing good returns.

2. The Cayman Feeder

The other foreign feeder is a series of investment corporations organized under the laws of the Cayman Islands (collectively, the "Cayman Funds"). Each of the Cayman Funds is a creditor of NSSC and also owns some of the common stock of NSCI.

The Cayman Funds were originally organized in September 2007 as part of an intended restructuring of foreign investments in NSSC. At that time, all loans to NSSC totaled $552,840,000, which was 3.4 times the amount of equity participations in NSSC (that is, a 3.4:1 debt to equity ratio). Although this debt to equity ratio was permitted under the terms of NSSC's private placement memorandum, it was greater leverage than desired. This was a result of investments being made in the Bermuda Fund at a rate that was six times more than direct investments in NSSC. Since the off-shore investments were all in debt, the growth of off-shore investment had skewed the debt to equity balance.

To offer non-US Investors higher returns by virtue of an equity investment in NSSC, a new feeder fund structure was established: the US Feeder was created for U.S. investors and a series of Cayman Islands exempted companies named New Stream Secured Capital Fund (Cayman), Ltd., one consecutively named company for each investor (collectively, the "Cayman Feeders"), for non-US investors. NSC is the Managing Member of the US Feeder. The Investment Manager of each of the Cayman Feeders is New Stream Capital (Cayman), Ltd.,

which is administered by an independent board of directors domiciled outside of the United States, but the owners of the Investment Manager are the three principals of NSC. The new structure was discussed with many of the investors in advance of the formal announcement, but the formal announcement made on November 28, 2007, together with supporting documentation. The intent of this restructuring was to have all of the direct US investors in NSSC switch their investments to the US Feeder and all the Bermuda investors switch their investments to the Cayman Feeders, which were established for off-shore investors. It was intended that the US and Cayman Feeders would invest through a combination of debt and equity, which would be *pari passu* to each other, thereby reducing leverage. The US-Cayman Investors would share the fee and expense costs of NSSC and their respective feeder funds.

With the creation of the Cayman Fund, the Bermuda Fund was closed to new investment. However, the Debtors could not force Bermuda Investors to move. While it was anticipated that all of the US investors would readily transition to the US Funds, the transition from the Bermuda Fund to the Cayman Funds was more complex. Nevertheless, with a few minor exceptions, the Bermuda Investors were initially positive about the restructuring and almost all gave indications of their intention to move their investment from Bermuda to Cayman. The Debtors anticipated that those who remained in the Bermuda Fund could either be gradually redeemed out of the Bermuda Fund over time or paid out with the proceeds of Senior Debt, which NSSC was actively seeking at such time.

In addition, any investor in any fund who chose to redeem their investment, could also do so at this time. However, the Debtors' expectation – at the end of 2007, when these funds were rolled out – was that investments in the Bermuda Fund would shrink substantially as most Bermuda investors had expressed their interest in moving to the Cayman Funds.

Although the Debtors intended to obtain financing, ultimately they could not obtain such Senior Debt and therefore were unable to redeem the remaining Bermuda investors. In November 2007, the Debtors entered into negotiations with DZ Bank for a line of credit. On March 3, 2008, the Debtors received a commitment from DZ Bank for $75 million of financing to be secured by the NSI Life Settlement Portfolio. The understanding was that this facility could be increased to $150 million over time. It was the Debtors' intent to be able to pay out remaining Bermuda investors from this facility if and as needed. The inability to negotiate mutually agreeable terms caused the commitment to expire on June 24, 2008.

In December 2007, the Debtors opened the Cayman Fund for investment and began moving the Bermuda Fund investors over as it received their written consents. The Debtors also started accepting new investors into the Cayman Feeders. At about the same time, they opened the US Feeder for investment and began moving the US investors, as consents were received. In addition, new investors were also accepted into the US Feeder. Although a few investors moved into the new feeder structures in December 2007, there was substantially more movement beginning in January 2008, particularly among the US investors into the US Feeder. All of the US Investors eventually made the transition into the US Feeder by January 31, 2008. Transition from the Bermuda Fund to the Cayman Feeder was more gradual. Since no deadline was imposed, or could be, and the target outcome – the eventual termination of the Bermuda Fund by either transfer or redemption over time – was part of the overall restructuring plan, but the Debtors continued to discuss with Bermuda investors their intentions and preferences.

The US and Cayman Private Placement Memoranda also disclosed how NSC would be compensated. Specifically, the US and Cayman Feeders would reimburse NSC for all costs and expenses associated with the operation of each feeder, plus the operational costs of NSSC. In

addition, for the US Feeder, NSC is paid a management fee of 0.05% (5 basis points) of the balance of the capital account of each member, which is calculated and paid monthly. For the Cayman Feeder, the Investment Manager is paid a management fee equal to 0.05% (5 basis points) of the Fund's Net Asset Value, as defined in the PPM. The US-Cayman Funds also indirectly paid the management fee and any performance allocation arising out of NSSC. Each month the master fund's general partner, NSC, earns a management fee equal to one-twelfth of 0.45% per annum of the Total Assets of NSSC. In addition, NSC could earn a performance allocation (sometimes referred to as a Profit Share and calculated in accordance with the formula set forth in the private placement memorandum) equal to 25% of all "Net New Profits" over a LIBOR-based hurdle attributable to each limited partner's capital account for the month for which the accrual calculation is being made.[10]

Following the 2007 restructuring, 20-35% of each investment made into the US Feeder was held as equity in the form of an interest in a limited partnership interest in the master fund and the remainder of each investment was loaned to NSSC by the US Feeder through the purchase of loan notes ("US Feeder Loans"). The same proportion of Cayman Feeder investments was applied in equity, not into NSSC, but into NSCI, a Delaware corporation. NSCI then invested this in NSSC equity by acquiring a limited partnership interest. The remainder of the investment in each Cayman Feeder was loaned directly to NSSC through Cayman Feeder Loans.

[10] It should be noted that the percentage amount of the management fees described above was not a percentage increase of the historic management fee. The only change made to the fees related to the inclusion of debt in the asset basis of the calculation. This was done in order to keep the fees aligned with the changes made in the capital structure.

As with the Bermuda Fund Loan and Security Agreements, the loans from the US Fund and Cayman Funds took the form of demand notes secured by all the assets of NSSC and provided that NSSC would have one year from the date of demand to repay the loan. Failure to repay represents an event of default. Security and foreclosure rights are regulated by the NSSC Collateral Agency Agreement. The Collateral Agency Agreement for NSSC was amended and restated to include the US Feeder and the Cayman Feeder as lenders to NSSC such that upon full liquidation, proceeds (after payment of Senior Bank lines) were to be made to the Bermuda Loans on a *pari passu* basis first, and then to the Cayman and US Feeder Loans, *pari passu*.

B. The Restructuring Efforts

While all of the US investors successfully switched into the US Feeder and many Bermuda investors switched into the Cayman Feeders, many investors in the Bermuda Fund declined to move their investments. Because of the inherently illiquid nature of the investments, the Bermuda investors could not immediately be redeemed. As a result, the Bermuda Fund could not be quickly terminated, especially in light of the fact that the Debtors' had been unable to secure Senior Debt.

New investors were not accepted into the Bermuda Fund after the new Cayman feeder fund structure was implemented during 2007 and 2008. However, until late 2008, when market forces outside of the control of the Debtors required a freeze on all redemptions, the intention was that the Bermuda Fund would be terminated, either by the redemption of the remaining interests over time, or by those remaining Bermuda investors changing their decision and deciding to move to the Cayman Feeder, an option that remained available to them.

Beginning in March 2008, the Debtors began to receive substantially increased levels of redemption requests from all of the feeder funds (eventually comprising approximately 20% of the value of all New Stream feeder funds). The flood of redemption requests was a result of the

credit crisis, and generally deteriorating market conditions that impacted the financial world and specifically resulted in additional liquidity requirements for Investors. The Debtors began working toward meeting these redemption requests in the ordinary course as proceeds became available from assets. However, these redemptions occasioned repayment demands representing approximately 20% of NSSC's portfolio.

At that time, NSSC was performing well. It was up by over 7% for the year and there had been new inflows from investors every month of the year. Redemptions were being paid as cash became available from the investment portfolio and new subscriptions. No new investments were accepted into the US or Cayman Feeder after August 2008.

Ultimately, during the global financial crisis beginning in 2008, even the Debtors' solid performance and planning could not insulate the Debtors from the impact of the liquidity needs of their Investors. As noted above (*see,* Article IV.B) a series of fund failures had an adverse effect on many of the Debtors' Investors. A substantial number of further redemption requests were made in the wake of the Petters fraud and similar events during last week of September 2008. Despite no investment in or direct exposure to Petters, redemption requests (including both the approximately $200 million of redemptions already effective, and the further requests received, but not effective, by September 30, 2008) totaled $545 million, as investors with exposure to Petters were forced to seek liquidity. For the Bermuda Fund, the investors who had placed redemptions or who had notified NSSC of their intention to redeem approached 100%.

As a result of these redemptions, NSC made a decision in early October, 2008 to take necessary actions to put all remaining investors who had not yet requested redemption or whose redemptions had not yet become effective on an equal footing with investors submitting requests in the most recent wave, with respect to any cash to be distributed by any of the three feeder

funds. This was to avoid a situation in which Investors who had not sought to redeem, primarily because they had no impairment issues and were happy with the Debtors' performance, would find themselves with concentration or other adverse selection issues in a fund that would be shrinking by 60%. In the US and Cayman Funds, actions were taken to reject the latest wave of redemption requests (that is, all redemptions that had not become effective on or before October 1, 2008). This would keep all such Investors in their respective funds with the intent to pay out all of them (including investors who had not requested redemption) on a pro rata basis from available cash generated from the liquidation of NSSC's assets in the ordinary course. In contrast, the Bermuda Fund took no action to prevent redemption requests taking effect because there were hardly any Investors who had not requested redemption. However, the Debtors advised Investors in the Bermuda Fund that they intended on paying out redemptions in the Bermuda Fund which had not become effective on or before September 30, 2008 in the same manner as was adopted for the US and Cayman Feeders.

In October 2008, the Debtors intended to liquidate the NSSC portfolio in an orderly manner to maximize the value of the portfolio for the benefit of all Investors and so be able to pay the effective redemptions. The intent was to pay the effective redemptions (for all Investors) out of available cash in the order that the redemptions had become effective prior to October 1, 2008, and then to pay the remainder of the investors in all of the Funds (those in the "post-October pool") on a *pari passu* basis thereafter. Investors were notified of this decision during the fall of 2008, and letters were sent to all US and Cayman investors in mid-December confirming what investors had previously been told.

Returning all capital to Investors in the ordinary course gave rise to a structural issue. The Loan Notes accrued interest at a stated rate until called. When called (usually as a result of a

redemption request), the Loan Notes were to be repaid within 12 months. Under ordinary circumstances these demands could be met from principal and interest earned by NSSC. However, with the loans in the NSSC portfolio carrying maturities of two to four years, it was impossible to meet all demands within 12 months; and, because these portfolio loans were made to private companies, there was no trading market for the NSSC instruments. Selling the loans under forced sale conditions, particularly given the global economic crisis of 2008 and virtually no market liquidity, would have resulted in a significant loss of value to investors. As a result, NSC determined it would need to enter into discussions with the directors of the three feeder funds to modify the payment period of their Notes.

Before these discussions could begin in earnest, the AVS announcement (*see,* Article IV.C**)** disrupted the life settlement markets. The combination of uncertainty around values and general market illiquidity effectively shut the life settlement market down by late February 2009, making the NSI Life Settlement Portfolio completely illiquid.

By the first quarter of 2009, the Debtors were facing a confluence of problems, including impending maturities based on the redemptions that were pending at that time, an unprecedented lack of liquidity in the market, which was compounded by the illiquid nature of the underlying assets, and the cash-consuming nature of the NSI Life Settlement Portfolio, which was absorbing most of the liquidity available from the remainder of the portfolio.

1. The 2009 Restructuring Plan

These combined circumstances caused the debtors to conclude that a more comprehensive approach was needed to deal with the situation and protect the interests of its Investors. The aggregate redemption debt owed at this point was $695 million. It was obvious that an orderly liquidation would take several years and that, unless some form of restructuring plan was put in place to commute the payment obligations under the Notes, NSSC and NSI

would have to be placed in some form of liquidation to protect assets and realize their value over time.

In developing options, the Debtors attempted to project financial outcomes in a variety of different scenarios. The analysis indicated that a forced liquidation would have resulted in a loss for the Bermuda Fund, in line with its seniority, of $100 million, with the Cayman and US Investors experiencing a total loss. And this forced liquidation scenario did not contemplate immediate monetization of assets since that was not a viable option.

Projections based on the maturation of non-life assets and a measured sale of the life assets between year-end 2010 and year-end 2012 indicated the potential for a return of as much as $687 million, an amount that would be sufficient to pay a substantial portion of the loan redemptions due by 2012. The Debtors determined that a strategy that would allow for such a controlled monetization would be preferable for all Investors and it set about canvassing support from Investors. However, in formulating a plan, the Debtors had to take into account that fact that it would not be possible to distribute all cash that became available from time to time because of the expenses connected to assets. In particular because of their cash requirements for funding premium payments on the life insurance assets, this portion of the portfolio became the subject of scrutiny. The central question was whether, under these extremely unusual circumstances, it was in the best interests of Investors to continue to pay the premiums to support these assets. The Debtors performed actuarial modeling on the life portfolio that analyzed the annual cash needs and possible cash generation from the life portfolio. As previously noted, the life assets comprised life settlements and premium finance loans. After the mark-down, the net value of life settlements held was $123 million. The net value of the premium finance loans was $135 million (yielding total life asset net value of $258 million). As a result of the adjustment in

underwriting estimates, the life settlements market had become frozen. Furthermore, distressed conditions affecting other participants in the life settlements business had caused some sellers to "dump" policies in the market. The market was over-supplied and dysfunctional. To make matters worse, there was reason to believe that NSSC might wind up being forced to begin making premium payments on approximately $2 billion of premium finance loans, which had been a cash generating asset in the past. The global liquidity crisis had brought about an enhanced likelihood of debtor default on these loans. This made more likely that premium finance loans would not be repaid, and there would be foreclosure on the life policies, the collateral under the loans. The Debtors estimated that a forced sale of all life assets during 2009 (including both life settlements and premium finance loans) would generate around $68 million, if achievable at all given the disarray in the market. Given the estimated net value of $258 million, a forced sale would have realized only up to 25%. On the other hand, if all life assets were held until their maturity (until death of the life assureds) the total gross death benefit was expected to be $2.7 billion. However, the life assets were, and remain, an expensive, significant drag on liquidity. On the most conservative analysis, assuming that (i) all premium finance loans were swapped for their life policy collateral, (ii) no deaths and (iii) highest likely premiums, NSC estimated NSSC would need to pay approximately $250 million in premium payments between 2009 and 2011. That meant the Debtors would need to retain a substantial minimum cash reserve to finance premiums, and that meant reserving more cash just when cash was needed most to repay redemption debts to Investors.

To formulate a comprehensive plan, a decision also had to be made about how cash not needed to pay for life assets and other expenses of NSSC ("*available cash*") was going to be distributed. There were a variety of options. Furthermore, a decision was required whether to

apply distributions in the same way across all redemptions, or to use one methodology for the redemptions which had already taken effect by the end of September 2008 (before the second wave), and a different one for redemptions taking effect after. Proposals involving payment *pari passu* were strongly opposed by many investors, particularly those with effective redemptions who had been waiting for many months. On the other hand, preservation of the payment of redemptions (taking effect before October 2008) received overwhelming investor support. However, any restructuring had to account for (i) the seniority of the Bermuda feeder loans to the US and Cayman feeder loans, and (ii) covenants in certain of the Bermuda Fund's loans that effectively permitted repayment of the US and Cayman feeder loans only if such repayment did not result in the outstanding balance of the Bermuda Loans exceeding 50% of the value of the assets of NSSC.

Ultimately, the Debtors developed a restructuring plan that allowed (i) a two year forbearance period (that is, to May 2011) during which Investors agreed to make no redemptions or prosecute any claims for payment of redemptions; (ii) amendment of the demand notes to allow payment in accordance with an "available cash" methodology; and, (iii) payment of interest, based on a LIBOR methodology, to all holders of demand notes. Another component was that investors in the Bermuda Fund would begin to pay a share of the costs of operating the funds and maintaining the portfolio. To implement the 2009 restructuring plan, the various loan and security agreements were amended to accommodate the available cash methodology in the restructuring plan and to allow sufficient time to repay all of the demand notes through an orderly liquidation of the portfolio.

Given the nature of the contemplated changes to investors' rights and obligations, the directors of the Bermuda Fund and the Cayman Feeders and the managing member of the US

Feeder determined that the consent of each Investor would be solicited prior to implementing the restructuring.

On April 8, 2009, the directors of the Bermuda Fund approved a letter to the Bermuda Investors explaining the restructuring plan and requesting their forbearance and written consent. Subsequently, the 2009 restructuring was implemented with amended and restated loan agreements and related documents were entered into on or about May 1, 2009.

When it was presented to the Investors, it received the support of 90% of the US Investors; 100% of the Cayman Investors; and 60% of the Bermuda Investors. Only two Bermuda Investors failed to consent to the Plan, Tensor Endowment Limited and the Gottex AB Funds, both of which subsequently commenced actions in Bermuda against the Bermuda Fund challenging the restructuring. The restructuring was then implemented on May 1, 2009 for all three feeder funds.

2. The Bermuda Litigation

Two groups of Bermuda Investors commenced actions against the Bermuda Fund objecting to the implementation of the proposed restructuring plan.

Tensor Endowment Limited commenced an action, In the Matter of Class K of New Stream Capital Fund Limited, in the Supreme Court of Bermuda. That action was dismissed by the Bermuda Court in a Judgment dated December 18, 2009. In ruling in favor of the Bermuda Fund, the Bermuda Court found, among other things, no evidence "that the management of the Respondent or its affiliates have been guilty of any serious misconduct," and that the implementation of the 2009 Restructuring Plan was motivated "by the goal of maximizing the returns to all classes of investors." Judgment at pp. 9, 25, respectively. "On the evidence adduced at the substantive hearing . . . the Plan appeared to be a creative and commercially

rational response to the liquidity crisis of 2008 the implementation of which is being supervised by the Respondent's independent [Bermuda] directors." *Id.* at 28.

On or about June 18, 2009, one of the investor groups made up of certain investment funds (hereinafter referred to as the "Gottex AB Funds") acting with and through a corporate nominee (collectively, the "Bermuda Petitioners") filed a claim against the Bermuda Fund in the Bermuda Court seeking, *inter alia*, a declaration that the 2009 Restructuring of the Bermuda Fund was contrary to the provisions of the Bermuda SACA. BNY AIS Nominees Ltd (as nominees for Gottex ABL (Cayman) Ltd., *et al*) v. New Stream Capital Fund Limited. None of the Debtors were a party to that litigation.

In the Bermuda Fund litigation, the Gottex AB Funds sought a declaration that the 2009 Restructuring was *ultra vires* and/or contrary to the bylaws of the Bermuda Fund and/pr contrary to the provisions of the Bermuda SACA and therefore void and without legal effect. The Gottex AB Funds asked the Bermuda Court to invalidate the 2009 Restructuring so that the relationships between their share classes could be restored to their status on April 31, 2009. Their claim asserted, *inter alia*, that (i) provisions of the 2009 Restructuring that provided for a pooling of repayment obligations to make them joint obligations of NSSC and NSI eliminated the segregation of rights and obligations under the then existing loan documents, (ii) substituted debt obligations owed by, and secured by the assets of, NSI to certain of the Segregated Classes with commingled repayment obligations and security interests owed to all other Segregated Classes of the Bermuda Fund and of the US and Cayman Funds; (iii) failed to maintain the segregation of each Segregated Class's assets and economic position and ceased to consider the interests of each Segregated Class individually to maximize its economic position; and (iv) relinquished the senior priority position of Classes C and I in terms of rights to repayment of loans from NSI, the

timing of that repayment obligation, and the security interests that secured that repayment obligation.

After a trial, Justice Ian Kawaley of the Bermuda Supreme Court, the same judge that had presided over the litigation commenced by the other group of investors, in a judgment dated June 8, 2010 ("Bermuda Judgment"), found in favor of the Bermuda Petitioners, finding, *inter alia*, that the proposed 2009 Restructuring Plan contravened the Bermuda Fund's constitutional and statutory segregation obligations and fell beyond the scope of the Bermuda Fund's investment management powers. Bermuda Judgment at ¶ 167. However, the Bermuda Court did find as a matter of fact, that when the Debtors implemented the restructuring on May 1, 2009 it did not definitively know that Gottex AB Funds' consent would be withheld. The Bermuda Court observed that the 2009 Restructuring might be legally egregious in the absence of this consent, but the fact that the investor group "came within a whisker of approving it is proof" that the Debtors sought to cater to their commercial needs, as the negotiating process demonstrated. Bermuda Judgment at ¶184. Nonetheless, the Bermuda Court ruled that the Bermuda statute "requires those managing segregated account companies to firewall the assets belonging to a segregated account from claims asserted by the company's general creditors and claims asserted by other segregated accounts and (subject to any contrary express agreement) third parties who have not transacted business with the relevant segregated account." Bermuda Judgment at ¶130 at 140. It then found that the security interests were an essential element of the repayment obligation under the loan notes, which constituted assets linked to the segregated accounts and were, therefore, required to be kept as a separate fund under the Bermuda SACA. Bermuda Judgment at ¶145.

Justice Kawaley described the 2009 Restructuring plan as a "creative out-of-court restructuring solution," that was approved by the majority of Investors in all of the funds, as well as by the Bermuda directors, which was "developed in a fair manner." Bermuda Judgment at ¶¶ 199 and 205[11]. As a result, the Court declined to invalidate the plan, leaving it applicable to other investors. Bermuda Judgment at ¶ 205. Following the Judgment, the Bermuda Court made a number of declarations on June 18, 2010 such that the various elements of the 2009 Restructuring were void and without effect for Segregated Account Classes C and I.

On May 27, 2010, the Bermuda Court also approved the appointment of a receiver, McKenna, for Segregated Account Classes C and I, stating that "it would be just and equitable to appoint a receiver in the context of the unique statutory framework of [the Bermuda] SACA." Bermuda Judgment at ¶182.

After consultation with Bermuda counsel, the Bermuda Fund determined that it was in the best interest of the Bermuda Fund as a whole and particularly those Segregated Account classes of the Bermuda Fund that hold Loan Notes issued by NSSC and/or consented to the 2009 Restructuring that a receiver be appointed over the assets of such classes.

Subsequent to the appointment, on June 15, 2010, the Bermuda Fund applied for the appointment of Joint Receivers for Segregated Account Classes B, E, H, K, L, N and O of the Bermuda Fund. The Bermuda Court granted the application on June 18, 2010 and simultaneously appointed McKenna as the Receiver over class F of the Bermuda Fund. On June 18, 2010, the Supreme Court of Bermuda appointed Michael Morrison and Charles Thresh, of KPMG Advisory Limited, as interim Joint Receivers for Segregated Account Classes B, E, H, K,

[11] The Joint NSSC Receivers disagree with certain aspects of the Debtors' characterization of the Bermuda Judgment and the Debtors' characterization of certain elements of the Bermuda Litigation. Complete copies of the Bermuda Judgment can be obtained from the Debtors upon request.

L, N and O of the Bermuda Fund pursuant to section 19(1) of the Bermuda SACA and appointed McKenna as the Receiver over Class F. Their appointments were made final on July 16, 2010.

On September 13, 2010, the Bermuda Fund Receivers filed Petition with the Bermuda Court for the winding-up of the Bermuda Fund under the provisions of the Bermuda Companies Act and by ex parte summons for their appointment as joint provisional liquidators of the Bermuda Fund. The Court appointed Messrs. Morrison, Thresh and McKenna Joint Provisional Liquidators on September 13, 2010. On October 7, 2010, the Bermuda Court ordered that the Bermuda Fund be wound up under the provisions of the Companies Act and confirmed the appointment of the Joint Provisional Liquidators.

On November 26, 2010, the Bermuda Court declared that the 2009 Restructuring was void under Bermuda law and therefore has no effect on any of the Segregated Account classes of the Bermuda Fund.

Since the appointments of the Bermuda Fund Receivers, the Debtors have been in negotiations with them, as the court-appointed representatives of the Segregated Account Classes of the Bermuda Fund, concerning a means to maximize the return of value to all of their Creditors in a manner consistent with their respective legal rights and priorities.

By a June 22, 2010 letter agreement, the Debtors agreed to pay fees and expenses incurred by the Joint NSSC Receivers and pursuant to that agreement the Debtors made payments aggregating $1,134,472. Thereafter, as reflected in the Plan Support Agreement, the Debtors have agreed to pay the actual and reasonable fees, costs, and expenses of the Joint NSSC Receivers according to the following schedule: (i) on execution of the Plan Support Agreement, the Debtors paid $1,756,107.52 to satisfy the Joint NSSC Receivers' fees incurred and outstanding on and prior to December 17, 2010; and (ii) immediately prior to the filing of the

Chapter 11 Cases, the Debtors intend to pay the Joint NSSC Receivers' fees incurred and outstanding from December 18, 2010 through such date. Upon the filing of the Chapter 11 Cases, the New Stream Debtors will file a motion seeking authorization from the Bankruptcy Court to pay the Joint NSSC Receivers' fees in the ordinary course during the pendency of the Chapter 11 Cases.

3. Management of the Debtors

NSC acts as the investment manager of the Debtors. The employees of its affiliated entity, New Stream Capital Services LLC ("NSCS") (which is not anticipated to be a debtor in any bankruptcy case), provide the administrative and operational support and investment management services required to operate the Debtors. NSC works with the Debtors' independent auditor to assure accurate and timely financial reporting for Investors. In addition, cash management is effected through a third party administrator, Barfield, Murphy, Shank & Smith, P.C. (a member of the BDO Seidman Alliance), which also provides other administrative services to the Debtors.

NSC is indirectly owned and managed by three individuals, David Bryson, Bart Gutekunst and Donald Porter, who jointly constitute the Debtors' senior management team. Mr. Bryson is Chief Executive Officer and is a member of the Investment Committee. Mr. Bryson manages sales, marketing and product development. Bart Gutekunst is also a member of the Investment Committee. Mr. Porter serves as the Chairman of the Investment Committee.

It is common – indeed, it is generally expected – that the principals of an investment manager participate along with their investors. So, the three principals of NSSC are also Investors in the US Fund. Like the other US Fund investors, they were originally invested directly in NSSC and then, in 2007 when New Stream's structure was revised, each moved his investment to the US Fund. Each of the three principals was fully invested at the time of the

2009 Restructuring and therefore they each await payment along with all of the other US Fund investors.

C. The Debtors

Neither the Bermuda Fund, the US Fund nor the Cayman Funds are debtors in these Chapter 11 cases. To the contrary, they are each Creditors, either of NSSC or NSI.

In the event that Chapter 11 cases are commenced to seek confirmation of the Plan, it is anticipated that the following four (4) entities will be debtors on those cases:

1. New Stream Secured Capital Inc. – the US-Cayman Holding Company

Debtor NSCI is a holding company through which the US Fund and the Cayman Funds hold a limited partnership interest in NSSC. NSCI is a Delaware corporation and is currently the sole limited partner of NSSC.

The equity of NSCI is owned by the Cayman Funds, each of which is managed by New Stream Capital (Cayman), Ltd., as investment manager. In addition to an equity interest in NSCI, each of the Cayman Funds holds notes that were issued by NSSC and that are secured by a pledge of NSSC's investment portfolio.

2. New Stream Secured Capital, L.P. - the Master Fund

NSSC, the master fund, is a Delaware limited partnership. It was formed in October, 2002 (originally under the name Porter Secured Capital Partners, L.P.). As an unregistered investment vehicle, investment in New Stream is available only to "accredited investors" under the Securities Act of 1933 and "qualified purchasers" under Section 2(a)(51)(A) of the Investment Company Act of 1940.

NSSC is a limited partnership. It does not have any employees. All management, investment and administrative functions are provided by NSC, its general partner, either directly or through its affiliate, New Stream Capital Services LLC.

Over the last eight years, NSSC has invested primarily by making loans and equity investments in areas relating to insurance, accounts receivable, inventory, equipment, real property and oil and gas producing properties. Virtually all of these investments have been made by or through various direct and indirect subsidiaries. With the exception of NSI, none of these subsidiaries are intended to be debtors in any bankruptcy proceedings. The ownership and control of these subsidiaries represent a portion of the investment portfolio that is owned and managed by the Debtors.

This investment portfolio has generally included life insurance policies, accounts receivable, inventory, real property and oil and gas producing properties.

The primary debt obligations of NSSC are the following:

(a) the Second Amended and Restated Notes, made by NSSC to each of the Cayman Funds, as each may have been amended, restated, amended and restated, supplemented or otherwise modified from time to time.

(b) the Second Amended and Restated Notes, made by NSSC to the US Fund, as each may have been amended, restated, amended and restated, supplemented or otherwise modified from time to time.

(c) the Second Amended and Restated Notes, made by NSSC to Classes B, E, H, K, L, N and O of the Bermuda Fund, as each may have been amended, restated, amended and restated, supplemented or otherwise modified from time to time.

Pursuant to a Collateral Agency Agreement, dated as of October 5, 2006 (as amended, restated or otherwise modified from time to time) by and among NSSC, the lenders identified above and Wilmington Trust Company, as collateral agent, each of these lenders holds a security interest in NSSC's investment portfolio. The aggregate indebtedness represented by the

foregoing, each of which is secured by a security interest in the investment portfolio of NSSC is approximately $369,066,322.05.

3. New Stream Capital, LLC. – the General Partner

NSC is a Delaware limited liability company. NSC is an unregistered investment adviser and asset management company that serves, among other roles, as the general partner and investment manager for NSSC. It is also the sole member of (a) NSCS, a Delaware limited liability company whose employees provide administrative and operational support and management services to the Debtors and (b) Silver Spring Securities, L.L.C. ("SSS"), a Delaware limited liability company, which is a registered broker/dealer with the U.S. Securities and Exchange Commission and a member in good standing with the Financial Industry Regulatory Authority.

4. New Stream Insurance, LLC

NSI is a Delaware limited liability company that was formed in June, 2004. It is one of the directly-owned subsidiaries of NSSC. Generally speaking, each of these subsidiaries owns a portfolio of particular investments. In the case of NSI, the portfolio consists of insurance-related investments, including the direct ownership of Life Settlements and interests in companies and partnerships that invest in life insurance policies, provide premium financing or invest in other insurance related businesses.

NSSC began marketing direct limited partnership interests to U.S. investors in March 2003. In June 2004, NSSC established a second fund, NSI, then known as Assurance Investments, LLC, to focus on investing in life insurance products; specifically, life settlements and premium finance loans.

NSI was created because NSSC had been investing in this asset class and it was anticipated that it would become too large a percentage of the NSSC portfolio. By breaking out

the insurance portfolio into a separate fund, investment in life insurance products could be directed exclusively into NSI, reducing the concentration risk for NSSC.

NSI operated as an independent fund until June 2007. At that time, the remaining equity investors in NSI were redeemed, with many of those investors transferring their investments, in whole or in part, to NSSC. NSI then became a wholly-owned subsidiary of NSSC, thereby making the life portfolio an indirectly held asset of NSSC.

4(a). New Stream Insurance, LLC – Pre-Petition Indebtedness

The primary debt obligations of NSI are: (i) the Loan and Security Agreement between NSI and Segregated Account Class C, (ii) the Loan and Security Agreement between NSI and Segregated Account Class F and (ii) the Loan and Security Agreement between NSI and Segregated Account Class I, as each may have been amended, restated, amended and restated, supplemented or otherwise modified from time to time. NSI is presently indebted to those classes in the approximate aggregate principal amount of US $79.5 million.

Pursuant to each of above-mentioned Loan and Security Agreements, and a Collateral Agency Agreement, dated as of October 5, 2006 by and among the lenders identified therein, New Stream Insurance and Wilmington Trust Company, as collateral agent, NSI granted Classes C, F and I a security interest in its investment portfolio. This security interest was perfected by the filing of a UCC financing statement by Wilmington Trust Company, as collateral agent, on August 10, 2006.

With the consent of NSI's other lenders, NSI and the Note Lenders entered into the Pre-Petition Secured Note and related loan documents, pursuant to which the Note Lenders initially advanced the sum of $25 million to fund on-going premium payments until a sale of the NSI Insurance Portfolio could be closed. With the further consent of NSI's other lenders, NSI and

the Note Lenders amended the Pre-Petition Secured Note on November 8, 2010 to reflect a new principal amount of $39,480,268.58. Pursuant to the NSSC Collateral Agency Agreement and the related Consent and Subordination Agreement, dated November 8, 2010, the Pre-Petition Secured Note is secured by a first priority perfected lien on a portion of the NSI Insurance Portfolio, senior to the liens and security interests of any other party or creditor.

On December 21, 2010, the Note Lenders sent NSI a Notice of Event of Default and Reservation of Rights Letter (the "Default Letter") (i) indicating that an "Event of Default" (as defined in the Pre-Petition Secured Note) had occurred as of December 20, 2010, (ii) stating that all "Obligations" (as defined in the Pre-Petition Secured Note) became due and payable as of such date and (iii) reserving all rights, powers, privileges and remedies accruing to the Note Lenders under the Pre-Petition Secured Note and related loan and security documents. The event of default continues in existence as of the date hereof and any actions or non-actions of the Note Lenders shall not constitute and shall not be construed to be a waiver of any such event of default or any acquiescence thereto.

Depending on when the Debtors ultimately file the Chapter 11 Cases it may be necessary for the Debtors to borrow additional amounts from the Note Lenders. As the Pre-Petition Secured Note is in default, the Debtors sought the permission of the Note Lenders to use the Escrowed Benefits to pay the premiums relating to the NSI Insurance Portfolio. Subject to the reservation of rights set forth in the Default Letter and the obligations of NSI under the Pre-Petition Secured Note and related loan and security documents, the Note Lenders approved the use of the Escrowed Benefits solely to pay the premiums relating to the NSI Insurance Portfolio in the amounts and pursuant to a schedule agreed to by the Purchaser and NSI.

5. Sale of the Life Insurance Portfolio

a. The Marketing and Auction Process.

On May 3, 2010 NSI engaged Guggenheim Securities, L.L.C. ("Guggenheim"), an independent investment bank with extensive experience in the life settlement market, to help the Debtors explore financing opportunities for the NSI Insurance Portfolio. In late May, 2010, Guggenheim was prepared to go to the market to obtain a five year $200 million credit facility. However, as a result of the Bermuda Judgment that was issued in June 2010, Guggenheim advised NSSC that it would suspend solicitation for the offering until such time as it became clear that any prospective lender would be able to obtain a first priority security interest in the NSI Insurance Portfolio.[12]

Following the Bermuda Judgment and the appointment of the Receivers, the Debtors entered into negotiations with the Receivers. While these discussions were ongoing, there was disagreement concerning the use of the cash proceeds from NSSC's investment portfolio to pay premiums on the NSI Insurance Portfolio. Specifically, the Joint NSSC Receivers on behalf of the NSSC Bermuda Lenders objected to the payment of insurance premiums necessary to preserve the value of the NSI Insurance Portfolio on which the NSI Secured Lender had a structurally superior position. As noted above (*see,* Article IV.B.2), the Bermuda Judgment made it impossible for the Debtors to obtain financing from a commercial lender for the insurance premiums on commercially reasonable terms. The inability to utilize the cash proceeds resulted in the Debtors' inability to pay current premiums in full and as a result they

[12] All of the Debtors credit documents in effect at such time permitted the Debtors to obtain "Senior Indebtedness" from a "commercial lender." Hence, financing from a source other than from a "commercial lender" was not permitted under the Debtors' credit documents.

made only *de minimis* payments causing the policies in the portfolio to fall into the "grace period" prior to which the policies would lapse for non-payment of premiums.

During this time the Debtors were also engaged in discussions with the Bermuda Receivers about the possibility of financing the NSI Insurance Portfolio. Over the course of the month of June and into July numerous attempts were made at obtaining approval from Bermuda C, F and I to permit Guggenheim to proceed with the offering, but no agreement could be reached. On July 20th, a meeting was held with the Bermuda Receivers and representatives of the Bermuda Investors, whereby a decision was reached to cease any activities around financing and instead to pursue an outright sale of the portfolio. Finally, MIO, on behalf of the Purchaser, submitted an offer to purchase the NSI Insurance Portfolio and the Debtors were instructed to move ahead on that offer.

In late July, 2010, the Debtors, with encouragement and assent of the Bermuda Receivers, began to seek means to prevent the termination of the life insurance policies through a sale of the NSI Insurance Portfolio. Thereafter, the Debtors and Guggenheim began negotiating with MIO, on behalf of the Purchaser, for a purchase of the NSI Insurance Portfolio. At the behest of a Bermuda Investor, an additional competitive bid was received. Subsequently, Guggenheim and the Debtors elected to seek out additional competitive bids, as there appeared to be a greater interest in the NSI Insurance Portfolio from legitimate buyers than had previously been thought. Guggenheim ultimately received expressions of interest from five potential purchasers.

Guggenheim continued to engage the potential purchasers in negotiations and it became clear that three of the five potential purchasers were serious and were in a position to make binding offers to purchase the NSI Insurance Portfolio. In fact, the three interested parties began

making uncommitted offers and continued to negotiate the purchase price with Guggenheim and the Debtors. Given the looming deadline and lack of liquidity, the Debtors and Guggenheim decided the only way they could timely sell the portfolio would be to require that all interested parties submit their final and best offers. Between July 23, 2010 and July 28, 2010, Guggenheim was working with several parties who had expressed interest in or made written offers for the portfolio. Because there were substantial differences in the bids, Guggenheim and the Debtors were working to create a standard set of terms. This culminated in a written form term sheet that was sent to all bidders on July 27, 2010, and a deadline was set for final bids 3:00 PM ET on July 28, 2010 for bidders to introduce, refine or improve offers. The notice made clear that the Debtors would welcome offers on any terms, but that it would ideally like to see certain features in any offer, including bridge financing and a commitment to close by July 30, 2010. The three interested parties each delivered bids to Guggenheim which were evaluated based on (a) an assessment of the certainty of closing the transaction, (b) total economics on the table including the size of the cash component of any offer and (c) any other features proposed.

b. The Winning Bid.

On July 29, 2010, that process concluded with Guggenheim reviewing and recommending an offer made by MIO, on behalf of the Purchaser, to purchase the entire portfolio for a cash payment of $127.5 million.[13] The Debtors agreed that the offer was the highest and best offer and NSI and MIO, on behalf of the Purchaser, entered into a binding term sheet agreement ("MIO Purchaser Term Sheet") on July 29, 2010 setting forth the terms and

[13] The Purchaser has advised the Debtors that it has recently entered into an agreement with an unrelated entity that was a participant at the auction for the NSI Insurance Portfolio. The agreement grants the unrelated entity an option, effective after the closing of the sale to the Purchaser, to acquire up to 50% of the equity interests of the Purchaser for a pro rata share of the purchase price (including amounts under the Pre-Petition Secured Note, DIP Facility, fees and costs).

conditions of the sale. MIO intends to assign its rights under the MIO Purchaser Term Sheet to Purchaser. As of the date of the MIO Purchaser Term Sheet, the terms of the Insurance Portfolio Sale provided for:

(i) A purchase price of $127,500,000 in cash;

(ii) No additional due diligence required (this was the only bid that did not require additional due diligence);

(iii) Interim financing of up to $25,000,000, the proceeds of which were to be used to pay the premiums of the NSI Insurance Portfolio;

(iv) Any interim financing would be "purchase price neutral"; i.e., repayment would be forgiven and the amount outstanding added to the purchase price so long as MIO or its nominee (*i.e.*, the Purchaser) was the ultimate purchaser;

(v) As soon as possible after the execution of the MIO Purchaser Term Sheet, the parties would enter into definitive documentation with a closing to occur no later than September 30, 2010;

(vi) The sale must be approved by either 100% of the investors or a bankruptcy court and the assets must be sold free and clear of all Claims and Interests through a bankruptcy process;

(vii) If the NSI Insurance Portfolio is sold to an alternative bidder, MIO or its nominee (*i.e.*, the Purchaser) would be entitled to a break-up fee equal to 3% of the purchase price and expense reimbursement of up to $500,000; and

(viii) MIO or its nominee (*i.e.,* the Purchaser) would offer additional incentives to the US/Cayman investors in order to induce them to support the sale.[14]

[14] This term culminated in the Purchaser Contribution.

Subsequent to the execution of the MIO Purchaser Term Sheet the parties diligently began negotiating and drafting the definitive documentation relating to the Insurance Portfolio Sale. The final agreed upon terms of the Sale to the Purchaser are now set forth in the Asset Purchase Agreement, substantially in the form attached as Exhibit A to the Plan. Pursuant to the MIO Purchaser Term Sheet, the parties anticipated a closing on or prior to September 30, 2010. Since the parties were unable to close before such date, the Purchaser and the Note Lenders agreed (i) to extend such date, (ii) to amend the principal amount of "price neutral" interim financing extended under the Pre-Petition Secured Note to $39,480,268.58 and (iii) to offer financing under a "price neutral" DIP Facility, provided, however, that all interest, fees and expenses under the DIP Facility would not be "price neutral" and would be fully payable in Cash upon termination of the DIP Facility. In return for the significant consideration extended by the Note Lenders and the Purchaser, the Debtors agreed that any death benefits received by the Debtors on or after October 1, 2010 would be held in escrow for the benefit of the Purchaser upon the closing of the sale (the "Escrowed Benefits"). These terms are now reflected in the Asset Purchase Agreement and the Pre-Petition Secured Note. Although the Debtors are in default under the Pre-Petition Secured Note, the Note Lenders and the Purchaser continue to cooperate with the Plan process, while reserving all rights to enforce their Claims.

In the event the Plan is accepted by Classes 1, 2, 3 and 4(c), the Debtors will proceed to consummate the Insurance Portfolio Sale simultaneously with the Effective Date under the Plan. If, however, the Plan will require a cramdown on Class 3 or any other non-accepting impaired Class of Claims eligible to vote on the Plan, then the Debtors will, immediately after filing the Chapter 11 cases, seek approval to sell the Insurance Portfolio to the Purchaser or its designee under Section 363 of the Bankruptcy Code. In the event the closing of the Insurance Portfolio

Sale occurs prior to the Confirmation, the proceeds from the Insurance Portfolio Sale will be deposited into the Bermuda Liquidation Account and distributed pursuant to the terms of the Plan as if the closing occurred on the Effective Date.

It is important to highlight the critical value of the financing the Note Lenders and the DIP Lenders have, or will, provide to the Debtors. The Note Lenders will have loaned the Debtors approximately $40,000,000 prior to the Petition Date and the DIP Lenders will commit to fund up to an additional $15,000,000 during the pendency of the Chapter 11 Cases. So long as the NSI Insurance Portfolio is sold to the Purchaser, this $55,000,000 of financing will effectively be added to purchase price and will not need to be repaid by the Debtors (except for interest and fees relating to the DIP Facility, which will need to be repaid in cash). On the other hand, a sale to any party other than the Purchaser will require the Debtors to repay the $55,000,000. Additionally, the Purchaser would be entitled to a break-up fee equal to $3,825,000 (3% of the purchase price) plus up to $500,000 for expense reimbursement. Hence in order for a sale to any party other than the Purchaser to be of greater value to the Debtors' estates, it would require a purchase price in excess of approximately $181,500,000.

c. Pre-Petition Secured Financing

As previously described, following NSI's acceptance of the MIO Purchaser Term Sheet, NSI and the Note Lenders entered into the Pre-Petition Secured Note, which is currently in default, and related loan documents.

d. Fees Relating to the Sale Transaction.

In addition to the Debtors', Note Lenders, DIP Lenders and the Purchaser's ordinary professional advisory fees for legal and financial consulting, NSI agreed to pay Guggenheim a fee in the amount of 2.5% of the gross proceeds from the NSI Sale for its investment banking

and placement services. Based on the $127,500,000 cash purchase price the Purchaser has agreed to pay, the fee would equal $3,187,500. Guggenheim agreed as a condition precedent to its agreement with NSI that it would enter into an agreement with SSS, a subsidiary of NSC, with respect to the sharing of certain fees Guggenheim may receive so as to compensate SSS for its assistance in the services Guggenheim was to perform. Accordingly, Guggenheim and SSS entered into an agreement whereby Guggenheim agreed to pay SSS fees equal to 10% of the total fees earned by Guggenheim. SSS therefore will be paid $318,750 of the fee paid to Guggenheim. It is anticipated that such fees will be used by the Reorganized Debtors in the ordinary course for their on going operations. For the avoidance of doubt, none of the principals, members, employees or insiders of the Debtors directly or indirectly received any fee as a result of or from the sale to the Purchaser.

6. Debtor-in-Possession Financing

In order to enable the Debtors to pay premiums and other costs and expenses relating to the NSI Insurance Portfolio during the pendency of the Chapter 11 Cases, the Debtors obtained a commitment for financing from the DIP Lenders. The DIP Facility is subject to Bankruptcy Court approval, which the Debtors will seek immediately upon the filing of the Chapter 11 Cases. The proceeds of the loans under the DIP Facility are to be used by the Debtors for the limited purpose of paying the actual amounts necessary to fund the premium payments of the insurance policies in the NSI Insurance Portfolio, and the reasonable fees and costs associated therewith (including servicing fees) in accordance with a budget. The terms of the DIP Facility are set forth in the term sheet attached as Exhibit 5 hereto.

Similar to the Pre-Petition Secured Note, the DIP Facility is structured to be "price neutral", which means that outstanding amounts will not be deducted from the sale price at closing, but are effectively added to the purchase price for the Insurance Portfolio; *provided*,

however, that the DIP Facility is only price neutral if the assets are sold to the Purchaser, and in any event interest and fees under the DIP Facility will be due and payable in cash upon its maturity.

7. Management and Employee Changes

a. Employees. As mentioned above, the employees of NSCS traditionally provided the administrative and operational support and investment management services required to operate the Debtors. As part of the reorganization, NSCS may enter into management contracts with the Bermuda Wind Down Structure to manage the Bermuda Wind Down Assets. It is anticipated that the fees generated from any such management agreement will be sufficient to pay the costs and expenses of the operations of NSCS and the Post-Confirmation Debtors will not need to fund NSCS under such a management agreement.

b. Management. On the Effective Date, the three principals of NSC, namely, David Bryson, Bart Gutekunst and Donald Porter, will resign. Additionally, Perry Gillies, the current President of the Master Fund, will resign on the Effective Date.

Except as described below, David Bryson, Bart Gutekunst, Donald Porter and Perry Gillies will no longer have any executive or management responsibilities for the Debtors and none of them will receive a fee or salary from the Debtors. After the Effective Date, Mr. Bryson, Mr. Gutekunst, Mr. Porter and Mr. Gillies, and will have the roles and receive the anticipated compensation (which is subject to change) described below. After the Effective Date, any additional or changes in the fees or salaries received by Mr. Bryson, Mr. Gutekunst, Mr. Porter, or Mr. Gillies from the Reorganized Debtors or any direct or indirect subsidiaries will be based on market terms and arm's length negotiations.

For the avoidance of doubt, at no time did (or until the Effective Date will) Mr. Bryson, Mr. Gutekunst, Mr. Porter or Mr. Gillies receive any fees or salaries from the Debtors or any

direct or indirect subsidiary of the Debtors, ***other than*** the management fee received by Mr. Bryson, Mr. Gutekunst and Mr. Porter from NSC and the salary received by Mr. Gillies from NSCS.

c. GP Manager. Prior to the Effective Date, the Principals will form GP Manager, which will be a new management company, organized solely for the purpose of serving as the non-member manager of NSC. The operating agreement and other organizational documents of NSC will be amended to provide that the GP Manager (a) may not be removed without the written consent of the GP Manager; (b) will be responsible for maintaining the books and records of NSC and NSSC but will make such books and records available to the Plan Administrator as may be required for purposes of fulfilling its duties and obligations under the Plan; (c) will be responsible for preserving and exercising all rights and privileges, including the attorney client privilege, of the Debtors; (d) will be responsible for responding to any civil, criminal, administrative or regulatory investigation or proceeding relating to any activity of the Debtors arising prior to the Effective Date, including the retention of any professionals that the GP Manager deems appropriate; and (e) will not be entitled to any compensation but will be entitled to reimbursement of costs or expenses incurred, which will be paid from the GP Management Reserve. Other than as set forth above, the GP Manager will not have a role in, or any control over, the operations of the Reorganized Debtors.

d. Post Effective Date Roles of Individual Management Members

David Bryson. David Bryson is the beneficial owner of Prospect Ridge Energy Management, LLC ("PREM" a non-debtor entity) which is the manager of Prospect Ridge Energy, LLC ("PRE" a non-debtor entity) and its Cayman feeder fund, Prospect Ridge Energy Solutions Fund (Cayman), Ltd. ("PRES", a non-debtor entity). Northstar Financial Services,

Ltd. ("Northstar" a non-debtor subsidiary of NSI)[15] is an investor in PRES. After the Effective Date PREM will continue to act as the manager of PRE, however, PREM will continue to waive it's management and incentive for the Northstar investment. After the Effective Date, PREM plans to continue in its role as the manager of PRE. Currently, Mr. Bryson currently receives no salary for his role, but the PREM anticipates paying him a $250,000 per year salary after confirmation. However, PREM will continue to waive it's management and incentive for the Northstar investment.

Mr. Bryson will also be a principal of the GP Manager and will not receive any fee, salary or compensation for serving in such capacity.

Bart Gutekunst. Mr. Gutekunst will be a principal of the GP Manager and will not receive any fee, salary or compensation for serving in such capacity. Mr. Gutekunst will also have the following roles after the Effective Date described below.

(a) *Siemens*. Siemens Laserworks, Inc. ("Siemens"), a Canadian corporation, is an indirect subsidiary of the Debtors (New Stream Secured Capital). Siemens is the leading independent steel fabricator in Western Canada of components and sub-assemblies for manufacturers of equipment in the agricultural, electronics, and oil and gas industries. New Stream formerly has had the right and has seated two employees on the board of Siemens, one of which served as chairman. As a result of New Stream's restructuring and layoffs over the past year, both of the employees who served on the board of Siemens are no longer with New Stream. Hence, there are two board vacancies at Siemens. A current employee of New Stream is taking

[15] Mr. Gutekunst and Mr. Gillies currently serve on the board of directors of Northstar. They do not receive any fees or salary for serving in such capacity. Mr. Gillies intends to resign from the board of Northstar on or before the Effective Date. Mr. Gutekunst has not yet decided whether he will continue to serve on the board of Northstar. If he continues he intends to request a market, modest fee to serve as a board member.

one board seat. Mr. Gutekunst will take the other open board seat and will be made chairman of the board of directors. Additionally, Mr. Gutekunst will provide consulting services (including services relating to any future sale of the Company) and will receive an annual consulting fee of $100,000 beginning on the Effective Date. Fees will be paid on a monthly basis for Mr. Gutekunst's services, which will be terminable on 60 days notice, with an obligation to pay only for the period in which services were rendered in the event of termination.

(b) *Silver Spring Investment Advisors*. Mr. Gutekunst is the sole the beneficial owner of Silver Spring Capital, LLC, a Delaware limited liability company ("SSC"). SSC is the sole owner of Spring Investment Advisors, LLC, a Delaware limited liability company ("SSIA"). SSIA is a registered investment advisor under the Investment Advisers Act of 1940. On average there are three employees of SSIA and notwithstanding the fees described below, SSIA has historically operated at essentially a "break-even" cost. The beneficial owners of SSIA historically never took any dividend from SSIA. SSIA currently has two investment management agreements pursuant to which it provides portfolio management services. One agreement is directly with Northstar for an annual fee of approximately $200,000 whereby SSIA manages Northstar's general account. The second is with Silver Spring Funds, a series of investment funds regulated under Luxembourg Law in which Northstar is the primary investor, for an annual fee of approximately $200,000.[16] The Debtors believe the terms of both contracts are "market" terms and are the product of arm's length negotiations. SSIA anticipates that it will enter into similar servicing and product development contracts with Northstar and its affiliates after the Effective Date.

[16] It should be noted that this each of these agreements are terminable at will by either party upon 60 to 90 days notice.

Donald Porter. Donald Porter is a principal and manager of the Master Fund and, among other things, served as the Chairman of the Investment Committee of NSSC. Mr. Porter has offered consultation services to the Bermuda Fund on an "as needed" basis on terms yet to be determined. Furthermore, Mr. Porter will be a principal of the GP Manager and will not receive any fee, salary or compensation for serving in such capacity.

J. Perry Gillies. Mr. Gillies recently formed, and is the ultimate owner of, Lyric Services LLC ("Lyric"), a Delaware limited liability company. Lyric is not currently operating, but after the Effective Date, Mr. Gillies and three other former employees of New Stream Capital Services, LLC will work full time for Lyric. Mr. Gillies intends for Lyric to provide portfolio support services, including but not limited to, policy valuation, premium payment and death benefit collection, to funds and other legal entities holding life insurance based portfolios. Lyric is currently in discussions with the Purchaser to provide portfolio support services for its life insurance based portfolio after the Effective Date. Compensation for Lyric has not yet been determined and is being negotiated by Mr. Gillies with Lyric and may include fees calculated based on factors such as a fixed per policy basis, a fixed annual fee and/or a fee based upon portfolio performance which may include a participation interest in the portfolio. As of the date of this Disclosure Statement, the terms of this agreement between Lyric and the Purchaser have not been agreed to and continue to be negotiated.

e. Management of Feeder Funds

i. *US Feeder*. As part of the implementation of the reorganization that is detailed in the Plan, at least 15 business days prior to the filing of the Petition Date, NSC, in its capacity of the managing member of the US Fund, will appoint an Additional Managing Member (as defined in Section 3.3 of the US Fund's Limited Liability Company Agreement, dated

November 15, 2007). From and after the Petition Date, the Additional Managing Member will acts as, and exercise all the duties of, the Managing Member of the US Fund.

ii. *Cayman Fund Corporations*. As mentioned above, each Cayman Fund is a separate corporation organized under the laws of the Cayman Islands. Each corporation has two directors who are entitled to annual fees. The corporation itself must also pay an annual fee to maintain its corporate existence (together with the director fee and any other costs and expenses relating to maintaining the existence of its Cayman Fund corporation, collectively, the "Cayman Corporation Fees"). These Cayman Corporation Fees were traditionally paid by NSSC on behalf of each Cayman Fund. The Cayman Corporation Fees for 2011 year have been paid in full. Beginning in 2012 NSSC will no longer pay any Cayman Corporation Fees and any Cayman Investor who wants to maintain the existence of its respective Cayman Fund corporation is responsible for paying the Cayman Corporation Fees. Alternatively, any Cayman Investor whose investment is held through a Cayman Fund can own equity directly in the NSCI.

8. Summary of Pending Litigation

Although the Debtors' subsidiaries and affiliates may, in connection with the collection of assets within their portfolios, occasionally be parties to litigations, including mortgage foreclosure proceedings, declaratory judgment actions and similar litigation, as of the date of this Disclosure Statement, the Debtors are parties to only one pending litigation. Two of the Debtors, NSI and NSC, were named as defendants in a civil action commenced by SPAR (2004) LLC in the United States District for the Southern District of New on January 4, 2011. *SPAR (2004) LLC, plaintiff, against, New Stream Insurance, LLC and New Stream Capital, LLC, Defendants*. Civil Action No. 11 Civ. 20 (JR). In the complaint, SPAR (2004) LLC is seeking certain fees and compensation alleged to be due under an agreement dated July 1, 2004, that was later terminated by a Settlement Agreement, dated June 5, 2007, entered into by the parties in

connection with the settlement of a prior litigation. The complaint has only recently been served upon the Debtors and therefore the Debtors have not yet filed a response to the complaint. The Debtors intend to vigorously contest the action. However, once the Debtors file the Chapter 11 Cases, the litigation will be stayed and the plaintiff will be treated as an unsecured Creditor to the extent that its Claim becomes an Allowed Claim. The Debtors intend to Schedule this Claim as "disputed." If the plaintiff elects to assert a claim during the Chapter 11 Cases, the Bankruptcy Court will determine whether the Claim should be Allowed and, if so, the Allowed amount. The Allowed Amount, if any, of this Claim will be treated as an unsecured Claim under the terms proposed in the Plan and is not expected to have a material impact on the Debtors' ability to confirm the Plan.

VI. SUMMARY OF THE PLAN

A. Overview of Chapter 11

Chapter 11 is the principal business reorganization chapter of the Bankruptcy Code. Under Chapter 11 of the Bankruptcy Code, a debtor is authorized to reorganize or liquidate its business for the benefit of itself, its creditors and interest holders. Another goal of Chapter 11 is to promote equality of treatment for similarly situated creditors and similarly situated interest holders with respect to the distribution of a debtor's assets.

The commencement of a Chapter 11 case creates an estate that is comprised of all of the legal and equitable interests of the debtor as of the filing date. The Bankruptcy Code provides that the debtor may continue to operate its business and remain in possession of its property as a "debtor-in-possession."

The consummation of a plan of reorganization is the principal objective of a Chapter 11 case. A plan of reorganization sets forth the means for satisfying claims against, and interests in, a debtor. Confirmation of a plan of reorganization by the bankruptcy court makes the plan

binding upon the debtor, any issuer of securities under the plan, any person or entity acquiring property under the plan and any creditor of, or equity holder in, the debtor, whether or not such creditor or equity holder (a) is impaired under the plan, (b) has voted to accept the plan or (c) receives or retains any property under the plan. Subject to certain limited exceptions and other than as provided in the plan itself or the confirmation order, the confirmation order discharges the debtor from any debt that arose prior to the date of confirmation of the plan and substitutes the obligations specified under the confirmed plan.

A Chapter 11 plan may specify that the legal, contractual and equitable rights of the holders of claims or interests in classes are to remain unaltered by the reorganization effectuated by the plan. Such classes are referred to as "unimpaired" and, because of such favorable treatment, creditors holding such claims are deemed to accept the plan. Accordingly, it is not necessary to solicit votes from the holders of claims or equity interests in such classes. A Chapter 11 plan also may specify that certain classes will not receive any distribution of property or retain any claim against a debtor. Such classes are deemed not to accept the plan and, therefore, need not be solicited to vote to accept or reject the plan. Any classes that are receiving a distribution of property under the plan but are not "unimpaired" will be solicited to vote to accept or reject the plan.

Section 1123 of the Bankruptcy Code provides that a plan of reorganization shall classify the claims of a debtor's creditors and equity interest holders. In compliance therewith, the Plan divides Claims and Interests into various Classes and sets forth the treatment for each Class. The Debtors also are required under Section 1122 of the Bankruptcy Code to classify Claims and Interests into Classes that contain Claims and Interests that are substantially similar to the other Claims and Interests in such Classes. The Debtors believe that the Plan has classified all Claims

and Interests in compliance with the provisions of Section 1122 of the Bankruptcy Code, but it is possible that a holder of a Claim or Interest may challenge the classification of Claims and Interests and that the Bankruptcy Court may find that a different classification is required for the Plan to be confirmed. In such event, the Debtors intend, to the extent permitted by the Bankruptcy Court and the Plan, to make such reasonable modifications of the classifications under the Plan to permit confirmation and to use the Plan acceptances received in the solicitation for the purpose of obtaining the approval of the reconstituted Class or Classes of which the accepting Holder is ultimately deemed to be a member.

The Debtors (and each of their respective agents, directors, officers, employees, advisors and attorneys) have, and upon confirmation of the Plan will be deemed to have, participated in good faith and in compliance with the applicable provisions of the Bankruptcy Code with regard to the distributions of the securities under the Plan, and therefore are not, and on account of such distributions will not be, liable at any time for the violation of any applicable law, rule or regulation governing the solicitation of acceptances or rejections of the Plan or such distributions made pursuant to the Plan.

ARTICLES VII, VIII, IX and X HEREOF PROVIDE A SUMMARY OF THE STRUCTURE AND MEANS FOR IMPLEMENTATION OF THE PLAN AND THE CLASSIFICATION AND TREATMENT OF CLAIMS AND EQUITY INTERESTS UNDER THE PLAN AND IS QUALIFIED IN ITS ENTIRETY BY REFERENCE TO THE PLAN (AS WELL AS THE EXHIBITS TO AND DEFINITIONS IN THE PLAN).

THE STATEMENTS CONTAINED IN THIS DISCLOSURE STATEMENT INCLUDE THE PROVISIONS CONTAINED IN THE PLAN AND IN THE DOCUMENTS REFERRED TO IN THE PLAN. THE STATEMENTS CONTAINED IN THIS DISCLOSURE

STATEMENT DO NOT PURPORT TO BE PRECISE OR COMPLETE STATEMENTS OF ALL THE TERMS AND PROVISIONS OF THE PLAN OR DOCUMENTS REFERRED TO IN THE PLAN, AND REFERENCE IS MADE TO THE PLAN AND TO SUCH DOCUMENTS FOR THE FULL AND COMPLETE STATEMENTS OF SUCH TERMS AND PROVISIONS.

THE PLAN ITSELF AND THE DOCUMENTS INCORPORATED INTO THE PLAN CONTROL THE ACTUAL TREATMENT OF CLAIMS AGAINST, AND EQUITY INTERESTS IN, THE DEBTORS UNDER THE PLAN AND WILL, UPON THE OCCURRENCE OF THE EFFECTIVE DATE, BE BINDING UPON ALL HOLDERS OF CLAIMS AGAINST, AND EQUITY INTERESTS IN, THE DEBTORS, THE DEBTORS' ESTATES, ALL PARTIES RECEIVING PROPERTY UNDER THE PLAN AND OTHER PARTIES IN INTEREST. IN THE EVENT OF ANY CONFLICT BETWEEN THIS DISCLOSURE STATEMENT, ON THE ONE HAND, AND THE PLAN OR ANY OTHER OPERATIVE DOCUMENT, ON THE OTHER HAND, THE TERMS OF THE PLAN AND/OR SUCH OTHER OPERATIVE DOCUMENT SHALL CONTROL.

B. Purpose of the Plan

The Plan provides for a reorganization of the Debtors' businesses and assets. The Debtors believe that the Plan provides the best and most prompt possible recovery to Creditors and Investors by maximizing the value of assets through a controlled and orderly liquidation.

If the Plan is confirmed by the Bankruptcy Court, on the Effective Date or as soon as practicable thereafter, the Debtors will close the sale of the Insurance Portfolio Transaction and utilize the proceeds to make distributions in respect of certain Classes as provided in the Plan. The Classes of Claims against, and Equity Interests in, the Debtors created under the Plan, the

treatment of those Classes under the Plan and distributions to be made under the Plan are described below.

VII. CLASSIFICATION OF CLAIMS AND EQUITY INTERESTS

A. Unclassified Claims.

In accordance with Section 1123(a)(1) of the Bankruptcy Code, DIP Facility Claims, Administrative Claims, Intercompany Claims, Statutory Fees, Professional Claims, and certain other priority Claims, have not been classified and thus are excluded from the Classes of Claims set forth in Article 3 of the Plan. The treatment of these Claims is set forth in Article VIII below.

B. Classified Claims and Interests

1. General

Pursuant to Section 1122 of the Bankruptcy Code, set forth below is a designation of the Classes of Claims and Interests in the Debtors. A Claim or Interest is placed in a particular Class only to the extent that such Claim or Interest falls within the description of that Class. A Claim or Interest is also placed in a particular Class for purposes of receiving a distribution under the Plan, but only to the extent such Claim or Interest is an Allowed Claim or Interest and has not been paid, released, or otherwise settled prior to the Effective Date. Except as otherwise expressly set forth in the Plan, a Claim or Interest which is not an Allowed Claim or Allowed Interest shall not receive any payments, rights or distributions under the Plan.

2. Classification

The Plan classified Claims against, and Interests, in the Debtors as follows:

(a) Class 1: NSI Secured Lender Claims.

Class 1 shall consist of the Secured Claims against NSI, and all associated liens, rights and interests, including, without limitation, all accrued but unpaid interest thereon, of any nature,

held by the Bermuda Fund on behalf of Segregated Account Class C, Segregated Account Class F and Segregated Account Class I.

(b) Class 2: NSSC Bermuda Lender Claims.

Class 2 shall consist of the Secured Claims against NSSC, and all associated liens, rights and interests, including, without limitation, all accrued but unpaid interest thereon, of any nature, held by the NSSC Bermuda Lenders.

(c) Class 3: US-Cayman Claims.

Class 3 shall consist of all US-Cayman Claims to the extent that they are Secured Claims.

(d) Classes 4 (a) – (d): General Unsecured Claims.

General Unsecured Claims against the Debtors are classified as follows:

(i) Class 4(a): General Unsecured Claims against NSI.

(ii) Class 4(b): General Unsecured Claims against NSSC.

(iii) Class 4(c): General Unsecured Claims against NSC.

(iv) Class 4(d): General Unsecured Claims against NSCI.

(e) Class 5 (a) – (d): Interests.

Interests in the Debtors are classified as follows:

(i) Class 5(a): Interest in NSI.

(ii) Class 5(b): Interests in NSSC.

(iii) Class 5(c): Interests in NSC.

(iv) Class 5(d): Interests in NSCI.

C. Identification of Classes Impaired and Not Impaired by the Plan

1. Impaired Classes of Claims and Interests Entitled to Vote

The following Classes are Impaired by the Plan and Holders of Claims and/or Interests in each of these Classes are entitled to vote to accept or reject the Plan:

Class 1(NSI Secured Lenders)

Class 2 (NSSC Bermuda Lenders)

Class 3 (US/Cayman Fund Class)

Class 4(c) (General Unsecured Claims against NSC)

2. Unimpaired Classes of Claims and Interests Not Entitled to Vote

The following Classes are not Impaired by the Plan and Holders of Claims and/or Interests in each of these Classes are not entitled to vote to accept or reject the Plan:

Class 4(a) (General Unsecured Claims against NSI)

Class 4(d) (General Unsecured Claims against NSCI)

Class 5(a) (Interests in NSI)

Class 5(d) (Interests in NSCI)

D. Classes of Claims or Interests Deemed to Reject the Plan and Not Entitled to Vote

Holders of Claims in Class 4(b) (General Unsecured Claims against NSSC) and Holders of Interests in Class 5(b) (Interests in NSSC) and Class 5(c) (Interests in NSC) will not receive any distribution nor retain any property under the Plan on account of such Claims and Interests and, pursuant to Section 1126(g) of the Bankruptcy Code, are conclusively deemed to reject the Plan. Accordingly, the Debtors will not solicit acceptance or rejections of the Plan from Holders of Claims or Interests in these Classes and will seek to confirm the Plan notwithstanding the deemed rejection of such Classes.

VIII. TREATMENT OF CLAIMS AND EQUITY INTERESTS

Other than as specifically set forth herein, the treatment of and consideration to be received by Holders of Claims pursuant to the Plan shall be in full satisfaction, settlement, release and discharge of such Holder's respective Claim.

A. Unclassified Claims.

1. DIP Claims

The DIP Facility will terminate and all obligations thereunder will be due and payable in full on the earlier to occur of: (a) the Effective Date of the Plan if the Plan is confirmed by the Consensual Process, (b) the date on which the Debtors receive the Insurance Portfolio Asset Proceeds if the Debtors pursue the Cramdown Process and the Insurance Portfolio Sale pursuant to the Sale Order, (c) the occurrence of an event of default under the DIP Credit Agreement, or (d) May 13, 2011, unless such date is extended pursuant to the terms of the DIP Facility. In the event of the occurrence of an event set forth in clauses (a) or (b) above, the principal amount of all obligations under the Pre-Petition Secured Note and the Additional Commitment (as defined in the DIP Facility) shall be deemed satisfied as additional consideration for the Insurance Portfolio Sale pursuant to the Asset Purchase Agreement; provided, however, that notwithstanding the foregoing, all fees and expenses under the DIP Facility shall be due and payable, in full and in Cash, upon the termination of the DIP Facility.

2. Administrative Claims

Subject to the allowance procedures and deadlines provided in the Plan, on the Effective Date or as soon thereafter as is practicable, each Holder of an Allowed Administrative Claim shall receive on account of such Allowed Administrative Claim and in full satisfaction, settlement and release of and in exchange for such Allowed Administrative Claim, (a) Cash equal to the unpaid portion of such Allowed Administrative Claim, or (b) such other treatment as to which the Debtors and the Holder of such Allowed Administrative Claim have agreed upon in writing, provided, however, that Administrative Claims with respect to liabilities incurred by the Debtors in the ordinary course of business during the Chapter 11 Cases shall be paid in the

ordinary course of business in accordance with the terms and conditions of any agreement or course of dealing relating thereto and (or such other treatment as to which the Debtors and the Holder of such Allowed Administrative Claim have agreed) Professional Claims shall be paid in accordance with Section 2.5 of the Plan.

3. Intercompany Claims

On the Effective Date, Intercompany Claims shall be deemed discharged, satisfied and released. Intercompany Claims shall not be entitled to receive any distribution under the Plan and shall be deemed to have voted against the Plan.

4. Statutory Fees

On or before the Effective Date, all fees due and payable pursuant to 28 U.S.C. § 1930, as determined by the Bankruptcy Court at the Confirmation Hearing, shall be paid in full, in Cash.

5. Professional Claims

Immediately prior to the Effective Date, the Debtors shall pay all amounts owing to the Professionals for all outstanding Professional Claims relating to prior periods and for the period ending on the Effective Date. The Professionals shall estimate Professional Claims due for periods that have not been billed as of the Effective Date. On or prior to the Administrative Claims Bar Date (or such other time as the Bankruptcy Court may permit), each Professional shall File with the Bankruptcy Court its final fee application seeking final approval of all fees and expenses from the Petition Date through the Effective Date. Within ten (10) days after entry of a Final Order with respect to its final fee application, each Professional shall remit any overpayment to the Post-Confirmation Debtors or the Post-Confirmation Debtors shall pay any outstanding amounts owed to the Professional.

6. Priority Tax Claims

All requests for payment of Claims by a Governmental Unit (as defined in Section 101(27) of the Bankruptcy Code) for Taxes (and for interest and/or penalties or other amounts related to such Taxes) for any tax year or period, all or any portion of which occurs or falls within the period from and including the Petition Date through and including the Effective Date, and for which no Bar Date has otherwise been previously established, must be Filed on or before the later of: (a) sixty (60) days following the Effective Date; or (b) to the extent applicable, ninety (90) days following the filing of a tax return for such Taxes (if such Taxes are assessed based on a tax return) for such tax year or period with the applicable Governmental Unit. Any Holder of a Claim for Taxes that is required to File a request for payment of such Taxes and other amounts due related to such Taxes and which does not File such a Claim by the applicable bar date shall be forever barred from asserting any such Claim against any of the Debtors, the Estates, or any other Entity, or their respective property and shall receive no distribution under the Plan or otherwise on account of such Claim. Tax Claims that are Allowed will be paid in full on the earlier of (i) the Effective Date, or (ii) the date on which the Tax Claim becomes an Allowed Claim.

7. Other Priority Claims

With respect to each Allowed Other Priority Claim, on the Effective Date or as soon thereafter as is practicable, the Holder of an Allowed Other Priority Claim shall receive on account of the Allowed Other Priority Claim, and in full satisfaction, settlement and release of and in exchange for such Allowed Other Priority Claim, (a) Cash equal to the unpaid portion of such Allowed Other Priority Claim, or (b) such other treatment as to which the Debtors and the Holder of such Allowed Other Priority Claim have agreed upon in writing.

B. Classified Claims

The following Classes of Claims and Interests shall be treated as follows, in full settlement, discharge, release and satisfaction of their Claims against, or Interests in, the Debtors:

1. Class 1 (NSI Secured Lenders)

As soon as reasonably practicable following the closing of the Insurance Portfolio Sale and the funding of the Bermuda Liquidation Account pursuant to Sections 7.1 and Section 7.2 of the Plan:

(a) the Receivers shall determine which portion of the Bermuda Liquidation Account shall be allocated to the NSI Secured Lenders (the "CFI Allocation") and which portion is to be distributed on the Effective Date to the NSSC Bermuda Lenders (the "non-CFI Allocation"); provided, however, that in the event the Receivers are unable to determine the CFI Allocation and non-CFI Allocation amounts prior to the Effective Date, (x) the Bermuda C, F and I Contribution shall be transferred directly from the Bermuda Liquidation Account to the USCB Escrow on the Effective Date, to be held and paid as provided in Sections 5.2 and 12.7 of the Plan, and (y) the Receivers shall use reasonable efforts to promptly determine the CFI Allocation and non-CFI Allocation amounts from the amount remaining in the Bermuda Liquidation Account following the transfer of the Bermuda C, F, and I Contribution in accordance with clause (x) of Section 5.1(i) of the Plan, and the transfer of the Bermuda non-C, F and I Contribution in accordance with clause (x) of Section 5.2(i) of the Plan;

(b) the CFI Allocation shall be distributed as follows:

(i) on the Effective Date or as soon thereafter as practicable, the Bermuda C, F and I Contribution shall be deposited in the USCB Escrow and held and paid as provided in Section 5.2 and Section 12.7 of the Plan; and

(ii) the balance of the CFI Allocation shall be distributed to the NSI Receiver in full satisfaction of the Claims of the NSI Secured Lenders.

2. Class 2 (NSSC Bermuda Lenders)

Unless otherwise specified in Section 5.2 of the Plan, as soon as is reasonably practicable following the closing of the Insurance Portfolio Sale and the funding of the Bermuda Liquidation Account pursuant to Section 7.1 and Section 7.2 of the Plan, in satisfaction of the Claims of the NSSC Lenders:

(a) the Receivers shall distribute the non-CFI Allocation as follows:

(i) either:

(A) in the event that the Plan is confirmed by the Consensual Process, on or before the Effective Date or as soon thereafter as practicable, the Receivers shall pay the Bermuda non-C, F and I Consensual Process Contribution from the Bermuda Liquidation Account into the Global Settlement Fund provided, however, that in the event the Receivers are unable to determine the CFI Allocation and non-CFI Allocation amounts prior to the Effective Date (x) the Bermuda non-C, F and I Contribution shall be transferred directly from the Bermuda Liquidation Account to the Global Settlement Fund on the Effective Date, and (y) the Receivers shall use reasonable efforts to promptly determine the CFI Allocation and non-CFI Allocation amounts from the amount remaining in the Bermuda Liquidation Account following the transfer of the Bermuda non-C, F, and I Contribution in accordance with clause (x) of Section 5.2(i)(a)(1) of the Plan and the transfer of the Bermuda non-C, F and I Contribution in accordance with Section 5.2(i) of the Plan; or

(B) in the event that the Plan is confirmed by the Cramdown Process, on or before the Effective Date, the Receivers shall pay the Bermuda non-C,

F and I Cramdown Process Contribution from the Bermuda Liquidation Account into the Global Settlement Fund; and

(ii) On or after the Effective Date, in accordance with the provisions of any Allocation Order(s), the Joint NSSC Receivers shall distribute the balance of the Bermuda Liquidation Account.

(iii) If any Allocation Order provides that any Bermuda Investors of Bermuda Segregated Account Class B, E, H, K, L, N or O are not entitled to participate in the distributions on a *pari passu* basis with other Bermuda Investors in that same segregated share class, then the Joint NSSC Receivers shall make payments, to be withdrawn from the USCB Escrow, to those Bermuda Investors who were found to be subordinated to other Bermuda Investors in the same segregated share class in an amount sufficient to ensure that each subordinated Bermuda Investor receives the same pro rata distribution as the Bermuda Investors in their respective segregated share class who received distributions in priority to them; provided, however, that in no event shall the amount withdrawn by the Joint NSSC Receivers from the USCB Escrow pursuant to this clause in the Plan exceed the amount deposited into the USCB Escrow by the NSI Secured Lenders from the NSI Secured Lenders' distribution from the Bermuda Liquidation Account.

(b) The balance remaining in the USCB Escrow, if any, after any distributions required as a result of any Allocation Order shall be paid forthwith into the Global Settlement Fund, to be distributed in accordance with Section 12.7 of the Plan.

(c) The Bermuda Wind Down Assets (and the Debtors' ownership Interests in any Entity or Entities that hold any such asset, as the case may be) shall be transferred as provided in Section 7.3.1 and Section 7.3.2 of the Plan and, under the exclusive

control and supervision of the Joint NSSC Receivers, or at their direction, shall be liquidated with the net proceeds of such liquidation to be paid by the Joint NSSC Receivers to the Bermuda Investors in such manner as may be directed by the Bermuda Court pursuant to an Allocation Order or other Final Order.

3. Class 3 (US-Cayman Funds)

The Holders of Claims in Class 3 shall each receive a Percentage Share of periodic distributions of the net proceeds from the liquidation of the USC Wind Down Assets, which shall be paid by the Post-Confirmation Debtors directly to each US-Cayman Investor on dates to be determined in the reasonable discretion of the Post-Confirmation Debtors until all of the USC Wind Down Assets have been liquidated, at which time the Post-Confirmation Debtors shall make the Final Distribution to the Holders of Claims in Class 3.

4. Class 4 (a) and (d) (General Unsecured Claims)

Except to the extent that a Holder of an Allowed General Unsecured Claim agrees to a less favorable treatment or has been paid prior to the Effective Date, each Allowed General Unsecured Claim in Class 4(a) (General Unsecured Claims against NSI) and Class 4(d) (General Unsecured Claims against NSCI) shall be paid in full in Cash on Confirmation, or, otherwise rendered Unimpaired. Without limiting the generality of the foregoing, if a General Unsecured Claim arises (i) based on liabilities incurred in, or to be paid in, the ordinary course of business or (ii) pursuant to an executory contract or unexpired lease, the Holder of such General Unsecured Claim shall be paid in Cash by NSI (or, after the Effective Date, by the Post-Confirmation Debtor) pursuant to the terms and conditions of the particular transaction and/or agreement giving rise to such General Unsecured Claim. Notwithstanding the provisions of Section 5.4 of the Plan, the Debtors reserve their rights to dispute in the Bankruptcy Court, or

any other court with jurisdiction, the validity of any General Unsecured Claim at any time prior to the date fixed pursuant to Section 8.1 of the Plan.

5. Class 4(b) (General Unsecured Claims against NSSC)

Holders of Class 4(b) Claims will not receive any distribution nor retain any property on account of such Claim and all such Claims will be extinguished on the Effective Date.

6. Class 4(c) (General Unsecured Claims against NSC)

Each Allowed General Unsecured Claim in each of Class 4(c) (General Unsecured Claims against NSC) shall receive their Pro Rata Portion of the Class 4 (c) Distribution Amount. In the event that the Class 4 (c) Distribution Amount is in excess of the aggregate amount of the Face Amount of Allowed Class 4(c) Claims and any amount required to be reserved for Class 4 (c) Claims that have not been Allowed, such excess shall be deemed to be part of the Bermuda Wind Down Assets.

7. Class 5(a) (Interests in NSI)

On and after the Effective Date, the Interests in NSI shall continue to be held by NSSC, as a Post-Confirmation Debtor, and shall not be in any way affected by the Plan.

8. Class 5(b) (Interests in NSSC)

All Interests in NSSC shall be extinguished on the Effective Date and the Holders of Interests in Class 5(b) shall not receive or retain any property on account of such Interest.

9. Class 5(c) (Interests in NSC)

All Interests in NSC shall be extinguished on the Effective Date and the Holders of Interests in Class 5(c) shall not receive or retain any property on account of such Interest.

10. Class 5(d) (Interests in NSCI)

On and after the Effective Date, the Interests in NSCI shall continue to be held by the Holders of such Interests, and shall not be in any way affected by the Plan.

11. Deficiency Claims

The Deficiency Claims of each accepting Class of Secured Claims are waived and released.

IX. Treatment of Executory Contracts and Unexpired Leases

A. Assumption; Assignment

As of the Effective Date, the Debtors shall assume or assume and assign, as applicable, pursuant to Section 365 of the Bankruptcy Code, each of the executory contracts and unexpired leases of the Debtors that are identified in Schedule 2 to the Plan that have not expired under their own terms prior to the Effective Date. Except as provided in Section 6.2 of the Plan, the Debtors reserve the right upon consultation with the Receivers to amend Schedule 2 to the Plan not later than fourteen (14) days prior to the Confirmation Hearing either to: (a) delete any executory contract or lease listed therein and provide for its rejection pursuant to Section 6.4 of the Plan; or (b) add any executory contract or lease to Schedule 2, thus providing for its assumption or assumption and assignment, as applicable, pursuant to the Plan. The Debtors shall provide notice of any such amendment of such Schedule 2 to (i) the parties to the executory contract or lease affected thereby and (ii) the Receivers not later than fourteen (14) days prior to the Confirmation Hearing. The Receivers reserve the right to dispute any cure amount. The Confirmation Order shall constitute an order of the Bankruptcy Court pursuant to Section 365 of the Bankruptcy Code approving all such assumptions or assumptions and assignments, as applicable, described in Section 6.1 of the Plan, as of the Effective Date.

1. Cure Payments; Assurance of Performance

Any monetary defaults under each executory contract and unexpired lease to be assumed under the Plan shall be satisfied, pursuant to Section 365(b)(1) of the Bankruptcy Code, in either of the following ways: (a) by payment of the default amount in Cash, in full on the Effective

Date; or (b) by payment of the default amount on such other terms as may be agreed to by the Debtors and the non-Debtor parties to such executory contract or lease. In the event of a dispute regarding (i) the amount or timing of any cure payments, (ii) the ability of the Debtors or an assignee thereof to provide adequate assurance of future performance under the contract or Lease to be assumed or assumed and assigned, as applicable, or (iii) any other matter pertaining to assumption or assumption and assignment of the contract or lease to be assumed, the Debtors or the Post-Confirmation Debtors shall pay all required cure amounts promptly following the entry of a Final Order resolving the dispute; provided, however, notwithstanding any other provision of the Plan, (a) with the written agreement of the counterparty to an executory contract or lease or (b) upon written notice to the counterparty, the Debtors or the Post-Confirmation Debtors may add any executory contract or lease to the list of rejected contracts if the Debtors determine, in their sole discretion, that it is not in their bests interests to assume the executory contract or lease considering the cure amount or any other terms of assumption or assumption and assignment as determined by the Bankruptcy Court in a Final Order.

2. Objections To Assumption of Executory Contracts and Unexpired Leases

To the extent that any party to an executory contract or unexpired lease identified for assumption asserts arrearages or damages pursuant to Section 365(b)(1) of the Bankruptcy Code, or has any other objection with respect to any proposed assumption, revestment, cure or assignment on the terms and conditions provided in the Plan, all such arrearages, damages and objections must be Filed and served: (a) as to any contracts or leases identified in Schedule 2 hereto that is mailed to any party to any such contract or lease along with all other solicitation materials accompanying the Plan, within the same deadline and in the same manner established for the Filing and service of objections to Confirmation of the Plan; and (b) as to any contracts or leases identified in any subsequent amendments to Schedule 2 within fourteen (14) days after the

Debtors File and serve such amendment. Failure to assert such arrearages, damages or objections in the manner described above shall constitute consent to the proposed assumption, revestment, cure or assignment on the terms and conditions provided herein, including an acknowledgement that the proposed assumption and/or assignment provides adequate assurance of future performance and that the amount identified for "cure" in Schedule 2, or any amendments thereto, hereto is the amount necessary to cover any and all outstanding defaults under the executory contract or unexpired lease to be assumed, as well as an acknowledgement and agreement that no other defaults exist under such contract or lease.

B. Rejection

Except for those executory contracts and unexpired leases that are (a) assumed pursuant to the Plan, (b) the subject of previous orders of the Bankruptcy Court providing for their assumption or rejection pursuant to Section 365 of the Bankruptcy Code, (c) to be conveyed pursuant to the Asset Purchase Agreement, or (d) the subject of a pending motion before the Bankruptcy Court with respect to the assumption or assumption and assignment of such executory contracts and unexpired leases, as of the Effective Date, all executory contracts and unexpired leases of the Debtors shall be rejected pursuant to Section 365 of Bankruptcy Code; provided, however, that neither the inclusion by the Debtors of a contract or lease on Schedule 2 nor anything contained in Article 6 of the Plan shall constitute an admission by any Debtor that such contract or lease is an executory contract or unexpired lease or that any Debtor or its successors and assigns has any liability thereunder. To the extent any loan agreement or lease agreement pursuant to which any Debtor is lender or lessor is deemed to be an executory contract or unexpired lease within the meaning of 365 of the Bankruptcy Code, rejection of such loan agreement or lease agreement shall not, by itself, eliminate the borrower's or lessee's obligations thereunder or cause any Debtor's Liens, security interests or ownership rights to be released or

extinguished. For the avoidance of doubt, the DIP Credit Agreement shall not be deemed to be an executory contract. The Joint NSSC Receiver shall have standing to object to any Claims arising from the rejection of executory contracts or unexpired leases.

1. Approval of Rejection; Rejection Damages Claims Bar Date

The Confirmation Order shall constitute an Order of the Bankruptcy Court approving the rejection of executory contracts and unexpired leases under Section 6.4 of the Plan pursuant to Section 365 of the Bankruptcy Code as of the Effective Date. Any Claim for damages arising from any such rejection must be Filed within thirty (30) days after the later of (i) the Effective Date or (ii) service of a written notice deeming such contract or lease to be rejected pursuant to Section 6.4 of the Plan. Any timely filed Claim for damages arising from any such rejection, if Allowed, will be as General Unsecured Claim.

C. Asset Purchase Agreement and Executory Contracts Related Thereto

The Debtors' rights and remedies under each section of Article 6 of the Plan and the Bankruptcy Code with regard to executory contracts are to be exercised in conformity with their obligations under the Asset Purchase Agreement. The Purchaser's prior written consent is required for any action by the Debtor that may result in the rejection of the Asset Purchase Agreement or the rejection of the executory contracts to be conveyed pursuant to the Asset Purchase Agreement. The Receivers shall have standing to object to the cure amounts asserted in connection with any assumption or assignment.

D. Insurance Policies

Notwithstanding any other the provisions of the Plan with regard to executory contracts, from and after the Effective Date, each of the Debtors' insurance policies in existence as of the Effective Date will be reinstated and continued in accordance with their terms and, to the extent applicable, will be deemed assumed by the applicable Post-Confirmation Debtor pursuant to

Section 365 of the Bankruptcy Code. Nothing in the Plan will affect, impair or prejudice the rights of the insurance carriers or the Post-Confirmation Debtors under the insurance policies in any manner, and such insurance carriers and Post-Confirmation Debtors will retain all rights and defenses under such insurance policies, and such insurance policies will apply to, and be enforceable by and against, the Post-Confirmation Debtors in the same manner and according to the same terms and practices applicable to the Debtors, as existed prior to the Effective Date.

E. Indemnification Agreements

Notwithstanding any other provisions of the Plan with regard to executory contracts, from and after the Effective Date, the obligations of each Debtor or Post-Confirmation Debtor to indemnify any Person who is serving or has served as one of its managers, directors, officers or employees as of the Petition Date by reason of such Person's prior or future service in such a capacity or as a manager, director, officer or employee of any Non-Debtor Affiliates, to the extent provided in the applicable certificates of incorporation, by-laws or similar constituent documents, by statutory law or by written agreement, policies or procedures of or with such Debtor or Non-Debtor Affiliates, will be deemed and treated as of the Effective Date, as executory contracts that are assumed by the applicable Debtor or Post-Confirmation Debtor pursuant to the Plan and Section 365 of the Bankruptcy Code. Accordingly, any Indemnification Claims will survive and be unaffected by entry of the Confirmation Order, irrespective of whether such indemnification is owed for an act or event occurring before or after the Petition Date. The funding of the GP Administrative Reserve and the application of the GP Administrative Reserve, as outlined in Section 7.13 of the Plan, is not an indemnification obligation of NSI.

X. MEANS FOR IMPLEMENTATION OF THE PLAN

A. Insurance Portfolio Sale

The Debtors shall seek to effectuate the Insurance Portfolio Sale pursuant to the Asset Purchase Agreement via either the Consensual Process or the Cramdown Process in accordance with the timelines set forth below and attached to the Asset Purchase Agreement and the DIP Term Sheet (the "Milestone Dates")[17]. For the avoidance of any doubt, the failure by the Debtors to take in a timely manner any action required pursuant to the Milestone Dates constitutes one of the termination events under the Asset Purchase Agreement and the DIP Loan.

1. Purchaser Protection Motion

Within five (5) days of the Petition Date, the Debtors shall file or cause to be filed the Purchaser Protection Motion (as defined in the Asset Purchase Agreement).

2. Consensual Process

(a) In the event of a Consensual Process, the Debtors shall seek entry of the Confirmation Order approving, among other things, the Plan and the transactions contemplated by the Asset Purchase Agreement. Concurrently with their motion to schedule the Confirmation Hearing, the Debtors shall move to assume, or assume and assign, as the case may be, the Asset Purchase Agreement and all executory contracts to be conveyed pursuant to the Asset Purchase Agreement. The Debtors shall provide notice of the assumption of the Asset Purchase Agreement and all executory contracts to be conveyed pursuant to the Asset Purchase

[17] In the event that (a) the Petition Date occurs after February 28, 2011 because such Milestone Date is extended as permitted under the Plan Support Agreement, or (b) the Bankruptcy Court is unable or unwilling to schedule a hearing on the required date, the Milestone Dates shall be deemed automatically extended by an equal number of days (or such later date as would constitute the next business day) up to a maximum of seven (7) business days. The Milestone Dates may also be extended with the prior written consent of the DIP Lenders.

Agreement, or any amendment thereof, to (i) the parties to the executory contract or lease affected thereby and (ii) the Receivers not later than fourteen (14) days prior to the Confirmation Hearing. Any objection with respect to any proposed assumption, revestment, cure or assignment of the Asset Purchase Agreement and any executory contracts related thereto must be Filed and served within the same deadline and in the same manner established for the Filing and service of objections to Confirmation of the Plan. The Confirmation Order shall constitute an order of the Bankruptcy Court pursuant to Section 365 of the Bankruptcy Code approving all such assumptions or assumptions and assignments, as applicable, relating to the Asset Purchase Agreement, as of the Effective Date.

(b) Consensual Process Milestone Dates.

Date	**Action/Milestone**
No later than January 24, 2011	Debtors shall commence solicitation of votes of creditors to accept or reject the Plan.
No later than February 22, 2011	Debtors shall conclude solicitation of votes of creditors to accept or reject the Plan.
No later than February 27, 2011	Debtors and Purchaser shall execute Asset Purchase Agreement.
No later than February 28, 2011	Debtors shall file with the Bankruptcy Court the required bankruptcy petitions and other pleadings, which, in each case, shall be in form and substance satisfactory to the DIP Lenders.
No later than March 3, 2011	Bankruptcy Court shall enter (i) an interim order approving the DIP Facility, (ii) orders approving the "first day" pleadings, and (iii) an order approving the expedited scheduling of the Confirmation Hearing not later than April 29, 2011, which, in each case, shall be in form and substance satisfactory to the DIP Lenders.

Date	Action/Milestone
No later than March 21, 2011	Bankruptcy Court shall enter a final order approving the DIP Facility, which shall be in form and substance satisfactory to the DIP Lenders.
No later than April 29, 2011	Bankruptcy Court shall hold the Confirmation Hearing and enter the Confirmation Order approving the Plan, which shall be in form and substance satisfactory to the DIP Lenders and the Purchaser.
No later than May 13, 2011	Closing of sale on Insurance Portfolio Sale to Purchaser pursuant to the terms of the Asset Purchase Agreement and Plan.
No later than May 13, 2011	Plan shall become effective (unless effective date has already occurred).

3. Cramdown Process

(a) In the event that Class 3 or any other non-accepting impaired Class of Claims eligible to vote on the Plan does not vote to accept the Plan, then the Debtors will (i) seek approval of the Insurance Portfolio Sale to Purchaser by filing a motion seeking the Sale Order and (ii) seek to confirm the Plan pursuant to Section 1129(b) of the Bankruptcy Code, in which event, the Insurance Portfolio Asset Proceeds shall be utilized by the Debtors in the manner provided for in the Plan. In the event of a Cramdown Process, the Debtors shall file, or cause to be filed, a motion seeking entry of the Sale Order. Concurrently with their motion seeking entry of the Sale Order, the Debtors shall move to assume, or assume and assign, as the case may be, the Asset Purchase Agreement and all executory contracts to be conveyed pursuant to the Asset Purchase Agreement. The Debtors shall provide notice of the assumption of the Asset Purchase Agreement and all executory contracts to be conveyed pursuant to the Asset Purchase Agreement, or any amendment thereof, to (i) the parties to the executory contract or lease affected thereby and (ii) the Receivers not later than fourteen (14) days prior to the 363 Sale

hearing. Any objection with respect to any proposed assumption, revestment, cure or assignment of the Asset Purchase Agreement and any executory contracts related thereto must be Filed and served within the same deadline and in the same manner established for the Filing and service of objections to approval of the 363 Sale. The Sale Order shall constitute an order of the Bankruptcy Court pursuant to Section 365 of the Bankruptcy Code approving all such assumptions or assumptions and assignments, as applicable, described herein, as of the closing of the 363 Sale; and, the Debtors may consummate the Insurance Portfolio Sale prior to Confirmation.

In the event the Debtors determine they must request Confirmation of the Plan pursuant to the Cramdown Process, the Plan will be affected in a number of ways. First, the Purchaser will not make the Purchaser Contribution to the Global Settlement Fund. Second, the Bermuda non-C, F and I Contribution will be reduced by $2.5 million. The Debtors reserve the right to modify the Plan, with the consent of the Purchaser and the DIP Lenders, in accordance with Article 15 of the Plan to the extent, if any, that Confirmation pursuant to Section 1129(b) of the Bankruptcy Code requires modification.

(b) Cramdown Process Milestone Dates.

Date	**Action/Milestone**
No later than January 24, 2011	Debtors shall commence solicitation of votes of creditors to accept or reject the Plan.
No later than February 22, 2011	Debtors shall conclude solicitation of votes of creditors to accept or reject the Plan.
No later than February 27, 2011	Debtors and Purchaser shall execute Asset Purchase Agreement.
No later than February 28, 2011	Debtors shall file with the Bankruptcy Court the required bankruptcy petitions and other pleadings, which, in each case,

Date	Action/Milestone
	shall be in form and substance satisfactory to the DIP Lenders.
No later than March 3, 2011	Debtors shall file a motion (the "Sale Motion") seeking an order from the Bankruptcy Court (the "Sale Order") approving the sale by NSI of the NSI Insurance Portfolio to the Purchaser pursuant to the terms of the Asset Purchase Agreement Sale Motion seeking entry of the Sale Order approving the 363 Sale, each in form and substance satisfactory to the Purchaser.
No later than March 3, 2011	Bankruptcy Court shall enter (i) an interim order approving the DIP Facility, and (ii) orders approving the "first day" pleadings, which, in each case, shall be in form and substance satisfactory to the DIP Lenders.
No later than March 24, 2011	Bankruptcy Court shall enter a final order approving the DIP Facility, which shall be in form and substance satisfactory to the DIP Lenders.
No later than April 4, 2011	Bankruptcy Court shall hold the hearing on Sale Motion to approve the 363 Sale and enter the Sale Order approving the 363 Sale, which shall be in form and substance satisfactory to the DIP Lenders and Purchaser.
No later than April 18, 2011	Closing of Insurance Portfolio Sale to Purchaser pursuant to the terms of the Asset Purchase Agreement and Sale Order.

4. Insurance Portfolio Sale Proceeds

Pursuant to either the Cramdown Process or the Consensual Process, on or before the Effective Date, NSI shall consummate the Insurance Portfolio Sale to Purchaser free and clear of all liens, claims, encumbrances and any other interests, with all such liens, claims, encumbrances and other interests attaching to the Insurance Portfolio Asset Proceeds, which shall be transferred to the Bermuda Liquidation Account in accordance with the provisions of the Plan. The Insurance Portfolio Sale shall be pursuant to the Asset Purchase Agreement, which terms are

incorporated herein by reference and made a part of the Plan. The Insurance Portfolio Asset Proceeds shall be used to fund the Bermuda Liquidation Account.

B. Bermuda Liquidation Account

On or before the Effective Date, and in any event, upon receipt of the Insurance Portfolio Asset Proceeds, the Debtors will deposit $125,000,000.00 into the Bermuda Liquidation Account. Upon receipt of the Insurance Portfolio Asset Proceeds, and prior to their deposit into the Bermuda Liquidation Account, the Debtors will hold the Insurance Portfolio Asset Proceeds in trust for the benefit of the Receivers and such Insurance Portfolio Asset Proceeds shall at all times be free and clear of all liens, claims, encumbrances and any other interests (other than the obligation of the applicable Receivers to make the Bermuda C, F and I Contribution and the Bermuda non-C, F and I Cramdown Process Contribution or Bermuda non-C, F and I Consensual Process Contribution, as the case may be), including, without limitation, any Claim or right asserted by any officer, manager, director or employee of any Debtor or Non-Debtor Affiliates pursuant to any indemnification or similar agreement assumed by any Debtor pursuant to Section 6.8 of the Plan.

C. Bermuda Wind Down Assets

On the Effective Date, the Bermuda Wind Down Assets (and the Debtors' ownership Interest in any Entity or Entities that own or hold any such asset, as the case may be), shall be transferred to or placed under the exclusive control of the Joint NSSC Receivers, and disposed of as provided for in the Plan, free and clear of all liens, claims, encumbrances and any other interests.

The proceeds from the disposition of the Bermuda Wind Down Assets will be distributed by the Bermuda Wind Down Asset Structure and allocated by the Joint NSSC

Receivers for distribution to the Bermuda NSSC Lenders pursuant to the provisions of the Plan and any Allocation Order.

D. USC Wind Down Assets

Title to all USC Wind Down Assets shall be revested in NSSC, as a Post-Confirmation Debtor, to be liquidated by the Post-Confirmation Debtors for the benefit of the US-Cayman Investors. Except as may be set forth in the Plan, all such USC Wind Down Assets shall be owned by the Debtors free and clear of all liens, claims, encumbrances and any other interests. The proceeds of the USC Wind Down Assets, after payment of all costs and expenses incurred by the Reorganized Debtors, will be allocated and distributed pursuant to Article 5 of the Plan.

E. Continuation of Automatic Stay

In furtherance of the implementation of the Plan, except as otherwise provided in the Plan, all injunctions or stays provided for in the Chapter 11 Cases pursuant to Sections 105 or 362 of the Bankruptcy Code, or otherwise, and in existence on the Confirmation Date, shall remain in full force and effect and apply to all Holders of Claims against, or Interests in, the Debtors, the Estates and the Assets until the Final Distribution Date; provided, however, that nothing herein shall be deemed to extend the scope of any such injunction or stay beyond the provisions of Section 362 of the Bankruptcy Code.

F. Post-confirmation Operations

Following Confirmation and prior to the occurrence of the Effective Date, the then-current officers, directors, managers and managing members of each of the Debtors shall continue in their respective capacities and the Debtors shall execute such documents and take such other action as is necessary to effectuate the transactions provided for in the Plan. On and after the Effective Date, all such officers, directors, managers and managing members shall be deemed to have resigned and new officers, directors, managers and managing members, who

shall be identified in the Plan Supplement, will be appointed by the Plan Administrator to serve for the Post-Confirmation Debtors in accordance with the respective organizational documents of each of the Post-Confirmation Debtors. The officers, directors, managers and managing members appointed by the Plan Administrator shall continue to serve in such roles unless a majority of the Holders of the Interests in reorganized NSCI shall vote to remove any such officer, director, manager or managing member for "cause", in which event the Plan Administrator, in consultation with the Holders of the Interests in reorganized NSCI shall appoint a successor. Also on the Effective date, Interests in NSSC and NSC will be restructured such that (i) New NSSC Manager, a newly formed Entity, will become the Holder of all of the membership Interests in reorganized NSC, (ii) GP Manager, a newly formed Entity, will become the non-member manager of reorganized NSC, to serve without compensation and exercise the management responsibilities set forth in the amended limited liability company operating agreement to be included in the Plan Supplement, (iii) reorganized NSCI will become the sole limited partner of reorganized NSSC, and (iv) reorganized NSC will become the general partner of reorganized NSSC. The organizational documents for the foregoing transactions will be included in the Plan Supplement. From and after the Effective Date, the Post-Confirmation Debtors, as restructured in the Plan, shall (i) continue in possession, custody and control of all their respective, books, records, rights and privileges together with any Assets that are not disposed of pursuant to the provisions of the Plan, and (ii) be solely responsible for the management of their respective affairs and the operation of their respective businesses, subject only to the jurisdiction of the Bankruptcy Court to enforce the provisions of the Plan.

G. The Plan Administrator

Following the Effective Date and until the entry of a Final Decree, FTI Consulting, an independent turn-around advisory firm that has been engaged by the Debtors to

act as its "chief restructuring officer in connection with the negotiation of the Plan, will be appointed to act as the Plan Administrator. As Plan Administrator, it will be compensated for its services at a rate to be agreed upon and included in the Wind Down Budget.

The Plan Administrator will have the authority and right on behalf of the Post-Confirmation Debtors, and pursuant to Section 1123(b)(3) of the Bankruptcy Code, without the need for Bankruptcy Court approval (unless otherwise indicated), to carry out and implement all provisions of the Plan, including, without limitation, to: (i) control and effectuate the Claims reconciliation process, including to object to, seek to subordinate, compromise or settle any and all Claims in accordance with the Plan; (ii) make Distributions to Holders of Allowed Claims in accordance with the Plan; (iii) prosecute, on behalf of the Bermuda Wind Down Asset Structure, all Causes of Action, (to the extent not released in the Plan), including Avoidance Actions, and to elect not to pursue any Claims or Avoidance Actions, in which case the Causes of Action and Avoidance Actions may be pursued by, or at the direction of, the manager of the Bermuda Wind Down Asset Structure, and whether and when to compromise, settle, abandon, dismiss, or otherwise dispose of any Claims or Avoidance Actions, as the Plan Administrator may determine is in the best interests of the Post-Confirmation Debtors and their Creditors, provided, however, that no Avoidance Actions or Causes of Action shall be abandoned, dismissed, or otherwise disposed of without the written consent of the Joint NSSC Receivers; (iv) make payments to existing professionals who may continue to perform in their current capacities; (v) retain Professionals to assist in performing its duties under the Plan; (vi) maintain the books and records and accounts of the Post-Confirmation Debtors; (vii) incur and pay reasonable and necessary expenses in connection with the performance of its duties under the Plan, including the reasonable fees and expenses of professionals retained by the Plan Administrator and the Joint

Receivers; (viii) administer each Post-Confirmation Debtor's tax obligations, including (i) filing and paying tax returns, and paying taxes (ii) requesting, if necessary, an expedited determination of any unpaid tax liability of each Debtor or its estate under Bankruptcy Code Section 505(b) for all taxable periods of such Debtor ending after the Commencement Date and (iii) representing the interest and account of each Debtor or its estate before any taxing authority in all matters including, without limitation, any action, suit, proceeding or audit; (ix) prepare and file any and all informational returns, reports, statements, returns or disclosures relating to the Debtors that are required by any Governmental Unit or applicable law; and (x) upon the request of the Purchaser or the DIP Lenders, take any action to fulfill any of the obligations of the Debtors arising under the Asset Purchase Agreement or DIP Facility. The Plan Administrator shall have no liability for any acts or omissions in its capacity as Plan Administrator to the Post-Confirmation Debtors other than for gross negligence or willful misconduct of the Plan Administrator. On and after the Effective Date, the costs and expenses incurred for the preparation of tax returns, financial statements and audit reports covering any period prior to the Effective Date shall be paid: (i) 95% by the Joint NSSC Receivers and the Bermuda Wind Down Asset Structure; and, (ii) 5% by the Post-Confirmation Debtors; provided, however, that the Plan Administrator receives approval from the Joint NSSC Receivers before commencing an audit to be funded under the terms of the Plan.

H. Restructuring of the Post-Confirmation Debtors

On or after the Effective Date, the Post-Confirmation Debtors may merge, consolidate or reorganize any of the Debtors and/or combine any of the Debtors with any Non-Debtor Affiliates in such manner as the Post-Confirmation Debtors may deem prudent with a view toward minimizing the cost of administering their Assets or conducting their respective businesses.

I. Issuance of Interests in Post-Confirmation Debtors

On the Effective Date, (i) all of the memberships Interests in reorganized NSC shall be issued to New NSSC Manager and (ii) NSCI shall become the sole limited partner of the reorganized NSSC.

J. Avoidance Actions

Except to the extent released pursuant to Article 12 of the Plan, effective on and after the Effective Date, all Avoidance Actions and Causes of Action shall be preserved for the benefit of the Bermuda Investors and shall be Bermuda Wind Down Assets. The Plan Administrator and Post-Confirmation Debtors shall cooperate with the Joint NSSC Receivers and take any and all actions to facilitate the prosecution of Causes of Action and Avoidance Actions for the benefit of the Bermuda Investors. For the avoidance of any doubt, other than as provided for in the Plan, no Avoidance Actions or Causes of Action against any Released Parties shall be preserved for the benefit of the Bermuda Investors or any other Holder of a Claim or Interest. The Confirmation Order will provide that, from and after the Effective Date, the Plan Administrator and the manager of the Bermuda Wind Down Asset Structure shall have the right to prosecute any and all non-released Causes of Action and/or Avoidance Actions as a representative of the estate under Section 1123(b)(3)(B) of the Bankruptcy Code. The Bankruptcy Court shall retain jurisdiction over any and all Causes of Action and Avoidance Actions.

K. Closing of the Chapter 11 Cases

The Plan Administrator may seek the entry of a Final Decree at any time after the Plan has been substantially consummated provided that all required fees due under 28 U.S.C. § 1930 have been paid.

L. Post-Effective Date Reporting

As promptly as practicable after the making of any distributions that are required under the Plan to be made on the Effective Date, but in any event no later than twenty-one (21) days after the making of such distributions, the Plan Administrator shall File with the Bankruptcy Court and serve on the United States Trustee a report setting forth the amounts and timing of all such distributions and the recipients thereof. Thereafter, the Plan Administrator shall File with the Bankruptcy Court and serve on the United States Trustee quarterly reports summarizing the cash receipts and disbursements of the Debtors for the immediately preceding three-month period. Each quarterly report shall also state the Debtors' cash balances as of the beginning and ending of each such period. Quarterly reports shall be provided until the entry of a Final Decree. The Post-Confirmation Debtors shall comply with all tax withholding, reporting requirements and regulatory obligations imposed on them by any Governmental Unit, and all distributions pursuant to the Plan shall be subject to such withholding, requirements or obligations. Notwithstanding any provision in the Plan to the contrary, the Plan Administrator and the Post-Confirmation Debtors shall be authorized to take all actions necessary or appropriate to comply with such withholding, requirements or obligations.

M. GP Administrative Reserve

The GP Administrative Reserve shall be administered by the GP Manager until the GP Reserve Termination Date. The GP Administrative Reserve shall not be used to pay any judgments, fines, restitution, penalties, or any similar sums in connection with any Administrative Action; provided, however, that the GP Manager shall have the right in its discretion, and with the consent of the Joint NSSC Receivers, which consent shall not be unreasonably withheld, to pay a settlement amount if it determines in its reasonable business

judgment that paying such amount would avoid the cost and risk of permitting the Administrative Action to continue. Pursuant to the Plan, the GP Administrative Reserve will not be used to pay any amount incurred by any past, present or future manager, director, officer or employee of the GP Manager, the Debtors or the Post-Confirmation Debtors in connection with any Administrative Action that is due to be paid under any policy of insurance except that the GP Administrative Reserve may be used to advance an amount an insurer has wrongfully refused to pay or for which an insurer has, in the discretion of the GP Manager, unduly delayed payment. Such advancement shall be provided subject to the receipt of an appropriate undertaking or agreement from the insured party to repay such advancement into the GP Administrative Reserve when payment is received from the insurer and to remain liable for the advanced amount until such time. The GP Administrative Reserve will be replenished from any insurance proceeds received by the GP Manager, Debtors or Post-Confirmation Debtors in connection with any Administrative Action. The GP Manager, Debtors or Post-Confirmation Debtors (as applicable) will pursue their insurers and use their best efforts to utilize proceeds of any available insurance policies to reimburse any amounts utilized in the GP Administrative Reserve. The amounts, if any, remaining in the GP Administrative Reserve on the GP Reserve Termination Date after all outstanding fees, expenses and costs have been paid shall be remitted to the Joint NSSC Receivers. Upon the GP Reserve Termination Date, at the request of and at the sole costs and expense of the Joint NSSC Receivers, the GP Manager shall provide accountings to the Joint NSSC Receivers of any amounts utilized in the GP Administrative Reserve. In the event the GP Manager uses or otherwise utilizes proceeds in the GP Administrative Reserve but fails (or fails to direct the Debtors or Post-Confirmation Debtors) to use best efforts to pursue the applicable insurers and insurance policies for reimbursement of such amounts, the Joint NSSC Receivers

shall be subrogated to the rights of the GP Manager (or the Debtors or Post-Confirmation Debtors as applicable) to pursue the applicable insurers and insurance policies to pay for reimbursement of such amounts at the sole cost and expense of the Joint NSSC Receivers.

N. Disposition of Liquidation Budget Amount

Any portion of the Liquidation Budget Amount that is not expended by the Post-Confirmation Debtors in accordance with the provisions of the Plan shall be paid to the Joint NSSC Receivers.

O. Claim Objections

Prior to the Effective Date, objections to, and requests for estimation of, Claims against the Debtors may be interposed and prosecuted by the Debtors. Except to the extent released pursuant to Article 12 of the Plan or as otherwise provided herein, from and after the Effective Date, the Plan Administrator shall have the sole authority to File, settle, compromise, withdraw, arbitrate or litigate to judgment objections to Claims pursuant to applicable procedures established by the Bankruptcy Code, the Bankruptcy Rules, and the Plan. The Plan Administrator shall consult with the Joint NSSC Receivers regarding any Claim that is filed for an amount in excess of $100,000; and, if following such consultation the Plan Administrator elects not to file an objection to any such Claim, the Joint NSSC Receivers shall have the right to file and prosecute such an objection at their sole costs and expense. Objections to any Other Priority Claim or General Unsecured Claim must be Filed and served on the claimant no later than the later of (x) one hundred twenty (120) days after the date the Claim is Filed, (y) ninety (90) days after the Effective Date, or (z) such other date as may be ordered from time to time by the Court. The Plan Administrator shall use reasonable efforts to promptly and diligently pursue resolution of any and all disputed Other Priority Claims and General Unsecured Claims. Except with respect to Other Priority Claims, General Secured Claims, and Administrative Claims, no

deadlines by which objections to Claims must be Filed have been established in these Chapter 11 Cases.

1. Reserve for Disputed Claims

On or before the Effective Date, the Debtors shall establish a reserve, which shall be maintained by the Plan Administrator, as part of the Wind Down Budget, for all Disputed Claims, if any, in an amount equal to what would be distributed to Holders of such Claims if their Disputed Claims had been Allowed Claims on the Effective Date equal to the Face Amount of such Disputed Claim or such other amount as may be determined by a Final Order of the Bankruptcy Court. With respect to such Disputed Claims, if, when, and to the extent any such Disputed Claim becomes an Allowed Claim by Final Order, the relevant portion of the Cash held in reserve therefore shall be distributed by the Plan Administrator to the Claimant in a manner consistent with distributions to similarly situated Allowed Claims. The balance of such Cash, if any, remaining after any particular Disputed Claims has been resolved and distributions made to the Holder of such Claim in accordance with the Plan, shall be released and transferred to the Bermuda Liquidation Account. No payments or distributions shall be made with respect to a Claim that is a Disputed Claim pending the resolution of the dispute by Final Order or agreement of the parties. Objections to Claims may be litigated to judgment or withdrawn, and may be settled with the approval of the Bankruptcy Court, except to the extent such approval is not necessary as provided in the Plan. After the Effective Date, and subject to the terms of the Plan, the Post-Confirmation Debtor may settle any Disputed Claim where the result of the settlement or compromise is an Allowed Claim in an amount of $10,000 or less without providing any notice or obtaining an order from the Bankruptcy Court. All proposed settlements of Disputed Claims where the amount to be settled or compromised exceeds $10,000 shall be subject to the approval of the Bankruptcy Court after notice and an opportunity for a hearing.

2. Claims in Class 4(a)

As of the Effective Date, each Claim in Class 4(a) shall be deemed Disputed unless and until (i) such Claim has been Allowed, (ii) has been Scheduled by the Debtors as undisputed, or (iii) has been identified in the Plan Supplement as undisputed; provided, however, that the rights of the Plan Administrator and Joint NSSC Receivers pursuant to Section 8.1 of the Plan to object to the Allowance of any Claim in Class 4(a) on any grounds after the Effective Date are fully reserved.

P. Distributions

To the extent more than one Debtor is liable for any Claim, such Claim shall be considered a single Claim and entitled only to the payment provided therefor under the applicable provisions of the Plan. Distributions to Holders of Allowed Claims shall be made: (a) at the addresses set forth in the proofs of Claim Filed by such Holders; (b) at the addresses set forth in any written notices of address change delivered after the date on which any related proof of Claim was Filed; (c) at the addresses reflected in the Schedules relating to the applicable Allowed Claim if no proof of Claim has been Filed and the Post-Confirmation Debtors have not received a written notice of a change of address, or (d) to the Receivers for further distribution. Except as otherwise provided in the Confirmation Order, cash payments to be made pursuant to the Plan will be made by checks drawn on a domestic bank or by wire transfer from a domestic bank, at the option of the Post-Confirmation Debtors.

Postpetition interest shall not accrue or be paid on Claims, and no Holder of a Claim shall be entitled to interest accruing on or after the Petition Date on any Claim. Interest shall not accrue or be paid upon any Disputed Claim in respect of the period from the Petition Date to the date a Final Distribution is made thereon if and after such Disputed Claim becomes an Allowed Claim. To the extent that any Allowed Claim entitled to a distribution under the Plan is

composed of indebtedness and accrued but unpaid interest thereon, such distribution shall, to the extent permitted by applicable law, be allocated for federal income tax purposes to the principal amount of the Allowed Claim first and then, to the extent the consideration exceeds the principal amount of the Allowed Claim, to the portion of such Allowed Claim representing accrued but unpaid interest.

No payment of Cash in an amount of less than $50.00 shall be required to be made on account of any Allowed Claim. Such undistributed amount may instead be made part of the Cash for use in accordance with the Plan.

On the Effective Date, or as soon thereafter as practicable, the Post-Confirmation Debtors shall distribute to the Holders of Allowed Administrative Claims and Allowed General Unsecured Claims in Classes 4(a), 4(c) and 4(d) Cash equal to the distributions on account of each such Claim that are provided for in the Plan.

Q. Termination of Plan for Failure To Become Effective

If the Effective Date shall not have occurred on or prior to the date that is forty-five (45) days after the Confirmation Date, then the Plan shall terminate and be of no further force or effect unless the provisions of Section 10.3 of the Plan are waived in writing by the Debtors, the Receivers, the DIP Lenders and Purchaser; provided, however, that Section 10.3 of the Plan shall not modify or supersede the terms of the DIP Facility or the Asset Purchase Agreement or any Event of Default thereunder, nor shall such provision in any way affect the prior completion of the sale pursuant to the Asset Purchase Agreement under a Sale Order.

XI. Effect of Confirmation.

A. Entry of Confirmation Order.

Entry of a Confirmation Order shall mean that all modifications or amendments to the Plan since the solicitation thereof are approved pursuant to Section 1127(a) of the Bankruptcy Code and do not require additional disclosure or resolicitation under Bankruptcy Rule 3019.

B. Binding Effect

Except as otherwise provided in Section 1141(d) of the Bankruptcy Code, on and after the Confirmation Date, the provisions of the Plan shall bind any Holder of a Claim against or Interest in the Debtors and their respective successors and assigns, whether or not the Claim or Interest of such Holder is Impaired under the Plan and whether or not such Holder has accepted the Plan.

XII. Acceptance or Rejection of the Plan

A. Persons Entitled to Vote

Class 4(a), Class 4(d), Class 5(a) and Class 5 (d) are not Impaired and pursuant to Section 1126(f) of the Bankruptcy Code are deemed to have accepted the Plan and these Classes will not be solicited. Holders of Claims or Interests in Class 4(b), Class 5(b) and Class 5(c) will not receive or retain any property under the Plan on account of such Claims or Interests and are deemed to have rejected the Plan pursuant to Section 1126(g) of the Bankruptcy Code and these Classes will not be solicited. Only Holders of Claims or Interests in Class 1, Class 2, Class 3 and Class 4(c) will be entitled to vote to accept or reject the Plan.

B. Acceptance by Impaired Classes

An Impaired Class of Claims shall have accepted the Plan if (i) the Holders (other than any Holder designated under Section 1126(e) of the Bankruptcy Code) of at least two-thirds in

amount of the Allowed Claims actually voting in such Class have voted to accept the Plan and (ii) the Holders (other than any Holder designated under Section 1126(e) of the Bankruptcy Code) of at least one-half in number of the Allowed Claims actually voting in such Class have voted to accept the Plan.

C. Voting and Acceptance by US Fund

The US Fund Claim is an Allowed Claim in Class 3. The US Fund will vote that entire Claim in accordance with the indications received from the Holders of a majority of Interests in the US Fund. US-Cayman Investors holding Interests in the US Fund will be provided with the US Fund Investor Ballot, which solicits their indication to the manager of the US Fund of a preference for acceptance or rejection of the Plan. The US Fund will vote its Claim under the US Fund Notes in the manner indicated by the Holders of a majority of the Interests in the US Fund (as determined by the provisions of the US Operating Agreement)[18] and who timely return ballots. For purposes of Sections 5.3 and 12.7 of the Plan, any ballots returned by the US-Cayman Investors holding Interests in the US Fund indicating the US Fund to vote its Claim under the US Fund Notes in favor of the Plan will be deemed to be a US-Cayman Investor who has voted to accept the Plan and shall be entitled to receive a pro rata share of the amounts in the Global Settlement Fund to be calculated and distributed in the manner provided in Section 12.7 of the Plan.

[18] The determination will be made in accordance with §§1.25 and 1.31 of the US Operating Agreement. In addition, pursuant to §10.9 of the US Operating Agreement, any Investor in the US Fund who does not object in writing is deemed to have consented to the action taken by the managing member when it votes to accept or reject the Plan.

XIII. PROCEDURES FOR DISPUTED CLAIMS

A. Resolution of Disputed Claims; Estimation of Claims

Except as set forth in any order of the Bankruptcy Court, any Holder of a Claim against the Debtors shall file a Proof of Claim with the Bankruptcy Court or with the agent designated by the Debtors for this purpose on or before Claims Bar Date. If any such Holder of a Claim disagrees with the Debtors' determination with respect to the Allowed amount of such Holder's Claim, the Claim will be a Disputed Claim. The Debtors prior to the Effective Date, and thereafter the Plan Administrator, shall have the exclusive authority to file objections on or before the Claims Objection Bar Date, settle, compromise, withdraw or litigate to judgment objections to any and all Claims, regardless of whether classified or otherwise. From and after the Effective Date, the Plan Administrator may settle or compromise any Disputed Claim without approval of the Bankruptcy Court.

Any Debtor may, at any time, request that the Bankruptcy Court estimate any contingent or unliquidated Claim pursuant to Section 502(c) of the Bankruptcy Code, regardless of whether such Debtor has previously objected to such Claim or whether the Bankruptcy Court has ruled on any such objection, and the Bankruptcy Court will retain jurisdiction to estimate any Claim at any time during litigation concerning any objection to any Claim, including during the pendency of any appeal related to any such objection. In the event the Bankruptcy Court estimates any contingent or unliquidated Claim, that estimated amount will constitute either the Allowed Amount of such Claim or a maximum limitation on such Claim, as determined by the Bankruptcy Court. If the estimated amount constitutes a maximum limitation on such Claim, the Debtors may elect to pursue any supplemental proceedings to object to any ultimate payment on such Claim. All of the aforementioned objection, estimation and resolution procedures are

cumulative and are not necessarily exclusive of one another. Claims may be estimated and thereafter resolved by any permitted mechanism.

B. No Distributions Pending Allowance

Notwithstanding any other provision in the Plan, except as otherwise agreed by the Debtors or the Reorganized Debtors, no partial payments or distributions will be made with respect to a Disputed Claim or Equity Interest unless and until all objections to such Disputed Claim or Equity Interest have been settled or withdrawn or have been determined by Final Order.

C. Distributions After Allowance

To the extent a Disputed Claim or Equity Interest becomes an Allowed Claim or Equity Interest, the Disbursing Agent will distribute to the Holder thereof the distributions, if any, to which such Holder is then entitled under the Plan. Any such distributions will be made in accordance with, and at the time mandated by the Plan. No interest will be paid on any Disputed Claim or Equity Interest that later becomes an Allowed Claim or Equity Interest.

XIV. CONDITIONS PRECEDENT TO CONFIRMATION AND THE EFFECTIVE DATE

A. Conditions Precedent to Confirmation

The Plan will not be confirmed and the Confirmation Order will not be entered until and unless each of the following conditions has occurred or has been waived in accordance with the terms of the Plan: (a) the Confirmation Order is in form and substance satisfactory to the Debtors, the Receivers, the DIP Lenders and Purchaser; (b) no uncured default shall have occurred and be continuing under the DIP Credit Agreement; and (c) the Wind Down Budget has been agreed to by the Debtors and the Joint NSSC Receivers.

B. Conditions Precedent to the Effective Date

The Effective Date of the Plan will not occur unless and until each of the following conditions has occurred or will occur contemporaneously with the consummation of the Plan:The Bankruptcy Court shall have entered the Confirmation Order, and the Sale Order if appropriate, in form and substance satisfactory to the Debtors, the DIP Lenders and Purchaser;

1. No stay of the Sale Order, if any, or the Confirmation Order shall be in effect at the time the other conditions set forth in Article 10 of the Plan are satisfied, or, if permitted, waived;
2. All documents, instruments and agreements provided for under the Plan or necessary to implement the Plan, including, without limitation, the Asset Management Agreement shall be in form and substance satisfactory to the Debtors, the Receivers, the DIP Lenders and Purchaser, and have been executed and delivered by the parties thereto, unless such execution or delivery has been waived by the parties benefited thereby;
3. The payments required pursuant Section 2.5 of the Plan have been paid in full;
4. The Bermuda Liquidation Account shall have been funded by the Debtors in accordance with Section 7.2 of the Plan;
5. The GP Administrative Reserve shall have been funded by the Debtors;
6. Solely in the event that the Plan is confirmed by the Consensual Process, the Bermuda non-C, F and I Consensual Contribution shall have been transferred to the Global Settlement Fund;
7. Solely in the event that the Plan is confirmed by the Cramdown Process, the Bermuda non-C, F and I Cramdown Contribution shall have been shall have been transferred to the Global Settlement Fund;
8. Solely in the event that the Plan is confirmed by the Consensual Process, the Purchaser Contribution shall have been transferred to the Global Settlement Fund;
9. The USCB Escrow defined in Section 5.1 of the Plan shall be fully funded and paid by the NSI Secured Lenders.
10. The Debtor shall hold sufficient Cash to pay all estimated Allowed Administrative Claims, Tax Claims, Allowed Other Priority Claims and Allowed General Unsecured Claims in Classes 4(a) , 4(c) and 4(d); and
11. The Confirmation Order and the Sale Order, if any, shall have become a Final Order; or, if permitted, such requirement is waived by the Bankruptcy Court.

C. Waiver of Conditions to Confirmation and Effective Date

The Debtors, with the written consent of the Receivers, the DIP Lenders and Purchaser, may waive any or all of the preceding conditions set forth in Sections 10.1 and/or 10.2 of the Plan that do not affect the Debtors' ability to consummate the Plan. Any such waiver of a condition may be effected at any time, without notice or leave or order of the Bankruptcy Court and without any formal action, other than the filing of a notice of such waiver with the Bankruptcy Court.

XV. EFFECT OF CONFIRMATION

A. Discharge of Claims and Termination of Equity Interests

Except as otherwise provided herein or in the Plan Documents, the treatment of all Claims against, or Equity Interests in, the Debtors hereunder will be in exchange for and in complete satisfaction, discharge and release of all (a) Claims against, or Interests in, the Debtors of any nature whatsoever, known or unknown, including without limitation, any interest accrued or expenses incurred thereon from and after the Petition Date, and (b) all Claims against and Interests in the Debtors' estates or properties or interests in property. Except as otherwise provided in the Plan, upon the Effective Date, all Claims against and Interests in the Debtors will be satisfied, discharged and released in full exchange for the consideration provided under the Plan. Except as otherwise provided herein or in the Plan Documents, all entities will be precluded from asserting against the Debtors or the Reorganized Debtors or their respective properties or interests in property any other Claims based upon any act or omission, transaction or other activity of any kind or nature that occurred prior to the Effective Date.

B. Binding Effect.

Except as otherwise provided in Section 1141(d)(3) of the Bankruptcy Code and subject to the occurrence of the Effective Date, on and after the Confirmation Date, the provisions of the Plan will bind any Holder of a Claim against, or Interest in, the Debtors and such Holder's respective successors and assigns, whether or not the Claim or Interest of such Holder is impaired under the Plan and whether or not such Holder has accepted the Plan. The Plan shall be binding upon and inure to the benefit of the Debtors, the Holders of Claims and Interests and their respective successors and assigns, including without limitation, the Reorganized Debtors.

C. Compromise, Global Settlement, Injunction And Related Provisions

Notwithstanding anything to the contrary contained in the Plan or the Confirmation Order, the allowance, classification, and treatment of all Allowed Claims, and their respective distributions and treatments hereunder, takes into account and conforms to the relative priority and rights of the Claims and the Interests in each Class in connection with any contractual, legal, and equitable subordination rights relating thereto whether arising under general principles of equitable subordination, Section 510 of the Bankruptcy Code, or otherwise to the extent such subordination is enforceable under applicable law. As of the Effective Date, any and all such rights described in the preceding sentence are settled, compromised, and released pursuant hereto. The Confirmation Order will constitute the Bankruptcy Court's finding and determination that the settlements reflected in the Plan are (i) in the best interests of the Debtors, their estates, and all Holders of Claims, (ii) fair, equitable, and reasonable, (iii) made in good faith, and (iv) approved by the Bankruptcy Court pursuant to Section 363 of the Bankruptcy Code and Bankruptcy Rule 9019. The Confirmation Order will also approve the releases by all Entities of all such contractual, legal, and equitable subordination rights or Causes of Action that are satisfied, compromised, and settled pursuant hereto. Nothing in Article 12.1 of the Plan shall

compromise or settle in any way whatsoever, any Causes of Action that the Debtors or the Reorganized Debtors, as applicable, may have against an Entity that is not a Released Party or provide for the indemnity of any Entity that is not a Released Party. In accordance with the provisions of the Plan, and pursuant to Section 363 of the Bankruptcy Code and Bankruptcy Rule 9019, without any further notice to or action, order or approval of the Bankruptcy Court, after the Effective Date (i) the Reorganized Debtors may, in their sole and absolute discretion, compromise and settle Claims against the Debtors and (ii) the Reorganized Debtors may, in their sole and absolute discretion, compromise and settle Causes of Action against other Entities.

1. Satisfaction of Claims and Termination of Interests.

Pursuant to Section 1141(d) of the Bankruptcy Code, and except as otherwise specifically provided in the Plan or in any contract, instrument, or other agreement or document created pursuant to the Plan, the distributions, rights, and treatment that are provided in the Plan are in complete settlement, satisfaction and release, effective as of the Effective Date, of Claims (including Intercompany Claims), Interests, and Causes of Action of any nature whatsoever, including any interest accrued on Claims or Interests from and after the Petition Date, whether known or unknown, against, liabilities of, Liens on, obligations of, rights against, and Interests in, the Debtors or any of their assets or properties, regardless of whether any property shall have been distributed or retained pursuant to the Plan on account of such Claims and Interests, including demands, liabilities, and Causes of Action that arose before the Effective Date, any liability (including withdrawal liability) to the extent such Claims or Interests relate to services performed by employees of the Debtors prior to the Effective Date and that arise from a termination of employment, any contingent or non-contingent liability on account of representations or warranties issued on or before the Effective Date, and all debts of the kind specified in Sections 502(g), 502(h), or 502(i) of the Bankruptcy Code. The Confirmation Order

shall be a judicial determination of the discharge of all Claims and Interests subject to the Effective Date occurring.

2. Exculpations

Except as otherwise specifically provided in the Plan, none of the Exculpated Parties shall have or incur, and are hereby released from, any obligation, Cause of Action or liability to one another or to any Creditor, or any other party in interest, for any act or omission in connection with, relating to, or arising out of, the Chapter 11 Cases, the negotiation or execution of the Plan Support Agreements, the negotiation and pursuit of confirmation of the Plan, the Consummation of the Plan, or the administration of the Estates or the property to be distributed under the Plan, except for their gross negligence or willful misconduct, and in all respects shall be entitled to reasonably rely upon the advice of counsel with respect to their duties and responsibilities (if any) under the Plan. Notwithstanding any other provision of the Plan, no Creditor nor other party in interest, shall have any right of action against any Exculpated Party for any act or omission in connection with, relating to, or arising out of, the Chapter 11 Cases, the negotiation or execution of the Plan Support Agreements, the negotiation and pursuit of confirmation of the Plan, the Consummation of the Plan, or the administration of the Estates or the property to be distributed under the Plan, except for such Exculpated Party's gross negligence or willful misconduct.

Except as expressly set forth in the Plan, following the Effective Date, no Exculpated Party shall have or incur any liability to any Holder of a Claim or Interest for any act or omission in connection with, related to, or arising out of, the Chapter 11 Cases, the negotiation and pursuit of confirmation of the Plan, the Consummation of the Plan or any contract, instrument, release or other agreement or document created in connection with the Plan, or the administration of the

Plan or the property to be distributed under the Plan, except for such Exculpated Party's gross negligence or willful misconduct.

3. Release of Liens

Except as otherwise provided in the Plan, or in any contract, instrument, release, or other agreement or document created pursuant to the Plan, on the Effective Date and concurrently with the applicable distributions made pursuant to the Plan and, in the case of a Secured Claim, satisfaction in full of the portion of the Secured Claim that is Allowed as of the Effective Date, all mortgages, deeds of trust, Liens, pledges, or other security interests against any property of the Estates shall be fully released and discharged, and all of the right, title, and interest of any Holder of such mortgages, deeds of trust, Liens, pledges, or other security interests shall revert to the Reorganized Debtors and their successors and assigns.

4. Releases by the Debtors

Pursuant to Section 1123(b) of the Bankruptcy Code, and except as otherwise specifically provided in the Plan, for good and valuable consideration, on and after the Effective Date, the Released Parties will each be released and discharged by the Debtors, the Reorganized Debtors, and the Estates from any and all Claims, obligations, rights, suits, damages, causes of action, remedies, and liabilities whatsoever, whether for tort, fraud, contract, violations of federal or state securities laws, or otherwise, including any derivative Claims asserted or that could possibly have been asserted on behalf of the Debtors, whether known or unknown, foreseen or unforeseen, existing or hereinafter arising, in law, equity, or otherwise, that the Debtors, the Reorganized Debtors, the Estates, or their Affiliates would have been legally entitled to assert in their own right (whether individually or collectively) or on behalf of the Holder of any Claim or Interest or other Entity, based on or relating to, or in any manner arising from, in whole or in part, the Debtors or their Affiliates, the Chapter 11 Cases, the purchase, sale, or rescission of the

purchase or sale of any security, the subject matter of, or the transactions or events giving rise to, any Claim or Interest that is treated in the Plan, the business or contractual arrangements between any Debtor and any Released Party, the restructuring of Claims and Interests prior to or in the Chapter 11 Cases, the negotiation, formulation, or preparation of the Plan and related Disclosure Statement, or related agreements, instruments, or other documents, upon any other act or omission, transaction, agreement, event, or other occurrence taking place on or before the Confirmation Date of the Plan, other than Claims or liabilities arising out of or related to any contractual or fixed monetary obligation owed to the Debtors. Entry of the Confirmation Order shall constitute the Bankruptcy Court's approval, pursuant to Bankruptcy Rule 9019, of the provisions of the Plan, and further, shall constitute the Bankruptcy Court's finding that the applicable provisions of the Plan are: (1) in exchange for the good and valuable consideration provided by the Released Parties; (2) a good faith settlement and compromise of the Claims released; (3) in the best interests of the Debtors and all Holders of Claims and Interests; (4) fair, equitable, and reasonable; (5) given and made after due notice and opportunity for hearing; and (6) a bar to any of the Debtors asserting any claim or Cause of Action released pursuant to the Debtor Release.

D. Compromise, Global Settlement, Releases and Related Provisions

1. Compromise and Settlement

Notwithstanding anything to the contrary contained in the Plan or the Confirmation Order, the allowance, classification and treatment of all Allowed Claims, and their respective distributions and treatments hereunder, takes into account and conforms to the relative priority and rights of the Claims and the Interests in each Class in connection with any contractual, legal and equitable subordination rights relating thereto whether arising under general principles of equitable subordination, Section 510 of the Bankruptcy Code, or otherwise to the extent such

subordination is enforceable under applicable law. As of the Effective Date, any and all such rights described in the preceding sentence are settled, compromised, discharged and released pursuant hereto. The Confirmation Order will constitute the Bankruptcy Court's finding and determination that the settlements reflected in the Plan are (i) in the best interests of the Debtors, their estates and all Holders of Claims, (ii) fair, equitable and reasonable, (iii) made in good faith, and (iv) approved by the Bankruptcy Court pursuant to Section 363 of the Bankruptcy Code and Bankruptcy Rule 9019. The Confirmation Order shall approve the releases by all Entities of all such contractual, legal and equitable subordination rights or Causes of Action that are satisfied, compromised and settled pursuant hereto. Nothing in Article 12.1 of the Plan shall compromise or settle in any way whatsoever, any Causes of Action that the Debtors, the Receivers or the Post-Confirmation Debtors, as applicable, may have against Entities that are not Released Parties or provide for the indemnity of any Entities that are not Released Parties. In accordance with the provisions of the Plan, and pursuant to Section 363 of the Bankruptcy Code and Bankruptcy Rule 9019, without any further notice to or action, order or approval of the Bankruptcy Court, after the Effective Date (i) the Post-Confirmation Debtors may, in their sole and absolute discretion and with the consent of the Joint NSSC Receivers, compromise and settle Claims against the Debtors and (ii) the Joint NSSC Receivers may, in their sole and absolute discretion, compromise and settle Causes of Action against other Entities that have been assigned to the Joint NSSC Receivers.

Pursuant to Section 1141(d) of the Bankruptcy Code, and except as otherwise specifically provided in the Plan or in any contract, instrument, or other agreement or document created pursuant to the Plan, the distributions, rights, and treatments that are provided in the Plan are in complete discharge, settlement, satisfaction and release, effective as of the Effective Date, of

Claims (including Intercompany Claims), Interests and Causes of Action of any nature whatsoever, including any interest accrued on Claims or Interests from and after the Petition Date, whether known or unknown, against, liabilities of, Liens on, obligations of, rights against, and Interests in, the Debtors or any of their assets or properties, regardless of whether any property shall have been distributed or retained pursuant to the Plan on account of such Claims and Interests, including demands, liabilities and Causes of Action that arose before the Effective Date, any liability (including withdrawal liability) to the extent such Claims or Interests relate to services performed by employees of the Debtors prior to the Effective Date and that arise from a termination of employment, any contingent or non-contingent liability on account of representations or warranties issued on or before the Effective Date, and all debts of the kind specified in Sections 502(g), 502(h) or 502(i) of the Bankruptcy Code. The Confirmation Order shall be a judicial determination of the discharge of all Claims and Interests subject to the Effective Date occurring.

2. Release of Liens

Except as otherwise provided in the Plan, or in any contract, instrument, release or other agreement or document created pursuant to the Plan, on the Effective Date and concurrently with the applicable distributions made pursuant to the Plan and, in the case of a Secured Claim, satisfaction in full of the portion of the Secured Claim that is Allowed as of the Effective Date, all mortgages, deeds of trust, Liens, pledges or other security interests against any property of the Estates shall be fully released and discharged, and all of the right, title and interest of any Holder of such mortgages, deeds of trust, Liens, pledges or other security interests shall revert to the Post-Confirmation Debtors and their successors and assigns.

3. Releases by the Debtors

Pursuant to Section 1123(b) of the Bankruptcy Code, for good and valuable consideration, on and after the Effective Date, the Released Parties are each deemed released and discharged by the Debtors, the Post-Confirmation Debtors and the Estates from any and all Claims, obligations, rights, suits, damages, Causes of Action, remedies and liabilities whatsoever, whether for tort, fraud, contract, violations of federal or state securities laws, or otherwise, including any derivative Claims asserted or that could possibly have been asserted on behalf of the Debtors, whether known or unknown, foreseen or unforeseen, existing or hereinafter arising, in law, equity, or otherwise, that the Debtors, the Post-Confirmation Debtors, the Estates, or their Affiliates would have been legally entitled to assert in their own right (whether individually or collectively) or on behalf of the Holder of any Claim or Interest or other Entity, based on or relating to, or in any manner arising from, in whole or in part, the Debtors or their Non-Debtor Affiliates, the Chapter 11 Cases, the purchase, sale, or rescission of the purchase or sale of any security, the subject matter of, or the transactions or events giving rise to, any Claim or Interest that is treated in the Plan, the business or contractual arrangements between any Debtor and any Released Party, the restructuring of Claims and Interests prior to or in the Chapter 11 Cases, the negotiation, formulation, or preparation of the Plan and related Disclosure Statement, or related agreements, instruments, or other documents, upon any other act or omission, transaction, agreement, event, or other occurrence taking place on or before the Confirmation Date of the Plan, other than Claims or liabilities arising out of or related to any contractual or fixed monetary obligation owed to the Debtors. Entry of the Confirmation Order shall constitute the Bankruptcy Court's approval, pursuant to Bankruptcy Rule 9019, of the provisions of this provision of the Plan and further, shall constitute the Bankruptcy Court's

finding that the applicable provisions of the Plan are: (1) in exchange for the good and valuable consideration provided by the Released Parties; (2) a good faith settlement and compromise of the Claims released; (3) in the best interests of the Debtors and all Holders of Claims and Interests; (4) fair, equitable and reasonable; (5) given and made after due notice and opportunity for hearing; and (6) a bar to any of the Debtors, the Post-Confirmation Debtors or their successors asserting any Claim or Claim or Cause of Action against any of the Released Parties. Notwithstanding anything to the contrary in the foregoing, the release set forth above does not release any post-Effective Date obligations of any party under the Plan or any document, instrument, or agreement executed to implement the Plan.

4. Releases by Holders of Claims

Notwithstanding any other provision of the Plan or the Confirmation Order, as of the Effective Date, each Creditor or Holder of a Claim that was entitled to vote on the Plan and did not vote timely to reject the Plan shall be deemed to have unconditionally, irrevocably and forever, released each of the Released Parties from all obligations, suits, judgments, damages, demands, debts, rights, Causes of Action and liabilities, whether liquidated or unliquidated, fixed or contingent, matured or unmatured, known or unknown, foreseen or unforeseen, then existing or thereafter arising, in law, equity, or otherwise that are based in whole or part on any act, omission, transaction, event, or other occurrence taking place on or prior to the Effective Date (including prior to the Petition Date) in any way relating to the Debtors, the NSI Receiver, the Joint NSSC Receivers, the Bermuda Liquidators, the Chapter 11 Cases, the Plan, or the Disclosure Statement, the subject matter of, or the transactions or events giving rise to, any Claim or Interest that is treated in the Plan, the business or contractual arrangements between any Debtor and any Creditor, the restructuring of Claims and Interests prior to or in the Chapter 11 Cases, the negotiations, formulation, or preparation of the Plan, the related Disclosure Statement,

or related agreements, instruments, or other documents, or upon any other act or omission, transaction, agreement, event, or other occurrence taking place before the Effective Date and that could have been asserted at any time up to immediately prior to the Effective Date; provided, however, that any rights or remedies of Purchaser pursuant to the Asset Purchase Agreement shall be deemed expressly provided for and preserved in the Plan and the Confirmation Order and shall not be subject to the release under the Plan. Notwithstanding any language to the contrary contained in the Disclosure Statement, Plan, and/or Confirmation Order, no provision shall release any non-debtor, including any of the Released Parties, from liability in connection with any legal action or claim brought by the United States Securities and Exchange Commission.

5. Injunctions

Except as otherwise specifically provided in the Plan or the Confirmation Order, all Entities who have held, hold or may hold Claims, rights, Causes of Action, liabilities or any equity Interests based upon any act or omission, transaction or other activity of any kind or nature related to the Debtors, the NSI Receiver, the Joint NSSC Receivers, the Bermuda Liquidators, or the Chapter 11 Cases that occurred prior to the Effective Date, other than as expressly provided in the Plan or the Confirmation Order, regardless of the filing, lack of filing, allowance or disallowance of such a Claim or Interest and regardless of whether such Entity has voted to accept the Plan and any successors, assigns or representatives of such Entities shall be precluded and permanently enjoined on and after the Effective Date from (a) the commencement or continuation in any manner of any Claim, action or other proceeding of any kind with respect to any Claim, Interest or any other right or claim against the Debtors, the NSI Receiver, the Joint NSSC Receivers, the Bermuda Liquidators, the DIP Lenders, MIO, the Purchaser, the Note Lenders, or the US-Cayman Investors that are affiliates of or controlled by MIO, or any assets of

the foregoing, which they possessed or may possess prior to the Effective Date, (b) the enforcement, attachment, collection or recovery by any manner or means of any judgment, award, decree or order with respect to any Claim, Interest or any other right or claim against the Debtors, the NSI Receiver, the Joint NSSC Receivers, the Bermuda Liquidators, the DIP Lenders, MIO, the Purchaser, the Note Lenders, or the US-Cayman Investors that are affiliates of or controlled by MIO, or any assets of the foregoing, which such Entities possessed or may possess prior to the Effective Date, (c) the creation, perfection or enforcement of any encumbrance of any kind with respect to any Claim, Interest or any other right or claim against the Debtors, the NSI Receiver, the Joint NSSC Receivers, the Bermuda Liquidators, the DIP Lenders, MIO, the Purchaser, the Note Lenders, or the US-Cayman Investors that are affiliates of or controlled by MIO, or any assets of the foregoing which they possessed or may posses and (d) the assertion of any Claim that is released under the Plan; provided, however, that any rights or remedies of the Purchaser pursuant to the Asset Purchase Agreement shall be deemed expressly provided for and preserved in the Plan and the Confirmation Order and shall not be subject to the injunction in the Plan. Notwithstanding any language to the contrary contained in the Disclosure Statement, Plan, and/or Confirmation Order, no provision thereof shall release the Joint NSSC Receivers, the NSI Receiver or the Bermuda Liquidators from any Cause of Action that may be brought by any Bermuda Investor under Bermuda law.

6. Global Settlement Fund.

On the Effective Date, and periodically thereafter as necessary, all sums deposited in, or required to be delivered to, the USCB Escrow shall be transferred into the Global Settlement Fund, which shall be used exclusively for the purpose of making the payments provided for in Section 12.7 of the Plan. In addition to, and irrespective of, the amounts, if any, to be distributed to each Class 3 Creditor pursuant to Section 5.3 of the Plan, on the Effective

Date, each US-Cayman Investor who either (i) votes to accept the Plan or (ii) executes a ballot that consents to the acceptance of the Plan by the US Fund or any of the Cayman Funds in which such US-Cayman Investor holds an Interest (collectively, "Accepting US-Cayman Investors"), shall receive a payment from the Global Settlement Fund that is calculated based on the ratio that each such US-Cayman Investor's Percentage Share bears to the aggregate of the Percentage Share of all other Accepting US-Cayman Investors. In consideration thereof, each Accepting US-Cayman Investor who receives a distribution from the Global Settlement Fund, solely in its capacity as such, shall be deemed to have unconditionally, irrevocably and forever, released and discharged each of the Released Parties from any and all Claims, Interests, Causes of Action, remedies and liabilities whatsoever, whether for tort, fraud, contract, violations of federal or state securities laws, or otherwise, including any derivative Claims, asserted on behalf of a Debtor, whether known or unknown, foreseen or unforeseen, existing or hereafter arising, in law, equity, or otherwise, that such entity would have been legally entitled to assert (whether individually or collectively), based on or in any way relating to, or in any manner arising from, in whole or in part, the Debtors, the Debtors' restructuring, the Chapter 11 Cases, the purchase, sale, or rescission of the purchase or sale of any security, the subject matter of, or the transactions or events giving rise to, any Claim or Interest that is treated in the Plan, the business or contractual arrangements between any Debtor and any Released Party, the restructuring of Claims and Interests prior to or in the Chapter 11 Cases, the negotiation, formulation, or preparation of the Plan, the related Disclosure Statement or related agreements, instruments, or other documents, upon any other act or omission, transaction, agreement, event, or other occurrence taking place at any time on or before the Effective Date of the Plan. A vote to accept the Plan, or the acceptance of any payment or distribution made from the Global Settlement Fund, by any Investor or

Creditor shall constitute, and be conclusively presumed to be, consent and acquiescence to the absolute, unconditional and irrevocable release and discharge of each of the Released Parties from any and all Claims, Interests, Causes of Action, remedies and liabilities, as set forth hereinabove. Notwithstanding anything to the contrary in the foregoing, the release set forth above does not release any post-Effective Date obligations of any party under the Plan or any document, instrument, or agreement executed to implement the Plan. In the event that any vote on the Plan by a Creditor holding an Allowed Claim in Class 3 is designated pursuant to Section 1126(e) of the Bankruptcy Code or is otherwise not counted for purposes of determining whether Class 3 has accepted the Plan and such Creditor has timely returned a ballot indicating its acceptance of the Plan, then any such Creditor Holding an Allowed Claim in Class 3 shall nonetheless be entitled to receive its *pro rata* Distribution (calculated as described above) the Global Settlement Fund and shall be deemed to have consented to the release and discharge of the Released Parties set forth herein.

The amount of the Global Settlement Payment to be made to each Accepting US-Cayman Investor will be dependent on several factors including: whether Class 3 votes to accept the Plan and is therefore an accepting Class; and, the aggregate amount of the Percentage Share of the Accepting US-Cayman Investors. As is described in the Plan and Disclosure Statement, if Class 3 does not accept the Plan and it is confirmed pursuant to the Cramdown Process, the aggregate of Cash contributed to the Global Settlement Fund may be not more than $2,500,000. However, if Class 3 votes to accept the Plan, the aggregate of Cash contributed to the Global Settlement Fund could be in excess of $10,000,000. Moreover, the calculation of the Global Settlement Payment to be paid to each Accepting US-Cayman Investor will be a calculated based on the

ratio that each Accepting US-Cayman Investor's Percentage Share bears to the aggregate of the Percentage Shares of all Accepting US-Cayman Investors.

E. Section 1146 Exemption.

Pursuant to Section 1146(a) of the Bankruptcy Code, the issuance, transfer or exchange of notes or issuance of debt or equity securities under the Plan, the creation of any mortgage, deed of trust or other security interest, the making or assignment of any lease or sublease, or the making or delivery of any deed or other instrument of transfer under, in furtherance of, or in connection with the Plan, including without limitation, any merger agreements or agreements of consolidation, deeds, bills of sale or assignments executed in connection with any of the transactions contemplated under the Plan, shall not be subject to any stamp, real estate transfer, mortgage recording, sales or other similar tax. Unless expressly provided otherwise, all sale transactions consummated by the Debtors and approved by the Bankruptcy Court on and after the Petition Date through and including the Effective Date, including without limitation, the sales, if any, by the Debtors of owned property or assets pursuant to Section 363(b) of the Bankruptcy Code and the assumptions, assignments and sales, if any, by the Debtors of unexpired leases of non-residential real property pursuant to Section 365(a) of the Bankruptcy Code, shall be deemed to have been made under, in furtherance of, or in connection with the Plan and, therefore, shall not be subject to any stamp, real estate transfer, mortgage recording, sales or other similar tax law.

F. Compliance with Tax Requirements.

In connection with the implementation and consummation of the Plan, the Debtors will comply with all withholding and reporting requirements imposed by any taxing authority, and all distributions thereunder will be subject to such withholding and reporting requirements.

G. Severability of Plan Provisions.

In the event that, prior to the Confirmation Date, any term or provision of the Plan is held by the Bankruptcy Court to be invalid, void or unenforceable, the Bankruptcy Court will have the power to alter and interpret such term or provision to make it valid or enforceable to the maximum extent practicable, consistent with the original purpose of the term or provision held to be invalid, void or unenforceable, and such term or provision will then be applicable as altered or interpreted. Notwithstanding any such holding, alteration or interpretation, the remainder of the terms and provisions of the Plan will remain in full force and effect and will in no way be affected, impaired or invalidated by such holding, alteration or interpretation. The Confirmation Order will constitute a judicial determination and will provide that each term and provision of the Plan, as it may have been altered or interpreted in accordance with the foregoing, is valid and enforceable in accordance with its terms.

H. Exemption from Securities Laws.

The issuance of Interests in certain of the Reorganized Debtors and any other securities that may be deemed to be issued pursuant to the Plan shall be exempt from state and federal securities laws pursuant to Section 1145 of the Bankruptcy Code.

I. Allocation of Plan Distributions Between Principal and Interest.

To the extent that any Allowed Claims entitled to a distribution under the Plan is composed of indebtedness and accrued but unpaid interest thereon, such distribution shall, to the extent permitted by applicable law, be allocated, for federal income tax purposes to the principal amount of the Claim first and then, to the extent the consideration exceeds the principal amount of the Claim, to the portion of such Claim representing accrued but unpaid interest.

XVI. RETENTION OF JURISDICTION

A. Post Effective-Date Jurisdiction

On and after the Effective Date, and notwithstanding the entry of the Confirmation Order and the occurrence of the Effective Date, the Bankruptcy Court will retain jurisdiction over the Chapter 11 Cases to the fullest extent legally permissible, including jurisdiction to, among other things:

(1) Allow, disallow, determine, liquidate, classify, estimate or establish the priority or secured or unsecured status of any Claim or Interest, including the resolution of any request for payment of any Administrative Claim and the resolution of any and all objections to the allowance or priority of all Claims and Interests;

(2) Hear and determine any and all causes of action against any Person and rights of the Debtors that arose before or after the Petition Date, including but not limited any Avoidance Action that is commenced on or prior to the Effective Date;

(3) Grant or deny any applications for allowance of compensation for professionals authorized pursuant to the Bankruptcy Code or the Plan, for periods ending on or before the Effective Date;

(4) Resolve any matters relating to the assumption, assumption and assignment or rejection of any executory contract or unexpired lease to which any Debtor is a party or with respect to which any of the Debtors may be liable, including without limitation the determination of whether such contract is executory or such lease is unexpired for the purposes of Section 365 of the Bankruptcy Code, and hear, determine and, if necessary, liquidate any Claims arising therefrom;

(5) Enter any orders that may be required approving the Post-Confirmation Debtors' post-Confirmation sale or other disposition of Assets;

(6) Ensure that distributions to Holders of Allowed Claims are accomplished pursuant to the provisions of the Plan;

(7) Decide or resolve any motions, adversary proceedings, contested or litigated matters and any other matters and grant or deny any applications involving any Debtor that may be pending in the Chapter 11 Cases on the Effective Date;

(8) Hear and determine matters concerning state, local or federal taxes in accordance with Sections 346, 505 or 1146 of the Bankruptcy Code;

(9) Enter such orders as may be necessary or appropriate to implement or consummate the provisions of the Asset Management Agreement, the DIP Credit Agreement, the Plan, the DIP Facility Orders, the Asset Purchase Agreement and the Confirmation Order;

(10) Hear and determine any matters concerning the enforcement of the provisions of Article 11 and 12 of the Plan and any other exculpations, limitations of liability or injunctions contemplated by the Plan;

(11) Resolve any cases, controversies, suits or disputes that may arise in connection with the Consummation, interpretation or enforcement of the Asset Management Agreement, the DIP Credit Agreement, the Plan, the DIP Facility Orders or the Confirmation Order;

(12) Permit the Debtors, to the extent authorized pursuant to Section 1127 of the Bankruptcy Code, to modify the Plan or any agreement or document created in connection with the Plan, or remedy any defect or omission or reconcile any inconsistency in the Plan or any agreement or document created in connection with the Plan;

(13) Issue injunctions, enter and implement other orders or take such other actions as may be necessary or appropriate to restrain interference by any entity with

Consummation, implementation or enforcement of the Asset Management Agreement, the DIP Credit Agreement, the Plan, the DIP Facility Order, the Asset Purchase Agreement or the Confirmation Order;

(14) Enforce any injunctions entered in connection with or relating to the Plan or the Confirmation Order;

(15) Enter and enforce such orders as are necessary or appropriate if the Confirmation Order is for any reason modified, stayed, reversed, revoked or vacated, or distributions pursuant to the Plan are enjoined or stayed;

(16) Determine any other matters that may arise in connection with or relating to the Plan or any agreement or the Confirmation Order;

(17) Enter any orders in aid of prior orders of the Bankruptcy Court; and

(18) Enter a final decree closing the Chapter 11 Cases.

B. Jurisdiction Prior to the Effective Date

Prior to the Effective Date, the Bankruptcy Court shall retain jurisdiction with respect to each of the foregoing items and all other matters over which it may exercise jurisdiction pursuant to 28 U.S.C. §1334.

XVII. MISCELLANEOUS PROVISIONS

A. Payment of Statutory Fees

On the Effective Date, and thereafter as may be required, the Reorganized Debtors shall pay all fees required to be paid pursuant to Section 1930 of Title 28 of the United States Code.

B. Professional Fee Claims

All final requests for Professional Fee Claims must be filed with the Court not later than sixty (60) days after the Effective Date. Objections to the applications of such professionals or other entities for compensation or reimbursement of expenses must be filed and served on the

Debtors and their counsel and the requesting professional or other entity not later than two (2) weeks prior to the hearing date of the applications. The hearing date on any Professional Fee Claims will be set to allow a reasonable time for objections to be filed.

C. Modifications and Amendments

The Plan may be amended, modified or supplemented by the Debtors or Reorganized Debtors, subject to the consents of the Receivers, the Purchaser and the DIP Lenders (unless the Insurance Portfolio Sale has closed and all obligations under the DIP Credit Agreement have has been repaid in full in which case the consent of the Purchaser and the DIP Lenders are not required), in the manner provided for by Section 1127 of the Bankruptcy Code or as otherwise permitted by law without additional disclosure pursuant to Section 1125 of the Bankruptcy Code, except as the Bankruptcy Court may otherwise direct. In addition, after the Confirmation Date, so long as such action does not materially adversely affect the treatment of Holders of Claims or Equity Interests under the Plan, the Debtors may institute proceedings in the Bankruptcy Court, to remedy any defect or omission or reconcile any inconsistencies in the Plan or the Confirmation Order, with respect to such matters as may be necessary to carry out the purposes and effects of the Plan.

D. Corrective Action

Prior to the Effective Date, the Debtors may make appropriate technical adjustments and modifications to the Plan without further order or approval of the Bankruptcy Court, subject to the consents of the Receivers, the Purchaser and the DIP Lenders (unless the Insurance Portfolio Sale has closed and all obligations under the DIP Credit Agreement have been repaid in full in which case the consent of the Purchaser and the DIP Lenders is not required), provided that such technical adjustments and modifications do not adversely affect in a material way the treatment of Holders of Claims and Interests.

E. Plan Revocation, Withdrawal or Non-Consummation

Subject to the consents of the Purchaser and the DIP Lenders (unless the Insurance Portfolio Sale has closed and all obligations under the DIP Credit Agreement have been repaid in full in which case the consent of the Purchaser and the DIP Lenders are not required), the Debtors reserve the right to abandon, revoke or withdraw the Plan at any time prior to the Confirmation Date and to file subsequent plans of reorganization. If the Debtors revoke or withdraw the Plan, or if confirmation or consummation of the Plan does not occur, then (a) the Plan shall be null and void in all respects, (b) any settlement or compromise embodied in the Plan (including the fixing or limiting to an amount certain any Claim or Class of Claims), assumption or rejection of executory contracts or leases effected by the Plan, and any document or agreement executed pursuant to the Plan, shall be deemed null and void, and (c) nothing contained in the Plan and no acts taken in preparation for consummation of the Plan shall (i) constitute or be deemed to constitute a waiver or release of any Claims by or against, or any Equity Interest in, any Debtor or any other Person, (ii) prejudice in any manner the rights of the Debtors or any Person in any further proceedings involving a Debtor, or (iii) constitute an admission of any sort by the Debtors or any other Person. None of the filing of the Plan, the taking by the Debtors of any action with respect to the Plan or any statement or provision contained in the Plan or herein will be or be deemed to be an admission by any of the Debtors, the Holders of any Claims or any other Person against interest, or be deemed to be a waiver of any rights, claims or remedies that the Debtors may have, and until the Effective Date all such rights and remedies are and will be specifically reserved. With the exception of the Purchaser, in the event the Plan is not confirmed and the Confirmation Order is not entered, the Plan and the Plan Documents, and any statement contained herein or therein, may not be used by any Person, party or entity against any the Debtors.

F. Modification of Exhibits

Subject to obtaining the consents of the Purchaser and the DIP Lenders (unless the Insurance Portfolio Sale has closed and the DIP Loan has been repaid in full in which case the consent of the Purchaser and the DIP Lenders is not required), the Debtors explicitly reserve the right to modify or make additions to or subtractions from any schedule to the Plan or the Disclosure Statement and to modify any Exhibit to the Plan or the Disclosure Statement prior to the Objection Deadline.

G. Governing Law

Except to the extent that the Bankruptcy Code or other federal law is applicable, or to the extent an Exhibit or Plan Document provides otherwise, the rights, duties and obligations arising under the Plan shall be governed by, and construed and enforced in accordance with, the laws of the State of Delaware, without giving effect to the principles of conflict of laws thereof.

H. Time

In computing any period of time prescribed or allowed by the Plan, unless otherwise set forth in the Plan or determined by the Bankruptcy Court, the provisions of Bankruptcy Rule 9006 shall apply. With regard to all dates and periods of time set forth or referred to in the Plan, time is of the essence.

I. Section Headings

The section headings and other captions contained in the Plan are for reference purposes only and shall not affect in any way the meaning or interpretation of the Plan.

J. Effectuating Documents and Further Transactions

Each of the officers of the Debtors and the Reorganized Debtors is authorized to execute, deliver, file or record such contracts, instruments, releases, indentures and other agreements or documents and take such actions as may be necessary, appropriate or desirable to effectuate and

further evidence the terms and provisions of the Plan, the Plan Documents and any securities issued pursuant to the Plan.

K. Successors and Assigns

The rights, benefits and obligations of any Person named or referred to herein shall be binding on, and shall inure to the benefit of, any heir, executor, administrator, successor or assign of such Person; provided, however, that nothing in the Plan or the Confirmation Order shall be deemed to permit the assignment of an Insurance Policy that is non-assignable to any party other than the Reorganized Debtors without the Insurer's consent under applicable non-bankruptcy law.

L. Notices

All notices, requests and demands to or upon the Debtors or the Reorganized Debtors shall be in writing (including by facsimile transmission) and, unless otherwise expressly provided herein, shall be deemed to have been duly given or made when actually delivered or, in the case of notice by facsimile transmission, when received and telephonically confirmed, addressed as follows:

Reed Smith LLP
599 Lexington Avenue
22nd Floor
New York, NY 10022
Attn: Michael J. Venditto
Tel: (212) 521 5400
Fax: (212) 521 5450
Email: mvenditto@reedsmith.com

-and-

Reed Smith LLP
1201 Market Street
Suite 1500
Wilmington, DE 19801
Attn: Kurt F. Gwynne
Kimberly E. Lawson
Tel: (302) 778 7512
Fax: (302) 778 7575
Email: kgwynne@reedsmith.com
klawson@reedsmith.com

Any delivery after 5:00 p.m., prevailing Pacific time, on a Business Day, or on a day that is not a Business Day, shall be deemed to have been made on the immediately following Business Day.

XVIII. FEASIBILITY OF THE PLAN AND THE BEST INTERESTS TEST

At the Confirmation Hearing, the Bankruptcy Court will determine whether the requirements of Section 1129 of the Bankruptcy Court have been satisfied. If so, the Bankruptcy Court will enter the Confirmation Order. Debtors believe that the Plan satisfies or will satisfy the applicable requirements, as follows:

- The Plan complies with the applicable provisions of the Bankruptcy Code.
- The Debtors, as Plan proponent, will have complied with the applicable provisions of the Bankruptcy Code.
- The Plan has been proposed in good faith and not by any means forbidden by law.
- Any payment made or promised under the Plan for services or for costs and expenses in, or in connection with, the Chapter 11 cases, or in connection with the Plan and incident to the case, has been disclosed to the Bankruptcy Court, and any such payment made before the confirmation of the Plan is reasonable, or if such payment is to be fixed after the confirmation of the Plan, such payment is subject to the approval of the Bankruptcy Court as reasonable.

- With respect to each Class of Impaired Claims or Equity Interests, either each Holder of a Claim or Equity Interest of such Class has accepted the Plan or will receive or retain under the Plan on account of such Claim or Equity Interest property of a value, as of the Effective Date, that is not less than the amount that such Holder would receive or retain if the Debtors were liquidated on such date under Chapter 7 of the Bankruptcy Code.
- Each Class of Claims or Equity Interests that is entitled to vote on the Plan will either have accepted the Plan or will not be impaired under the Plan, or the Plan may be confirmed without the approval of each voting Class pursuant to Section 1129(b) of the Bankruptcy Code.
- Except to the extent that the Holder of a particular Claim will agree to a different treatment of such Claim, the Plan provides that Allowed Administrative, Allowed Priority Tax Claims and Allowed Other Priority Non-Tax Claims will be paid in full on the Effective Date, or as soon thereafter as practicable.
- At least one Class of Impaired Claims or Equity Interests will have accepted the Plan, determined without including any acceptance of the Plan by any insider holding a Claim of such Class.
- Confirmation of the Plan is not likely to be followed by the liquidation, or the need for further financial reorganization, of the Debtors or any successor to the Debtors under the Plan, unless such liquidation or reorganization is proposed in the Plan.
- All fees of the type described in 28 U.S.C. § 1930, including the fees of the United States Trustee, will be paid as of the Effective Date.

The Debtors believe that (a) the Plan satisfies or will satisfy all of the statutory requirements of Chapter 11 of the Bankruptcy Code, (b) they have complied, or will have complied, with all of the requirements of Chapter 11 and (c) the Plan has been proposed in good faith.

As a result, the Debtors believe that the Plan does not unfairly discriminate against the Holders of these Claims.

A. Feasibility of the Plan

To confirm the Plan, the Bankruptcy Court must find that confirmation of the Plan is not likely to be followed by the liquidation or the need for further financial reorganization of the Debtors. This requirement is imposed by Section 1129(a)(11) of the Bankruptcy Code and is referred to as the "feasibility" requirement. The Debtors believe that they will be able to timely perform all obligations described in the Plan and, therefore, that the Plan is feasible.

To demonstrate the feasibility of the Plan, the Debtors have prepared and relied upon the financial projections, which are annexed to this Disclosure Statement as Exhibit 6 (the "Projections"), the Liquidation Analysis, which is annexed hereto as Exhibit 7 (the "Liquidation Analysis"), and the valuations annexed hereto as Exhibit 8 (the "Valuations"). **EXHIBITS 6, 7 and 8 AND THE NOTES THERETO ARE AN INTEGRAL PART OF THIS DISCLOSURE STATEMENT AND SHOULD BE READ IN CONJUNCTION WITH THIS DISCLOSURE STATEMENT AND THE PLAN.**

The projections indicate that the Reorganized Debtors should have sufficient cash flow to pay and service their debt obligations and to fund their operations. Accordingly, the Debtors believe that the Plan satisfies the feasibility requirement of Section 1129(a)(11) of the Bankruptcy Code. As noted in the projections, however, the Debtors caution that no representations can be made as to the accuracy of the projections or as to the Reorganized

Debtors' ability to achieve the protected results. Many of the assumptions upon which the projections are based are subject to uncertainties outside the control of the Debtors. Some assumptions inevitably will not materialize, and events and circumstances occurring after the date on which the projections were prepared may be different from those assumed or may be unanticipated, and may adversely affect the Debtors' financial results. As disclosed in the projections, these estimates have not been audited and may not comply with the requirements of Generally Accepted Accounting Principles ("GAAP"). The Debtors' management believes these estimates are reasonable and are the best estimate of the future operations of the Reorganized Debtors. However, the actual results can be expected to vary from the projected results and the variations may be material and adverse.

THE PROJECTIONS WERE NOT PREPARED WITH A VIEW TOWARD COMPLIANCE WITH THE GUIDELINES ESTABLISHED BY THE AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS, THE PRACTICES RECOGNIZED TO BE IN ACCORDANCE WITH GENERALLY ACCEPTED ACCOUNTING PRINCIPLES, OR THE RULES AND REGULATIONS OF THE SEC REGARDING PROJECTIONS. FURTHERMORE, THE PROJECTIONS HAVE NOT BEEN AUDITED BY ANY INDEPENDENT ACCOUNTANTS. ALTHOUGH PRESENTED WITH NUMERICAL SPECIFICITY, THE PROJECTIONS ARE BASED UPON A VARIETY OF ASSUMPTIONS, SOME OF WHICH IN THE PAST HAVE NOT BEEN ACHIEVED AND WHICH MAY NOT BE REALIZED IN THE FUTURE, AND ARE SUBJECT TO SIGNIFICANT BUSINESS, ECONOMIC AND COMPETITIVE UNCERTAINTIES AND CONTINGENCIES, MANY OF WHICH ARE BEYOND THE CONTROL OF THE DEBTORS. CONSEQUENTLY, THE PROJECTIONS SHOULD

NOT BE REGARDED AS A REPRESENTATION OR WARRANTY BY THE DEBTORS, OR ANY OTHER PERSON, THAT THE PROJECTIONS WILL BE REALIZED. ACTUAL RESULTS MAY VARY MATERIALLY FROM THOSE PRESENTED IN THE PROJECTIONS.

SAFE HARBOR STATEMENT UNDER THE PRIVATE SECURITIES LITIGATION REFORM ACT OF 1995: This Disclosure Statement and the financial projections contained herein and in the Projections include "forward-looking statements" within the meaning of Section 27A of the Securities Act and Section 21E of the Exchange Act. All statements other than statements of historical fact included in this Disclosure Statement are forward-looking statements, including, without limitation, financial projections, the statements, and the underlying assumptions, regarding the timing of, completion of and scope of the current restructuring, the Plan, debt and equity market conditions, the cyclicality of the Debtors' industry, current and future industry conditions, the potential effects of such matters on the Debtors' business strategy, results of operations or financial position, the adequacy of the Debtors' liquidity and the market sensitivity of the Debtors' financial instruments. The forward-looking statements are based upon current information and expectations. Estimates, forecasts and other statements contained in or implied by the forward-looking statements speak only as of the date on which they are made, are not guarantees of future performance and involve certain risks, uncertainties and assumptions that are difficult to evaluate and predict. Although the Debtors believe that the expectations reflected in the forward-looking statements are reasonable, parties are cautioned that any such forward-looking statements are not guarantees of future performance, and involve risks and uncertainties, and that actual results may differ materially from those contemplated by such forward-looking statements. Certain important factors that

could cause actual results to differ materially from the Debtors' expectation or what is expressed, implied or forecasted by or in the forward-looking statements include developments in the Chapter 11 Cases, adverse developments in the timing or results of the Debtors' business plan (including the time line to emerge from Chapter 11), the timing and extent of changes in economic conditions, industry capacity and operating rates, the supply-demand balance for the Debtors' services, competitive products and pricing pressures, federal and state regulatory developments, the Debtors' financial leverage, motions filed or actions taken in connection with the bankruptcy proceedings, the availability of skilled personnel, the Debtors' ability to attract or retain high quality employee and operating hazards attendant to the industry. Additional factors that could cause actual results to differ materially from the Projections or what is expressed, implied or forecasted by or in he forward-looking statements are stated herein in cautionary statements made in conjunction with the forward looking statements or are included elsewhere in this Disclosure Statement.

B. Best Interests Test

1. Generally

The Bankruptcy Code requires the bankruptcy court to determine that a plan is in the "best interests" of all holders of claims and interests that are impaired by the plan and that have not accepted the plan. The "best interests" test, as set forth in Section 1129(a)(7) of the Bankruptcy Code, requires a bankruptcy court find that each holder of a claim or interest in an impaired class either (i) has accepted the plan or (ii) will receive or retain under the plan property of a value, as of the effective date of the plan, that is not less than the amount that such holder would recover if the debtor were liquidated under Chapter 7 of the Bankruptcy Code.

To calculate the probable distribution to members of each impaired class of holders of claims and interests if the debtor were liquidated under Chapter 7, a bankruptcy court

must first determine the aggregate dollar amount that would be generated from the debtor's assets if its Chapter 11 case were converted to a Chapter 7 case under the Bankruptcy Code. This "liquidation value" would consist primarily of the proceeds from a forced sale of the debtor's assets by a Chapter 7 trustee.

The amount of liquidation value available to unsecured creditors would be reduced by, first, the claims of secured creditors to the extent of the value of their collateral and, second, by the costs and expenses of liquidation, as well as by other administrative expenses and costs of both the Chapter 7 case and the Chapter 11 case. A liquidation under Chapter 7 does not affect the priority of several holders of claims to be paid first. Costs of liquidation under Chapter 7 of the Bankruptcy Code would include the compensation of a trustee, as well as of counsel and other professionals retained by the trustee, asset disposition expenses, all unpaid expenses incurred by the debtor in its bankruptcy case (such as compensation of attorneys, financial advisors, and restructuring consultants) that are allowed in the Chapter 7 case, litigation costs, and claims arising from the operations of the debtor during the pendency of the bankruptcy case. The liquidation itself would trigger certain priority payments that otherwise would be due in the ordinary course of business. Those priority claims would be paid in full from the liquidation proceeds before the balance would be made available to pay general unsecured claims or to make any distribution in respect of equity interests. The liquidation also would prompt the rejection of a large number of executory contracts and unexpired leases and thereby create a significantly higher number of unsecured claims.

Once the court ascertains the recoveries in liquidation of secured creditors and priority claimants, it must determine the probable distribution to general unsecured creditors and equity security holders from the remaining available proceeds in liquidation. If such probable

distribution has a value greater than the distributions to be received by such creditors and equity security holders under a debtor's plan, then such plan is not in the "best interests" of creditors and equity security holders.

2. Best Interests of Creditors Test

For purposes of the best interests test and in order to determine the liquidation value available to Creditors, the Debtors, with the assistance of their financial advisors, prepared the Liquidation Analyses that are annexed to this Disclosure Statement as Exhibit 7. A separate Liquidation Analysis has been prepared for each of the four Debtors. The information in the Liquidation Analysis that is annexed as Exhibit 7 has been calculated as of November 30, 2010, the last date prior to the date of this Disclosure Statement for which the Debtors' had compiled financial statements.[19]

The Liquidation Analysis for NSI demonstrates that in a Chapter 7 liquidation, the Creditors holding Secured Claims in Class 1 Creditors would be paid in full, and that the Creditors holding Unsecured Claims in Class 4(a) would also be paid in full, with a distribution available to NSSC, as the Holder of the Interests in NSI.

The Liquidation Analysis for NSSC demonstrates that in a Chapter 7 liquidation: (i) the Creditors holding Secured Claims in Class 2 would receive a distribution equivalent to approximately 18.5% of the Face Amount of their Secured Claims, (iii) the Holders of Claims in Class 3 would be Unsecured and would not receive any distribution; and (iii) the Holders of Unsecured Claims in Class 4 (b) would not receive any distribution. The Debtors believe that this analysis demonstrates that under the terms of the plan, Class 3 Creditors will receive

[19] It is anticipated that prior to the Confirmation Hearing the Debtors will have more recent financial information and that the Liquidation Analysis will be supplemented to reflect that information. In that event, a copy of the updated Liquidation Analysis will be included in the Plan Supplement.

consideration that materially exceeds what the Liquidation Analysis projects would be available to such creditors in a Chapter 7 liquidation. Thus the Debtors believe that Class 3 Creditors too are materially better off under the Plan than they would be in a Chapter 7 liquidation.

The Liquidation Analysis for NSC demonstrates that in a Chapter 7 liquidation the Holders of Unsecured Claims in Class 4(c) would receive a nominal distribution that is materially less than the distribution that they would receive if the Plan is confirmed.

The foregoing conclusions are premised upon the assumptions set forth in Exhibit 7, which the Debtors and their financial advisors believe are reasonable.

The Debtors believe that any liquidation analysis with respect to the Debtors is inherently speculative. The Liquidation Analysis for the Debtors necessarily contains estimates of the net proceeds that would be received from a forced sale of assets and/or business units, as well as the amount of Claims that would ultimately become Allowed Claims. Claims estimated are based solely upon the Debtors' books and records. It is not possible to know what order or finding may be entered by the Bankruptcy Court estimating or otherwise fixing the amount of Claims or whether such estimates will be more or less than the projected amounts of Allowed Claims set forth in the Liquidation Analysis. In preparing the Liquidation Analysis, the Debtors have projected an amount of Allowed Claims that represents their best estimate of the Chapter 7 liquidation dividend to Holders of Allowed Claims. The estimate of the amount of Allowed Claims set forth in the Liquidation Analysis should not be relied on for any other purpose, including, without limitation, any determination of the value of any distribution to be made on account of the Allowed Claims under the Plan.

3. Application of the "Best Interests" of Creditors Test to the Liquidation Analysis and the Valuations

It is impossible to determine with certainty the value each Holder of a Class 3 Claim or Class 4(c) Claim will receive under the Plan as a percentage of any Allowed Claim.

Notwithstanding the difficulty in quantifying recoveries with precision, the Debtors believe that the financial disclosures and projections contained herein imply a greater recovery to Holders of Claims in creditor classes that are impaired under the Plan than the recovery available to them in a Chapter 7 liquidation. Accordingly, the Debtors believe that the "best interests" test of Section 1129 of the Bankruptcy Code is satisfied.

C. Confirmation Without Acceptance by All Impaired Classes: The 'Cramdown' Alternative

Section 1129(b) of the Bankruptcy Code provides that a plan may be confirmed even if it has not been accepted by all impaired classes as long as at least one impaired class of claims has accepted it. The Bankruptcy Court may confirm a plan at the request of a debtor notwithstanding the plan's rejection (or deemed rejection) by impaired classes as long as the plan "does not discriminate unfairly" and is "fair and equitable" as to each impaired class that has not accepted it. A plan does not discriminate unfairly within the meaning of the Bankruptcy Code if a dissenting class is treated equally with respect to other classes of equal rank.

A plan is fair and equitable as to a class of secured claims that rejects such plan if the plan provides (1)(a) that the holders of claims included in the rejecting class retain the lien securing those claims, whether the property subject to those liens is retained by the debtor or transferred to another entity, to the extent of the allowed amount of such claims, and (b) that each holder of a claim of such class receives on account of that claim deferred cash payments totaling at least the allowed amount of that claim of a value, as of the effective date of the plan,

of at least the value of the holder's interest in the estate's interest in such property; (2) for the sale, subject to Section 363(k) of the Bankruptcy Code, of any property that is subject to the liens securing the claims included in the rejecting class, free and clear of the liens, with the liens to attach to the proceeds of the sale, and the treatment of the liens on proceeds under clause (1) or (2) of this paragraph; or (3) for the realization by such holders of the indubitable equivalent of such claims.

A plan is fair and equitable as to a class of unsecured claims which rejects a plan if the plan provides (1) for each holder of a claim included in the rejecting class to receive or retain on account of that claim property that has a value, as of the effective date of the plan, equal to the allowed amount of such claim; or (2) that the holder of any claim or interest that is junior to the claims of such rejecting class will not receive or retain on account of such junior claim or interest any property at all.

A plan is fair and equitable as to a class of equity interests that rejects a plan if the plan provides (1) that each holder of an interest included in the rejecting class receives or retains on account of that interest property that has a value, as of the effective date of the plan, equal to the greatest of the allowed amount of any fixed liquidation preference to which such holder is entitled, any fixed redemption price to which such holder is entitled, or the value of such interest; or (2) that the holder of any interest that is junior to the interest of such rejecting class will not receive or retain under the plan on account of such junior interest any property at all.

The votes of Holders of Claims or Interests in Classes 4(b) and 5(b) are not being solicited because such Holders are not entitled to receive or retain under the Plan any interest in property on account of their Claims and Equity Interests. Such Classes therefore are deemed to have rejected the Plan pursuant to Section 1126(g) of the Bankruptcy Code. In addition, other

Classes may vote to reject the Plan. Accordingly, the Debtors may be, or are, seeking confirmation of the Plan pursuant to Section 1129(b) of the Bankruptcy Code with respect to such Classes. Notwithstanding the deemed or actual rejection of the Plan by such Classes, the Debtors believe that Classes Claims or Interests in Classes 4(b) and 5(b) and any other Classes that vote to reject the Plan are being treated fairly and equitably under the Bankruptcy Code. The Debtors therefore believe the Plan may be confirmed despite the deemed or actual rejection by these Classes.

XIX. IMPORTANT CONSIDERATIONS AND RISK FACTORS

A. The Debtors Have No Duty To Update

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

B. No Representations Outside The Disclosure Statement Are Authorized

No representations concerning or related to the Debtors, the Chapter 11 cases or the Plan are authorized by the Bankruptcy Court or the Bankruptcy Code, other than as set forth in this Disclosure Statement. Any representations or inducements made to secure your acceptance, or rejection, of the Plan that are other than as contained in, or included with, this Disclosure Statement should not be relied upon by you in arriving at your decision. You should promptly report unauthorized representations or inducements to Debtors' counsel and the Office of the United States Trustee.

C. Information Presented Based On Debtors' Books And Records; No Audit Performed

While the Debtors have endeavored to present information fairly in this Disclosure Statement, because of Debtors' financial difficulties, as well as the complexity of Debtors' financial matters, the Debtors' books and records upon which this Disclosure Statement is based might be incomplete or inaccurate. The financial information contained herein, unless otherwise expressly indicated, is unaudited.

D. All Information Was Provided By Debtors And Was Relied Upon By Professionals

All counsel and other professionals for the Debtors have relied upon information provided by the Debtors in connection with preparation of this Disclosure Statement. Although counsel for the Debtors have performed certain limited due diligence in connection with the preparation of this Disclosure Statement, counsel has not verified independently the information contained herein and no Creditors or Investor should rely upon any statements or representations of counsel or other professionals engaged by the Debtors in connection with these cases.

E. Projections And Other Forward Looking Statements Not Assured

Certain of the information contained in this Disclosure Statement is, by nature, forward looking, and contains estimates and assumptions which might ultimately prove to be incorrect, and contains projections which may be materially different from actual future experiences. There are uncertainties associated with any projections and estimates, and they should not be considered assurances or guarantees of the amount of funds or the amount of Claims in the various classes that might be allowed.

1. Claims Could Be More Than Projected

The allowed amount of Claims in each Class could be significantly more than projected, which in turn, could cause the value of distributions to be reduced substantially.

2. Projections

While the Debtors believe that their projections are reasonable, there can be no assurance that they will be realized, resulting in recoveries that could be significantly less than projected.

F. No Legal Or Tax Advice Is Provided To You By This Disclosure Statement

The contents of this Disclosure Statement should not be construed as legal, business or tax advice. Each Holder of a Claim or Interest should consult his, her or its own legal counsel and accountant as to legal, tax and other matters concerning his, her, or its Claim or Equity Interest.

This Disclosure Statement is not legal advice to you. This Disclosure Statement may not be relied upon for any purpose other than to determine how to vote on the Plan or object to confirmation of the Plan.

G. No Admissions Made

Nothing contained herein shall constitute an admission of any fact or liability by any party (including, without limitation, the Debtors) or to be deemed evidence of the tax or other legal effects of the Plan on the Debtors or on Holders of Claims or Equity Interests.

H. No Waiver Of Rights Except As Expressly Set Forth In The Plan

A vote for or against the Plan does not constitute a waiver or release of any Claims or rights of the Debtors (or any party in interest, as the case may be) to object to that creditor's Claim, or recover any preferential, fraudulent or other voidable transfer or estate assets,

regardless of whether any Claims of the Debtors or their respective estates are specifically or generally identified herein.

1. Business Factors And Competitive Conditions

In their financial projections, the Debtors have assumed that the general economic conditions of the United States economy will improve over the next several years. An improvement of economic conditions is subject to many factors outside the Debtors' control, including interest rates, inflation, unemployment rates, consumer spending, war, terrorism and other such factors. Any one of these or other economic factors could have a significant impact on the operating performance of the Reorganized Debtors. There is no guarantee that economic conditions will improve in the near term.

The Debtors believe that they will succeed in implementing and executing their restructuring for the benefit of all constituencies. However, there are risks that the goals of the Debtors' going-forward business plan and operational restructuring strategy will not be achieved. In such event, the Debtors may be forced to sell all or parts of their business, develop and implement further restructuring plans not contemplated herein or become subject to further insolvency proceedings. Because the Claims of substantially all unsecured Creditors will be extinguished under the Plan, in the event of further restructurings or insolvency proceedings of Claims of such persons could be substantially diluted or even cancelled.

In addition to uncertain economic and business conditions, the Reorganized Debtors will likely face competitive pressures and other third party actions and changes in market conditions. The Reorganized Debtors' anticipated performance will be impacted by these and other unpredictable activities.

Other factors that Holders of Claims should consider are potential regulatory and legal developments that may impact the Reorganized Debtors' businesses. Although these and other

such factors are beyond the Debtors' control and cannot be determined in advance, they could have a significant impact on the Reorganized Debtors' operating performance.

The Debtors' operations are dependent on the availability and cost of working capital financing and trade terms provided by vendors and may be adversely affected by any shortage or increased cost of such financing and trade vendor support. The Debtors' post-petition operations will be financed largely from operating cash flow. The Debtors believe that substantially all of their need for funds necessary to consummate the Plan and for post-Effective Date working capital financing will be met by projected operating cash flow and trade terms supplied by vendors. However, if the Reorganized Debtors require working capital and trade financing greater than that provided by such sources, they may be required either to (a) obtain other sources of financing or (b) curtail operations.

No assurance can be given, however, that any additional financing will be available, if at all, on terms that are favorable or acceptable to the Reorganized Debtors. The Debtors believe that it is important to their going-forward business plan that their performance meets projected results in order to ensure continued support from vendors and factors. There are risks to the Reorganized Debtors in the event such support erodes after emergence from Chapter 11 that could be alleviated by remaining in Chapter 11. Chapter 11 affords a debtor the opportunity to close facilities and liquidate assets relatively expeditiously, tools that will not be available to the Reorganized Debtors upon emergence. However, the Debtors believe that the benefits of emergence from Chapter 11 at this time outweigh the potential costs of remaining in Chapter 11, and that emergence at this time is in the long-term operational best interests of the Debtors and their Creditors.

2. Impact of Interest Rates

Changes in interest rates and foreign exchange rates may affect the fair market value of the Debtors' assets.

I. Bankruptcy Law Risks and Considerations

1. Confirmation of the Plan is Not Assured

Although the Debtors believe that the Plan will satisfy all requirements necessary for confirmation by the Bankruptcy Court, there can be no assurance that the Bankruptcy Court will reach the same conclusion. There can also be no assurance that modifications to the Plan will not be required for confirmation or that such modifications would not necessitate resolicitation of votes.

2. The Plan May Be Confirmed Without the Approval of All Creditors Through So-Called "Cramdown"

If one or more Impaired Classes of Claims does not accept the Plan, the Bankruptcy Court may nonetheless confirm the Plan at the Debtors' request if all other conditions for confirmation have been met and at least one impaired Class of Claims has accepted the Plan (without including the vote of any insider in that Class) and, as to each Impaired Class that has not accepted the Plan, the Bankruptcy Court determines that the Plan does not discriminate unfairly and is fair and equitable.

The votes of Holders of Claims and Interests under Classes 4(b), 5(b) and 5(c) are not being solicited because such Holders are not entitled to receive or retain under the Plan any interest in property on account of their Claims and Equity Interests. Such Classes therefore are deemed to have rejected the Plan pursuant to Section 1126(g) of the Bankruptcy Code. In addition, if Class 3 fails to accept the Plan, the Debtors may, and at the request of the Purchaser

and the DIP Lenders shall, seek confirmation of the Plan pursuant to a Cramdown Process over such Class. Accordingly, the Debtors are seeking confirmation of the Plan pursuant to Section 1129(b) of the Bankruptcy Code with respect to such Classes and may seek confirmation of the Plan as to other Classes if such Classes vote to reject the Plan. Notwithstanding the deemed rejection by such Classes, the Debtors believe that Classes 4(b), 5(b) and 5(c) are being treated fairly and equitably under the Bankruptcy Code. The Debtors therefore believe the Plan may be confirmed despite its deemed rejection by these Classes.

3. The Effective Date Might Be Delayed or Never Occur

There can be no assurance as to the timing of the Effective Date or that it will occur. If the conditions precedent to the Effective Date set forth in the Plan have not occurred or been waived, the Confirmation Order shall be vacated in accordance with the Plan and such Confirmation Order. In that event, no distributions would be made, and the Holders of Claims and Equity Interests would be restored to their previous position as of the moment before confirmation, and the Debtors' obligations for Claims and the Equity Interests would remain unchanged.

4. The Projected Value of Estate Assets Might Not Be Realized

In the Financial Projections, the Debtors project the value of the estates' assets which would be available for payment of expenses and distributions to Holders of Allowed Claims in Class 3, as set forth in the Plan. The Debtors have made certain assumptions, as described in the notes to the Financial Projections contained in Exhibit 6 attached hereto, and which should be read carefully.

5. Allowed Claims in the Various Classes May Exceed Projections

The Debtors have also projected the allowed amount of Claims in each Class in the Financial Projections. Certain Classes, and the Classes below them in priority, could be significantly affected by the allowance of Claims in an amount that is greater than projected.

J. Tax Considerations

There are significant tax consequences to the Debtors and Holders of Claims and Equity Interests. These are discussed below in the section entitled "Certain U.S. Federal Income Tax Consequences of the Plan." You should consult your own tax advisor about your particular circumstances.

XX. BINDING EFFECT OF CONFIRMATION

A. Binding Effect of Confirmation

Confirmation will legally bind the Debtors, all Creditors, Equity Interest Holders and other parties in interest to the provisions of the Plan, whether or not the Claim or Equity Interest Holder is impaired under the Plan, and whether or not such creditor or Equity Interest Holder has accepted the Plan.

B. Vesting Of Assets Free And Clear Of Liens, Claims And Interests

Pursuant to Section 1141(b) of the Bankruptcy Code, all property of the respective estate of each Debtor, together with any property of each Debtor that is not property of its estate and that is not specifically disposed of pursuant to the Plan, Insurance Portfolio Sale, or by order of the Bankruptcy Court, will revest in the applicable Reorganized Debtor on the Effective Date. Thereafter, the Reorganized Debtors may operate their businesses and may use, acquire and dispose of property free of any restrictions of the Bankruptcy Code, the Bankruptcy Rules and the Bankruptcy Court. As of the Effective Date, all property of each Reorganized Debtor will be

free and clear of all liens, claims, encumbrances and any other interests except as specifically provided pursuant to the Plan, this Disclosure Statement or the Confirmation Order.

C. Good Faith

Confirmation of the Plan shall constitute a finding that the Plan has been proposed in good faith and in compliance with applicable provisions of the Bankruptcy Code.

D. Discharge of Claims

The rights afforded in the Plan and the treatment of all Claims and Equity Interests in the Plan shall be in exchange for and in complete satisfaction, discharge and release of Claims and Equity Interests of any nature whatsoever, including any interest accrued on Claims from and alter the Petition Date, against any Debtor or any of its respective assets or properties. On the Effective Date, all such Claims against, and Equity Interests in, any Debtor shall be satisfied, discharged and released in full and all Persons and Entities shall be precluded from asserting against any Reorganized Debtor, its successor or its assets or properties any other or further Claims or Equity Interests based upon any act or omission, transaction or other activity of any kind or nature that occurred prior to the Confirmation Date.

E. Judicial Determination of Discharge

All Holders of Claims and Interests will be permanently enjoined, from and after the Effective Date, from (a) commencing or continuing in any manner any action or other proceeding of any kind on any such Claim or Equity Interest against the Debtors, their estates, or the Reorganized Debtors; (b) the enforcement, attachment, collection or recovery by any manner or means of any judgment, award, decree or order against the Debtors, their estates, or the Reorganized Debtors; and (c) creating, perfecting, or enforcing any encumbrance of any kind against the property or interests in property of the Debtors, their estates, or the Reorganized Debtors. The Confirmation Order shall be a judicial determination of discharge of all Claims

against the Debtors pursuant to Sections 524 and 1141 of the Bankruptcy Code, and shall void any judgment obtained or entered against Debtors at any time, to the extent the judgment relates to a discharged Claim.

XXI. CERTAIN U.S. FEDERAL INCOME TAX CONSEQUENCES OF THE PLAN

The following discussion is a summary of certain U.S. federal income tax consequences of the Plan which is for general information purposes only and does not purport to be a complete analysis or listing of all potential tax consequences. Moreover, such summary should not be relied upon for purposes of determining the specific tax consequences of the Plan to the Debtors or with respect to a particular Holder of a Claim or Equity Interest. This summary assumes that the various indebtedness and other arrangements to which a Debtor is a party will be respected for U.S. federal income tax purposes in accordance with their form.

The following summary is based upon the Internal Revenue Code of 1986, as amended (the "Tax Code"), Treasury Regulations promulgated thereunder ("Regulations"), judicial decisions and published administrative rulings and pronouncements of the Internal Revenue Service (the "IRS"), as in effect on the date hereof. Legislative, judicial or administrative changes or interpretations enacted or promulgated hereafter could alter or modify the analysis and conclusions set forth below. Any such changes or interpretations may be retroactive and could affect significantly the federal income tax consequences discussed below.

No ruling has been requested or obtained from the IRS with respect to any tax aspects of the Plan and no opinion of counsel has been sought or obtained with respect thereto. No representations or assurances are being made to the Holders of Claims or Equity Interests with respect to the U.S. federal income tax consequences described herein. This summary does not address foreign, state or local tax law, or any estate or gift tax consequences of the Plan. Additionally, this summary does not purport to address the U.S. income tax consequences of the

Plan to special classes of taxpayers (such as foreign taxpayers, broker-dealers, banks, mutual funds, insurance companies, financial institutions thrifts, small business investment companies, regulated investment companies, tax exempt organizations, certain expatriates, non-Debtor pass-through entities or investors in non-Debtor pass-through entities).

THE TAX CONSEQUENCES TO HOLDERS OF CLAIMS AND EQUITY INTERESTS MAY VARY BASED UPON THE INDIVIDUAL CIRCUMSTANCES OF EACH HOLDER. MOREOVER, THE TAX CONSEQUENCES OF CERTAIN ASPECTS OF THE PLAN ARE UNCERTAIN DUE TO THE LACK OF APPLICABLE LEGAL PRECEDENT AND THE POSSIBILITY OF CHANGES IN THE APPLICABLE TAX LAW. THERE CAN BE NO ASSURANCE THAT THE IRS WILL NOT CHALLENGE ANY OF THE TAX CONSEQUENCES DESCRIBED HEREIN, OR THAT SUCH A CHALLENGE, IF ASSERTED, WOULD NOT BE SUSTAINED. ACCORDINGLY, EACH HOLDER OF A CLAIM OR EQUITY INTEREST IS URGED TO CONSULT ITS OWN TAX ADVISOR REGARDING THE, FEDERAL, STATE, LOCAL AND, TO THE EXTENT APPLICABLE, FOREIGN TAX CONSEQUENCES OF THE PLAN.

TO ENSURE COMPLIANCE WITH INTERNAL REVENUE SERVICE CIRCULAR 230, YOU ARE HEREBY NOTIFIED THAT: (1) ANY DISCUSSION OF THE U.S. FEDERAL INCOME TAX ISSUES IN THIS DISCLOSURE STATEMENT IS NOT INTENDED OR WRITTEN TO BE USED, AND CANNOT BE USED, BY ANY PERSON FOR THE PURPOSE OF AVOIDING U.S. FEDERAL TAX PENALTIES THAT MAY BE IMPOSED ON SUCH PERSON; (2) ANY DISCUSSION OF U.S. FEDERAL INCOME TAX ISSUES IN THIS DISCLOSURE STATEMENT IS WRITTEN IN CONNECTION WITH THE PROMOTION OR MARKETING OF THE TRANSACTIONS OR MATTERS ADDRESSED BY THE DISCLOSURE STATEMENT;

AND (3) TAXPAYERS SHOULD SEEK ADVICE BASED ON THEIR PARTICULAR CIRCUMSTANCES FROM AN INDEPENDENT TAX ADVISOR.

A. Federal Tax Consequences to the Debtors.

1. Cancellation of Indebtedness Income Generally.

Pursuant to the Tax Code and subject to certain exceptions, a taxpayer generally must recognize income from the cancellation of indebtedness ("COD Income") to the extent that such taxpayer's indebtedness is discharged for an amount less than the indebtedness' adjusted issue price determined in the manner described below. Generally, the amount of COD Income, subject to certain statutory and judicial exceptions, is the excess of (i) the adjusted issue price of the discharged indebtedness less (ii) the sum of the fair market value (determined at the date of the exchange) of the consideration, if any, given in exchange for such discharged indebtedness including cash, property and the issue price of any new indebtedness. If a new debt instrument is issued to the creditor, then the issue price of such debt instrument is determined under either Section 1273 or Section 1274 of the Tax Code. Generally, these provisions treat the fair market value of a publicly-traded debt instrument as its issue price and the stated principal amount of any other debt instrument as its issue price if its terms provide for adequate stated interest. A non publicly-traded debt instrument debt instrument has adequate stated interest if the interest exceeds the applicable IRS federal rate. The elimination of a guarantee should not result in the recognition of COD Income.

2. Bankruptcy Exception and the Reduction of Tax Attributes Generally.

Section 108(a)(l)(A) of the Tax Code provides an exception to the recognition of COD Income, however, where a taxpayer discharging indebtedness is under the jurisdiction of a court in a case under title 11 of the Bankruptcy Code and where the discharge is granted, or is effected pursuant to a plan approved, by a U.S. Bankruptcy Court (the "Bankruptcy Exception"). Under

the Bankruptcy Exception, instead of recognizing COD Income, the taxpayer is required, pursuant to Section 108(b) of the Tax Code, to reduce certain of that taxpayer's tax attributes to the extent thereof by the amount of COD Income. The attributes of the taxpayer are generally reduced in the following order: net operating losses ("NOLS"), general business and minimum tax credit carryforwards, capital loss carryforwards, the basis of the taxpayer's assets, and finally, foreign tax credit tax carryforwards (collectively, "Tax Attributes"). If the amount of the COD Income is sufficiently large, it can eliminate these favorable Tax Attributes. To the extent the amount of COD Income exceeds the amount of Tax Attributes available to be reduced, such excess is excluded from income. Pursuant to Section 108(b)(4)(A) of the Tax Code, the reduction of Tax Attributes does not occur until the end of the taxable year after such Tax Attributes have been applied to determine the tax in the year of discharge or, in the case of asset basis reduction, the first day of the taxable year following the taxable year in which the COD Income is realized.

Section 108(e)(2) of the Tax Code provides a further exception to the recognition of COD Income upon the discharge of debt, providing that a taxpayer will not recognize COD Income to the extent that the taxpayer's satisfaction of the debt would have given rise to a deduction for United States federal income tax purposes. Unlike Section 108(b) of the Tax Code, Section 108(e)(2) does not require a reduction in the taxpayer's Tax Attributes as a result of the non-recognition of COD Income. Thus, the effect of Section 108(e)(2) of the Tax Code, where applicable, is to allow a taxpayer to discharge indebtedness without recognizing income and without reducing its Tax Attributes.

3. Disregarded and Pass-through Entities Discharging Indebtedness Generally.

i. Disregarded Entities.

Pursuant to Section 301.7701-2(a) of the Regulations, an entity that is treated as a disregarded entity for U.S. federal income tax purposes is treated in the same manner as a sole proprietorship, branch or division of such entity's owner. Thus, assets and liabilities owned, or owed, by a disregarded entity should generally be treated as owned by, or liabilities of, the disregarded entity's owner. Pursuant to Section 301.7701-1 of the Regulations, a classification as a disregarded entity applies for all U.S. federal tax purposes. Accordingly, a discharge of a disregarded entity's indebtedness should generally be treated as the discharge of debt owed by such disregarded entity's owner.

4. Debtors' COD Income Attributable to the Plan.

As discussed above, any COD Income attributable to the transactions contemplated by the Plan should be allocated to NSSC. As a result of the Bankruptcy Exception, any COD Income allocated to, and realized will not be recognized.

5. Accrued Interest.

To the extent that the consideration issued to Holders of Claims pursuant to the Plan is attributable to accrued but unpaid interest, the applicable Debtor should be entitled to interest deductions in the amount of such accrued interest, but only to the extent the applicable Debtor has not already deducted such amount. The Debtors should not have COD Income from the discharge of any accrued but unpaid interest pursuant to the Plan to the extent that the payment of such interest would have given rise to a deduction pursuant to Section 108(e)(2) of the Tax Code, as discussed above.

B. Federal Tax Consequences to the Claims and Equity Interests.

Generally, a holder of a claim or interest should in most, but not all circumstances, recognize gain or loss equal to the difference between the "amount realized" by such holder in exchange for its claim or interest and such holder's adjusted tax basis in the claim or interest. The "amount realized" is equal to the sum of the cash and the fair market value of any other consideration received under a plan of reorganization in respect of a holder's claim or equity interest. The tax basis of a holder in a claim or interest will generally be equal to the holder's cost therefore.

To the extent applicable, the character of any recognized gain or loss (e.g., ordinary income, or short-term or long-term capital gain or loss) will depend upon the status of the holder, the nature of the claim or equity interest in the holder's hands, the purpose and circumstances of its acquisition, the holder's holding period of the claim or interest, and the extent to which the holder previously claimed a deduction for the worthlessness of all or a portion of the claim or interest. Generally, if the claim or interest is a capital asset in the holder's hands, any gain or loss realized will generally be characterized as capital gain or loss, and will constitute long-term capital gain or loss if the holder has held such claim or equity interest for more than one year.

C. Information Reporting and Backup Withholding.

Certain distributions and exchanges made with respect to Claims and Interests pursuant to the Plan may be subject to information reporting by the relevant Debtor-payor to the IRS. Moreover, such reportable distributions and exchanges may be subject to backup withholding (currently at a rate of 28%) under certain circumstances. Backup withholding is not an additional tax. Amounts withheld under the backup withholding rules may be credited against a Holder's U.S. federal income tax liability, and a Holder may obtain a refund of any excess

amounts withheld under the backup withholding rules by filing an appropriate claim for refund with the IRS (generally, a U.S. federal income tax return).

THE FOREGOING SUMMARY HAS BEEN PROVIDED FOR INFORMATIONAL PURPOSES ONLY. ALL HOLDERS OF CLAIMS AND EQUITY INTERESTS ARE URGED TO CONSULT THEIR TAX ADVISORS CONCERNING THE FEDERAL, STATE, LOCAL AND, TO THE EXTENT APPLICABLE, FOREIGN TAX CONSEQUENCES APPLICABLE UNDER THE PLAN.

XXII. ALTERNATIVES TO THE PLAN

The Debtors believe that if the Plan is not confirmed, or is not confirmable, the alternatives to the Plan include: (a) the commencement of, or conversion to, a Chapter 7 case and accompanying liquidation of the Debtors' assets on a "forced sale" basis; (b) dismissal of the case(s); or (c) an alternative plan of reorganization.

A. Liquidation Under Chapter 7

If no plan can be confirmed, the Chapter 11 cases may be converted to Chapter 7 of the Bankruptcy Code, pursuant to which a trustee would be appointed to liquidate the assets of the Debtors for distribution to Creditors in accordance with the priorities established by the Bankruptcy Code. For the reasons previously discussed above, the Debtors believe that confirmation of the Plan will provide each Holder of a Class 3 Claim or a General Unsecured Claim entitled to receive a distribution under the Plan with a recovery that is expected to be substantially more than it would receive in a liquidation under Chapter 7 of the Bankruptcy Code.

B. Dismissal

Dismissal of the Chapter 11 Cases would leave the secured creditors in a position to exercise their legal rights under their existing security interests, including foreclosure of such

liens. The Debtors believe that in a dismissal scenario the unsecured creditors would not receive any distribution.

C. Alternative Plan

The Debtors believe that any alternative plan would not result in as favorable treatment of Claims as proposed under the Plan. If the Plan is not accepted by the requisite amount of the Debtors' creditors and confirmed according to the terms and expedited timelines set forth therein, there is no assurance that (i) the Debtors will be able to consummate a sale of their assets to the Purchaser, (ii) any other offer for the Debtors' assets will be available and (iii) the Debtors' will be able to continue to finance payments to maintain the value of their life insurance settlement and premium finance loan portfolio.

XXIII. DEFINITIONS AND INTERPRETATION

A. Scope of Definitions. Any term used in the Plan or the Disclosure Statement that is not defined herein, but is defined in the Bankruptcy Code or the Bankruptcy Rules, shall have the meaning ascribed to that term in the Bankruptcy Code or the Bankruptcy Rules. Whenever the context requires defined terms shall include the plural as well as the singular and pronouns stated in the masculine, feminine or neutral gender shall include the masculine, feminine and neutral.

B. Definitions. In addition to such other terms as are defined in other sections of this Disclosure Statement or the Plan, the terms set forth in Schedule 1 (which appear in the Plan as in Article 1) have the meanings ascribed there.

C. Rules of InterpretationIn the event of an inconsistency, the provisions of the Plan shall control over the contents of this Disclosure Statement. In the event of any conflict between the terms and provisions of the Plan and the terms and provisions in the Asset Purchase Agreement and DIP Facility, the terms and provisions of the Asset Purchase Agreement and DIP Facility, as

applicable, shall control and govern. The provisions of the Confirmation Order shall control over the contents of the Plan and all Plan Documents.

2. For the purposes of the Plan:

(a) any reference in the Plan to a contract, instrument, release or other agreement or document being in a particular form or on particular terms and conditions means that such document shall be substantially in such form or substantially on such terms and conditions; provided, however, that any change to such form, terms or conditions that is material to a party to such document shall require the consent of the Purchaser (unless the Insurance Portfolio Sale has closed in which case the consent of the Purchaser will not be required);

(b) any reference in the Plan to an existing document, exhibit or schedule filed or to be filed means such document, exhibit or schedule, as it may have been or may be amended, modified or supplemented as of the Effective Date;

(c) unless otherwise specified, all references in the Plan to "Sections," "Articles," "Exhibits" and "Schedules" are references to Sections, Articles, Exhibits and Schedules of or to the Plan, as the same they be amended, waived, supplemented or modified from time to time;

(d) the words "herein," "hereof," "hereto," "hereunder" and others of similar import refer to the Plan in its entirety rather than to only a particular portion of the Plan;

(e) captions and headings to Articles and Sections are inserted for convenience of reference only and are not intended to be part or to affect interpretations of the Plan;

(f) the rules of construction set forth in Bankruptcy Code Section 102 shall apply, except to the extent inconsistent with the provisions of Article I of the Plan; and

(g) the word "including" means "including without limitation."

3. Whenever a distribution of property is required to be made on a particular date, the distribution shall be made on such date or as soon as promptly as practicable thereafter.

4. All Exhibits to the Plan are incorporated into the Plan and shall be deemed to be included in the Plan, regardless of when they are filed.

5. Subject to the provisions of any contract, certificate, bylaws, instrument, release or other agreement or document entered into in connection with the Plan, the rights and obligations arising under the Plan shall be governed by, and construed and enforced in accordance with, federal law, including the Bankruptcy Code and Bankruptcy Rules.

6. The Plan is the product of extensive discussions and negotiations between and among, *inter alia*, the Debtors, the Joint NSSC Receivers, the purchaser and certain other Creditors and constituencies. Each of the foregoing was represented by counsel who either (a) participated in the formulation and documentation of or (b) was afforded the opportunity to review and provide comments on, the Plan, the Disclosure Statement, and the documents ancillary thereto.

XXIV. CONCLUSION

The Debtors believe that the Plan maximizes recoveries to all Creditors and, thus, is in their best interests. The Plan as structured, among other things, allows Creditors to participate in distributions in excess of those that would be available if the Debtors were liquidated under Chapter 7 of the Bankruptcy Code and minimizes delays in recoveries to all Creditors.

THE DEBTORS THEREFORE URGE CREDITORS TO <u>ACCEPT</u> THE PLAN AND TO EVIDENCE SUCH ACCEPTANCE BY RETURNING THEIR PROPERLY

COMPLETED BALLOT(S) SO THAT THEY WILL BE ACTUALLY RECEIVED, AS INSTRUCTED ABOVE, BY THE SOLICITATION AGENT PRIOR TO THE VOTING DEADLINE.

Dated: January 24, 2011

New Stream Secured Capital, Inc.

New Stream Secured Capital LP

New Stream Capital LLC

New Stream Insurance LLC

Schedule 1
GLOSSARY OF DEFINED TERMS
USED IN THIS DISCLOSURE STATEMENT
IN CONNECTION WITH THE JOINT LIQUIDATING PLAN OF
REORGANIZATION UNDER CHAPTER 11 OF THE BANKRUPTCY CODE

All capitalized terms not defined in the Introduction or elsewhere in the text of this Disclosure Statement have the meanings ascribed to them in Article 1 of the Plan, a copy of which is annexed to the Disclosure Statement as Exhibit 1. For ease of reference, a summary of the most commonly utilized defined terms appears below, and is deemed incorporated into this Disclosure Statement.

As used in this Disclosure Statement, all capitalized terms not otherwise defined shall have the meanings ascribed to herein and any term used that is not defined herein, but is defined in the Bankruptcy Code or the Bankruptcy Rules, shall have the meaning ascribed to that term in the Bankruptcy Code or the Bankruptcy Rules, respectively. Whenever the context requires, capitalized terms shall include the plural as well as the singular number, the masculine gender shall include the feminine and the feminine gender shall include the masculine.

363 Sale: A sale, free and clear of any liens, claims, encumbrances and any other interests, under Section 363 of the Bankruptcy Code to effectuate the transactions contemplated by the Asset Purchase Agreement, with all such liens, claims, encumbrances or other interests attaching to the Insurance Portfolio Asset Proceeds, which shall be transferred to the Bermuda Liquidation Account in accordance with the provisions of the Plan.

363 Sale Motion: A motion seeking approval of a sale, free and clear of any liens, claims, encumbrances and any other interests, under Section 363 of the Bankruptcy Code to effectuate the transactions contemplated by the Asset Purchase Agreement.

Administrative Action: Any current or future administrative, regulatory or criminal investigation, proceeding or other action against the Debtors or their current or former officers, directors, principals, members, employees, or agents for any actions, events or circumstances that took place on or prior to the Petition Date.

Administrative Claim: A Claim for any cost or expense of administration (including Professional Claims) of the Chapter 11 Cases asserted or arising under Sections 503, 507(a)(1) or 507(b) of the Bankruptcy Code, including any (i) actual and necessary cost or expense of preserving the Debtors' Estates or operating the business of the Debtors arising on or after the Petition Date, (ii) payment to be made under the Plan to cure a default on an executory contract or unexpired lease that is assumed pursuant to Section 365 of the Bankruptcy Code, (iii) obligations validly incurred or assumed by the Debtors in the ordinary course of business arising on or after the Petition Date, (iv) compensation

or reimbursement of expenses of Professionals arising on or after the Petition Date, to the extent allowed by the Bankruptcy Court under Section 330(a) or Section 331 of the Bankruptcy Code, (v) fees or charges of the Debtors' Estates under Section 1930 of title 28 of the United States Code, and (vi) costs and expenses incurred by the Joint NSSC Receivers.

Administrative Claims Bar Date: The Business Day that is the twenty-eighth (28) day following the Effective Date.

Allocation Order: A Final Order, or Final Orders, of the Bermuda Court entered in the Bermuda Proceedings that (i) determines the respective rights of the investors in the Bermuda Fund segregated account classes B, E, H, K, L, N and O to distributions made to the NSSC Bermuda Lenders in the distributions made pursuant to Section 5.2 of the Plan and (ii) authorizes the Receivers to make distributions to the investors in the Bermuda Fund segregated account classes B, E, H, K, L, N and O.

Allowed [ ] Claim or Allowed [ ] Interest: An Allowed Claim or Allowed Interest in the particular category or Class identified.

Allowed Claim or Allowed Interest: A Claim against or Interest in the Debtors or any portion thereof (a) that has been allowed by a Final Order, or (b) as to which, on or by the Effective Date, (i) no proof of Claim or Interest has been filed with the Bankruptcy Court and (ii) the liquidated and noncontingent amount of which is Scheduled as undisputed, other than a Claim or Interest that is Scheduled at zero or in an unknown amount, or (c) for which a proof of Claim or Interest in a liquidated amount has been timely filed with the Bankruptcy Court pursuant to the Bankruptcy Code, any Final Order of the Bankruptcy Court, or other applicable bankruptcy law, and as to which either (i) no objection to its allowance has been filed within the applicable periods of limitation fixed by the Plan, the Bankruptcy Code, or by any order of the Bankruptcy Court sought pursuant to Section 8.1 of the Plan or otherwise entered by the Bankruptcy Court or (ii) all objections to its allowance have been settled, withdrawn or denied by a Final Order, or (d) that is expressly allowed in a liquidated amount by a provision of the Plan.

Assets: All legal or equitable pre-petition and post-petition interests of the Debtors or the Non-Debtor Affiliates in any and all real or personal property of any nature, including any real estate, rights, easements, leases, subleases, licenses, goods, materials, supplies, furniture, fixtures, equipment, work in process, inventory, finished goods, accounts, chattel paper, cash, deposit accounts, reserves, deposits, contractual rights, intellectual property rights, executory contracts and unexpired leases that have not been rejected and any other general intangibles, and the proceeds, product, offspring, rents or profits thereof; for the avoidance of doubt, Assets include both the Debtors' Interests in Non-Debtor Affiliates as well as the Assets of such Non-Debtor Affiliates, but does not include any books, records, rights or legal privileges of the Debtors, other than the books and records relating to the ownership and/or operation of the Bermuda Wind Down Assets or those that are sold to the Purchaser pursuant to the Insurance Portfolio Sale.

Asset Management Agreement: The Asset Management Agreement, substantially in the form to be included in the Plan Supplement, if one is to be entered into on or before the Effective Date, between the Joint NSSC Receivers, on behalf of the Bermuda Wind Down Asset Structure, and the manager for the management of the Bermuda Wind Down Assets.

Asset Purchase Agreement: The Asset Purchase Agreement to be entered into by and between NSI as seller and the Purchaser, as purchaser, substantially in the form that is annexed as Exhibit A to the Plan.

Available Cash: The amount of Cash held by the Debtors on the Effective Date in excess of (i) the amounts paid into the Bermuda Liquidation Account, (ii) the Disputed Claims Reserve and (iii) the Liquidation Budget Amount; provided, however, that Available Cash shall not include any Net Death Benefits (as such term is defined in the Asset Purchase Agreement) or any other proceeds resulting from the death of an Insured (as such term is defined in the Asset Purchase Agreement) that are received on or after October 1, 2010.

Avoidance Action: Any actual or potential Claims to avoid a transfer of an interest in property or an obligation incurred by the Debtors pursuant to any applicable section of the Bankruptcy Code, including, without limitation, all claims under Chapter 5 of the Bankruptcy Code.

Bankruptcy Code: Title 11 of the United States Code, as in effect on the Petition Date and as thereafter amended, as applicable in the Chapter 11 Cases.

Bankruptcy Court: The United States Bankruptcy Court for the District of Delaware acting in, and exercising its jurisdiction over, the voluntary Chapter 11 cases of each of the Debtors.

Bankruptcy Rules: The Federal Rules of Bankruptcy Procedure and the Local Rules of Bankruptcy Practice and Procedure of the United States Bankruptcy Court for the

District of Delaware, as in effect on the Petition Date and as thereafter amended, as applicable from time to time in the Chapter 11 Cases.

Bar Date: The deadline established by the Bankruptcy Court for filing and serving upon the Debtors all proofs of claim.

Bermuda Court: The Supreme Court of Bermuda (Commercial Court) acting in, and exercising its jurisdiction over, the Bermuda Proceedings.

Bermuda C, F and I Contribution: Cash in the amount of $5,000,000, which shall be transferred to the USCB Escrow for distribution as set forth in Section 5.2 of the Plan.

Bermuda Fund: New Stream Capital Fund Ltd., a Bermuda Segregated Accounts Company in liquidation.

Bermuda Investors: Entities holding an Interest in any of the Segregated Share Classes of the Bermuda Fund.

Bermuda Liquidation Account: The segregated account, established by the Receivers at a bank or other incorporated banking institution into which the Debtors shall transfer Cash in the amount of $125,000,000, upon the closing of the Insurance Portfolio Sale, as provided in Article 7 of the Plan.

Bermuda Liquidators: John McKenna, Michael Morrison and Charles Thresh in their capacities as the joint provisional liquidators of the Bermuda Fund pursuant to an order of the Bermuda Court entered on September 13, 2010.

Bermuda non-C, F and I Consensual Process Contribution: The sum of $5,000,000 to be funded and paid on behalf of the NSSC Bermuda Lenders into the Global Settlement Fund pursuant to Section 5.2 of the Plan in the event the Plan has been accepted by Class 3.

Bermuda non-C, F and I Cramdown Process Contribution: The sum of $2,500,000 to be funded and paid on behalf of the NSSC Bermuda Lenders into the Global Settlement Fund pursuant to Section 5.2 of the Plan in the event the Plan has not been accepted by Class 3 and the Debtors seek to confirm the Plan pursuant to the cramdown requirements of Section 1129(b)(7) due to the non-acceptance of Class 3.

Bermuda Proceedings: Collectively, the proceedings commenced before the Supreme Court of Bermuda (Commercial Court) by Originating Summons dated June 15, 2010, entitled "*In the matter of Classes B, E, F, H, K, L, N and O of the New Stream Capital Fund Limited*," matter 2010 No. 190 (as consolidated) and the winding up proceedings initiated by a petition presented by the Receivers on September 13, 2010, entitled "*In the matter of New Stream Capital Fund Limited and in the matter of the Companies Act 1981 and in the matter of the Segregated Accounts Companies Act 2000*", matter 2010 No. 312, and related proceedings.

Bermuda Wind Down Assets: All of the Assets of NSSC and NSI, including Available Cash (but excluding the Liquidation Budget Amount) and Interests in entities holding Assets, other than (i) the Assets that are the subject of the Asset Purchase Agreement and (ii) the USC Wind Down Assets.

Bermuda Wind Down Asset Structure: An ownership structure to be determined by the Joint NSSC Receivers and adopted before the Plan is Filed, and detailed in the Plan Supplement which shall set forth (i) the manner in which the Bermuda Wind Down Assets will be owned, held, or configured in the hands of NSSC and its affiliates in preparation for the transfer of the Bermuda Wind Down Assets to, or at the direction of, the Joint NSSC Receivers if the Plan is confirmed, (ii) in the case of any Bermuda Wind Down Asset that is an Entity, the proper classification of such Entity for U.S. federal tax purposes, and steps that must be taken to achieve such classification, and (iii) any election or elections that must be filed or other actions that must be taken by the Debtors for U.S. federal tax purposes with respect to the Bermuda Wind Down Assets. The Debtors will cooperate fully with the Joint NSSC Receivers to facilitate their determination of the Bermuda Wind Down Asset Structure and the implementation of that structure provided herein.

Business Day: Any day other than a Saturday, Sunday or a "legal holiday", as such term is defined in Rule 9006(a) of the Federal Rules of Bankruptcy Procedure.

Cash: Legal tender accepted in the United States of America for the payment of public and private debts, denominated in United States Dollars.

Cause of Action: Any: (a) Claims, causes of action, demands, rights, actions, suits, obligations, liabilities, accounts, defenses and offsets; (b) all rights of setoff, counterclaim or recoupment and Claims on contracts or for breaches of duties imposed by law; (c) rights to object to Claims or Interests; (d) Avoidance Actions; and (e) Claims and defenses such as fraud, mistake, duress and usury and any other defenses available to the Debtor under Section 558 of the Bankruptcy Code of any kind or character whatsoever, known or

unknown, contingent or non-contingent, matured or unmatured, suspected or unsuspected, whether arising before, on, or after the Petition Date including through the Effective Date, in contract, sounding in tort, at law, in equity, or pursuant to any other theory of law.

Cayman Funds: Collectively, each of the exempted companies formed with limited liability under the laws of the Cayman Islands for which New Stream Capital (Cayman), Ltd. acts as the investment manager.

Cayman Notes: Collectively, each of the individual promissory notes made by NSSC to each of the Cayman Funds, as each may have been amended, restated, amended and restated, supplemented or otherwise modified from time to time, to the extent valid and enforceable.

CFI Allocation: Shall have the meaning specified in Section 5.1 of the Plan.

Chapter 11 Cases: The Chapter 11 cases of the Debtors to be commenced in the Bankruptcy Court and, as to any Debtor individually, a Chapter 11 Case.

Claim: A claim as defined in Section 101(5) of the Bankruptcy Code.

Class: A group of Claims or Interests as classified in a particular class under the Plan pursuant to Section 1122 of the Bankruptcy Code.

Class 4(c) Distribution Amount: The sum of $200,000 to be distributed to the Holders of Allowed Claims in Class 4(c) pursuant to Section 5.6 of the Plan.

Collateral: Any property or interest in property of any of the Debtors' Estates that is subject to a Lien to secure the payment or performance of a Claim, which Lien is not subject to avoidance or otherwise invalid under the Bankruptcy Code or applicable state law.

Collateral Agent: Wilmington Trust Company, a Delaware banking company, or its successor, acting in its capacity as collateral agent pursuant to either (i) the NSI Collateral Agency Agreement, or (ii) the NSSC Collateral Agency Agreement.

Confirmation: Entry of the Confirmation Order by the Bankruptcy Court.

Confirmation Date: The date on which the Bankruptcy Court enters the Confirmation Order on its docket, within the meaning of Bankruptcy Rules 5003 and 9021.

Confirmation Hearing: The hearing held by the Bankruptcy Court to consider Confirmation of the Plan pursuant to Section 1128 of the Bankruptcy Code, including any continuances thereof.

Confirmation Order: The order of the Bankruptcy Court confirming the Plan pursuant to Section 1129 of the Bankruptcy Code.

Consensual Process: Shall have the meaning specified in the Introduction to the Plan.

Consummation: The occurrence of the first Business Day as of which each of the following conditions has been satisfied: (i) occurrence of the Effective Date and (ii) the Bermuda C, F and I Contribution has been deposited into the USCB Escrow.

Cramdown Process: Shall have the meaning specified in the Introduction to the Plan.

Creditor: Any Entity holding a Claim against any of the Debtors.

Debtors: Shall have the meaning ascribed in the Introduction to the Plan.

Deficiency Claim: Any portion of a Secured Claim in excess of the value of all the Collateral securing such Secured Claim, provided, however, that pursuant to Section 5.11 of the Plan, Holders of Secured Claims in Class 1, Holders of Secured Claims in Class 2 and Holders of Secured Claims in Class 3 are each deemed to have waived their Deficiency Claims, if any.

DIP Credit Agreement: The Senior Secured, Super-Priority Debtor-in-Possession Credit Agreement, to be entered into shortly after the commencement of the Chapter 11 Cases, pursuant to which the DIP Lenders will provide financing to NSI in the aggregate principal amount of not more than $54,000,000.

DIP Facility: The facility provided to NSI by the DIP Lenders evidenced by the DIP Credit Agreement.

DIP Facility Orders: Any interim order and Final Order of the Bankruptcy Court authorizing the Debtors to enter into the DIP Facility.

DIP Lenders: The Note Lenders in their capacity as lenders under the DIP Facility.

Disclosure Statement: This Disclosure Statement, including all schedules and exhibits attached hereto, as it may be amended, modified or supplemented from time to time.

Disputed Claim or Disputed Interest: A Claim or Interest either (i) that is disputed or scheduled as contingent or unliquidated in the Debtors' Schedules and which has not been superseded by a timely filed proof of Claim or Interest, or (ii) proof of which has been timely and properly filed, to which a timely objection and/or request for estimation in accordance with Section 502(c) of the Bankruptcy Code and Bankruptcy Rule 3018 has been interposed, which objection and/or request for estimation has not been withdrawn or determined by a Final Order.

Disputed Claims Estimated Amount: The aggregate amount estimated to become Allowed General Unsecured Claims of all Disputed General Unsecured Claims as estimated by the Bankruptcy Court for distribution purposes.

Disputed Claims Reserve: The reserve for disputed claims established pursuant to Section 8.2 of the Plan.

Effective Date: A date selected by the Debtors (in the case of the Consensual Plan such date shall be selected in consultation with and subject to the approval of the Purchaser and in conformity with the terms of the Asset Purchase Agreement) that is not more than five (5) Business Days following the first date on which all conditions to the Effective Date set forth in Article 10 of the Plan have been satisfied or, if waivable, waived pursuant to Section 10.2 of the Plan.

Effective Date Distribution: Shall be the distributions described in Section 9.8 of the Plan.

Entity: An entity as defined in Section 101(15) of the Bankruptcy Code.

Estates: The estates of the Debtors created pursuant to Section 541 of the Bankruptcy Code by the commencement of the Chapter 11 Cases.

Exculpated Parties: Each of the Debtors, the DIP Lenders, MIO, the Purchaser, the Note Lenders, the NSI Receiver, the Joint NSSC Receivers, the Bermuda Liquidators, the US-Cayman Investors that are affiliates of or controlled by MIO, all Creditors who execute the Plan Support Agreements, and any of such parties' respective members, officers, directors, shareholders, employees, representatives, advisors, attorneys, financial advisors, investment bankers or agents.

Face Amount: Unless otherwise expressly set forth herein with respect to a specific Claim, the "Face Amount" of a Disputed Claim means the liquidated amount (if any) set forth on the proof of Claim, unless no proof of Claim has been timely Filed or deemed Filed, in which case the Face Amount shall be zero.

File or Filed: To file, or to have been filed, with the Clerk of the Bankruptcy Court in the Chapter 11 Cases.

Final Decree: A Final Order of the Bankruptcy Court entered pursuant to Section 350(a) of the Bankruptcy Code closing the Chapter 11 Cases.

Final Distribution: The final periodic payment made to the Holders of Claims in Class 3.

Final Distribution Date: The date upon which the Final Distribution is made.

Final Order: An order or judgment of the Bankruptcy Court, the Bermuda Court, or other court of competent jurisdiction, as entered on its docket, that has not been reversed, stayed, modified or amended, and as to which (a) the time to appeal, petition for certiorari or move for reargument, rehearing or a new trial has expired and no appeal, petition for certiorari or motion for reargument, rehearing or a new trial, respectively, has been timely filed (which time period shall mean, with respect to motions to correct such order under Rule 9024 of the Federal Rules of Bankruptcy Procedure, Rule 60 of the Federal Rules of Civil Procedure or otherwise, 15 days after the entry of such order), or (b) any appeal, any petition for *certiorari* or any motion for reargument, rehearing or a new trial that has been timely filed has been resolved by the highest court (or any other tribunal having appellate jurisdiction over the order or judgment) to which the order or judgment was appealed or from which certiorari or reargument, rehearing or a new trial was sought, and the time to take any further appeal, petition for *certiorari* or move for reargument, rehearing or a new trial shall have expired without such actions having been taken.

General Unsecured Claims: All Claims against the Debtors other than Claims in Class 1, Claims in Class 2, Claims in Class 3, Intercompany Claims, Tax Claims, Administrative Claims, claims arising under the DIP Facility, or Priority Claims, provided, however, that in accordance with Section 5.11 of the Plan, in the event Holders of Secured Claims in Class 1, Holders of Secured Claims in Class 2, and/or Holders of Secured Claims in Class 3 vote to accept the Plan, Deficiency Claims of the Holders of Secured Claims in Class 1, Deficiency Claims of the Holders of Secured Claims in Class 2, and Deficiency Claims of the Holders of Secured Claims in Class 3, respectively, shall not constitute General Unsecured Claims.

Global Settlement Fund: The fund held in an account established by Section 12.7 of the Plan consisting of Cash contributed pursuant to Section 5.2, Section 10.2.7, Section 10.2.8, Section 10.2.10 and Section 12.7 of the Plan.

Global Settlement Payment: Payment of Cash made to US-Cayman Investors pursuant to Section 12.7 of the Plan.

Governmental Unit: Shall have the meaning ascribed to such term in Section 101(27) of the Bankruptcy Code.

GP Administrative Reserve: The amount of $2,000,000 to be established as a reserve on the Effective Date to be held and used by the GP Manager in its discretion pursuant to Section 7.13 of the Plan solely to pay fees, expenses and costs that may be incurred in connection with any Administrative Action or pursuing any insurer or insurance policy to pay for such amounts.

GP Manager: A newly formed Entity to be organized prior to the Effective Date and jointly owned by David Bryson, Bart Gutekunst and Donald Porter, which will serve as the non-member manager of reorganized NSC.

GP Reserve Termination Date: The date upon which the GP Manager determines in its reasonable discretion that there are no longer any current or potential Administrative Actions pending.

Holder: An Entity holding a Claim or an Interest.

Impaired: When used with reference to a Claim, an Interest or Class of Claims or Interests, "Impaired" shall have the meaning ascribed to it in Section 1124 of the Bankruptcy Code.

Indemnification Claims: The obligations of the Debtors, or any one of them, pursuant to their bylaws, applicable law, any employment agreement or other agreement to indemnify any of their current or former officers and directors, on the terms and subject to the limitations described therein.

Initial Plan Support Agreement: The Initial Plan Support Agreement made and entered into as of November 9, 2010, by and among the Debtors and certain of the Debtors' Creditors and equity Holders, including, but not limited to each of the entities set forth on Schedules 1-3 thereto, as amended or supplemented from time to time.

Insurance Portfolio Asset Proceeds: Proceeds resulting from the Insurance Portfolio Sale.

Insurance Portfolio Sale: The sale of NSI's life insurance settlement and premium finance loan portfolio pursuant to the Asset Purchase Agreement by way of either (i) the 363 Sale or (ii) Confirmation of the Plan by Consensual Process, as applicable.

Intercompany Claim: Any Claim held by a Debtor against another Debtor, or held by a Non-Debtor Affiliate, against a Debtor that is not a Secured Claim in Class 1, Secured Claim in Class 2 or Secured Claim in Class 3.

Intercompany Interest: Interest in a Debtor held by another Debtor or a Non-Debtor Affiliate.

Interest: When used in the context of holding an equity interest in New Stream (and not used to denote (i) the compensation paid for the use of money for a specified time and usually denoted as a percentage rate of interest on a principal sum of money or (ii) a security interest in property), the term "Interest" shall mean "equity security" as defined in Section 101(16) of the Bankruptcy Code, and shall include (i) stock issued by a corporation, (ii) membership interests in a limited liability company or (iii) partnership interests in a general partnership or limited partnership.

Investors: Bermuda Investors and US-Cayman Investors.

Joint NSSC Receivers: Michael Morrison and Charles Thresh, of KPMG Advisory Limited, in their capacity as joint receivers for Segregated Account Classes B, E, H, K, L, N and O of the Bermuda Fund appointed pursuant to orders of the Bermuda Court in the Bermuda Proceedings on June 18, 2010 and July 16, 2010.

Lien: has the meaning set forth in Section 101(37) of the Bankruptcy Code.

Liquidation Budget Amount: The amount of Cash to be retained by the Post-Confirmation Debtors on the Effective Date pursuant to the Wind Down Budget to pay the expenses and Claims in accordance with the Plan.

McKenna: John C. McKenna of Finance and Risk Services Limited, in his capacity as NSI Receiver and/or in his capacity as Bermuda Liquidator of the Bermuda Fund.

MIO: MIO Partners, Inc., as manager, managing member, general partner, investment manager, adviser or authorized signatory, as the case may be, for each of the Note Lenders, DIP Lenders and the Purchaser.

Morrison: Michael Morrison, in his capacity as Joint NSSC Receiver and/or in his capacity as Bermuda Liquidator for the Bermuda Fund.

New NSSC Manager: A newly formed Entity to be organized under Delaware law prior to the Effective Date, which will be solely owned by NSCI from and after the Effective Date.

New Stream: The Debtors, the Bermuda Fund, the US Fund and the Cayman Funds.

Non-CFI Allocation: has the meaning ascribed to that term in Section 5.1 of the Plan.

Non-Debtor Affiliates: All Entities that are, directly or indirectly, owned or controlled by the Debtors other than the Bermuda Fund.

Note Lenders: The Lenders identified on Annex A of the Pre-Petition Secured Note.

NSC: New Stream Capital LLC, a Delaware limited liability company.

NSCI: New Stream Secured Capital, Inc., a Delaware corporation.

NSCS: New Stream Capital Services, LLC, a Delaware limited liability company.

NSI: New Stream Insurance LLC, a Delaware limited liability company, formerly known as Assurance Investments, LLC.

NSI Collateral Agency Agreement: The Collateral Agency Agreement, dated as of October 5, 2006 by and among the lenders identified therein, NSI, and Wilmington Trust, as Collateral Agent, as amended, restated, amended and restated, supplemented or otherwise modified from time to time.

NSI Loan Agreement: Each of: (i) the loan and security agreement between NSI and Segregated Account Class C, (ii) the loan and security agreement between NSI and Segregated Account Class F, and (ii) the loan and security agreement between NSI and Segregated Account Class I, as each may have been amended, restated, amended and restated, supplemented or otherwise modified from time to time, to the extent valid and enforceable.

NSI Secured Lender: Each of Segregated Account Classes C, F and I of New Stream Capital Fund Ltd. (each a "NSI Secured Lender" and collectively, the "NSI Secured Lenders").

NSI Receiver: McKenna, in his capacity as the receiver for Segregated Account Classes C, F and I of New Stream Capital Fund Ltd. appointed by Orders of the Bermuda Court in the Bermuda Proceedings on June 18, 2010 and July 16, 2010.

NSSC: New Stream Secured Capital L.P., a Delaware limited partnership, formerly known as Porter Secured Capital Partners, L.P.

NSSC Bermuda Lenders: Segregated Account Classes B, E, H, K, L, N and O of the Bermuda Fund.

NSSC Collateral Agency Agreement: The Second Amended and Restated Collateral Agency Agreement by and among NSSC (as defined herein), the Lenders, as identified therein, the Subordinated Lenders as identified therein, and Wilmington Trust, as Collateral Agent (as amended, restated, amended and restated, supplemented or otherwise modified from time to time).

Other Priority Claim: Any Claim of a Creditor, other than an Administrative Claim, to the extent such Claim is entitled to priority pursuant to Section 507(a) of the Bankruptcy Code.

Percentage Share: For purposes of Sections 5.3 and 12.7 of the Plan, the ratio ―expressed as a percentage― of each US-Cayman Investor's investment to the aggregate of all US-Cayman Investors' investment as reflected on Schedule 1 annexed to the Plan.

Person: A "person" as defined in Section 101(41) of the Bankruptcy Code.

Petition Date: The date on which the Debtors' voluntary petitions commencing their respective Chapter 11 Cases are filed with the Bankruptcy Court.

Plan: This Joint Plan of Reorganization under Chapter 11 of the Bankruptcy Code, and all exhibits annexed hereto or referenced herein, as it may be amended, modified or supplemented from time to time in accordance with the provisions of the Plan or the Bankruptcy Code and Bankruptcy Rules.

Plan Administrator: FTI Consulting, or any successor Entity selected by the Post-Confirmation Debtors with the consent of the Joint NSSC Receivers.

Plan Supplement: The compilation of documents, forms of documents, schedules, and exhibits to the Plan to be Filed by the Debtors no later than five (5) days prior to the Confirmation Hearing or such later date as may be approved by the Bankruptcy Court on notice to parties in interest, and additional documents filed with the Bankruptcy Court prior to the Effective Date as amendments to the Plan Supplement, comprised of, among other documents, the following: (a) the organizational documents for the Bermuda Wind Down Asset Structure that have been implemented by the Debtors; (b) the Wind Down Budget; (c) schedules of executory contracts and/or unexpired leases to be assumed; and, (d) the form of the Asset Management Agreement to be entered into as of the Effective Date. Any reference to the Plan Supplement in the Plan shall include each of the documents identified above as (a) through (d). The Debtors shall have the right to amend the documents contained in the Plan Supplement with the prior consent of the Joint NSSC Receivers, and add additional documents to the Plan Supplement, through and including the Effective Date, provided, however, that the written consent of the Purchaser shall be

required for any amendment or addition that affects the Insurance Portfolio Sale and the written consent of the DIP Lenders shall be required for any amendment or addition that affects the DIP Facility, the Plan terms or the "Milestones" set forth in each of the Plan Support Agreements.

Plan Support Agreement: The Plan Support Agreement entered into as of January 21, 2011, by and among the Debtors and certain of the Debtors' Creditors and equity Holders, including, but not limited to each of the entities set forth on Schedules 1-3 thereto, as amended or supplemented from time to time.

Plan Support Agreements: Collectively the Initial Plan Support Agreement and the Plan Support Agreement, each as amended or supplemented from time to time.

Post-Confirmation Debtors: The Debtors, or any successor thereto, by merger, consolidation, or otherwise, on or after the Effective Date.

Pre-Petition Secured Note: That certain Secured Promissory Note, dated as of August 4, 2010, as amended, made by NSI, as borrower, in favor of the Note Lenders in the original principal amount of Twenty-Five Million and No/100 Dollars (USD $25,000,000.00), as amended by the Amended and Restated Secured Promissory Note, dated as of November 8, 2010, in the amended principal amount of Thirty-Nine Million Four Hundred Eighty Thousand Two Hundred Sixty Eight and 58/100 Dollars (USD $39,480,268.58), made by NSI, as borrower, in favor of the Note Lenders.

Professional: A Person (a) employed in the Chapter 11 Cases pursuant to a Final Order in accordance with Sections 327, 328 and 1103 of the Bankruptcy Code and to be compensated for services rendered prior to the Effective Date, pursuant to Sections 327, 328, 329, 330, 331 and 363 of the Bankruptcy Code or (b) for which compensation and reimbursement has been allowed by the Bankruptcy Court pursuant to Section 503(b)(4) of the Bankruptcy Code.

Professional Claim: A Claim of a Professional (a) retained in the Chapter 11 Cases pursuant to a Final Order in accordance with Sections 327, 328 and 1103 of the Bankruptcy Code or otherwise, for compensation or reimbursement of actual and necessary costs and expenses relating to services incurred after the Petition Date and prior to and including the Effective Date or (b) for compensation and reimbursement that has been allowed by the Bankruptcy Court pursuant to Section 503(b)(4) of the Bankruptcy Code.

Pro Rata Portion: For purposes of Section 5.6 of the Plan, the ratio that the Allowed Amount of each Claim in Class 4(c) bears to the aggregate of all Allowed Claims in Class 4(c).

Purchaser: An entity that is controlled or managed by MIO, which shall be the purchaser under the Asset Purchase Agreement.

Purchaser Contribution: The sum of $5,000,000 to be paid by the Purchaser or by the Note Lenders, into the Global Settlement Fund, solely in the event that the Plan is confirmed by the Consensual Process, which payment shall be separate, distinct and in addition to the amounts payable by the Purchaser as the purchaser under the Asset Purchase Agreement and the amounts advanced under the DIP Facility.

Receivers: Collectively, the NSI Receiver and the Joint NSSC Receivers.

Released Parties: Each of: (a) the Bermuda Liquidators, in their capacity as such; (b) the Joint NSSC Receivers, in their capacity as such; (c) the NSI Receiver, in his capacity as such; (d) the Collateral Agent, in its capacity as such; (e) the DIP Lenders, in its capacity as such; (f) the Note Lenders, in their capacity as such; (g) the Purchaser, in its capacity as purchaser under the Asset Purchase Agreement; (h) MIO, both in its individual capacity and in its capacity as manager, managing member, general partner, investment manager, adviser or authorized signatory, as the case may be, for the Purchaser, the DIP Lenders and the Note Lenders; (i) the US-Cayman Investors that are affiliates of or controlled by MIO, (j) the Debtors and the Post-Confirmation Debtors; and (k) with respect to each of the foregoing entities in clauses (a) through (j), such person's current and former officers, directors, principals, members, employees, agents, financial advisors, attorneys, accountants, investment bankers, consultants, representatives, and other professionals, in each case in their capacity as such.

Sale Order: A Final Order of the Bankruptcy Court, which is entered prior to Confirmation of the Plan, approving the Insurance Portfolio Sale on the terms set forth in the Asset Purchase Agreement and authorizing the Debtors to consummate the Insurance Portfolio Sale on the terms set forth in the Asset Purchase Agreement.

Scheduled: Information that is set forth on the Schedules.

Schedules: The Schedules of Assets and Liabilities Filed by the Debtors in accordance with Section 521 of the Bankruptcy Code and Bankruptcy Rule 1007, as the same may be amended from time to time in accordance with Bankruptcy Rule 1009.

Secured Claim: A Claim that is (a) secured by a Lien on Collateral in which the Estate has an interest, which Lien is valid, perfected, and enforceable pursuant to applicable law or by reason of a Bankruptcy Court order, or that is subject to setoff pursuant to Section 553 of the Bankruptcy Code, to the extent of the value of the creditor's interest in the Estate's interest in such Collateral or to the extent of the amount subject to setoff, as applicable, as determined pursuant to Section 506(a) of the Bankruptcy Code; or (b) Allowed as such pursuant to the Plan.

Segregated Account: A Segregated Account of the Bermuda Fund.

Segregated Account Class C: Segregated Account Class C of the Bermuda Fund.

Segregated Account Class F: Segregated Account Class F of the Bermuda Fund.

Segregated Account Class I: Segregated Account Class I of the Bermuda Fund.

Taxes: All income, gaming, franchise, excise, sales, use, employment, withholding, property, payroll or other taxes, assessments, or governmental charges, together with any interest, penalties, additions to tax, fines, and similar amounts relating thereto, imposed or collected by any federal, state, local or foreign governmental authority on or from any of the Debtors.

Unimpaired: Any Claim, Interest, or Class of Creditors or Interests, that is not Impaired.

United States Trustee: The United States Trustee appointed under Section 581(a)(3) of title 28 of the United States Code to serve in the District of Delaware.

US-Cayman Claims: All Claims, liens, rights and Interests, including all accrued but unpaid interest thereon, and any Claims arising under Section 507(b) of the Bankruptcy Code of any nature that (i) arise under, or in connection with, the US Fund Notes or the Cayman Notes or (ii) are held by the US Fund, the Cayman Fund, or the US-Cayman Investors, whether secured or unsecured.

US-Cayman Investors: Entities holding Claims that (i) arise in connection with, derive from or are a result of, their investment or participation in either the US Fund or any of the Cayman Funds or (ii) refer or relate in any manner to the US-Cayman Claims. For purposes of the Plan, Investors holding an Interest in the US Fund will be solicited for their indication to the manager of the US Fund on how to vote the Claim of the US Fund under the US Fund Notes to either accept or reject the Plan.

USCB Escrow: An escrow to be established by the Receivers for the benefit of the NSSC Bermuda Lenders and the US-Cayman Funds (as provided for in Article 5 of the Plan) on or before the Effective Date, into which the NSI Secured Lenders shall cause to be paid the C, F and I Contribution that is deducted from the Bermuda Liquidation Account.

USC Wind Down Assets: The common stock of North Star Financial Services Limited and the specific assets identified in Schedule 3 to the Plan, or the proceeds from any sale or disposition of the foregoing.

US Fund: New Stream Secured Capital Fund (US), LLC, a Delaware limited liability company.

US Fund Investor Ballot: The form of ballot to be provided to those US-Cayman Investors holding an Interest in the US Fund, which solicits their indication to the manager of the US Fund whether to vote the Claim of the US Fund under the US Fund Notes to either accept or reject the Plan.

US Fund Claim: The Claim of the US Fund arising under the US Fund Notes, which for purposes of the Plan is deemed an Allowed Claim in Class 3 in the amount of $111,861,420.20.

US Fund Notes: The individual promissory notes made by NSSC to the US Fund, as each may have been amended, restated, amended and restated, supplemented or otherwise modified from time to time, to the extent valid and enforceable.

Voting Classes: The Impaired Classes entitled to vote to accept or reject the Plan.

Wind Down Budget: The budget, approved by the NSSC Receivers of (i) amounts needed to pay Claims under the Plan on the Effective Date, and (ii) expenses estimated to be necessary to consummate the Plan, which shall be filed as part of the Plan Supplement.

EXHIBITS OMITTED FROM THIS COPY

EXHIBIT C

DEBTOR-IN-POSSESSION CREDIT FACILTY
FOR
NEW STREAM INSURANCE, LLC

NON-BINDING SUMMARY OF PROPOSED TERMS AND CONDITIONS

February __, 2011

This term sheet outlines the terms and conditions for a proposed debtor-in-possession credit facility to be provided by (i) a newly-formed entity ("Newco"), as administrative agent and [a] lender, (ii) SSALT Fund Limited, by and through its nominee; (iii) Compass Special Situations Fund LLC, by and through its nominee; (iv) Compass COSS Master Limited, by and through its nominee; and (v) Special Situations Fund LP, as lenders, for New Stream Insurance, LLC, as borrower, in connection with a "pre-packaged" Chapter 11 bankruptcy plan process or sale of assets pursuant to section 363 of the Bankruptcy Code. This term sheet is for discussion purposes only, is non-binding and is subject to, among other conditions set forth herein, definitive documentation.

Borrower:	New Stream Insurance, LLC, a Delaware limited liability company (the "Borrower"), as debtor and debtor-in-possession in a Chapter 11 case (the "Chapter 11 Case") to be commenced in the United State Bankruptcy Court for the District of Delaware (the "Bankruptcy Court") on February [28], 2011 (the "Petition Date").
Administrative Agent:	Newco (the "Administrative Agent").
Lenders:	(i) Newco ; (ii) SSALT Fund Limited, by and through its nominee; (iii) Compass Special Situations Fund LLC, by and through its nominee; (iv) Compass COSS Master Limited, by and through its nominee; and (v) Special Situations Fund LP (collectively, the "Lenders").
DIP Facility:	A first priority, senior secured multiple draw term loan credit facility (the "DIP Credit Facility") on the terms and conditions set forth in the Pre-Petition Secured Note (as defined below), as ratified and amended by the Ratification and Amendment Agreement (as defined below) (as ratified and amended, the "DIP Credit Agreement"), in the aggregate principal amount of not more than $54,480,268.58 (the "Total Commitment"), which shall be comprised of (i) all outstanding principal, and all accrued but unpaid interest, fees, costs and others expenses, incurred or accrued prior to the Petition Date under the Pre-Petition Secured Note (collectively, the "Pre-Petition Obligations"), and (ii) and an additional commitment in the amount of up to $15,000,000 (the "Additional Commitment").

Repayment:	Upon the occurrence and continuation of an Event of Default (as defined below), the entire amount of all outstanding principal, and all accrued but unpaid interest, Fees and Expenses (as defined below), including, but not limited to, all Pre-Petition Obligations, under the DIP Credit Facility (collectively, the "Obligations"), shall be due and payable in full, in cash. Upon the occurrence of the DIP Expiration Date (as defined below), other than as a result of the occurrence and continuation of an Event of Default, the sum of all (i) Pre-Petition Obligations and (ii) Loans borrowed after the Petition Date under the Additional Commitment then outstanding, shall be deemed satisfied as additional purchase price for the insurance policies and assets set forth on Schedule A hereto (the "NSI Life Portfolio") as set forth in the APA; provided, that that all Fees and Expenses shall be payable in full, in cash on the DIP Expiration Date.
Ratification and Amendment Agreement:	The Borrower and Lenders shall enter into an agreement pursuant to which (i) the Borrower shall reaffirm its obligations under the Pre-Petition Secured Note and (ii) the terms and conditions of the Pre-Petition Secured Note shall be amended to reflect the terms and conditions set forth in this term sheet (the "Ratification and Amendment Agreement").
Availability:	Upon entry by the Bankruptcy Court of an interim order approving the DIP Loan Documents (as defined below) and the DIP Credit Facility (the "Interim Order"), and until entry by the Bankruptcy Court of a final order approving the DIP Loan Documents and DIP Credit Facility (the "Final Order"), the Borrower shall be permitted to borrow up to the maximum aggregate amount of $5,000,000, in accordance with the Budget (as defined below) to fund (a) the actual amounts necessary to fund the premium payments of the insurance policies included in the NSI Life Portfolio plus (b) the reasonable and documented fees and costs associated therewith (including servicing fees). Upon entry by the Bankruptcy Court of the Final Order, and until the DIP Expiration Date, the Borrower will be permitted to borrow (a) the actual amounts necessary to fund the premium payments of the insurance policies in the NSI Life Portfolio, and (b) the reasonable fees and costs associated therewith (including servicing fees), up to the maximum amount of the Total Commitment, in accordance with the Budget.
Use of Proceeds:	The proceeds of the loans (the "Loans") under the DIP Credit Facility shall be used by the Borrower for the limited purpose of

paying the actual amounts necessary to fund the premium payments of the insurance policies in the NSI Life Portfolio, and the reasonable fees and costs associated therewith (including servicing fees) in accordance with the Budget.

DIP Expiration Date: The DIP Credit Facility will terminate and all Obligations will be due and payable in full on the earlier to occur of the (i) date on which the Bankruptcy Court enters an order (the "Confirmation Order") confirming the Borrower's pre-packaged Chapter 11 plan (the "Plan"), which Plan approves and authorizes the sale of the NSI Life Portfolio to NewCo, (ii) the date on which the Bankruptcy Court enters the Sale Order (as defined below), (iii) the occurrence of an Event of Default (as defined below), or (iv) May 13, 2011 (the "DIP Expiration Date"); provided, however, that in the event of the occurrence of an event set forth in clauses (i) or (ii) above, the sum of all Pre-Petition Obligations and the Additional Commitment shall be deemed satisfied as additional purchase price for the NSI Life Portfolio set forth in the APA.

Carve-Out: None.

LIBOR Floor: 3.50%

Pricing: On all Pre-Petition Obligations: LIBOR, plus 5.50%.

On all Loans borrowed after the Petition Date: LIBOR, plus 5.50%.

Interest shall be computed on the basis of actual days elapsed and a year of 360 days and shall be due and payable in full, in cash on the DIP Expiration Date.

Default Interest: 2.00% per annum, plus the rate otherwise applicable.

Fees: (i) Commitment Fee: 2.50% of the Additional Commitment, payable to the Administrative Agent for the pro rata benefit of the Lenders. The Commitment Fee shall be fully earned upon entry of the Interim Order and shall be paid on the DIP Expiration Date.

(ii) Unused Commitment Fee: 0.25% per annum on the unused portion of the DIP Credit Facility at such times as outstanding Loans thereunder are less than the amount of the Total Commitment. Each Unused Commitment Fee shall be deemed to have been fully earned upon entry of the Interim Order and shall be paid to the Administrative Agent on the DIP Expiration Date for the pro rata benefit of the Lenders.

(iii) Agent Fee: $50,000 per month until the occurrence of the DIP Expiration Date (not subject to pro ration). Each Agent Fee

shall be deemed to have been fully earned upon entry of the Interim Order and shall be paid to the Administrative Agent on the DIP Expiration Date for the pro rata benefit of the Lenders.

All fees shall be non-refundable once paid.

Security for Loans:[1]

(i) Senior and Priming Liens on All Collateral. On account of all Obligations, the Administrative Agent and Lenders shall, pursuant to sections 364(c)(2) and 364(d)(1) of the Bankruptcy Code, be granted first priority, fully-perfected, senior liens on and security interests in (i) NSI Life Portfolio, (ii) the "New Stream Securities Account", as defined in that certain Securities Account Control Agreement, dated as of August 4, 2010 (as amended), by and among the MIO Pre-Petition Lenders, the Borrower, and Bank of Utah, as Security Intermediary (the "SACA") and all property contained or credited therein (including, without limitation, all investment property, securities and financial assets contained therein), (iii) the "Seller's Securities Account", as defined in the SACA, and all property contained or credited therein (including, without limitation, all investment property, securities and financial assets contained therein), (iv) all instruments and documents evidencing any of the foregoing, (v) all supporting obligations and payment intangibles in respect of any of the foregoing, (vi all books and records pertaining to any of the foregoing, (vii) all proceeds and products of any of the foregoing, and (viii) all collateral, security and guarantees given by any person or entity with respect to any of the foregoing) (collectively, the "NSI Life Portfolio Collateral") and (ix) and all of the other assets of the Borrower, including, without limitation, all accounts receivable, inventory, general intangibles, machinery, equipment, fixtures, and real property, and all proceeds and products of any of the foregoing, (collectively, the "Other Collateral", and together with the NSI Life Portfolio Collateral, the "Collateral"); provided, however, such liens (a) shall prime all NSI-NSSC Pre-Petition Liens and any other liens on the Collateral (other the MIO Pre-Petition Loans, to which such liens shall be pari passu) and (b) shall be senior in all respects to all Replacement Liens (as defined below).

[1] In connection with the pre-petition borrowings and obligations under (i) that certain Secured Promissory Note, dated as of August 4, 2010 (as amended, the "Pre-Petition Secured Note"), among the Borrower, as borrower, and the Lenders (other than Newco), as lenders (the "MIO Pre-Petition Lenders"), the Borrower granted liens on and security interests in the collateral described therein to the MIO Pre-Petition Lenders and (ii) (a) that certain Amended and Restated Loan and Security Agreement, dated as of August 1, 2008, among the Borrower, Segregated Account Class C, and NSI, (b) that certain Second Amended and Restated Loan and Security Agreement, dated as of May 1, 2009, among the Borrower, Segregated Account Class F, and NSI, and (c) that certain Amended and Restated Loan and Security Agreement, dated as of August 1, 2008, among the Borrower, Segregated Account Class I, NSI (together with all related security and other loan documents, collectively, the "NSI-NSSC Loan Agreements"), the Borrower granted liens on and security interests in the collateral described in the NSSC Loan Agreements to the lenders and agents party thereto (the "NSI-NSSC Pre-Petition Loan Parties"). The liens referred to in clause (i) above shall be referred to as the "MIO Pre-Petition Liens"; the liens referred to in clause (ii) shall be referred to as the "NSI-NSSC Pre-Petition Liens".

In the event of the occurrence and continuation of an Event of Default (as defined below), the Administrative Agent and Lenders shall first seek to satisfy all Obligations from the NSI Life Portfolio Collateral; provided, that if the NSI Life Portfolio Assets are not sufficient at that time to satisfy all Obligations, the Administrative Agent and Lenders shall have the right to satisfy all remaining Obligations from the Other Collateral in the manner and order reasonably determined by the Agent. In consideration of the foregoing, the Borrower shall deposit additional insurance policies (which shall be reasonably acceptable to the Agent) and/or cash equal to $30,000,000 in the aggregate into the SACA at least three (3) business days prior to the Petition Date, which additional collateral shall be deemed to be NSI Life Portfolio Collateral.

(ii) Superpriority Administrative Expenses Claims. On account of all Obligations, pursuant to section 364(c)(1) of the Bankruptcy Code, all claims of the Administrative Agent and Lenders shall also be entitled to superpriority administrative expense claim status.

Budget: A 13-week rolling budget, as approved by the Administrative Agent prior to the Petition Date (and any subsequent approved budget, the "Budget"), shall be attached to the DIP Motion (as defined below) and shall reflect on a line-item basis the Borrower's anticipated aggregate cash receipts and aggregate necessary and required expenses relating to the NSI Life Portfolio for each week covered by the Budget. For each two week period in the Budget the aggregate disbursements shall not exceed 115% of the aggregate amount of projected disbursements for such two week period ("Permitted Variance"). Upon the prior written request of the Debtors, or upon its own initiative, the Administrative Agent may authorize the Debtors in writing to exceed the Permitted Variance. Any unused amounts in the Budget may carry forward to successive weeks on a line-by-line basis, with no carry-over surplus to any other line item. If (i) the Borrower files the Plan, on each bi-weekly anniversary of the Petition Date, or (ii) if the Borrower files the Sale Motion (as defined below), on each monthly anniversary of the Petition Date, the Borrower shall provide the Administrative Agent with an updated Budget, including a report of variances on a line-item basis. Until the occurrence of the DIP Expiration Date, any and all proceeds derived on or after October 1, 2010, from the NSI Life Portfolio shall be held in an escrow account controlled by the Administrative Agent and shall be distributed to NewCo on the earlier of either (i) the effective date of the Plan or (ii) the closing of the 363 Sale.

Required Bankruptcy Pleadings: On the Petition Date, the Borrower shall be required to file the

following with the Bankruptcy Court (each of which shall be in form and substance satisfactory to the Administrative Agent) (collectively, the "Required Bankruptcy Pleadings") each of which shall be filed not later than the Milestone Dates set forth below:

(i) a voluntary Chapter 11 petition;

(ii) subject to clause (vii) below, the Plan, as approved prior to the Petition Date by the requisite holders of claims required to vote as set forth in the Plan Support Agreement, dated January 24, 2011 (the "Restructuring Term Sheet"), to which this term sheet is an exhibit;

(iii) subject to clause (vii) below, a disclosure statement accompanying the Plan (the "Disclosure Statement");

(iv) subject to clause (vii) below, a motion to schedule a combined hearing on an expedited basis (the "Confirmation Hearing") to approve the Borrower's disclosure statement and enter the Confirmation Order approving the Plan;

(v) a motion for entry of the Interim Order and Final Order approving the DIP Credit Agreement, Ratification and Amendment Agreement, DIP Credit Facility, Loans and all other documentation related to the foregoing (collectively, the "DIP Loan Documents") and the Borrower's limited use of the cash collateral of the MIO Pre-Petition Lenders and NSSC Pre-Petition Loan Parties (the "DIP Motion");

(vi) the asset purchase agreement (to be attached as an exhibit to the Plan or Disclosure Statement or, if applicable, the Sale Motion) pursuant to which the Borrower shall agree to sell the NSI Life Portfolio to NewCo (the "Purchaser") in accordance with the terms set forth therein (the "APA");

(vii) in the event the Plan has not been approved by the requisite holders of claims prior to the Petition Date, the Debtor shall not be required to file the Plan, Disclosure Statement or motion to schedule the Confirmation Hearing and shall instead file a motion (the "Sale Motion") for an order approving the sale of the NSI Life Portfolio to the Purchaser (the "Sale Order") pursuant to section 363 of the Bankruptcy Code (the "363 Sale"); and

(viii) other necessary or required "first day" pleadings as determined by the Debtors in consultation with the Administrative Agent.

Representations and Warranties: Customary representations and warranties for DIP financings of this type, including, but not limited, to, corporate existence and good standing, authority to enter into the DIP Loan Documents, validity of the Interim Order and Final Order, governmental approvals, non-violation of other agreements, financial statements, litigation, compliance with environmental, pension and other laws, taxes, insurance, absence of Material Adverse Change (to be defined in the DIP Credit Agreement), absence of default or unmatured default, licenses, permits and regulatory approvals, and priority of the claims and liens of the Administrative Agent and Lenders.

Covenants: Customary covenants, including, but not limited to, provision of financial statements and other customary reporting consistent with that required under the Pre-Petition Secured Note, notices of litigation, defaults and unmatured defaults and other information (including all pleadings, motions and applications filed by the Borrower with the Bankruptcy Court or distributed to any creditors' committee), compliance with pension, environmental and other laws, inspection of properties, books and records, maintenance of insurance, limitations with respect to liens and encumbrances, dividends and retirement of capital stock, guaranties, compliance with borrowing base, asset dispositions, consolidations and mergers, investments, capital expenditures, loans and advances, indebtedness, operating leases, transactions with affiliates, and a prohibition on any payments with respect to pre-petition indebtedness (other than interest payable under the Pre-Petition Secured Note), and amendments to material agreements.

Events of Default: The occurrence of any of the following shall constitute an event of default under the DIP Credit Facility (each an "Event of Default", and collectively, the "Events of Default").

(a) default in payment of principal or interest on any Loan;

(b) default in payment of any fee or any other amount (other than a default in payment of principal or interest);

(c) any representation or warranty made or deemed made in or in connection with any DIP Loan Document or the Loans, or any representation, warranty, statement or information contained in any, certificate, or other document furnished in connection with or pursuant to any DIP Loan Document, shall prove to have been false

or misleading in any material respect when so made, deemed made or furnished;

(e) default shall be made in the observance or performance by the Borrower of any covenant, condition or agreement contained in any DIP Loan Document (including the failure to satisfy the milestones set forth below which shall be incorporated therein) and such default shall continue unremedied or shall not be waived beyond any applicable grace period;

(f) one or more judgments, orders or decrees for the payment of money in an aggregate amount in excess of $10,000,000 (exclusive of amounts covered by insurance for which coverage is not denied) shall be rendered against the Borrower and the same shall remain undischarged, unvacated or unbonded for a period of thirty (30) consecutive days during which execution shall not be effectively stayed, or any action shall be legally taken by a judgment creditor to levy upon properties of the Borrower to enforce any such judgment;

(g) any security interest or lien created by any DIP Loan Document shall cease to be in full force and effect, or shall cease to give the Administrative Agent and/or the Lenders, the liens, rights, powers and privileges created and granted under such DIP Loan Documents, the Interim Order or Final Order, or shall be asserted by the Borrower not to be, a valid, perfected, security interest in or lien on the Collateral covered thereby;

(h) any DIP Loan Document, the APA or any material provisions thereof shall at any time and for any reason be declared by a court of competent jurisdiction to be null and void, or a proceeding shall be commenced by the Borrower or any other person, or by any governmental authority, seeking to establish the invalidity or unenforceability thereof (exclusive of questions of interpretation of any provision thereof), or the Borrower shall repudiate or deny any portion of its liability or obligation for the payment of Obligations or the performance of its obligations under the APA;

(i) a termination of the APA shall have occurred; or

(j) the occurrence of any of the following in the Chapter 11 Case:

(i) the entry of an order or ruling (which has not been withdrawn, dismissed or reversed): (w) to obtain additional financing under section 364 of the Bankruptcy Code not otherwise permitted by the DIP Loan Documents, unless the

proceeds of such financing shall refinance and pay in full the Obligations and amounts outstanding under the Pre-Petition Secured Note (a "Permitted Refinancing") with the termination of all related lending commitments thereunder; (x) to grant any lien other than permitted liens upon or affecting any Collateral without the prior written consent of the Administrative Agent, unless the granting of such lien is simultaneous with a Permitted Refinancing; or (y) except as provided in the Interim Order or Final Order, to use cash collateral of the MIO Pre-Petition Lenders under section 363(c) of the Bankruptcy Code without the prior written consent of the MIO Pre-Petition Lenders;

(ii) (a) the filing by the Borrower or any of its affiliates, (b) the failure of the Borrower to oppose any filing by any third party or (c) the entry of an order with respect to the approval, of any reorganization plan or disclosure statement attendant thereto other than the Plan and Disclosure Statement, or any direct or indirect material amendment to the Plan or Disclosure Statement without the prior written consent of the Administrative Agent;

(iii) the entry of the Confirmation Order or an order in the Chapter 11 Case confirming the Plan that does not contain a provision for (a) the sale of the NSI Life Portfolio to Newco under the APA, (b) the termination of the Total Commitment and (c) the satisfaction of all Obligations as set forth herein;

(iv) if applicable, (a) the filing by the Borrower or any of its affiliates, (b) the failure of the Borrower to oppose any filing by a third party, or (c) the entry of an order with respect to the approval, of a motion to sell all or a portion of the NSI Life Portfolio pursuant to section 363 of the Bankruptcy Code or otherwise other than the Sale Motion, or any direct or indirect material revision or amendment to Sale Motion, proposed Sale Order or Sale Order, once entered, without the prior written consent of the Administrative Agent and Purchaser;

(v) if applicable, the entry of the Sale Order or an order in the Chapter 11 Case pursuant to section 363 of the Bankruptcy Code or otherwise that does not provide for the sale of the NSI Life Portfolio to Newco under the APA;

(vi) the entry of an order amending, supplementing, staying, vacating or otherwise modifying the DIP Loan Documents, the Interim Order or the Final Order (except with respect to ministerial changes) without the prior written consent of the Administrative Agent or the filing of a motion for

reconsideration with respect to the Interim Order or the Final Order;

(vii) the entry of an order allowing any claim or claims under section 506(c) of the Bankruptcy Code or otherwise against the Administrative Agent, the Lenders, the MIO Pre-Petition Lenders or any of the Collateral;

(viii) the appointment of an interim or permanent trustee in the Chapter 11 Case or the appointment of a receiver or an examiner in the Chapter 11 Case with expanded powers to operate or manage the financial affairs, the business, the reorganization of the Borrower (or the Borrower seeks or acquiesces in such relief);

(ix) the dismissal of the Chapter 11 Case, or the conversion of the Chapter 11 Case to a case under Chapter 7 of the Bankruptcy Code or the Borrower shall file a motion or other pleading seeking the dismissal or conversion of the Chapter 11 Case;

(x) other than pursuant to the Interim Order or the Final Order, the entry of an order by the Bankruptcy Court granting relief from, or modifying, the automatic stay under section 362 of the Bankruptcy Code (x) to allow any creditor to execute upon or enforce a lien on any Collateral, or (y) with respect to any lien on or the granting of any lien on any Collateral to any state or local environmental or regulatory agency or authority, which in either case would have a Material Adverse Effect (to be defined in the DIP Credit Agreement);

(xi) the entry of an order in the Chapter 11 Case avoiding or requiring disgorgement of any portion of the fees or other payments made on account of the Obligations or the other DIP Loan Documents;

(xii) the failure of the Borrower to perform any of its obligations under the Interim Order or the Final Order, which materially and adversely affects the interests of any or all of the Lenders, the Administrative Agent or the MIO Pre-Petition Lenders as reasonably determined by the affected party; or

(xi) except as otherwise provided by the Interim Order or Final Order, the entry of an order in the Chapter 11 Case granting any other superpriority administrative claim or lien junior, equal or superior to those granted to the Administrative Agent and/or Lenders or the MIO Pre-Petition Lenders.

Adequate Protection

for Pre-Petition Lenders	As adequate protection for any diminution in the value of the collateral securing the MIO Pre-Petition Liens or the NSI-NSSC Pre-Petition Liens resulting from the Borrower's use of their respective cash collateral, the liens granted to the Administrative Agent and Lenders in connection with the DIP Credit Facility, the filing of the Chapter 11 Case or otherwise, the Borrower shall (a) on account of all Pre-Petition Obligations, grant to the MIO Pre-Petition Lenders replacement liens (the "MIO Replacement Liens"), junior in priority only to the liens and security interests granted to the Administrative Agent and Lenders, on all of the collateral securing the MIO Pre-Petition Liens, which liens shall be senior in priority to the NSI-NSSC Replacement Liens, and (b) on account of all obligations arising prior to the Petition Date under the NSI-NSSC Loan Agreements, grant to the NSI-NSSC Pre-Petition Loan Parties replacement liens (the "NSI-NSSC Replacement Liens", and together with the MIO Replacement Liens, the "Replacement Liens") on all of the collateral securing the NSSC Pre-Petition Liens, which liens shall be junior in priority to the MIO Replacement Liens and all of the liens granted to the Administrative Agent and Lenders. As additional adequate protection, the Borrower shall (a) grant to the MIO Pre-Petition Lenders superpriority administrative claims, which administrative claims shall be junior in priority only to the administrative claims granted to the Administrative Agent and Lenders and senior in priority to the administrative claims granted to the NSI-NSSC Pre-Petition Loan Parties, and (b) grant to the NSI-NSSC Pre-Petition Loan Parties superpriority administrative claims, which shall be junior in priority to the administrative claims granted to the Administrative Agent and Lenders and the MIO Pre-Petition Lenders. As further adequate protection, the Borrower shall timely pay all pre-petition and post-petition reasonable fees and expenses of the professionals retained by the MIO Pre-Petition Lenders (including counsel).
506(c) Waiver:	Subject to entry of the Final Order, neither the Collateral nor any of the Administrative Agent, Lenders or MIO Pre-Petition Lenders shall be subject to surcharge, pursuant to sections 105, 506(c), or 552 of the Bankruptcy Code or otherwise, by the Borrower or any other party-in-interest without the prior written consent of the affected party. The "equities of the Chapter 11 Case" exception contained in section 552(b) of the Bankruptcy Code shall be deemed waived.
Credit Bidding:	The Lenders shall have the right, but not the obligation, to pay all or any portion of the purchase price for the NSI Life Portfolio as set

forth in the APA by "credit bidding" Obligations against the purchase price of the NSI Life Portfolio or any part thereof.

Conditions Precedent: The obligation of the Lenders to provide the DIP Credit Facility will be subject to customary conditions precedent, including, without limitation, the following:

(i) the Administrative Agent and Lenders shall have completed their legal, financial and other due diligence, with results satisfactory to the Administrative Agent and Lenders;

(ii) execution and delivery of the DIP Loan Documents in form and substance satisfactory to the Administrative Agent and the satisfaction of the conditions contained therein, including, but not limited to, the satisfaction of (a) in the event the Plan and Disclosure Statement have been filed, the milestones set forth in clauses (i) – (iv) below under "Consensual Plan" and (b) in the event the Sale Motion has been filed, the milestones set forth below in clauses (i) – (iv) below under "363 Sale / Cram down Plan", which, in either case, shall be incorporated in the DIP Loan Documents;

(iii) delivery by the Borrower to the Administrative Agent of the Budget, which shall be in form and substance satisfactory to the Administrative Agent;

(iv) the Administrative Agent shall have received, concurrently with the entry of the Interim DIP Order, all fees and expenses required to be paid in connection with the DIP Credit Facility;

(v) no Material Adverse Change (to be defined in the DIP Credit Agreement) shall have occurred;

(vi) the Administrative Agent shall be satisfied with the Borrower's cash management systems (including, without limitation, appropriate mechanics relating to collections);

(vii) Insurance satisfactory to the Administrative Agent; such insurance to include liability insurance for which the Lenders shall be named as additional insureds and property insurance for which the Lenders shall be named as loss payees;

(viii) there shall exist no claim, action, suit, investigation, litigation or proceeding, pending or threatened in any court

or before any arbitrator or governmental instrumentality which relates to the DIP Credit Facility, Loans, or DIP Loan Documents or which, in the sole opinion of the Administrative Agent, has any reasonable likelihood of having a Material Adverse Effect (to be defined in the DIP Credit Agreement);

(ix) the Administrative Agent shall have received and been reasonably satisfied with such financial and other information regarding the Borrower as the Administrative Agent may request; and

(x) such other conditions as may be required by the Administrative Agent in its reasonable discretion and which are customary in transactions of this nature.

Conditions to Subsequent Borrowings: The obligation of the Lenders to provide additional Loans after the initial funding will be subject to customary conditions including, without limitation, the following:

(i) the Bankruptcy Court shall have entered the Final Order, which shall be in form and substance satisfactory to the Administrative Agent;

(ii) all applicable material orders of the Bankruptcy Court in the Chapter 11 Case shall remain in full force and effect, in each case without reversal, stay, vacation, rescission, amendment or other modification;

(iii) no default or Event of Default under the DIP Credit Facility shall exist or shall result from the requested extension of credit; and

(iv) the representations and warranties of the Borrower in the DIP Loan Documentation shall be true and correct in all material respects at the date of each extension of credit (except to the extent that such representations and warranties expressly relate to an earlier date, in which case they shall be true and correct in all material respects as of such earlier date).

Expenses: All reasonable fees, including, without limitation, legal fees, costs and expenses, and all reasonable out of pocket expenses of the Administrative Agent and Lenders incurred in connection with this term sheet, the DIP Loan Documents, the DIP Credit Facility,

the Restructuring Term Sheet, amendments to the Pre-Petition Secured Note, the Chapter 11 Case, and the transactions contemplated hereby or thereby (collectively, "Fees and Expenses") shall be paid by the Borrower in full, in cash on the DIP Expiration Date.

Governing Law: The DIP Credit Facility and all other DIP Loan Documents shall be governed by the laws of the State of New York, except as governed by the Bankruptcy Code.

Milestone Dates[2]

Consensual Process Milestone Dates

Date	Action/Milestone
No later than January 24, 2011	New Stream Debtors shall commence solicitation of votes of creditors to accept or reject the Plan.
No later than February 22, 2011	New Stream Debtors shall conclude solicitation of votes of creditors to accept or reject the Plan.
No later than February 27, 2011	New Stream Debtors and Purchaser shall execute Asset Purchase Agreement.
No later than February 28, 2011	New Stream Debtors shall file with the Bankruptcy Court the required bankruptcy petitions and other pleadings, which, in each case, shall be in form and substance satisfactory to the DIP Lenders.
No later than March 3, 2011	Bankruptcy Court shall enter (i) an interim order approving the DIP Facility, (ii) orders approving the "first day" pleadings, and (iii) an order approving the expedited scheduling of the Confirmation Hearing not later than May 3, 2011, which, in each case, shall be in form and substance satisfactory to the DIP Lenders.

[2] Capitalized terms used in this Exhibit E to the Plan Support Agreement that are not otherwise defined in the Plan Support Agreement shall have the meanings ascribed to them in the Plan.

Date	Action/Milestone
No later than March 21, 2011	Bankruptcy Court shall enter a final order approving the DIP Facility, which shall be in form and substance satisfactory to the DIP Lenders.
No later than April 29, 2011	Bankruptcy Court shall hold the Confirmation Hearing and enter the Confirmation Order approving the Plan, which shall be in form and substance satisfactory to the DIP Lenders and the Purchaser.
No later than May 13, 2011	Closing of sale on Insurance Portfolio Sale to Purchaser pursuant to the terms of the Asset Purchase Agreement and Plan.
No later than May 13, 2011	Plan shall become effective (unless effective date has already occurred).

Cramdown Process Milestone Date.

Date	Action/Milestone
No later than January 24, 2011	New Stream Debtors shall commence solicitation of votes of creditors to accept or reject the Plan.
No later than February 22, 2011	New Stream Debtors shall conclude solicitation of votes of creditors to accept or reject the Plan.
No later than February 27, 2011	New Stream Debtors and Purchaser shall execute Asset Purchase Agreement.
No later than February 28, 2011	New Stream Debtors shall file with the Bankruptcy Court the required bankruptcy petitions and other pleadings, which, in each case, shall be in form and substance satisfactory to the DIP Lenders.

Date	Action/Milestone
No later than March 3, 2011	New Stream Debtors shall file a motion (the "Sale Motion") seeking an order from the Bankruptcy Court (the "Sale Order") approving the sale by NSI of the NSI Insurance Portfolio to the Purchaser pursuant to the terms of the Asset Purchase Agreement Sale Motion seeking entry of the Sale Order approving the 363 Sale, each in form and substance satisfactory to the Purchaser.
No later than March 3, 2011	Bankruptcy Court shall enter (i) an interim order approving the DIP Facility, and (ii) orders approving the "first day" pleadings, which, in each case, shall be in form and substance satisfactory to the DIP Lenders.
No later than March 24, 2011	Bankruptcy Court shall enter a final order approving the DIP Facility, which shall be in form and substance satisfactory to the DIP Lenders.
No later than April 4, 2011	Bankruptcy Court shall hold the hearing on Sale Motion to approve the 363 Sale and enter the Sale Order approving the 363 Sale, which shall be in form and substance satisfactory to the DIP Lenders and Purchaser.
No later than April 18, 2011	Closing of Insurance Portfolio Sale to Purchaser pursuant to the terms of the Asset Purchase Agreement and Sale Order.

In the event that (a) the Petition Date occurs after February 28, 2011 because such milestone date is extended as permitted by the Administrative Agent or (b) the Bankruptcy Court is unable or unwilling to schedule a hearing on the required date, the milestone dates set forth above shall be deemed automatically extended by an equal number of days (or such later date as would constitute the next business day) up to a maximum of seven (7) business days. The milestone dates may also be extended with the prior written consent of the Administrative Agent.

EXHIBIT D

ASSET PURCHASE AGREEMENT

by and between

NEW STREAM INSURANCE, LLC,

as Seller,

and

LIMITED LIFE ASSETS LLC

as Purchaser

Dated as of [_____,] 2010

TABLE OF CONTENTS

ASSET PURCHASE AGREEMENT

This **ASSET PURCHASE AGREEMENT**, dated as of [_____,] 2010 (this "Agreement"), is entered into by and between NEW STREAM INSURANCE, LLC, a Delaware limited liability company, as seller (in such capacity, the "Seller") and LIMITED LIFE ASSETS LLC, a Delaware limited liability company, as purchaser (in such capacity, the "Purchaser"). The Seller and the Purchaser are each sometimes referred to herein individually as a "Party" and collectively as the "Parties".

WHEREAS, the Purchaser desires to purchase from the Seller the Assets (as such term is defined in the Glossary of Defined Terms attached hereto), subject to the terms and conditions of this Agreement; and

WHEREAS, the Seller desires to sell to the Purchaser the Assets, subject to the terms and conditions of this Agreement.

NOW, THEREFORE, in consideration of the premises and the mutual covenants herein contained, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged by the Parties hereto, the Parties hereby agree as follows:

ARTICLE I

DEFINITIONS

SECTION 1.01 Definitions. Capitalized terms used and not otherwise defined in this Agreement have the respective meanings ascribed to them in the Glossary of Defined Terms attached hereto.

SECTION 1.02 Usage of Terms. The words "hereof," "herein" and "hereunder" and words of similar import when used in this Agreement shall refer to this Agreement as a whole and not to any particular provision of this Agreement; article, section, subsection, exhibit and schedule references contained in this Agreement are references to articles, sections, subsections, exhibits and schedules in or to this Agreement unless otherwise specified; with respect to all terms in this Agreement, the singular includes the plural and the plural the singular; words importing any gender include the other genders; references to "writing" include printing, typing, lithography and other means of reproducing words in a visible form; references to agreements and other contractual instruments include all subsequent amendments, amendments and restatements and supplements thereto or changes therein entered into in accordance with their respective terms and not prohibited by this Agreement; references to Persons include their permitted successors and assigns; references to laws include their amendments and supplements, the rules and regulations thereunder and any successors thereto; and the term "including" means "including without limitation."

ARTICLE II

CONVEYANCE OF ASSETS

SECTION 2.01 Conveyance of Assets Generally.

(a) Agreement to Sell and Purchase. Subject to the terms and conditions of this Agreement, as of the Execution Date the Seller agrees to sell to the Purchaser, and the Purchaser agrees to purchase from the Seller, all right, title and interest of the Seller (i) in and to the Assets, including, without limitation (1) with respect to all Life Insurance Policies owned by the Seller, all rights possessed by Seller (directly or indirectly through the applicable securities intermediary) as owner and beneficiary of such Life Insurance Policies, (2) with respect to all other Assets, all rights possessed by Seller as owner and beneficiary of such Assets, and (3) with respect to all Assets, (i) all of Seller's right, title and interest in and to the Asset Documentation Package for each Asset that is a Conveyed Asset, and (ii) all proceeds of the foregoing, in each case, to the extent such transfer is permitted by applicable law and such transfer shall not include any rights, remedies, powers and privileges that by their nature are not transferable or will terminate or be ineffective or invalid upon any sale or transfer thereof (collectively, the property, rights and amounts described in this Section 2.01(a), the "Conveyed Property").

(b) Assumption of Assumed Liabilities. On the terms and subject to the conditions set forth in this Agreement, the Purchaser shall assume and become responsible for, from and after the Acquisition Date, all obligations and liabilities arising under, out of or in connection with the ownership, management and operation of the Conveyed Property from and after the Acquisition Date (collectively, the "Assumed Liabilities"), including the obligation to pay premiums and other related expenses (including, without limitation, trustee's fees and administrative manager's fees) with respect to each of the Life Insurance Policies and any obligations or liabilities arising under any of the operational documentation related to each of the Equity Assets. For the avoidance of doubt, such obligations and liabilities are listed in the previous clause for illustrative purposes only and in no manner shall limit the definition of Assumed Liabilities as set forth in the immediately preceding sentence.

(c) Purchase Price. In consideration for the Seller's sale and transfer of its title to and ownership of the beneficial interest in the Conveyed Property, and upon compliance by the Seller with the terms and conditions of Article IV of this Agreement, the Purchaser shall pay the Purchase Price to the Seller for such Conveyed Property at the time and in the manner specified in Article IV.

(d) Bulk Sales Laws. The Purchaser hereby waives compliance by the Seller with the requirements and provisions of any "bulk-transfer" laws of any jurisdiction that may otherwise be applicable with respect to the sale and transfer of any or all of the Conveyed Property to the Purchaser.

(e) Intent of the Parties. It is the intention of the Seller and the Purchaser that the conveyance, transfer and assignment of the Conveyed Property contemplated by this Agreement

shall constitute a sale of such Conveyed Property from the Seller to the Purchaser. As a precautionary measure, in the event that notwithstanding the contrary intention of the Seller and the Purchaser, the sale of any Conveyed Property is recharacterized as a loan, the Parties intend that this Agreement constitute a security agreement under applicable law, and the Seller hereby grants to the Purchaser a first priority perfected security interest in, to and under each such Conveyed Property and all proceeds of any of the same for the purpose of securing payment and performance of the Seller's obligations under this Agreement and the repayment of any amounts owed to the Purchaser by the Seller.

ARTICLE III

REPRESENTATIONS, WARRANTIES AND COVENANTS

SECTION 3.01 Representations and Warranties of the Seller and Purchaser.

(a) The Seller hereby represents and warrants to the Purchaser as of the Execution Date and the Acquisition Date that:

(i) Organization, Good Standing and Licenses. It is duly organized, validly existing and in good standing under the laws of its respective state of incorporation, and is in good standing in, has all necessary organizational power and authority in, and has obtained all necessary licenses, approvals and consents in, all jurisdictions where the ownership of its properties as such properties are currently owned, the conduct of its business as such business is currently conducted, and the performance of its obligations under this Agreement require such qualifications, licenses, approvals or consents. In particular, at all relevant times, it had and has all necessary organizational power, authority and legal right to acquire and own each item of Conveyed Property, to enter into this Agreement and to sell to the Purchaser each item of Conveyed Property as contemplated by this Agreement**.** Other than the approval by the Bankruptcy Court of this Agreement and transactions contemplated thereby, no consent, approval, permit, license, authorization or order of or declaration or filing with any Governmental Authority is required to be obtained by the Seller for the consummation of the transactions contemplated by this Agreement, except for filings required under the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended, and except for such as have been duly made or obtained.

(ii) Due Authorization. Its execution and delivery of this Agreement and the performance of its obligations thereunder have been duly authorized by all necessary limited liability company and member action.

(iii) Binding Obligation. This Agreement constitutes the legal, valid and binding obligation of the Seller enforceable against the Seller in accordance with its terms, except as enforceability may be limited by bankruptcy, insolvency,

reorganization, moratorium and other similar laws affecting creditors' rights generally or by general principles of equity.

(iv) No Violation. The consummation of the transactions contemplated by this Agreement and the fulfillment of the terms hereof will not violate, result in the breach of any terms and provisions of, nor constitute an event of default under the certificate of formation or limited liability company agreement of the Seller, or any law or regulation to which the Seller is subject, as then in effect and as then interpreted by relevant regulators or in case law, or violate or breach any of the terms or provisions of, or constitute an event of default under any agreement to which the Seller is a party or by which it shall be bound, nor violate any order, judgment or decree applicable to the Seller of any Governmental Authority having jurisdiction over the Seller or its properties which violation, breach or default would have a Material Adverse Effect on the validity or enforceability of this Agreement, or the ability of the Seller to perform its obligations under this Agreement.

(v) No Proceedings. There is no action, suit or proceeding before or by any Governmental Authority, now pending, or to it's Actual Knowledge, threatened in writing, against or affecting it or on the Conveyed Property: (A) asserting the invalidity of this Agreement, (B) seeking to prevent the consummation of any of the transactions contemplated by this Agreement, or (C) except as set forth in Schedule 1, seeking any determination or ruling that could reasonably be expected to materially and adversely effect the value, enforceability or transferability of the Conveyed Property or the Seller's interests therein.

(vi) Accredited Investor. The Seller is an "Accredited Investor" as such term is defined in the United States Securities Act of 1933.

(vii) Accuracy of Information. All information provided by it or on its behalf to the Purchaser in writing in connection with this Agreement or the transactions contemplated hereby is, or if provided at a later date, shall be, to the Actual Knowledge of the Seller, true, complete and correct in all material respects as of the date of such information.

(b) The Purchaser hereby represents and warrants to the Seller as of the Execution Date and the Acquisition Date that:

(i) Organization, Good Standing and Licenses. It is a limited liability company duly organized, validly existing and in good standing under the laws of the State of Delaware, and is in good standing in, has all necessary organizational power and authority in, and has obtained all necessary licenses, approvals and consents in, all jurisdictions where the ownership of its properties as such properties are currently owned, the conduct of its business as such business is currently conducted, and the performance of its obligations under this Agreement require such

qualifications, licenses, approvals or consents. In particular, at all relevant times, it had and has all necessary organizational power, authority and legal right to acquire the Conveyed Property as contemplated by this Agreement, and no consent, approval, permit, license, authorization or order of or declaration or filing with any Governmental Authority is required to be obtained by the Purchaser for the consummation of the transactions contemplated by this Agreement, except such as have been duly made or obtained.

(ii) Due Authorization. Its execution and delivery of this Agreement and the performance of its obligations thereunder have been duly authorized by all necessary company action.

(iii) Binding Obligation. This Agreement constitutes the legal, valid and binding obligation of the Purchaser enforceable against the Purchaser in accordance with its terms, except as enforceability may be limited by bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights generally or by general principles of equity.

(iv) No Violation. The consummation of the transactions contemplated by this Agreement and the fulfillment of the terms hereof will not violate, result in the breach of any terms and provisions of, nor constitute an event of default under the certificate of formation or limited liability company agreement of the Purchaser or any material law or regulation to which the Purchaser is subject, as then in effect and as then interpreted by relevant regulators or in case law, or violate or breach any of the terms or provisions of, or constitute an event of default under any material agreement to which the Purchaser is a party or by which it shall be bound, nor violate any order, judgment or decree applicable to the Purchaser of Governmental Authority having jurisdiction over the Purchaser or its properties which violation, breach or default would have a material adverse effect on the validity or enforceability of this Agreement, or the ability of the Purchaser to perform its obligations under this Agreement.

(v) No Proceedings. There is no action, suit or proceeding before or by any Governmental Authority, now pending, or to it's Actual Knowledge, threatened in writing, against or affecting it or its assets or properties: (A) asserting the invalidity of this Agreement or (B) seeking to prevent the consummation of any of the transactions contemplated by this Agreement.

(vi) Patriot Act. It is not, and none of its Affiliates or investors nor any other Person that has made funds available to the Purchaser in order to allow the Purchaser to fulfill its obligations under this Agreement is (A) a Person listed in the Annex to Executive Order No. 13224 (2001) issued by the President of the United States (Executive Order Blocking Property and Prohibiting Transactions with Persons Who Commit, Threaten to Commit, or Support Terrorism), (B) named on the List of Specially Designated Nationals and Blocked Persons maintained by the U.S.

Office of Foreign Assets Control, (C) a non-U.S. shell bank or is providing banking services indirectly to a non-U.S. shell bank, (D) a senior non-U.S. political figure or an immediate family member or close associate of such figure, or (E) otherwise prohibited from investing in the Purchaser pursuant to applicable U.S. anti-money laundering, anti-terrorist and asset control laws, regulations, rules or orders.

(vii) Suitability. It has determined, based on such professional advice as it has deemed appropriate under the circumstances, that its acquisition of Conveyed Property pursuant to this Agreement (A) is fully consistent with the Purchaser's financial needs, objectives and condition and (B) is fit, proper and suitable for it and for its investors, notwithstanding the clear and substantial risks inherent in investing in or holding the Conveyed Property.

(viii) Own Review and Advisors. The Purchaser, with the assistance of its own legal, regulatory, tax, insurance, business, investment, financial and accounting advisors, has carefully read and evaluated this Agreement and all information and materials delivered to the Purchaser by or on behalf of the Seller in relation to the Assets, the acquisition, ownership and sale of the Conveyed Property by the Seller and all terms of this Agreement, and in consultation with its own legal, regulatory, tax, insurance, business, investment, financial and accounting advisors, has made an informed investment decision with respect to its purchase of the Conveyed Property. The Purchaser has been afforded, to its satisfaction, reasonable opportunity to ask questions concerning the Assets, the acquisition, ownership and sale of the Conveyed Property by the Seller and all terms of this Agreement, and has had all of its questions answered to its satisfaction and has been supplied all information deemed necessary by it in order to make such an informed investment decision.

(ix) [Reserved].

(x) Investment Company Act. The Purchaser is not required to be registered under the Investment Company Act of 1940 (as amended).

(xi) Accredited Investor; Securities Laws. The Purchaser is an "Accredited Investor" as such term is defined in the United States Securities Act of 1933. The Purchaser (A) may purchase and hold the Conveyed Assets, (B) may resell the Conveyed Assets or interests therein and (C) may issue securities or other instruments or certificates representing interests in Conveyed Assets or payable from the proceeds thereof, in each case only in a manner that either satisfies the requirements for, or is exempt from registration under the United States Securities Act of 1933, or comparable registration requirements of any applicable non-U.S. securities laws.

(xii) Accuracy of Information. All information provided by it or on its behalf to the Seller in writing in connection with this Agreement or the transactions contemplated hereby is, or if provided at a later date, shall be, to the actual knowledge of the Purchaser, true, complete and correct in all material respects as of the date of such information.

(xiii) No reliance. Independently and without reliance upon the Seller (other than its reliance on the Seller's representations, warranties and covenants set forth in the Transaction Documents) and based upon such documents and information as it has deemed appropriate, the Purchaser has made and will continue (to the extent permitted hereunder) to make its own appraisal of and investigation into the business, operations, property, prospects, financial and other conditions and creditworthiness of the Seller, and its own decision to enter into this Agreement and to take, or omit to take, action under any Transaction Document.

(c) The representations and warranties of the Seller and the Purchaser set forth in Section 3.01 shall survive for a period of one (1) year following the Acquisition Date, and neither Party (nor its successors or assigns) will have any right, remedy or cause of action in relation to any breach or alleged breach by the other Party of any such representation or warranty if such Party has not brought an action alleging such breach in a court of law or before an arbitral tribunal prior to the end of such one (1) year.

SECTION 3.02 Representations and Warranties Relating to Conveyed Property.

(a) Life Insurance Policies. With respect to each Life Insurance Policy and the related Conveyed Property that is acquired by the Purchaser on the Acquisition Date, the Seller represents and warrants to the Purchaser as of the Acquisition Date that:

(i) the information relating thereto is the information appearing in the documentation comprising the related Asset Documentation Package and any other documents in the possession of the Seller and delivered to the Purchaser, and, to the Seller's Actual Knowledge, such information is true, accurate and complete in all material respects;

(ii) to the Seller's Actual Knowledge, at issuance of such Life Insurance Policy the related Insured or original owner thereof was not a party to any written or oral agreement or arrangement to cause the same or interests therein to be issued, assigned, sold, transferred, or otherwise disposed of in violation of applicable law or public policy;

(iii) other than with respect to Life Insurance Policies identified on Schedule 1 hereto as SPAR Assets or SLCM Assets (as to which the Seller does not have Actual Knowledge of whether the Insured or original owner was an Accredited Investor), to the Seller's Actual Knowledge, at the issuance of such Life Insurance Policy

the related Insured or original owner thereof the related Insured was an Accredited Investor (as defined above);

(iv) except as disclosed on Schedule 3.02(a)(iv), and solely to the extent applicable to the Seller, the Seller has no Actual Knowledge that material medical or financial information supplied by or on behalf of the Insured or original owner of such Life Insurance Policy in the application for the issuance of such Life Insurance Policy or in any other item comprising an element of the related Asset Documentation Package is, or at the date of such application or execution of such item was, false, incomplete or misleading in any material respect;

(v) (A) the Seller does not possess or have Actual Knowledge of the existence of any material documentation related to such Life Insurance Policy or the issuance thereof, the acquisition by the Seller thereof, or the maintenance by the Seller thereof, that has not been delivered or disclosed in writing to the Purchaser or its agents and (B) to the extent that, after the Acquisition Date, the Seller has Actual Knowledge of the existence of, or discovers that it or a third party engaged by the Seller in relation to the Life Insurance Policies possesses, any material documentation related to any Life Insurance Policy or the issuance thereof, the acquisition by the Seller thereof, or the maintenance by the Seller thereof, that has not been delivered or disclosed in writing to the Purchaser or its agents pursuant to clause (A) above, it shall and it shall use its commercially reasonable efforts to cause such third parties, if applicable, to deliver, or disclose in writing to the Purchaser or its agents such material documentation;

(vi) prior to the sale and transfer of such Life Insurance Policy to the Purchaser, (A) the Seller has full, complete and absolute ownership thereof or of the Seller's Percentage of the beneficial interests thereof through its ownership of the applicable Equity Asset, free and clear of any encumbrances or Liens of any kind (excluding any disclosed to the Purchaser), including, to the Seller's Actual Knowledge, any claims of any spouse, heir or person previously designated as an owner or beneficiary thereof, and holds legal and beneficial title thereto (except that it does not hold legal title with respect to those Life Insurance Policies (aa) as to which legal title is held by the Securities Intermediary for the benefit of the Seller or (bb) which are owned, directly or indirectly, by an Equity Asset), and (B) to the Seller's Actual Knowledge, there are no existing proceedings brought by the spouse, heir or person previously designated as an owner or beneficiary of any such Life Insurance Policy;

(vii) except as disclosed on Schedule 3.02(a)(vii), upon the sale and transfer of such Life Insurance Policy, the Purchaser or its designee will hold title to and ownership of such Life Insurance Policy or of the beneficial interest in the related applicable legal entity, free and clear of any claim, Lien, encumbrance or obligation in favor of the Seller, its Affiliates, and all Persons taking or claiming

an interest therein through the Seller or any such Affiliate or as a result of any grant of such interest by the Seller or any such Affiliate;

(viii) the Seller acquired such Life Insurance Policy pursuant to the applicable transfer documents contained in the related Asset Documentation Package and in compliance with, in all material aspects, the laws, rules and regulations applicable to the purchase of life insurance policies and specified therein, as then in effect and as then interpreted by the relevant regulators or in case law;

(ix) the Seller has not, and has no Actual Knowledge that any previous owner of such Life Insurance Policy has, waived, amended or terminated any material provision of or any material rights in relation to such Life Insurance Policy or any item comprising the related Asset Documentation Package that would have any effect on the timing or amount of the payment of the Net Death Benefit;

(x) in accordance with the terms of the NSI-MIO Securities Account Control Agreement, the Premiums for such Life Insurance Policy have been paid such that such Life Insurance Policy will not be in a grace period as of October 30, 2010;

(xi) except as disclosed on Schedule 3.02(a)(xi), to the Seller's Actual Knowledge, other than grace period or similar notices relating to payment of premiums, the related Issuing Insurance Company has never delivered notice of its intention to cancel, contest, rescind or refuse payment under such Life Insurance Policy;

(xii) except as disclosed on Schedule 3.02(a)(xii), to the Seller's Actual Knowledge, there is not any pending or threatened claim, action or proceeding challenging the validity or enforceability of such Life Insurance Policy, or of the right or power of the Seller to sell such Life Insurance Policy to the Purchaser or any other person;

(xiii) except as set forth on Schedule 3.02(a)(xiii) hereto, the related Issuing Insurance Company has never delivered a notice stating an intent to increase the cost of insurance for such Life Insurance Policy;

(xiv) the Seller has delivered, disclosed or made available to the Purchaser or its agents the documentation utilized by the Seller to perform servicing activities in relation to the Life Insurance Policies; and

(xv) the Seller has not and has no Actual Knowledge of any challenge or the institution of any proceedings to challenge the validity of the formation or existence of any legal entity in which any Equity Asset holds, directly or indirectly, an ownership or beneficial interest.

(b) Premium Finance Loans. With respect to each Premium Finance Loan and the related Conveyed Property that is acquired by the Purchaser on the Acquisition Date, the Seller represents and warrants to the Purchaser as of the Acquisition Date that:

(i) the information relating thereto is the information appearing in the documentation comprising the related Asset Documentation Package and any other documents in the possession of the Seller and delivered to the Purchaser, and, to the Seller's Actual Knowledge, such information is true, accurate and complete in all material respects;

(ii) to the Seller's Actual Knowledge, at issuance of any life insurance policy that, directly or indirectly, is collateral for such Premium Finance Loan the related Insured or original owner thereof was not a party to any written or oral agreement or arrangement to cause the same or interests therein to be issued, assigned, sold, transferred, or otherwise disposed of in violation of applicable law or public policy;

(iii) to the Seller's Actual Knowledge, at issuance of any life insurance policy that, directly or indirectly, is collateral for such Premium Finance Loan the related Insured was an Accredited Investor (as defined above);

(iv) except as disclosed on Schedule 3.02(b)(iv), and solely to the extent applicable to the Seller, the Seller has no Actual Knowledge that material medical or financial information supplied by or on behalf of the Insured or original owner of any life insurance policy that, directly or indirectly, is collateral for such Premium Finance Loan in the application for the issuance of such life insurance policy, or in any other item comprising an element of the related Asset Documentation Package, is, or at the date of such application or execution of such item was, false, incomplete or misleading in any material respect;

(v) (A) the Seller does not possess or have Actual Knowledge of the existence of any material documentation related to such Premium Finance Loan, the making or maintenance of such Premium Finance Loan, the acquisition of such Premium Finance Loan by the Seller, or the issuance or the maintenance of any life insurance policy that is collateral for such Premium Finance Loan, that has not been delivered or disclosed in writing to the Purchaser or its agents and (B) to the extent that, after the Acquisition Date, the Seller has Actual Knowledge of the existence of, or discovers that it or a third party engaged by the Seller in relation to the Premium Finance Loans possesses, any material documentation related to any Premium Finance Loan, the making or maintenance of such Premium Finance Loan, the acquisition of such Premium Finance Loan by the Seller, or the issuance or the maintenance of any life insurance policy that is collateral for such Premium Finance Loan, that has not been delivered or disclosed in writing to the Purchaser or its agents pursuant to clause (A) above, it shall and it shall use its commercially reasonable efforts to cause such third parties, if applicable, to deliver or disclose in writing to the Purchaser or its agents such material documentation;

(vi) except as disclosed on Schedule 3.02(b)(vi), prior to the sale and transfer of such Premium Finance Loan to the Purchaser, the Seller has full, complete and

absolute title to, and ownership thereof, free and clear of any encumbrances or Liens of any kind, and, to the Seller's Actual Knowledge, no spouse, heir, trust beneficiary or other Person has any Lien on or security interest in any life insurance policy that, directly or indirectly, is collateral for such Premium Finance Loan (excluding any disclosed to the Purchaser);

(vii) upon the sale and transfer of such Premium Finance Loan, the Purchaser or its designee will hold title to and ownership of such Premium Finance Loan, free and clear of any claim, Lien, encumbrance or obligation thereon or on any collateral for such Premium Finance Loan in favor of the Seller, its Affiliates, and all Persons taking or claiming an interest therein through such Seller or any such Affiliate or as a result of any grant of such interest by the Seller or any such Affiliate;

(viii) the Seller made or acquired such Premium Finance Loan pursuant to the applicable documents in the related Asset Documentation Package and in compliance with, the laws, rules and regulations applicable to its making or purchase of premium finance loans and specified therein, as then in effect and as then interpreted by the relevant regulators or in case law, other than any failure to comply with any such law, rule and regulation which would not result in the invalidation or cancellation of the Premium Finance Loan or any amounts due thereunder or would otherwise affect the ability of the Purchaser to collect such Premium Finance Loan or foreclose on the collateral;

(ix) except as disclosed on Schedule 3.02(b)(ix), the Seller has not, and has no Actual Knowledge that any previous owner of such Premium Finance Loan has, waived, amended or terminated any material provision of or any material rights in relation to such Premium Finance Loan, any life insurance policy or other material collateral securing such Premium Finance Loan, or other any item comprising the related Asset Documentation Package that would have any effect on the timing or amount of the payment of the Net Death Benefit;

(x) the Seller has not, and has no Actual Knowledge that any previous owner of any life insurance policy that, directly or indirectly, is collateral for a Premium Finance Loan has, waived, amended or terminated any material provision of or any material rights in relation to such Life Insurance Policy or any item comprising the related Asset Documentation Package that would have any effect on the timing or amount of the payment of the Net Death Benefit;

(xi) in accordance with the terms of the Securities Account Control Agreement, the Premiums for such Premium Finance Loan have been paid such that such life insurance policy will not be in a grace period as of December 15, 2010;

(xii) to the Seller's Actual Knowledge, other than grace period or similar notices relating to payment of premiums, the Issuing Insurance Company that issued any

life insurance policy that is collateral for such Premium Finance Loan has never delivered notice of its intention to cancel, contest, rescind or refuse payment under such life insurance policy;

(xiii) except as disclosed on Schedule 3.02(b)(xii), to the Seller's Actual Knowledge, there is not any pending or threatened claim, action or proceeding challenging the validity or enforceability of such Premium Finance Loan or of any life insurance policy that is collateral for such Premium Finance Loan, or of the right or power of the Seller to sell such Premium Finance Loan to the Purchaser or any other person;

(xiv) except as set forth on Schedule 3.02(b)(xiii) hereto, the related Issuing Insurance Company has never delivered a notice stating an intent to increase the cost of insurance for such Life Insurance Policy;

(xv) the Seller has delivered, disclosed or made available to the Purchaser or its agents the documentation utilized by the Seller to perform servicing activities in relation to the Premium Finance Loans; and

(xvi) the Seller has not and has no Actual Knowledge of any challenge or the institution of any proceedings to challenge the validity of the formation or existence of the trust or other legal entity that is the borrower under such Premium Finance Loan.

(c) Equity Assets. With respect to each Equity Asset that is acquired by the Purchaser on the Acquisition Date, the Seller represents and warrants to the Purchaser as of the Acquisition Date that:

(i) each Equity Asset LLC is duly organized, validly existing and in good standing under the laws of the jurisdiction in which it was formed. Each such Equity Asset LLC is qualified to do business in the jurisdictions wherein the character of the properties owned, leased or operated or the nature of the business or activity currently being conducted by it make such qualification necessary or appropriate. Copies of the current Certificate of Formation and Limited Liability Company Operating Agreement of each such Equity Asset LLC have been heretofore delivered to the Purchaser and are correct, complete and in full force and effect. The current officers and directors of each such Equity Asset LLC and any Person who holds a power-of-attorney in respect of any such Equity Asset LLC are set forth on Schedule 3.02(c)(i). No bankruptcy or insolvency proceedings are pending with respect to any such Equity Asset LLC or contemplated by the Seller, nor, to the Actual Knowledge of the Seller, are such proceedings threatened in writing with respect to any such party;

(ii) the Seller has good, valid and marketable title to the Equity Assets, free and clear of all Liens. The sale and delivery by the Seller of the Equity Assets to the Purchaser pursuant to this Agreement will vest in the Purchaser good, valid and

marketable legal and beneficial title to the Equity Assets, free and clear of all Liens of any kind or nature whatsoever;

(iii) there is no action, suit, investigation or proceeding pending against, or to the Actual Knowledge of the Seller, threatened in writing against or affecting the business of any Equity Asset LLC before any court or arbitrator or any Governmental Authority, agency or official;

(iv) to the Actual Knowledge of the Seller, no Equity Asset LLC is, or has ever been, in violation of any (x) material laws, rules, regulations or (y) court orders, injunctions or judgments applicable to such limited liability company and its acquisition, ownership or maintenance of its assets;

(v) no Equity Asset LLC owns, or has ever owned, leases or has ever leased or subleases or has ever sublet any real property;

(vi) no Equity Asset LLC has or at any time in the past had any employees;

(vii) no Equity Asset LLC has any current, nor at any time in the past had any, employee benefit plans or is liable under any current or past employment benefit plan;

(viii) no Equity Asset LLC owns or licenses, nor at any time has any such limited liability company, owned or licensed any intellectual property rights; and

(ix) to the Actual Knowledge of the Seller, there are no pending or threatened claims by any Government Authority against any Equity Asset LLC with respect to payment or non-payment of tax returns.

(d) Accuracy of Information. All information provided by it or on its behalf to the Purchaser in writing in connection with this Agreement or the transactions contemplated hereby is, or if provided at a later date, shall be, to the Actual Knowledge of the Seller, true, complete and correct in all material respects as of the date of such information.

(e) Survival of Representations and Warranties. The representations and warranties set forth in Section 3.02 with respect to any Conveyed Property shall survive for a period of one (1) year following the Acquisition Date, and the Purchaser and its successors and assigns will have no right, remedy or cause of action in relation to any breach or alleged breach by the Seller of any such representation or warranty if the Purchaser has not brought an action alleging such breach in a court of law or before an arbitral tribunal prior to the end of such one (1) year.

SECTION 3.03 Excluded Representations and Warranties of the Seller as to the Conveyed Property. The Seller makes no representation or warranty as to (i) the fitness of any Conveyed Property for any particular use or business purpose of the Purchaser, (ii) the accuracy of any assessment of life expectancy or the mortality rating provided by any Medical Underwriter, or the appropriateness of the methodology used by any Medical Underwriter to assess a life

expectancy or assign a mortality rating, (iii) the accuracy of any mortality table, (iv) the amount the Purchaser ultimately will recover as proceeds of any Conveyed Property or the timing of its receipt of any such amounts, (v) the amount of the Premiums required to maintain in effect any Life Insurance Policy or any life insurance policy that is collateral for any Premium Finance Loan, (vi) that any Person that is a party to any item in any Asset Documentation Package can or will perform any of its obligations in relation thereto or has not breached or will not breach any representation, warranty, covenant or agreement thereof contained therein or (vii) any other matter other than as expressly set forth in Section 3.01(a) or Section 3.02. Any representation, warranty or covenant made herein by Seller with respect to an Asset or its related property, rights or amounts (the "Related Property") shall not be deemed to be made with respect to such Asset or its Related Property (a) if such Asset or its Related Property is not transferred to the Purchaser hereunder for any reason and therefore is not a Conveyed Asset or Conveyed Property, as applicable, or (b) at and from such time as (i) the Life Insurance Policy has lapsed or expired by the action or inaction of the Purchaser or its designee, or for any other reason is no longer outstanding and in full force, or (ii) such Life Insurance Policy's Net Death Benefit has been paid to the Purchaser or its designee. The Purchaser expressly acknowledges that the Seller has not made any representations and warranties other than as set forth herein and in the other Transaction Documents. Except for items specifically required to be delivered hereunder, the Seller shall not have any duty or responsibility to provide the Purchaser or any of its Affiliates any information that comes into the possession of the Seller or any of its officers, directors, employees, agents, attorneys-in-fact or Affiliates.

SECTION 3.04 Covenants of the Seller.

(a) Acknowledgement of Conveyances. The Seller hereby covenants that (i) it will take no action inconsistent with the Purchaser's ownership of or beneficial interest in any Conveyed Property, (ii) any financial statements of the Seller or any Affiliates thereof that are published, made publicly available or delivered to creditors or investors (or potential creditors or investors) will not indicate or imply that the Seller or any Affiliate thereof has any ownership interest in any Conveyed Property, and (iii) if a third party that has a legal or equitable right to obtain such information (including any creditor, potential creditor, investor or potential investor in the Seller or any regulator or court of competent jurisdiction) should inquire, the Seller will promptly indicate that such Conveyed Property have been sold and transferred to the Purchaser and will not claim ownership interests therein and that the Seller has not retained any ownership interest therein.

(b) No Creation of Adverse Interests. Except for the conveyances hereunder and pursuant to the other Transaction Documents, prior to the transfer of any Conveyed Property to the Purchaser, the Seller will not sell, pledge, assign or transfer to any other Person, or grant, create, incur, assume or suffer to exist any Lien on any Conveyed Property (other than any Lien in favor of the Purchaser or its Affiliates), and following the Acquisition Date, the Seller shall defend the right, title, and interest of the Purchaser in, to and under the Conveyed Property against all claims of third parties claiming through or under the Seller and its Affiliates.

(c) Delivery of Records. The Seller shall deliver to the Purchaser (i) on or prior to the Acquisition Date all books, records, minutes and similar information with respect to the Equity Asset LLCs in its possession at such time, and (ii) promptly upon discovery thereof after the Acquisition Date, any further books, records, minutes and similar information with respect to the Equity Asset LLCs that the Seller comes into possession thereof; *provided*, notwithstanding the terms of this Agreement, the Purchaser shall not have the right to terminate this Agreement or any transactions hereunder due to any breach by the Seller of this Section 3.04(c).

SECTION 3.05 Covenants of the Purchaser. The Purchaser will not sell, transfer, convey or assign any Conveyed Property to a natural person or any partnership, trust, single member limited liability company or other entity whether or not formed for the purpose of owning any Conveyed Property that gives one or more natural persons any direct or indirect beneficial or ownership interest in any Conveyed Property in a transaction or series of transactions in which the transferee also receives medical, financial or personally identifying information concerning the identity of the related Insureds or other information that would or could reasonably be expected to allow or be used by such transferee to identify or contact such Insureds unless in the agreements governing such transfer the transferee expressly agrees to comply with all laws applicable to the preservation of the privacy and other rights of the Insureds.

ARTICLE IV

FUNDING PROCEDURES

SECTION 4.01 Applicable Securities Accounts. On or before the Execution Date, (i) the Seller has opened and has maintained the Seller's Securities Account for and on behalf of the Seller and deposited certain Life Insurance Policies therein; and (ii) the Purchaser, the Seller and the Bank of Utah, as securities intermediary, opened and have maintained the New Stream Securities Account pursuant to a securities account control agreement (the "NSI-MIO Securities Account Control Agreement"), dated as of August 4, 2010, pursuant to which the Seller deposited the Collateral and the Purchaser deposited the Premium Funding Amount into the New Stream Securities Account. On or before the Acquisition Date, the Purchaser shall open and maintain the Purchaser's Securities Account for and on behalf of the Purchaser. For the avoidance of doubt, the terms of the distribution of the Outstanding Premium Funding Amount and any Purchase Price Adjustment Amount shall be governed by the NSI-MIO Securities Account Control Agreement. On or before the Acquisition Date, the Seller shall open and maintain the Escrow Account for and on behalf of the Seller and the Seller Related Parties.

SECTION 4.02 Condition Precedent to the Obligations of the Purchaser.

(a) Beginning on or prior to the Execution Date and concluding prior to the Acquisition Date, the Seller will deliver to the Purchaser and the Verification Agent the Asset Documentation Package with respect to each Asset identified on Schedule 1 attached hereto. The Verification Agent shall review each Asset Documentation Packages and provide notice to the Purchaser and the Seller (such notice, the "ADP Verification Notice") as to whether such Asset Documentation Package is complete or incomplete (which, for the avoidance of doubt,

may constitute one such ADP Verification Notice that encompasses all Assets to which it is applicable) within seven (7) Business Days of receipt thereto.

(b) No Asset shall be transferred hereunder without either such delivery of an ADP Verification Notice with respect to such Asset certifying that such Asset Documentation Package is complete or waiver by both parties of such requirement.

(c) If the ADP Verification Notice provides that the applicable Asset Documentation Package is not complete, the Seller shall have ten (10) Business Days from the receipt of such ADP Verification Notice to deliver to the Purchaser and Verification Agent any documents required to complete the applicable Asset Documentation. If the Seller delivers all documents and information specified as undelivered in the ADP Verification Notice and thereby completes the applicable Asset Documentation Package within ten (10) Business Days of receipt of the ADP Verification Notice, the Verification Agent shall within two (2) Business Days of receipt of such documents provide a further ADP Verification Notice to the Seller and the Purchaser confirming that such Asset Documentation Package is complete. If the Seller does not complete the applicable Asset Documentation Package within ten (10) Business Days and the parties decline to waive the requirement as set forth in cause (b) above, then the Asset to which such Asset Documentation Package relates shall be removed from Schedule I attached hereto and the Purchase Price shall be adjusted downward by the amount in the column designated as the Adjustment Amount for such Asset on Schedule 2; provided, however, that if the Adjustment Amount for the applicable Asset is a negative amount, the downward adjustment of the Purchase Price with respect to such Asset shall be zero.

(d) On or before the Acquisition Date, the Seller shall deposit all Utah Policies into the Seller's Securities Account. On or before the Acquisition Date, the Seller shall have delivered, or shall have caused to be delivered, to the Purchaser, and the Purchaser shall have received one or more opinions of counsel to the Seller, in form and substance satisfactory to the Purchaser, addressing the due authorization, execution and delivery by, and enforceability against the Seller of this Agreement.

SECTION 4.03 Funding of Asset Purchases. Upon completion of the requirements in Section 4.01 and 4.02, and entry by the Bankruptcy Court of a Confirmation Order or Sale Order, as applicable, which is not stayed or reversed, approving this Agreement, the transactions contemplated hereby and in the other Bankruptcy Pleadings, including the sale of the Conveyed Property to the Purchaser in exchange for the Purchase Price (as the same may be adjusted), the purchases of the Assets hereunder shall be executed as follows:

(a) The Purchaser shall deposit the Purchase Price (as the same may be adjusted) into the NSI-MIO Securities Account, as such Purchase Price may have been adjusted in accordance with this Agreement or the NSI-MIO Securities Account Control Agreement.

(b) With respect to each Asset that is a Life Insurance Policy that is part of the Collateral or is a Utah Policy:

(i) The Seller and the Purchaser shall complete an Entitlement Order for each Utah Policy and Collateral being purchased hereunder (with the NSI-MIO Securities Account Control Agreement sufficient to satisfy this requirement with respect to the Collateral if all parties consent thereto).

(ii) Upon receipt by the Seller's Securities Intermediary of the ADP Verification Notice in Section 4.02 above (or waiver of the requirement for an ADP Verification Notice) indicating that the Asset Documentation Package in respect of each Life Insurance Policy is complete (other than any Asset Documentation Package in respect of which the Purchase Price was adjusted downward as provided in Section 4.02 above) and verification by the Seller's Securities Intermediary of the execution of the applicable Entitlement Order in clause (b)(i) above, the following shall occur simultaneously (i) Seller's Securities Intermediary shall transfer the Utah Policies and all related Conveyed Property from the Seller's Securities Account to the Purchaser's Securities Account, (ii) the New Stream Securities Intermediary shall transfer the Collateral and all related Conveyed Property from the New Stream Securities Account to the Purchaser's Securities Account and (iii) the New Stream Securities Intermediary shall transfer the Purchase Price with respect to such Life Insurance Policy from the New Stream Securities Account to the Escrow Account.

(c) With respect to each Asset that is a Premium Finance Loan:

(i) The Seller and the Purchaser shall complete an Assignment Agreement for each Premium Finance Loan being purchased hereunder.

(ii) Upon receipt by the Seller's Securities Intermediary of the ADP Verification Notice in Section 4.02 above (or waiver of the requirement for an ADP Verification Notice) indicating that the Asset Documentation Package in respect each Premium Finance Loan is complete (other than any Asset Documentation Package in respect of which the Purchase Price was adjusted downward as provided in Section 4.02 above) and verification by the Seller's Securities Intermediary of the execution of the applicable Entitlement Order in clause (c)(i) above, the following shall occur simultaneously (i) all rights and ownership of the Premium Finance Loan and all related Conveyed Property shall be deemed transferred to the Purchaser pursuant to the terms of the Assignment Agreement and this Agreement, and (ii), the New Stream Securities Intermediary shall transfer the Purchase Price with respect to such Premium Finance Loan from the New Stream Securities Account to the Escrow Account.

(d) With respect to each Asset that is an Equity Asset:

(i) The Seller and the Purchaser shall complete an Assignment Agreement for each Equity Asset being purchased hereunder.

(ii) Upon receipt by the Seller's Securities Intermediary of the ADP Verification Notice in Section 4.02 above (or waiver of the requirement for an ADP Verification Notice) indicating that the Asset Documentation Package in respect of each Equity Asset is complete (other than any Asset Documentation Package in respect of which the Purchase Price was adjusted downward as provided in Section 4.02 above) and verification by the Seller's Securities Intermediary of the execution of the applicable Entitlement Order in clause (d)(i) above, the following shall occur simultaneously (i) all rights and ownership of the Equity Asset owned by the Seller and all related Conveyed Property shall be deemed transferred to the Purchaser pursuant to the terms of the Assignment Agreement and this Agreement, and (ii) the New Stream Securities Intermediary shall transfer the Purchase Price with respect to such Equity Asset from the New Stream Securities Account to the Escrow Account.

SECTION 4.04 Proceeds Account. Any Net Death Benefits or any other proceeds resulting from the death of an Insured that are received on or after October 1, 2010 shall be handled as provided in the first priority, senior secured multiple draw term loan credit facility between the Seller, as borrower, and the Purchaser, as lender, as ratified and amended by the agreement between and among, inter alia, the Seller and the Purchaser.

SECTION 4.05 Distribution from Escrow Account. Upon deposit of any monies in the Escrow Account in accordance with this Article IV, the Escrow Agent shall distribute such monies in accordance with the Escrow Agreement, as provided on Schedule II hereto.

ARTICLE V

CONFIDENTIALITY

SECTION 5.01 General Duty. Each Party hereto agrees that, (a) each of the Transaction Documents and their contents (and all drafts thereof), and all written notices or instructions delivered thereunder (and the contents thereof), (b) each Asset Documentation Package and its contents (and all drafts thereof), and all written notices or instructions delivered thereunder (and the contents thereof), (c) all medical and personal information concerning the Insureds, Original Sellers and Representatives, (d) each written report delivered on the Acquisition Date or otherwise by the Seller (and the contents thereof), and (e) the identity of and information concerning payments to any third parties involved in any Origination comprise the "Confidential Information."

SECTION 5.02 Reasonable Precautions. Each Party hereto shall take such precautions as may be lawful and reasonably necessary to restrain its officers, directors, employees, agents or representatives from disclosure of Confidential Information to any other Person; provided, that Confidential Information may be disclosed by the Purchaser in accordance with the terms hereof (a) to the extent that such Confidential Information has become publicly known other than as a result of a breach by the Purchaser, or any of its officers, directors, employees, agents or advisors of any obligation to keep such Confidential Information confidential if disclosed in a manner that

does not identify any Insured and could not reasonably be expected to facilitate the identification of any Insured by any other Person that does not have a right to know the identity of such Insured, and (b) to the extent necessary for the Purchaser and its Affiliates, officers, directors, employees and agents to service and maintain the Assets, resell any Asset to another Person or negotiate or obtain any co-investment in the Assets or other funding in respect thereof, and provided further, that any Confidential Information may be disclosed (i) to the extent ordered to produce such Confidential Information by a court or other Governmental Authority having appropriate jurisdiction over such Party and the Confidential Information, but only if (to the extent lawful) such Party promptly supplies notice to the other Party of such order and the specific Confidential Information identified therein and (to the extent known by such Party and lawful) the basis and purpose of such order, so that the other Party may, at its sole cost and expense, contest such order, and (ii) to the extent necessary or appropriate in support of any claim or motion before any court of competent jurisdiction within the United States in an action including the Parties to this Agreement or the other Transaction Documents, provided that such Party (x) has petitioned the court to treat such Confidential Information confidentially to the greatest extent permissible under law and in the context of such dispute, and (y) if the Seller is not a party to such action, has given the Seller five (5) Business Days' prior written notice of the anticipated disclosure.

SECTION 5.03 Dissemination of Certain Information. Each Party hereto shall at all times comply with all laws and regulations applicable to it and affecting the Conveyed Property and the servicing thereof, including but not limited to laws and regulations regarding the privacy of any Insured, Original Seller and Representative and the maintenance of all information obtained by the Purchaser, and the Seller in the Origination, purchase, maintenance or servicing of Conveyed Assets in accordance with applicable laws and regulations concerning the dissemination of such information; provided that any Party may disclose such information to competent judicial or regulatory authorities in response to a written request therefrom for such information or as otherwise required by law; provided, however, that the Purchaser (a) shall not disclose such information to such judicial or regulatory authorities before the date set forth in such request therefor, and (b) shall provide the Seller with prompt notice to the extent permitted by law or regulation of such request, in order to permit the Seller, at its own expense, to seek judicial or other relief before such information is disclosed.

SECTION 5.04 Tax Structure. Notwithstanding anything to the contrary contained in the Transaction Documents, each Party hereto (and each employee, representative or other agent of such Party) may disclose to any and all Persons, without limitation of any kind, the U.S. tax treatment and U.S. tax structure of the transactions contemplated by the Transaction Documents, and all materials of any kind (including opinions or other tax analyses) that are provided to such Party relating to such U.S. tax treatment and U.S. tax structure, other than any information for which non-disclosure is reasonably necessary in order to comply with applicable securities law.

SECTION 5.05 Publicity. Neither the Seller nor the Purchaser shall issue any press release or public announcement concerning this Agreement or the transactions contemplated hereby without obtaining the prior written approval of the other Party, which approval will not be unreasonably withheld or delayed, unless, in the sole judgment of the Purchaser or the Seller,

disclosure is otherwise required by applicable law or by the Bankruptcy Court with respect to filings to be made with the Bankruptcy Court in connection with this Agreement, provided that the Party intending to make such release shall use its best efforts consistent with such applicable law or Bankruptcy Court requirement to consult with the other Party with respect to the text thereof.

ARTICLE VI

TERMINATION

SECTION 6.01 Termination. This Agreement shall automatically terminate upon the conveyance by the Seller to the Purchaser of all right, title and interest of the Seller in and to the Assets identified on Schedule 1 attached hereto (other than any Asset which the Parties hereto have mutually agreed to exclude). Moreover:

(a) This Agreement may be terminated on any date by mutual written agreement of the Purchaser and the Seller; or

(b) Prior to the Acquisition Date, the Purchaser, in its sole discretion, may terminate its obligation to purchase the Assets by delivery thereby of written notice to the Seller of such termination upon the occurrence of:

(i) a change in any applicable law or regulation that causes it to be illegal for the Purchaser to continue to perform its material obligations under this Agreement or would otherwise prevent the consummation of the transactions contemplated hereby;

(ii) the failure by the Seller and its applicable Affiliates to obtain Bankruptcy Court approval of this Agreement and the sale of the Assets to the Purchaser for the Purchase Price, by (a) [February 3, 2011] in the event that the Debtors (as defined below) pursue a Cram-Down Plan (as defined below), (b) March 4, 2011 if the Debtors are seeking confirmation of a Consensual Plan (as defined below), (c) such later date as may be mutually agreed upon by the Seller and the Purchaser; or

(iii) the occurrence of a breach of any representation, warranty or covenant of the Seller under any Transaction Document where such breach will have a material effect on the Seller's ability to perform its obligations hereunder, and, to the extent such breach is capable of being cured, such breach continues uncured for more than ten (10) Business Days from the date notice thereof was first delivered to the Seller.

(c) Prior to the Acquisition Date, the Seller, in its sole discretion, may terminate its obligations hereunder to sell the Assets by delivery thereby of written notice to the Purchaser of such termination upon the occurrence of:

(i) a change in any applicable law or regulation that causes it to be illegal for the Seller to continue to perform its material obligations under this Agreement;

(ii) the occurrence and continuance of an Insolvency Event with respect to the Purchaser; or

(iii) the occurrence of a breach of any representation, warranty or covenant of the Purchaser under any Transaction Document where such breach will have a material effect on the Purchaser's ability to perform its obligations hereunder and, to the extent such breach is capable of being cured, such breach continues uncured for more than ten (10) Business Days from the date notice thereof was first delivered to the Purchaser.

Notwithstanding the foregoing, (1) the provisions of Article V and Article VIII shall survive the termination of this Agreement, and (2) any liability of one Party to the other arising out of any breach of any representation, warranty or covenant specified in Article III hereof shall survive the termination of this Agreement for a period of one (1) year from the Acquisition Date.

ARTICLE VII

BANKRUPTCY MATTERS

SECTION 7.01 Commencement of Cases; Procedures.

(a) Pre-bankruptcy Solicitation. As a pre-requisite to the effectiveness of this Agreement, the Seller and/or its applicable Affiliates (the "Debtors") shall have obtained the support of the requisite majority and number of the Bermuda C, F and I Classes and Bermuda non-C, F and I Classes to ensure acceptance of the Plan by those classes under the Bankruptcy Code, and shall have solicited the votes of the members of those classes in accordance with the requirements of Section 1125(g) of the Bankruptcy Code. In addition, the Debtors shall have made commercially reasonable efforts to obtain the support of the requisite majority and number of US/Cayman Class to ensure acceptance of the Plan by such class, and shall have solicited the vote of the members of such class in accordance with the requirements of Section 1125(g) of the Bankruptcy Code.

(b) If the Plan is accepted in accordance with subparagraph (a) hereof by all of the classes (a "Consensual Plan"), the Debtors shall proceed in accordance with the Bankruptcy Timeline to schedule a confirmation hearing on the Consensual Plan and the sale of the assets hereunder at the earliest possible date, but not later than the date required by the Bankruptcy Timeline. If the Plan is not accepted by the US/Cayman Class prior to the filing, but is accepted by the Bermuda C, F and I Classes and the Bermuda non-C, F and I Classes (a "Cram-down Plan"), then the Debtors shall proceed in accordance with the Bankruptcy Timeline to schedule a sale hearing with respect to this Agreement at the earliest possible date but not later than the date required by the Bankruptcy Timeline.

(c) The Debtors shall file the Bankruptcy Pleadings with the Bankruptcy Court pursuant to the Bankruptcy Timeline. In the event that the Bankruptcy Court is unable or unwilling to schedule a hearing on any required date set forth in the Bankruptcy Timeline, the applicable milestone date and each subsequent milestone date set forth in the Bankruptcy Timeline shall be deemed automatically extended by an equal number of days (or such later date as would constitute the next Business Day) up to a maximum of seven (7) Business Days. Each milestone date may also be extended with the prior written consent of the Purchaser.

(d) Within five (5) days after the Petition Date, the Debtors shall file or cause to be filed (and shall diligently pursue entry of an order on shortened time if permitted by the Bankruptcy Court) a motion (the "Purchaser Protection Approval Motion") seeking entry of an order (the "Purchaser Protection Order") approving the matters specified in this Article VII (Bankruptcy Matters), the Bankruptcy Timeline and Article VI (Termination) and shall at the earliest possible date, without adjournment unless consented to in writing by Purchaser, seek Court approval of such Purchaser Protection Motion. The Purchaser Protection Approval Motion and the Purchaser Protection Order shall be in forms agreed to by the Debtors and Purchaser.

(e) Scheduling Motion. Pursuant to the schedule set forth in the Bankruptcy Timeline, the Debtors shall file, or cause to be filed the Scheduling Motion.

(f) Confirmation Order. In the event the Debtors pursue a Consensual Plan, then in accordance with the Bankruptcy Timeline, the Debtors shall seek to cause the entry of the Confirmation Order. The consent of the Purchaser shall be required for any material changes to the Confirmation Order imposed or required by the Bankruptcy Court or requested by the Debtors.

(g) Sale Motion. In the event the Debtors pursue a Cram-down Plan, then in accordance with the Bankruptcy Timeline, the Debtors shall file, or cause to be filed, the Sale Motion with the Bankruptcy Court pursuant to the Bankruptcy Timeline which shall seek entry of an order (the "Sale Order") by the Bankruptcy Court; *provided, however,* that the consent of the Purchaser shall be required for any material changes to the Sale Order imposed or required by the Bankruptcy Court or requested by the Debtors. The Debtors shall seek to cause the entry of the Sale Order in accordance with the Bankruptcy Timeline. [Reserved]

(i) Sale Order. The Sale Order will, among other things: (a) approve the sale of the Assets to the Purchaser on the terms and conditions set forth in this Agreement and authorize the Debtors to proceed with this transaction; (b) include specific findings that the Purchaser is a good faith purchaser of the Assets pursuant to Section 363(m) of the Bankruptcy Code and that the sale price for the Assets was not controlled by an agreement among potential bidders; (c) provide that the sale of the Assets to the Purchaser shall be free and clear of any and all encumbrances, including any and all liens, mortgages, claims or debts relating to the Assets which accrue or arise on or prior to the Acquisition Date or otherwise relate to any acts or omissions on or prior to the Acquisition Date ("Encumbrances"), and that upon the Acquisition Date the Purchaser shall have good and marketable title to the Assets, free and clear of any and

all Encumbrances; (d) provide for a waiver of the stays contemplated by United States Federal Rules of Bankruptcy Procedure 6004(g) and 6006(d); (e) not impose upon the Purchaser any financial obligation to provide "adequate assurances" (as such term is used in Section 365 of the Bankruptcy Code) to any person or entity in respect of any contracts assigned pursuant to this Agreement; (f) (i) provide that the Debtors are authorized and directed to assume and assign to the Purchaser all Assets which are executory contracts or unexpired leases under Section 365 of the Bankruptcy Code, (ii) provide that the Debtors shall be responsible for curing any and all breaches and/or defaults arising under or relating to Assets which are executory contracts or unexpired leases under Section 365 of the Bankruptcy Code which accrue or arise on or prior to the Acquisition Date or otherwise relate to any acts or omissions on or prior to the Acquisition Date, (iii) provide that upon entry of the Sale Order, the Debtors shall have cured, or shall be deemed to have provided adequate assurance that the Debtors will promptly cure, any and all defaults, (iv) provide that upon entry of the Sale Order, the Debtors shall have compensated, or shall be deemed to have provided adequate assurance that the Debtors will compensate, any and all parties, other than the Debtors, to any and all executory contracts or unexpired leases under Section 365 of the Bankruptcy Code which are included within the Assets, for any and all actual pecuniary losses to such parties resulting from any defaults, and (v) provide that as of the Acquisition Date, any and all defaults, including any events of default or conditions or events which with the giving of notice or passage of time, or both, could constitute a default or an event of default under any and all executory contracts or unexpired leases under Section 365 of the Bankruptcy Code which are included within the Assets shall be deemed cured; (g) provide that no bulk sales law, or similar law of any state or other jurisdiction, shall apply in any way to the transactions contemplated by this Agreement, and (h) provide that, upon closing of the sale, the sum of one hundred twenty five million dollars ($125,000,000.00) from the Purchase Price shall be transferred by the Seller to the Bermuda Liquidation Account (as such term is defined in the Plan).

(j) Unless and until this Agreement is terminated and prior to entry of the Sale Order or Confirmation Order, as applicable, except as the Debtors may reasonably determine in good faith to be otherwise required in connection with applicable fiduciary duties after consultation with counsel, the Debtors shall not, except as otherwise required by the Bankruptcy Court, knowingly take any action, directly or indirectly, to cause, promote, authorize, or result in the purchase by any person other than Purchaser of any transaction competing, conflicting or interfering with the completion of the transactions contemplated by this Agreement (a "Competing Transaction"), including, without limitation, granting access to any third parties to the Debtors' assets, business, records, officers, directors, or employees, which access, to the Debtors' knowledge, relates to, or is reasonably expected to lead to, a Competing Transaction or a potential Competing Transaction.

(k) The Debtors shall provide drafts of any Bankruptcy Pleadings, including any exhibits thereto and any notices or other materials in connection therewith, to be filed in the Bankruptcy Court to Purchaser prior to filing for Purchaser's review and comments. Any Bankruptcy Pleadings filed by the Debtors in connection with this Agreement, including any exhibits thereto and any notices or other materials in connection therewith, must be in form and substance acceptable to Purchaser.

(l) The Debtors shall comply (or obtain an order from the Bankruptcy Court waiving compliance) with all requirements (including all notice requirements) under the Bankruptcy Code and the United States Federal Rules of Bankruptcy Procedure in connection with obtaining approval of this Agreement, the Bankruptcy Pleadings and the transactions contemplated hereby.

(m) The Purchaser shall have no obligation or duty to accept any substantive modifications to this Agreement, the Bankruptcy Pleadings, any related agreements and any related court documents mandated by the Bankruptcy Court that are not acceptable to Purchaser.

(n) The Debtors will cooperate with the Purchaser to promptly take such actions as are requested by the Purchaser to assist in obtaining entry of any orders related to the Bankruptcy Pleadings, including furnishing affidavits or other documents or information for filing with the Bankruptcy Court for purposes, among others, of (i) demonstrating that the Purchaser is a "good faith" purchaser under Section 363 of the Bankruptcy Code and (ii) establishing adequate assurance of future performance within the meaning of Section 365 of the Bankruptcy Code.

(o) In the event that the Bankruptcy Court's approval of the Sale Order or the Confirmation Order, as applicable, are appealed, the Debtors shall use their best efforts to pursue such appeal in a manner not inconsistent in any material respect with the transactions contemplated by this Agreement; *provided, however,* that so long as the applicable orders are not stayed or reversed, the Debtors shall proceed promptly to effectuate the transactions as approved by the Court and shall not await the outcome of any such appeals.

(p) Upon the termination of this Agreement for the reasons specified in Section 6.01(b)(ii), or if the Purchaser is not the successful bidder to purchase the Assets at an auction mandated by the Bankruptcy Court, and the offer of a third party accepted at such auction is subsequently approved by the bankruptcy court, or if the Debtors accept any Competing Transaction, then the Purchaser will be entitled to receive from the Debtors, without deduction or offset of any nature, a flat fee payment (not dependent on amounts actually expended or incurred by Purchaser) in immediately available funds in the amounts of $3,187,500.00 (the "Break-Up Fee").

ARTICLE VIII

MISCELLANEOUS PROVISIONS

SECTION 8.01 Amendment. This Agreement may be amended from time to time with the mutual consent of the Purchaser and the Seller as evidenced by a writing executed by the Purchase and the Seller.

SECTION 8.02 Governing Law. (a) THIS AGREEMENT SHALL IN ALL RESPECTS BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE INTERNAL LAWS OF THE STATE OF NEW YORK, WITHOUT REFERENCE TO ITS CONFLICTS OF

LAWS PROVISIONS (OTHER THAN SECTION 5-1401 OF THE NEW YORK GENERAL OBLIGATIONS LAW), AND THE OBLIGATIONS, RIGHTS AND REMEDIES OF THE PARTIES HEREUNDER SHALL BE DETERMINED IN ACCORDANCE WITH SUCH LAWS.

(b) EACH OF THE PARTIES HERETO IRREVOCABLY SUBMITS TO THE NON-EXCLUSIVE JURISDICTION OF ANY FEDERAL OR STATE COURT SITTING IN THE COUNTY AND STATE OF NEW YORK IN RESPECT OF ANY ACTION OR PROCEEDING ARISING OUT OF OR IN CONNECTION WITH THIS AGREEMENT. EACH PARTY TO THIS AGREEMENT IRREVOCABLY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY OBJECTION THAT IT MAY NOW OR HEREAFTER HAVE TO THE LAYING OF VENUE OF ANY SUCH PROCEEDINGS IN ANY SUCH COURT AND ANY CLAIM THAT ANY PROCEEDING BROUGHT IN ANY SUCH COURT HAS BEEN BROUGHT IN AN INCONVENIENT FORUM.

(c) EACH PARTY HERETO HEREBY WAIVES THE RIGHT THAT IT MAY HAVE TO A TRIAL BY JURY ON ANY CLAIM, COUNTERCLAIM, SETOFF, DEMAND, ACTION OR CAUSE OF ACTION (i) ARISING OUT OF OR IN ANY WAY RELATED TO THIS AGREEMENT OR ANY OTHER TRANSACTION DOCUMENTS, OR (ii) IN ANY WAY IN CONNECTION WITH OR PERTAINING OR RELATED TO OR INCIDENTAL TO ANY DEALINGS OF THE PARTIES TO THIS AGREEMENT WITH RESPECT TO THE TRANSACTION DOCUMENTS OR IN CONNECTION WITH THIS AGREEMENT OR THE EXERCISE OF ANY PARTY'S RIGHTS AND REMEDIES UNDER THIS AGREEMENT OR OTHERWISE, OR THE CONDUCT OR THE RELATIONSHIP OF THE PARTIES HERETO, IN ALL OF THE FOREGOING CASES WHETHER NOW EXISTING OR HEREAFTER ARISING AND WHETHER SOUNDING IN CONTRACT, TORT OR OTHERWISE.

SECTION 8.03 Notices. All demands, notices, reports and communications hereunder shall be in writing and shall be deemed to have been duly given if personally delivered at, delivered by electronic mail to, mailed by certified mail, return receipt requested, mailed by a nationally recognized overnight courier or sent via facsimile, to (a) in the case of the Seller, to New Stream Insurance, LLC, 38C Grove Street, Ridgefield, CT 06877 Attention: John Collins; and (b) in the case of the Purchaser, to c/o MIO Partners, Inc., 55 East 52nd Street, New York, NY 10055, Attention: Chief Financial Officer and Casey Lipscomb; or, as to any of such Persons, at such other address or facsimile number as shall be designated by such Person in a written notice to the other Persons party hereto. Notices, demands and communications hereunder given by facsimile shall be deemed given when received.

SECTION 8.04 Severability of Provisions. If any one or more of the covenants, agreements, provisions or terms of this Agreement shall for any reason whatsoever be held invalid or unenforceable, then such covenants, agreements, provisions or terms shall be deemed severable from the remaining covenants, agreements, provisions and terms of this Agreement and shall in no way affect the validity or enforceability of the other provisions of this Agreement.

SECTION 8.05 Further Assurances. Each Party hereto agrees to do and perform, from time to time, any and all acts and to execute any and all further instruments required or reasonably requested by any other Party hereto more fully to effect the purposes of this Agreement, including, without limitation, the execution of any financing statements, amendments, continuation statements or releases relating to the Conveyed Property for filing under the provisions of the UCC or other law of any applicable jurisdiction.

SECTION 8.06 No Waiver; Cumulative Remedies. No failure to exercise and no delay in exercising, on the part of the Purchaser or the Seller, of any right, remedy, power or privilege hereunder shall operate 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. The rights, remedies, powers and privileges herein provided are cumulative and not exhaustive of any rights, remedies, powers and privileges provided by law.

SECTION 8.07 Counterparts. This Agreement may be executed in two or more counterparts (and by different Parties on separate counterparts), each of which shall be an original, but all of which together shall constitute one and the same instrument. Delivery of an executed counterpart of a signature page to this Agreement by telecopier or by electronic message shall be effective as delivery of a manually executed counterpart of this Agreement.

SECTION 8.08 Third-Party Beneficiaries. This Agreement will inure to the benefit of and be binding upon the Parties signatory hereto. No Person that is not a Party to this Agreement will have any right hereunder and there shall be no third-party beneficiaries to this Agreement; provided that, to the extent any interest in an Asset is assigned or sold by a Party (for purposes of this Section, the "Assigning Party") to any Person (the "Assignee"), any rights and obligations of the Assignee with respect to such Asset and the non-Assigning Party hereunder shall inure solely to the benefit of the Assigning Party.

SECTION 8.09 Merger and Integration. Except as specifically stated otherwise herein and the other Transaction Documents to which the Parties hereto are a party, this Agreement sets forth the entire understanding of the Parties hereto relating to the subject matter hereof, and all prior understandings, written or oral, are superseded by this Agreement. This Agreement may not be modified, amended, waived or supplemented except as provided herein.

SECTION 8.10 Headings. The headings herein are for purposes of reference only and shall not otherwise affect the meaning or interpretation of any provision hereof.

SECTION 8.11 Tax Classification. Nothing contained in this Agreement is intended to or shall be deemed or construed by the Parties hereto or by any third person to create the relationship of principal and agent (including dependent agent) or of a partnership or joint venture. The Parties hereto agree that they will not take any action contrary to the foregoing intention and agree to report the transaction for all tax purposes consistent with the foregoing intention unless and until determined to the contrary by an applicable tax authority.

SECTION 8.12 Tax Consequences. Each Party hereto (for purposes of this Section 7.12, each, an "Initial Party") acknowledges that no other Party hereto, and in each case none of the partners, shareholders, members, owners, managers, agents, officers, employees, Affiliates, investors therein or consultants of such other Party (in each case, whether direct or indirect), will be responsible or liable for the tax consequences to such Initial Party or any of such Initial Party's partners, shareholders, members, owners, managers, agents, officers, employees, Affiliates, investors or consultants (in each case, whether direct or indirect), with regard to the tax consequences of the transactions covered by this Agreement, and that such Initial Party (and each of such Initial Party's partners, shareholders, members, owners, managers, agents, officers, employees, Affiliates, investors and consultants (in each case, whether direct or indirect)) will look solely to, and rely upon, such Initial Party's own advisors with respect to such tax consequences.

SECTION 8.13 Indemnification. The Seller shall indemnify and hold harmless the Purchaser and its Affiliates and their successors and assigns (collectively, the "Purchaser Indemnified Persons") from and against any and all damages, losses, claims (whether or not the Purchaser Indemnified Person is a party to any action or proceeding that gives rise to any indemnification obligation), actions, suits, demands, judgments, liabilities (including penalties), obligations, disbursements of any kind or nature and related costs and expenses, including reasonable attorney's fees and other professional fees and expenses incurred in connection with collection efforts or the defense of any suit or action in an amount not to exceed the fees and expenses of counsel or equivalent professionals retained by such Party in connection with such suit or action (such amounts, in the aggregate, the "Losses"), awarded against or incurred by any Purchaser Indemnified Person arising out of or as a result (a) the breach of any of the representations and warranties made by the Seller herein, and (b) the failure by the Seller to perform any activities for delivery of the Conveyed Property expressly contained in the Purchase Agreement. For the avoidance of doubt, the Seller shall not indemnify and hold harmless any Purchaser Indemnified Person for any Losses awarded against or incurred by such Purchaser Indemnified Person arising out of or as a result of any Asset or Related Property (a) if such Asset or its Related Property is not transferred to the Purchaser hereunder for any reason and therefore is not a Conveyed Asset or Conveyed Property, as applicable, or (b) under which (i) the Life Insurance Policy has lapsed or expired by the action or inaction of the Purchaser or its designee, or for any other reason is no longer outstanding and in full force, or (ii) such Life Insurance Policy's Net Death Benefit has been paid to the Purchaser or its designee.

SECTION 8.14 Assignment. This Agreement may not be assigned by (i) the Purchaser without the prior written consent of the Seller, or (ii) the Seller without the prior written consent of the Purchaser.

[Remainder of Page Intentionally Left Blank]

IN WITNESS WHEREOF, the Parties hereto have caused this Agreement to be duly executed by their respective officers as of the day and year first above written.

NEW STREAM INSURANCE, LLC

By its Special Member
New Stream Capital, LLC

By:_____
Name:
Title:

LIMITED LIFE ASSETS LLC

By: _____
Name:
Title:

SCHEDULE 1

SCHEDULE OF ASSETS AND PURCHASE PRICES

[See attached]

SCHEDULE 2

BANKRUPTCY TIMELINE

I. Consensual Plan

Date	**Action/Milestone**
(i) November [19], 2010	Borrower shall commence solicitation of votes of creditors to accept or reject the Plan.
(ii) December [15], 2010	Borrower shall deposit $30,000,000 of additional NSI Life Portfolio Collateral into the SACA.
(iii) December [19], 2010	Borrower shall conclude solicitation of votes of creditors to accept or reject the Plan.
(iv) December [20], 2010	Borrower shall file with the Bankruptcy Court the Required Bankruptcy Pleadings, which, in each case, shall be in form and substance satisfactory to the Administrative Agent.
(v) December [21-22], 2010	Bankruptcy Court shall enter (i) the Interim Order, (ii) orders approving the "first day" pleadings, and (iii) an order approving the expedited scheduling of the Confirmation Hearing not later than March [4], 2011, which, in each case, shall be in form and substance satisfactory to the Administrative Agent.
(vi) January [21], 2011	Bankruptcy Court shall enter the Final Order, which shall be in form and substance satisfactory to the Administrative Agent.
(vii) March [4], 2011	Bankruptcy Court shall hold the Confirmation Hearing and enter the Confirmation Order approving the Plan, which shall be in form and substance satisfactory to the Administrative Agent. As confirmed, the Plan shall, among other things, (a) provide for the sale of the NSI Life Portfolio to Newco under the APA, and (b) terminate the Total Commitment and provide for the repayment in full, in cash of all Obligations.
(viii) No later than March [14], 2011	Closing of sale on NSI Life Portfolio to Newco pursuant to the APA and Plan.

(ix) March [14], 2011	Plan shall become effective (unless effective date has already occurred).

II. 363 Sale / Cram-down Plan

Date	**Action/Milestone**
(i) December [15], 2010	Borrower shall deposit $30,000,000 of additional NSI Life Portfolio Collateral into the SACA.
(ii) December [20], 2010	Debtors shall file with the Bankruptcy Court the Required Bankruptcy Pleadings.
(iii) December [21-22], 2010	Bankruptcy Court shall enter (i) the Interim Order, (ii) orders approving the "first day" pleadings, and (iii) an order approving the scheduling of the 363 Sale hearing not later than January [24], 2011, which, in each case, shall be in form and substance satisfactory to the Administrative Agent.
(iv) No later than December [23], 2010	Debtors shall file the Sale Motion seeking entry of the Sale Order approving the 363 Sale.
(v) January [21], 2011	Bankruptcy Court shall enter the final order approving the DIP Motion, which shall be in form and substance satisfactory to the Administrative Agent.
(vi) No later than January [24], 2011	Bankruptcy Court shall hold the hearing on Sale Motion to approve the 363 Sale and enter the Sale Order approving the 363 Sale, which shall be in form and substance satisfactory to the Administrative Agent and Purchaser.
(vii) No later than	

February [3], 2011	Closing of 363 Sale to Purchaser pursuant to the APA and Sale Order.

In the event that (a) the Petition Date occurs after December [15], 2010, or (b) the Bankruptcy Court is unable or unwilling to schedule a hearing on the required date, the milestone dates set forth above shall be deemed automatically extended by an equal number of days (or such later date as would constitute the next business day) up to a maximum of seven (7) business days. The milestone dates may also be extended with the prior written consent of the Administrative Agent.

SCHEDULE OF ADJUSTED POLICY VALUES

[See attached]

GLOSSARY OF DEFINED TERMS

"Acquisition Date" means with respect to the Conveyed Property, that certain date on which the Seller or the designee thereof receives the Purchase Price therefor in accordance with this Agreement, which date shall not occur prior to the date on which the Bankruptcy Court approves of the Bankruptcy Petition, including, without limitation, the sale of the Assets to Purchaser and the terms and provisions of the Purchase Agreement.

"Actual Knowledge" means, with respect to Seller, the actual knowledge of any officer or director of the Seller.

"Affiliate" means, with respect to any Person, any other Person controlling or controlled by or under common control with such specified Person. For purposes of this definition, "control," when used with respect to a specific Person, means the power to direct the management and policies of such Person, directly or indirectly, whether through the ownership of voting securities, by contract or otherwise; and the term "controlling" and "controlled" have meanings correlative to the foregoing.

"Asset" means a Life Insurance Policy (whether owned directly by the Seller or related Selling Party or owned by a Trust, the related trust beneficial interests of which are owned by the Seller or the related Selling Party), Premium Finance Loan or other Equity Asset, in each case as identified on Schedule I of the Agreement.

"Asset Documentation Package" means the documents provided by the Seller to the Buyer with respect to each Asset, as listed on Schedule I hereto.

"Asset Purchase Agreement" or "Purchase Agreement" means that certain Asset Purchase Agreement dated as of the Execution Date, entered into by and between the Seller and the Purchaser.

"Bank of Utah" means the Bank of Utah, a Utah banking corporation, with offices located at 200 E. South Temple, Suite 210 Salt Lake City, Utah 84111 and tax id 27-6630093.

"Bankruptcy Code" means, as amended, Title 11 of the United States Code, 11 U.S.C. §§101 - 1532).

"Bankruptcy Court" means a United States bankruptcy court or United States appellate court of competent jurisdiction and acceptable to the Purchaser.

"Bankruptcy Pleadings" means any of the following documents, each of which shall be in form and substance satisfactory to the Purchaser:

a) a voluntary chapter 11 bankruptcy petition;
b) the Plan;
c) the Disclosure Statement;
d) the Confirmation Order;
e) the Scheduling Motion;

f) the Scheduling Order;
g) the Sale Motion;
h) the Sale Order;
i) [IF USING DIP] [the DIP Motion;
j) interim and final orders approving the DIP Motion]; and
k) any other necessary, required or related pleadings and documentation to be filed before the Bankruptcy Court.

"Bankruptcy Timeline" means the dates and milestones set forth on Schedule 2 of the Asset Purchase Agreement.

"Bermuda C, F and I Classes" shall mean Bermuda Segregated Account Classes C, F and I of New Stream Capital Fund Ltd.

"Bermuda non-C, F and I Classes" shall mean Bermuda Segregated Account Classes B, E, H, K, L, N and O of New Stream Capital Fund Ltd.

"Break-Up Fee" shall have the meaning assigned to such term in Section 7.01(p) of the Asset Purchase Agreement.

"Business Day" means a day other than a Saturday or Sunday on which commercial banks in New York, New York or Salt Lake City, Utah are not authorized or required to be closed for business.

"CFC of Delaware Assets" means the equity interests owned by the Seller in CFC of Delaware LLC described on Schedule I of the Asset Purchase Agreement.

"CFC Policy" means any Life Insurance Policy designated as a CFC Policy on Schedule I to the Asset Purchase Agreement.

"Collateral" shall have the meaning assigned to such term in the NSI-MIO Securities Account Control Agreement.

"Competing Transaction" shall have the meaning assigned to such term in Section 7.01(j) of the Asset Purchase Agreement.

"Confidential Information" shall have the meaning assigned to such term in Section 6.01 of the Asset Purchase Agreement.

"Confirmation Hearing" shall mean a hearing before the Bankruptcy Court on the adequacy of the Seller's Disclosure Statement and confirmation of the Seller's Plan under the Bankruptcy Code.

"Confirmation Order" means a final order of the Bankruptcy Court in the form attached as Exhibit A to the Asset Purchase Agreement; *provided, however*, that the Purchaser shall have the sole ability to waive the requirement that such order be final.

"Conveyed Asset" means each Asset purchased by the Purchaser from the Seller pursuant to the Asset Purchase Agreement.

"Conveyed Property" shall have the meaning assigned to such term in Section 2.01(a) of the Asset Purchase Agreement.

"Consensual Plan" shall have the meaning assigned to such term in Section 7.01(b) of the Asset Purchase Agreement.

"Cram-down Plan" shall have the meaning assigned to such term in Section 7.01(b) of the Asset Purchase Agreement.

"Custodian" shall mean Deutsche Bank AG, Dublin Branch, a German limited liability company, acting through its Dublin branch, and its successors and assigns.

"DIP Agreement" shall mean that certain [INSERT EXACT NAME OF DIP AGREEMENT] between the [Seller] and the [Purchaser] in form and substance satisfactory to the Purchaser to be filed with the Bankruptcy Court.

"DIP Motion" shall mean a motion for entry of an interim and final order approving the DIP Agreement and all related documentation.

"Disclosure Statement" shall mean the Seller's disclosure statement under the Bankruptcy Code accompanying the Plan, which shall, among other things, disclose the transactions contemplated by this Asset Purchase Agreement.

"Equity Asset" means, collectively or individually as the context may require, the Seller's respective ownership rights, interests and obligations with respect to the Seller's equity interests in (i) the Georgia Premium Funding I Assets, (ii) the Georgia Premium Funding II Assets, (iii) the National Life Funding Assets, (iv) the Vantage Funding I Assets, (v) the Vantage Funding II Assets, (vi) the UNFCH Assets, (vii) the CFC of Delaware Assets, and (viii) the SLCM Assets (which, for the avoidance of doubt, shall include SLCM's interest in the SLCM Securities Account).

"Equity Asset LLC" means, collectively or individually as the context may require, (i) Georgia Premium Funding Company I, LLC, (ii) Georgia Premium Funding II, LLC, (iii) National Life Funding, LLC, (iv) Vantage Funding, LLC, (v) Vantage Funding II, LLC, (vi) UNFCH, (vii) CFC of Delaware LLC, and (viii) SLCM.

"Encumbrances" shall have the meaning assigned to such term in Section 7.01(i) of the Asset Purchase Agreement.

"Escrow Account" means the escrow account established and maintained by the Seller with the Escrow Agent with account number [_____], in accordance with the terms of the Escrow Agreement.

"Escrow Agent" means the Bank of Utah, not in its individual capacity, but solely in its capacity as escrow agent with respect to the Escrow Account pursuant to the Escrow Agreement.

"Escrow Agreement" means the escrow agreement dated as of [_____], 2010, by and between the Seller and the Escrow Agent.

"Execution Date" means the date on which the Purchase Agreement is executed.

"Funding Documents" means the Seller's Securities Account Control Agreement, the NSI-MIO Securities Account Control Agreement, the Purchaser's Securities Account and all other documents related thereto.

"Georgia Premium Funding I Assets" means the equity interests owned by the Seller in Georgia Premium Funding Company I, LLC described on Schedule I of the Asset Purchase Agreement.

"Georgia Premium Funding II Assets" means the equity interests owned by the Seller in Georgia Premium Funding II, LLC on Schedule I of the Asset Purchase Agreement.

"Governmental Authority" means the government of the United States of America, any state or other political subdivision thereof and any entity of competent jurisdiction exercising executive, legislative, judicial, regulatory or administrative functions of or pertaining to government.

"Initial Party" shall have the meaning assigned to such term in Section 8.12 of the Asset Purchase Agreement.

"Insolvency Event" means that any of the following has occurred: a party shall generally not pay its debts as such debts become due, or shall admit in writing its inability to pay its debts generally, or any formal 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 the party other than a solvent liquidation or reorganisation of the party; (ii) a composition, assignment or arrangement with the creditors of the party as a whole; (iii) the appointment of a liquidator (other than in respect of a solvent liquidation of the party), receiver, administrator, administrative receiver, compulsory manager or other similar officer in respect of the party; provided, that any such event arising by reason of currency restrictions or foreign political restrictions or regulations beyond the control of the party shall not be deemed an "Insolvency Event" hereunder.

"Insured" means, with respect to any Life Insurance Policy, the person (or each one of the persons) whose life (lives) is (are) insured by such Life Insurance Policy.

"Issuing Insurance Company" means, with respect to any Life Insurance Policy, the insurance company that is obligated to pay the related Net Death Benefit upon the death of the related Insured by the terms of such Life Insurance Policy (or the successor to such obligation).

"Lien" means any interest in property securing an obligation owed to, or a claim by, a Person, whether such interest is based on the common law, statute or contract, and including but not limited to the security interest lien arising from a mortgage, encumbrance, judgment, pledge, conditional sale or trust receipt for a lease, consignment or bailment for security purposes, but, with respect to an Asset, does not include the interest of the Issuing Insurance Company therein if such interest arises solely from or with respect to a related Policy Loan.

"Life Insurance Policy" means an entire policy of life insurance, or, as indicated by the context, a specific life insurance policy which is an Asset under this Agreement.

"Material Adverse Effect" means (a) a material adverse effect on the Conveyed Property (taken as a whole), or (b) a material adverse effect on the ability of the Seller to consummate the transactions contemplated by this Agreement or perform its obligations under this Agreement other than an effect resulting solely from an Excluded Matter. "Excluded Matter" means any one or more of the following: (i) the announcement of the signing of the Purchase Agreement or the filing of the Bankruptcy Petition, compliance with the express provisions of this Agreement or the consummation of the transactions contemplated hereby, (ii) reasonably anticipated events, conditions, circumstances, developments, changes or effects arising out of the filing of the Bankruptcy Petition, (iii) actions or omissions taken or not taken by or on behalf of the Seller or any of its Affiliates at the express request, or with the consent, of the Purchaser or its Affiliates, (iv) actions taken by the Purchaser or its Affiliates, other than as contemplated by this Agreement, (v) changes or proposed changes in applicable law or interpretations thereof by any Governmental Authority (other than changes that would prohibit the consummation of the transactions contemplated by the Purchase Agreement), (vi) changes which generally affect the national or regional markets for life insurance, (vii) changes in general economic conditions, currency exchange rates or United States or international debt or equity markets and (viii) national or international political or social conditions or any national or international hostilities, acts of terror or acts of war; *provided* that, in the case of clauses (vi) through (viii), inclusive, such events, changes, conditions, circumstances, developments or effects shall be taken into effect in determining whether any such material adverse effect has occurred to the extent that any such events, changes, conditions, circumstances, developments or effects have a material and disproportionate adverse effect on the Conveyed Property, the Assumed Liabilities or the Seller as compared to other similarly affected Persons.

"Medical Underwriter" means AVS Underwriting Services or Dr. Barry Reed, MD, or any other nationally recognized life expectancy provider approved by the Purchaser in writing, that is identified by the Seller as having supplied the applicable mortality rating.

"National Life Funding Assets" means the equity interests owned by the Seller in National Life Funding, LLC described on Schedule I of the Asset Purchase Agreement.

"Net Death Benefit" means, with respect to any Life Insurance Policy, as of any date of determination, the face amount payable under such Life Insurance Policy net of any Policy Loan (and accrued Policy Loan interest not yet paid on or capitalized into any related Policy Loan) and, with respect to any Equity Asset, net of payments to Equity Asset Co-Owners or

other payments pursuant to documentation governing such Equity Asset, as of such date of determination.

"New Stream Securities Account" means the securities account established and maintained by the Seller and the Purchaser with the New Stream Securities Intermediary with account number 8000563, in accordance with the terms of the NSI-MIO Securities Account Control Agreement.

"New Stream Securities Intermediary" means Bank of Utah, not in its individual capacity, but solely in its capacity as securities intermediary with respect to the New Stream Securities Account pursuant to the NSI-MIO Securities Account Control Agreement.

"NSI-MIO Securities Account Control Agreement" shall have the meaning assigned to such term in Section 4.01 of the Asset Purchase Agreement.

"Original Seller" means the direct or indirect owner of an Asset that first sells or otherwise transfers such Asset pursuant to an Asset Documentation Package to the Seller.

"Origination", "Originate" or "Originated" means the process conducted by an Originator of soliciting the sale by the Original Seller of and purchase by such Originator, directly or indirectly, of an Asset, including the negotiation, execution and delivery of the agreements, documents and instruments evidencing such transaction and/or evidencing consents, acknowledgements and waivers delivered in connection therewith by the related Insured, any spouse of the Insured, any related beneficiary, any Original Seller or any third party, and the acquisition and verification by such Originator of information concerning the related Insured, Original Seller and Asset.

"Originator" with respect to any Asset, the Person that Originated such Asset.

"Person" means any individual, corporation, partnership, joint venture, association, joint-stock company, limited liability company, trust, unincorporated association, Governmental Authority or any other entity.

"Petition Date" means the date on which the Seller filed its voluntary chapter 11 bankruptcy petition with the Bankruptcy Court.

"PFG Policy" means and Life Insurance Policy designated as a PFG Policy on Schedule I to the Asset Purchase Agreement.

"Plan" shall mean the Seller's plan of reorganization under chapter 11 of the Bankruptcy Code, which shall, among other things, seek approval of the transactions contemplated by this Asset Purchase Agreement.

"Policy Loan" means, with respect to any Life Insurance Policy, any loan or other cash advances against, or cash withdrawals from, the cash value of such Life Insurance Policy, pursuant to the terms and conditions of such Life Insurance Policy.

"Premium" means, with respect to any Life Insurance Policy, as indicated by the context, any due or past due premiums required to be paid in order to maintain such Life Insurance Policy in force in general or for the period indicated by the context.

"Premium Finance Loan" means a loan evidenced by an Asset Documentation Package and secured by one or more Life Insurance Policies.

"Premium Funding Amount" means $25,000,000.

"Proceeds Account" means an Escrow Account established by the Seller with deposits and distributions in accordance with Section 4.04 of the Purchase Agreement.

"Purchase Price" means $127.5 million.

"Purchaser" means [_____].

"Purchaser Indemnified Person" shall have the meaning assigned to such term in Section 8.13 of the Asset Purchase Agreement.

"Purchaser Protection Approval Motion" shall have the meaning assigned to such term in Section 7.01(d) of the Asset Purchase Agreement.

"Purchaser Protection Order" shall have the meaning assigned to such term in Section 7.01(d) of the Asset Purchase Agreement.

"Purchaser's Securities Account" means the securities account established by the Purchaser's Securities Intermediary pursuant to the Purchaser's Securities Account Control Agreement for the benefit of the Purchaser.

"Purchaser's Securities Account Control Agreement" means that certain securities account control agreement with respect to the Purchaser's Securities Account entered into between the Purchaser's Securities Intermediary and the Purchaser, dated as of the [_____].

"Purchaser's Securities Intermediary" means Bank of Utah, not in its individual capacity, but solely in its capacity as securities intermediary with respect to the Purchaser's Securities Account pursuant to the Purchaser's Securities Account Control Agreement.

"Related Property" shall have the meaning assigned to such term in Section 3.03 of the Asset Purchase Agreement.

"Representative" means, with respect to each Insured, the natural person or persons designated by the Insured as persons with whom the Seller or its designee may make contact for the purposes of obtaining updated information concerning the health and residency of the Insured and/or communicating information concerning the related Asset.

"Responsible Officer" when used with respect to (i) [the Purchaser's Securities Intermediary, means any officer assigned to the principal corporate office thereof, including any

Vice President, Assistant Vice President, Assistant Treasurer, Assistant Secretary, trust officer and any other officer thereof that customarily performs functions similar to those of the above-designated officers and that has direct responsibility for the administration of the Transaction Documents as Purchaser's Securities Intermediary, and also, with respect to a particular matter, any other officer thereof to whom such matter is referred because of such officer's knowledge of and familiarity with the particular subject], (iii) the Purchaser, means [_____] and (iv) the Seller, means Anthony Giobbi or John Collins.

"Sale Motion" a motion for entry of an order approving the Asset Purchase Agreement and the transactions contemplated thereunder pursuant to, among other section, Section 363 of the Bankruptcy Code.

"Sale Order" shall have the meaning assigned to such term in Section 7.01(g) of the Asset Purchase Agreement.

"Scheduling Motion" means the Seller's motion submitted to the Bankruptcy Court (i) scheduling the Confirmation Hearing on the adequacy of the Seller's Disclosure Statement and confirmation of the Seller's Plan for not later than sixty (60) days after the Petition Date; (ii) approving procedures for filing objections thereto; (iii) approving the form and manner of notice of the Confirmation Hearing; and (iv) granting other related relief.

"Seller" means New Stream Insurance LLC.

"Seller's Percentage" means the percentage ownership of a Life Insurance Policy held by the Seller, either directly or through an Equity Asset, which shall be (i) if such Life Insurance Policy is not listed on Schedule 3.02(a)(vi), 100%, or (ii) if such Life Insurance Policy is listed on Schedule 3.02(a)(vi), the percentage specified for such Life Insurance Policy on such Schedule.

"Seller Related Parties" means the parties entitled to receive distributions from the Escrow Account in accordance with the Escrow Agreement, which shall include (i) Guggenheim Capital Markets, (ii) Reed Smith LLP, (iii) O'Melveny & Myers LLP, (iv) [other NSI related parties]

"Seller's Securities Account" means the securities account held in the name of the Seller at the Bank of Utah with account number 8000503.

"Seller's Securities Account Control Agreement" means that certain securities account control agreement with respect to the Seller's Securities Account entered into between the Seller's Securities Intermediary and the Purchaser, dated as of the [_____].

"Seller's Securities Intermediary" means Bank of Utah, not in its individual capacity, but solely in its capacity as securities intermediary with respect to the Seller's Securities Account pursuant to the Seller's Securities Account Control Agreement.

["Servicer" means [_____], in its capacity as such under the Servicing Agreement, and its successors and assigns in such capacity.]

"Servicing Agreement" means that certain Servicing and Monitoring Agreement dated as of the Execution Date, entered into by and between the Purchaser and the Servicer.

"SLCM" means Secondary Life Capital Management, LLC.

"SLCM Assets" means the Life Insurance Policies contained in the SLCM Securities Account.

"SLCM Securities Account" means the securities account held in the name of the SLCM at the Bank of Utah with account number 8000504.

"SPAR Asset" means any Asset designated as a SPAR Asset on Schedule I to the Asset Purchase Agreement.

"Transaction Documents" means the Asset Purchase Agreement and the Escrow Agreement, as the same may be amended, supplemented or modified from time to time and all other instruments, financing statements, documents and agreements executed in connection with any of the foregoing.

"UCC" means the Uniform Commercial Code as in effect in any applicable jurisdiction.

"UNF Policy" means any Life Insurance Policy designated as a UNF Policy on Schedule I to the Asset Purchase Agreement.

"UNFCH" means United National Funding Collateral Holdings, LLC.

"UNFCH Assets" means the equity interests owned by the Seller in UNFCH described on Schedule I of the Asset Purchase Agreement.

"Utah Policies" means the Life Insurance Policies owned by the Seller that are not Collateral and, on or before the Acquisition Date pursuant to Section 4.02 of the Asset Purchase Agreement, such Life Insurance Policies are to be transferred to the Seller's Securities Intermediary, as securities intermediary for the Seller pursuant to the Seller's Securities Account Control Agreement, with the Issuing Insurance Company to record the Seller's Securities Intermediary as the owner and beneficiary thereof.

"Vantage Funding I Assets" means the equity interests owned by the Seller in Vantage Funding, LLC described on Schedule I of the Asset Purchase Agreement.

"Vantage Funding II Assets" means the equity interests owned by the Seller in Vantage Funding II, LLC described on Schedule I of the Asset Purchase Agreement.

EXHIBIT E

Milestone Dates[1]

Consensual Process Milestone Dates

Date	Action/Milestone
No later than January 24, 2011	New Stream Debtors shall commence solicitation of votes of creditors to accept or reject the Plan.
No later than February 22, 2011	New Stream Debtors shall conclude solicitation of votes of creditors to accept or reject the Plan.
No later than February 27, 2011	New Stream Debtors and Purchaser shall execute Asset Purchase Agreement.
No later than February 28, 2011	New Stream Debtors shall file with the Bankruptcy Court the required bankruptcy petitions and other pleadings, which, in each case, shall be in form and substance satisfactory to the DIP Lenders.
No later than March 3, 2011	Bankruptcy Court shall enter (i) an interim order approving the DIP Facility, (ii) orders approving the "first day" pleadings, and (iii) an order approving the expedited scheduling of the Confirmation Hearing not later than May 3, 2011, which, in each case, shall be in form and substance satisfactory to the DIP Lenders.
No later than March 21, 2011	Bankruptcy Court shall enter a final order approving the DIP Facility, which shall be in form and substance satisfactory to the DIP Lenders.
No later than April 29, 2011	Bankruptcy Court shall hold the Confirmation Hearing and enter the Confirmation Order approving the Plan, which shall

[1] Capitalized terms used in this Exhibit E to the Plan Support Agreement that are not otherwise defined in the Plan Support Agreement shall have the meanings ascribed to them in the Plan.

Date	Action/Milestone
	be in form and substance satisfactory to the DIP Lenders and the Purchaser.
No later than May 13, 2011	Closing of sale on Insurance Portfolio Sale to Purchaser pursuant to the terms of the Asset Purchase Agreement and Plan.
No later than May 13, 2011	Plan shall become effective (unless effective date has already occurred).

Cramdown Process Milestone Date.

Date	Action/Milestone
No later than January 24, 2011	New Stream Debtors shall commence solicitation of votes of creditors to accept or reject the Plan.
No later than February 22, 2011	New Stream Debtors shall conclude solicitation of votes of creditors to accept or reject the Plan.
No later than February 27, 2011	New Stream Debtors and Purchaser shall execute Asset Purchase Agreement.
No later than February 28, 2011	New Stream Debtors shall file with the Bankruptcy Court the required bankruptcy petitions and other pleadings, which, in each case, shall be in form and substance satisfactory to the DIP Lenders.
No later than March 3, 2011	New Stream Debtors shall file a motion (the "Sale Motion") seeking an order from the Bankruptcy Court (the "Sale Order") approving the sale by NSI of the NSI Insurance Portfolio to the Purchaser pursuant to the terms of the Asset Purchase Agreement Sale Motion seeking entry of the Sale Order approving the 363 Sale, each in form and substance satisfactory to the Purchaser.
No later than March 3, 2011	Bankruptcy Court shall enter (i) an interim order approving the DIP Facility, and (ii) orders approving the "first day" pleadings, which, in each case, shall be in form and substance satisfactory to the DIP Lenders.
No later than March 24, 2011	Bankruptcy Court shall enter a final order approving the DIP Facility, which shall be in form and substance satisfactory to the DIP Lenders.
No later than April 4, 2011	Bankruptcy Court shall hold the hearing on Sale Motion to approve the 363 Sale and enter the Sale Order approving the 363 Sale, which shall be in form and substance satisfactory to

Date	Action/Milestone
	the DIP Lenders and Purchaser.
No later than April 18, 2011	Closing of Insurance Portfolio Sale to Purchaser pursuant to the terms of the Asset Purchase Agreement and Sale Order.

EXHIBIT 4

ASSET PURCHASE AGREEMENT

by and between

NEW STREAM INSURANCE, LLC,

as Seller,

and

LIMITED LIFE ASSETS LLC

as Purchaser

Dated as of [_____,] 2010

TABLE OF CONTENTS

ASSET PURCHASE AGREEMENT

This **ASSET PURCHASE AGREEMENT**, dated as of [_____,] 2010 (this "Agreement"), is entered into by and between NEW STREAM INSURANCE, LLC, a Delaware limited liability company, as seller (in such capacity, the "Seller") and LIMITED LIFE ASSETS LLC, a Delaware limited liability company, as purchaser (in such capacity, the "Purchaser"). The Seller and the Purchaser are each sometimes referred to herein individually as a "Party" and collectively as the "Parties".

WHEREAS, the Purchaser desires to purchase from the Seller the Assets (as such term is defined in the Glossary of Defined Terms attached hereto), subject to the terms and conditions of this Agreement; and

WHEREAS, the Seller desires to sell to the Purchaser the Assets, subject to the terms and conditions of this Agreement.

NOW, THEREFORE, in consideration of the premises and the mutual covenants herein contained, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged by the Parties hereto, the Parties hereby agree as follows:

ARTICLE I

DEFINITIONS

SECTION 1.01 Definitions. Capitalized terms used and not otherwise defined in this Agreement have the respective meanings ascribed to them in the Glossary of Defined Terms attached hereto.

SECTION 1.02 Usage of Terms. The words "hereof," "herein" and "hereunder" and words of similar import when used in this Agreement shall refer to this Agreement as a whole and not to any particular provision of this Agreement; article, section, subsection, exhibit and schedule references contained in this Agreement are references to articles, sections, subsections, exhibits and schedules in or to this Agreement unless otherwise specified; with respect to all terms in this Agreement, the singular includes the plural and the plural the singular; words importing any gender include the other genders; references to "writing" include printing, typing, lithography and other means of reproducing words in a visible form; references to agreements and other contractual instruments include all subsequent amendments, amendments and restatements and supplements thereto or changes therein entered into in accordance with their respective terms and not prohibited by this Agreement; references to Persons include their permitted successors and assigns; references to laws include their amendments and supplements, the rules and regulations thereunder and any successors thereto; and the term "including" means "including without limitation."

ARTICLE II

CONVEYANCE OF ASSETS

SECTION 2.01 Conveyance of Assets Generally.

(a) Agreement to Sell and Purchase. Subject to the terms and conditions of this Agreement, as of the Execution Date the Seller agrees to sell to the Purchaser, and the Purchaser agrees to purchase from the Seller, all right, title and interest of the Seller (i) in and to the Assets, including, without limitation (1) with respect to all Life Insurance Policies owned by the Seller, all rights possessed by Seller (directly or indirectly through the applicable securities intermediary) as owner and beneficiary of such Life Insurance Policies, (2) with respect to all other Assets, all rights possessed by Seller as owner and beneficiary of such Assets, and (3) with respect to all Assets, (i) all of Seller's right, title and interest in and to the Asset Documentation Package for each Asset that is a Conveyed Asset, and (ii) all proceeds of the foregoing, in each case, to the extent such transfer is permitted by applicable law and such transfer shall not include any rights, remedies, powers and privileges that by their nature are not transferable or will terminate or be ineffective or invalid upon any sale or transfer thereof (collectively, the property, rights and amounts described in this Section 2.01(a), the "Conveyed Property").

(b) Assumption of Assumed Liabilities. On the terms and subject to the conditions set forth in this Agreement, the Purchaser shall assume and become responsible for, from and after the Acquisition Date, all obligations and liabilities arising under, out of or in connection with the ownership, management and operation of the Conveyed Property from and after the Acquisition Date (collectively, the "Assumed Liabilities"), including the obligation to pay premiums and other related expenses (including, without limitation, trustee's fees and administrative manager's fees) with respect to each of the Life Insurance Policies and any obligations or liabilities arising under any of the operational documentation related to each of the Equity Assets. For the avoidance of doubt, such obligations and liabilities are listed in the previous clause for illustrative purposes only and in no manner shall limit the definition of Assumed Liabilities as set forth in the immediately preceding sentence.

(c) Purchase Price. In consideration for the Seller's sale and transfer of its title to and ownership of the beneficial interest in the Conveyed Property, and upon compliance by the Seller with the terms and conditions of Article IV of this Agreement, the Purchaser shall pay the Purchase Price to the Seller for such Conveyed Property at the time and in the manner specified in Article IV.

(d) Bulk Sales Laws. The Purchaser hereby waives compliance by the Seller with the requirements and provisions of any "bulk-transfer" laws of any jurisdiction that may otherwise be applicable with respect to the sale and transfer of any or all of the Conveyed Property to the Purchaser.

(e) Intent of the Parties. It is the intention of the Seller and the Purchaser that the conveyance, transfer and assignment of the Conveyed Property contemplated by this Agreement

shall constitute a sale of such Conveyed Property from the Seller to the Purchaser. As a precautionary measure, in the event that notwithstanding the contrary intention of the Seller and the Purchaser, the sale of any Conveyed Property is recharacterized as a loan, the Parties intend that this Agreement constitute a security agreement under applicable law, and the Seller hereby grants to the Purchaser a first priority perfected security interest in, to and under each such Conveyed Property and all proceeds of any of the same for the purpose of securing payment and performance of the Seller's obligations under this Agreement and the repayment of any amounts owed to the Purchaser by the Seller.

ARTICLE III

REPRESENTATIONS, WARRANTIES AND COVENANTS

SECTION 3.01 Representations and Warranties of the Seller and Purchaser.

(a) The Seller hereby represents and warrants to the Purchaser as of the Execution Date and the Acquisition Date that:

(i) Organization, Good Standing and Licenses. It is duly organized, validly existing and in good standing under the laws of its respective state of incorporation, and is in good standing in, has all necessary organizational power and authority in, and has obtained all necessary licenses, approvals and consents in, all jurisdictions where the ownership of its properties as such properties are currently owned, the conduct of its business as such business is currently conducted, and the performance of its obligations under this Agreement require such qualifications, licenses, approvals or consents. In particular, at all relevant times, it had and has all necessary organizational power, authority and legal right to acquire and own each item of Conveyed Property, to enter into this Agreement and to sell to the Purchaser each item of Conveyed Property as contemplated by this Agreement**.** Other than the approval by the Bankruptcy Court of this Agreement and transactions contemplated thereby, no consent, approval, permit, license, authorization or order of or declaration or filing with any Governmental Authority is required to be obtained by the Seller for the consummation of the transactions contemplated by this Agreement, except for filings required under the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended, and except for such as have been duly made or obtained.

(ii) Due Authorization. Its execution and delivery of this Agreement and the performance of its obligations thereunder have been duly authorized by all necessary limited liability company and member action.

(iii) Binding Obligation. This Agreement constitutes the legal, valid and binding obligation of the Seller enforceable against the Seller in accordance with its terms, except as enforceability may be limited by bankruptcy, insolvency,

reorganization, moratorium and other similar laws affecting creditors' rights generally or by general principles of equity.

(iv) No Violation. The consummation of the transactions contemplated by this Agreement and the fulfillment of the terms hereof will not violate, result in the breach of any terms and provisions of, nor constitute an event of default under the certificate of formation or limited liability company agreement of the Seller, or any law or regulation to which the Seller is subject, as then in effect and as then interpreted by relevant regulators or in case law, or violate or breach any of the terms or provisions of, or constitute an event of default under any agreement to which the Seller is a party or by which it shall be bound, nor violate any order, judgment or decree applicable to the Seller of any Governmental Authority having jurisdiction over the Seller or its properties which violation, breach or default would have a Material Adverse Effect on the validity or enforceability of this Agreement, or the ability of the Seller to perform its obligations under this Agreement.

(v) No Proceedings. There is no action, suit or proceeding before or by any Governmental Authority, now pending, or to it's Actual Knowledge, threatened in writing, against or affecting it or on the Conveyed Property: (A) asserting the invalidity of this Agreement, (B) seeking to prevent the consummation of any of the transactions contemplated by this Agreement, or (C) except as set forth in Schedule 1, seeking any determination or ruling that could reasonably be expected to materially and adversely effect the value, enforceability or transferability of the Conveyed Property or the Seller's interests therein.

(vi) Accredited Investor. The Seller is an "Accredited Investor" as such term is defined in the United States Securities Act of 1933.

(vii) Accuracy of Information. All information provided by it or on its behalf to the Purchaser in writing in connection with this Agreement or the transactions contemplated hereby is, or if provided at a later date, shall be, to the Actual Knowledge of the Seller, true, complete and correct in all material respects as of the date of such information.

(b) The Purchaser hereby represents and warrants to the Seller as of the Execution Date and the Acquisition Date that:

(i) Organization, Good Standing and Licenses. It is a limited liability company duly organized, validly existing and in good standing under the laws of the State of Delaware, and is in good standing in, has all necessary organizational power and authority in, and has obtained all necessary licenses, approvals and consents in, all jurisdictions where the ownership of its properties as such properties are currently owned, the conduct of its business as such business is currently conducted, and the performance of its obligations under this Agreement require such

qualifications, licenses, approvals or consents. In particular, at all relevant times, it had and has all necessary organizational power, authority and legal right to acquire the Conveyed Property as contemplated by this Agreement, and no consent, approval, permit, license, authorization or order of or declaration or filing with any Governmental Authority is required to be obtained by the Purchaser for the consummation of the transactions contemplated by this Agreement, except such as have been duly made or obtained.

(ii) Due Authorization. Its execution and delivery of this Agreement and the performance of its obligations thereunder have been duly authorized by all necessary company action.

(iii) Binding Obligation. This Agreement constitutes the legal, valid and binding obligation of the Purchaser enforceable against the Purchaser in accordance with its terms, except as enforceability may be limited by bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights generally or by general principles of equity.

(iv) No Violation. The consummation of the transactions contemplated by this Agreement and the fulfillment of the terms hereof will not violate, result in the breach of any terms and provisions of, nor constitute an event of default under the certificate of formation or limited liability company agreement of the Purchaser or any material law or regulation to which the Purchaser is subject, as then in effect and as then interpreted by relevant regulators or in case law, or violate or breach any of the terms or provisions of, or constitute an event of default under any material agreement to which the Purchaser is a party or by which it shall be bound, nor violate any order, judgment or decree applicable to the Purchaser of Governmental Authority having jurisdiction over the Purchaser or its properties which violation, breach or default would have a material adverse effect on the validity or enforceability of this Agreement, or the ability of the Purchaser to perform its obligations under this Agreement.

(v) No Proceedings. There is no action, suit or proceeding before or by any Governmental Authority, now pending, or to it's Actual Knowledge, threatened in writing, against or affecting it or its assets or properties: (A) asserting the invalidity of this Agreement or (B) seeking to prevent the consummation of any of the transactions contemplated by this Agreement.

(vi) Patriot Act. It is not, and none of its Affiliates or investors nor any other Person that has made funds available to the Purchaser in order to allow the Purchaser to fulfill its obligations under this Agreement is (A) a Person listed in the Annex to Executive Order No. 13224 (2001) issued by the President of the United States (Executive Order Blocking Property and Prohibiting Transactions with Persons Who Commit, Threaten to Commit, or Support Terrorism), (B) named on the List of Specially Designated Nationals and Blocked Persons maintained by the U.S.

Office of Foreign Assets Control, (C) a non-U.S. shell bank or is providing banking services indirectly to a non-U.S. shell bank, (D) a senior non-U.S. political figure or an immediate family member or close associate of such figure, or (E) otherwise prohibited from investing in the Purchaser pursuant to applicable U.S. anti-money laundering, anti-terrorist and asset control laws, regulations, rules or orders.

(vii) Suitability. It has determined, based on such professional advice as it has deemed appropriate under the circumstances, that its acquisition of Conveyed Property pursuant to this Agreement (A) is fully consistent with the Purchaser's financial needs, objectives and condition and (B) is fit, proper and suitable for it and for its investors, notwithstanding the clear and substantial risks inherent in investing in or holding the Conveyed Property.

(viii) Own Review and Advisors. The Purchaser, with the assistance of its own legal, regulatory, tax, insurance, business, investment, financial and accounting advisors, has carefully read and evaluated this Agreement and all information and materials delivered to the Purchaser by or on behalf of the Seller in relation to the Assets, the acquisition, ownership and sale of the Conveyed Property by the Seller and all terms of this Agreement, and in consultation with its own legal, regulatory, tax, insurance, business, investment, financial and accounting advisors, has made an informed investment decision with respect to its purchase of the Conveyed Property. The Purchaser has been afforded, to its satisfaction, reasonable opportunity to ask questions concerning the Assets, the acquisition, ownership and sale of the Conveyed Property by the Seller and all terms of this Agreement, and has had all of its questions answered to its satisfaction and has been supplied all information deemed necessary by it in order to make such an informed investment decision.

(ix) [Reserved].

(x) Investment Company Act. The Purchaser is not required to be registered under the Investment Company Act of 1940 (as amended).

(xi) Accredited Investor; Securities Laws. The Purchaser is an "Accredited Investor" as such term is defined in the United States Securities Act of 1933. The Purchaser (A) may purchase and hold the Conveyed Assets, (B) may resell the Conveyed Assets or interests therein and (C) may issue securities or other instruments or certificates representing interests in Conveyed Assets or payable from the proceeds thereof, in each case only in a manner that either satisfies the requirements for, or is exempt from registration under the United States Securities Act of 1933, or comparable registration requirements of any applicable non-U.S. securities laws.

(xii) Accuracy of Information. All information provided by it or on its behalf to the Seller in writing in connection with this Agreement or the transactions contemplated hereby is, or if provided at a later date, shall be, to the actual knowledge of the Purchaser, true, complete and correct in all material respects as of the date of such information.

(xiii) No reliance. Independently and without reliance upon the Seller (other than its reliance on the Seller's representations, warranties and covenants set forth in the Transaction Documents) and based upon such documents and information as it has deemed appropriate, the Purchaser has made and will continue (to the extent permitted hereunder) to make its own appraisal of and investigation into the business, operations, property, prospects, financial and other conditions and creditworthiness of the Seller, and its own decision to enter into this Agreement and to take, or omit to take, action under any Transaction Document.

(c) The representations and warranties of the Seller and the Purchaser set forth in Section 3.01 shall survive for a period of one (1) year following the Acquisition Date, and neither Party (nor its successors or assigns) will have any right, remedy or cause of action in relation to any breach or alleged breach by the other Party of any such representation or warranty if such Party has not brought an action alleging such breach in a court of law or before an arbitral tribunal prior to the end of such one (1) year.

SECTION 3.02 Representations and Warranties Relating to Conveyed Property.

(a) Life Insurance Policies. With respect to each Life Insurance Policy and the related Conveyed Property that is acquired by the Purchaser on the Acquisition Date, the Seller represents and warrants to the Purchaser as of the Acquisition Date that:

(i) the information relating thereto is the information appearing in the documentation comprising the related Asset Documentation Package and any other documents in the possession of the Seller and delivered to the Purchaser, and, to the Seller's Actual Knowledge, such information is true, accurate and complete in all material respects;

(ii) to the Seller's Actual Knowledge, at issuance of such Life Insurance Policy the related Insured or original owner thereof was not a party to any written or oral agreement or arrangement to cause the same or interests therein to be issued, assigned, sold, transferred, or otherwise disposed of in violation of applicable law or public policy;

(iii) other than with respect to Life Insurance Policies identified on Schedule 1 hereto as SPAR Assets or SLCM Assets (as to which the Seller does not have Actual Knowledge of whether the Insured or original owner was an Accredited Investor), to the Seller's Actual Knowledge, at the issuance of such Life Insurance Policy

the related Insured or original owner thereof the related Insured was an Accredited Investor (as defined above);

(iv) except as disclosed on Schedule 3.02(a)(iv), and solely to the extent applicable to the Seller, the Seller has no Actual Knowledge that material medical or financial information supplied by or on behalf of the Insured or original owner of such Life Insurance Policy in the application for the issuance of such Life Insurance Policy or in any other item comprising an element of the related Asset Documentation Package is, or at the date of such application or execution of such item was, false, incomplete or misleading in any material respect;

(v) (A) the Seller does not possess or have Actual Knowledge of the existence of any material documentation related to such Life Insurance Policy or the issuance thereof, the acquisition by the Seller thereof, or the maintenance by the Seller thereof, that has not been delivered or disclosed in writing to the Purchaser or its agents and (B) to the extent that, after the Acquisition Date, the Seller has Actual Knowledge of the existence of, or discovers that it or a third party engaged by the Seller in relation to the Life Insurance Policies possesses, any material documentation related to any Life Insurance Policy or the issuance thereof, the acquisition by the Seller thereof, or the maintenance by the Seller thereof, that has not been delivered or disclosed in writing to the Purchaser or its agents pursuant to clause (A) above, it shall and it shall use its commercially reasonable efforts to cause such third parties, if applicable, to deliver, or disclose in writing to the Purchaser or its agents such material documentation;

(vi) prior to the sale and transfer of such Life Insurance Policy to the Purchaser, (A) the Seller has full, complete and absolute ownership thereof or of the Seller's Percentage of the beneficial interests thereof through its ownership of the applicable Equity Asset, free and clear of any encumbrances or Liens of any kind (excluding any disclosed to the Purchaser), including, to the Seller's Actual Knowledge, any claims of any spouse, heir or person previously designated as an owner or beneficiary thereof, and holds legal and beneficial title thereto (except that it does not hold legal title with respect to those Life Insurance Policies (aa) as to which legal title is held by the Securities Intermediary for the benefit of the Seller or (bb) which are owned, directly or indirectly, by an Equity Asset), and (B) to the Seller's Actual Knowledge, there are no existing proceedings brought by the spouse, heir or person previously designated as an owner or beneficiary of any such Life Insurance Policy;

(vii) except as disclosed on Schedule 3.02(a)(vii), upon the sale and transfer of such Life Insurance Policy, the Purchaser or its designee will hold title to and ownership of such Life Insurance Policy or of the beneficial interest in the related applicable legal entity, free and clear of any claim, Lien, encumbrance or obligation in favor of the Seller, its Affiliates, and all Persons taking or claiming

an interest therein through the Seller or any such Affiliate or as a result of any grant of such interest by the Seller or any such Affiliate;

(viii) the Seller acquired such Life Insurance Policy pursuant to the applicable transfer documents contained in the related Asset Documentation Package and in compliance with, in all material aspects, the laws, rules and regulations applicable to the purchase of life insurance policies and specified therein, as then in effect and as then interpreted by the relevant regulators or in case law;

(ix) the Seller has not, and has no Actual Knowledge that any previous owner of such Life Insurance Policy has, waived, amended or terminated any material provision of or any material rights in relation to such Life Insurance Policy or any item comprising the related Asset Documentation Package that would have any effect on the timing or amount of the payment of the Net Death Benefit;

(x) in accordance with the terms of the NSI-MIO Securities Account Control Agreement, the Premiums for such Life Insurance Policy have been paid such that such Life Insurance Policy will not be in a grace period as of October 30, 2010;

(xi) except as disclosed on Schedule 3.02(a)(xi), to the Seller's Actual Knowledge, other than grace period or similar notices relating to payment of premiums, the related Issuing Insurance Company has never delivered notice of its intention to cancel, contest, rescind or refuse payment under such Life Insurance Policy;

(xii) except as disclosed on Schedule 3.02(a)(xii), to the Seller's Actual Knowledge, there is not any pending or threatened claim, action or proceeding challenging the validity or enforceability of such Life Insurance Policy, or of the right or power of the Seller to sell such Life Insurance Policy to the Purchaser or any other person;

(xiii) except as set forth on Schedule 3.02(a)(xiii) hereto, the related Issuing Insurance Company has never delivered a notice stating an intent to increase the cost of insurance for such Life Insurance Policy;

(xiv) the Seller has delivered, disclosed or made available to the Purchaser or its agents the documentation utilized by the Seller to perform servicing activities in relation to the Life Insurance Policies; and

(xv) the Seller has not and has no Actual Knowledge of any challenge or the institution of any proceedings to challenge the validity of the formation or existence of any legal entity in which any Equity Asset holds, directly or indirectly, an ownership or beneficial interest.

(b) Premium Finance Loans. With respect to each Premium Finance Loan and the related Conveyed Property that is acquired by the Purchaser on the Acquisition Date, the Seller represents and warrants to the Purchaser as of the Acquisition Date that:

(i) the information relating thereto is the information appearing in the documentation comprising the related Asset Documentation Package and any other documents in the possession of the Seller and delivered to the Purchaser, and, to the Seller's Actual Knowledge, such information is true, accurate and complete in all material respects;

(ii) to the Seller's Actual Knowledge, at issuance of any life insurance policy that, directly or indirectly, is collateral for such Premium Finance Loan the related Insured or original owner thereof was not a party to any written or oral agreement or arrangement to cause the same or interests therein to be issued, assigned, sold, transferred, or otherwise disposed of in violation of applicable law or public policy;

(iii) to the Seller's Actual Knowledge, at issuance of any life insurance policy that, directly or indirectly, is collateral for such Premium Finance Loan the related Insured was an Accredited Investor (as defined above);

(iv) except as disclosed on Schedule 3.02(b)(iv), and solely to the extent applicable to the Seller, the Seller has no Actual Knowledge that material medical or financial information supplied by or on behalf of the Insured or original owner of any life insurance policy that, directly or indirectly, is collateral for such Premium Finance Loan in the application for the issuance of such life insurance policy, or in any other item comprising an element of the related Asset Documentation Package, is, or at the date of such application or execution of such item was, false, incomplete or misleading in any material respect;

(v) (A) the Seller does not possess or have Actual Knowledge of the existence of any material documentation related to such Premium Finance Loan, the making or maintenance of such Premium Finance Loan, the acquisition of such Premium Finance Loan by the Seller, or the issuance or the maintenance of any life insurance policy that is collateral for such Premium Finance Loan, that has not been delivered or disclosed in writing to the Purchaser or its agents and (B) to the extent that, after the Acquisition Date, the Seller has Actual Knowledge of the existence of, or discovers that it or a third party engaged by the Seller in relation to the Premium Finance Loans possesses, any material documentation related to any Premium Finance Loan, the making or maintenance of such Premium Finance Loan, the acquisition of such Premium Finance Loan by the Seller, or the issuance or the maintenance of any life insurance policy that is collateral for such Premium Finance Loan, that has not been delivered or disclosed in writing to the Purchaser or its agents pursuant to clause (A) above, it shall and it shall use its commercially reasonable efforts to cause such third parties, if applicable, to deliver or disclose in writing to the Purchaser or its agents such material documentation;

(vi) except as disclosed on Schedule 3.02(b)(vi), prior to the sale and transfer of such Premium Finance Loan to the Purchaser, the Seller has full, complete and

absolute title to, and ownership thereof, free and clear of any encumbrances or Liens of any kind, and, to the Seller's Actual Knowledge, no spouse, heir, trust beneficiary or other Person has any Lien on or security interest in any life insurance policy that, directly or indirectly, is collateral for such Premium Finance Loan (excluding any disclosed to the Purchaser);

(vii) upon the sale and transfer of such Premium Finance Loan, the Purchaser or its designee will hold title to and ownership of such Premium Finance Loan, free and clear of any claim, Lien, encumbrance or obligation thereon or on any collateral for such Premium Finance Loan in favor of the Seller, its Affiliates, and all Persons taking or claiming an interest therein through such Seller or any such Affiliate or as a result of any grant of such interest by the Seller or any such Affiliate;

(viii) the Seller made or acquired such Premium Finance Loan pursuant to the applicable documents in the related Asset Documentation Package and in compliance with, the laws, rules and regulations applicable to its making or purchase of premium finance loans and specified therein, as then in effect and as then interpreted by the relevant regulators or in case law, other than any failure to comply with any such law, rule and regulation which would not result in the invalidation or cancellation of the Premium Finance Loan or any amounts due thereunder or would otherwise affect the ability of the Purchaser to collect such Premium Finance Loan or foreclose on the collateral;

(ix) except as disclosed on Schedule 3.02(b)(ix), the Seller has not, and has no Actual Knowledge that any previous owner of such Premium Finance Loan has, waived, amended or terminated any material provision of or any material rights in relation to such Premium Finance Loan, any life insurance policy or other material collateral securing such Premium Finance Loan, or other any item comprising the related Asset Documentation Package that would have any effect on the timing or amount of the payment of the Net Death Benefit;

(x) the Seller has not, and has no Actual Knowledge that any previous owner of any life insurance policy that, directly or indirectly, is collateral for a Premium Finance Loan has, waived, amended or terminated any material provision of or any material rights in relation to such Life Insurance Policy or any item comprising the related Asset Documentation Package that would have any effect on the timing or amount of the payment of the Net Death Benefit;

(xi) in accordance with the terms of the Securities Account Control Agreement, the Premiums for such Premium Finance Loan have been paid such that such life insurance policy will not be in a grace period as of December 15, 2010;

(xii) to the Seller's Actual Knowledge, other than grace period or similar notices relating to payment of premiums, the Issuing Insurance Company that issued any

life insurance policy that is collateral for such Premium Finance Loan has never delivered notice of its intention to cancel, contest, rescind or refuse payment under such life insurance policy;

(xiii) except as disclosed on Schedule 3.02(b)(xii), to the Seller's Actual Knowledge, there is not any pending or threatened claim, action or proceeding challenging the validity or enforceability of such Premium Finance Loan or of any life insurance policy that is collateral for such Premium Finance Loan, or of the right or power of the Seller to sell such Premium Finance Loan to the Purchaser or any other person;

(xiv) except as set forth on Schedule 3.02(b)(xiii) hereto, the related Issuing Insurance Company has never delivered a notice stating an intent to increase the cost of insurance for such Life Insurance Policy;

(xv) the Seller has delivered, disclosed or made available to the Purchaser or its agents the documentation utilized by the Seller to perform servicing activities in relation to the Premium Finance Loans; and

(xvi) the Seller has not and has no Actual Knowledge of any challenge or the institution of any proceedings to challenge the validity of the formation or existence of the trust or other legal entity that is the borrower under such Premium Finance Loan.

(c) Equity Assets. With respect to each Equity Asset that is acquired by the Purchaser on the Acquisition Date, the Seller represents and warrants to the Purchaser as of the Acquisition Date that:

(i) each Equity Asset LLC is duly organized, validly existing and in good standing under the laws of the jurisdiction in which it was formed. Each such Equity Asset LLC is qualified to do business in the jurisdictions wherein the character of the properties owned, leased or operated or the nature of the business or activity currently being conducted by it make such qualification necessary or appropriate. Copies of the current Certificate of Formation and Limited Liability Company Operating Agreement of each such Equity Asset LLC have been heretofore delivered to the Purchaser and are correct, complete and in full force and effect. The current officers and directors of each such Equity Asset LLC and any Person who holds a power-of-attorney in respect of any such Equity Asset LLC are set forth on Schedule 3.02(c)(i). No bankruptcy or insolvency proceedings are pending with respect to any such Equity Asset LLC or contemplated by the Seller, nor, to the Actual Knowledge of the Seller, are such proceedings threatened in writing with respect to any such party;

(ii) the Seller has good, valid and marketable title to the Equity Assets, free and clear of all Liens. The sale and delivery by the Seller of the Equity Assets to the Purchaser pursuant to this Agreement will vest in the Purchaser good, valid and

marketable legal and beneficial title to the Equity Assets, free and clear of all Liens of any kind or nature whatsoever;

(iii) there is no action, suit, investigation or proceeding pending against, or to the Actual Knowledge of the Seller, threatened in writing against or affecting the business of any Equity Asset LLC before any court or arbitrator or any Governmental Authority, agency or official;

(iv) to the Actual Knowledge of the Seller, no Equity Asset LLC is, or has ever been, in violation of any (x) material laws, rules, regulations or (y) court orders, injunctions or judgments applicable to such limited liability company and its acquisition, ownership or maintenance of its assets;

(v) no Equity Asset LLC owns, or has ever owned, leases or has ever leased or subleases or has ever sublet any real property;

(vi) no Equity Asset LLC has or at any time in the past had any employees;

(vii) no Equity Asset LLC has any current, nor at any time in the past had any, employee benefit plans or is liable under any current or past employment benefit plan;

(viii) no Equity Asset LLC owns or licenses, nor at any time has any such limited liability company, owned or licensed any intellectual property rights; and

(ix) to the Actual Knowledge of the Seller, there are no pending or threatened claims by any Government Authority against any Equity Asset LLC with respect to payment or non-payment of tax returns.

(d) Accuracy of Information. All information provided by it or on its behalf to the Purchaser in writing in connection with this Agreement or the transactions contemplated hereby is, or if provided at a later date, shall be, to the Actual Knowledge of the Seller, true, complete and correct in all material respects as of the date of such information.

(e) Survival of Representations and Warranties. The representations and warranties set forth in Section 3.02 with respect to any Conveyed Property shall survive for a period of one (1) year following the Acquisition Date, and the Purchaser and its successors and assigns will have no right, remedy or cause of action in relation to any breach or alleged breach by the Seller of any such representation or warranty if the Purchaser has not brought an action alleging such breach in a court of law or before an arbitral tribunal prior to the end of such one (1) year.

SECTION 3.03 Excluded Representations and Warranties of the Seller as to the Conveyed Property. The Seller makes no representation or warranty as to (i) the fitness of any Conveyed Property for any particular use or business purpose of the Purchaser, (ii) the accuracy of any assessment of life expectancy or the mortality rating provided by any Medical Underwriter, or the appropriateness of the methodology used by any Medical Underwriter to assess a life

expectancy or assign a mortality rating, (iii) the accuracy of any mortality table, (iv) the amount the Purchaser ultimately will recover as proceeds of any Conveyed Property or the timing of its receipt of any such amounts, (v) the amount of the Premiums required to maintain in effect any Life Insurance Policy or any life insurance policy that is collateral for any Premium Finance Loan, (vi) that any Person that is a party to any item in any Asset Documentation Package can or will perform any of its obligations in relation thereto or has not breached or will not breach any representation, warranty, covenant or agreement thereof contained therein or (vii) any other matter other than as expressly set forth in Section 3.01(a) or Section 3.02. Any representation, warranty or covenant made herein by Seller with respect to an Asset or its related property, rights or amounts (the "Related Property") shall not be deemed to be made with respect to such Asset or its Related Property (a) if such Asset or its Related Property is not transferred to the Purchaser hereunder for any reason and therefore is not a Conveyed Asset or Conveyed Property, as applicable, or (b) at and from such time as (i) the Life Insurance Policy has lapsed or expired by the action or inaction of the Purchaser or its designee, or for any other reason is no longer outstanding and in full force, or (ii) such Life Insurance Policy's Net Death Benefit has been paid to the Purchaser or its designee. The Purchaser expressly acknowledges that the Seller has not made any representations and warranties other than as set forth herein and in the other Transaction Documents. Except for items specifically required to be delivered hereunder, the Seller shall not have any duty or responsibility to provide the Purchaser or any of its Affiliates any information that comes into the possession of the Seller or any of its officers, directors, employees, agents, attorneys-in-fact or Affiliates.

SECTION 3.04 Covenants of the Seller.

(a) Acknowledgement of Conveyances. The Seller hereby covenants that (i) it will take no action inconsistent with the Purchaser's ownership of or beneficial interest in any Conveyed Property, (ii) any financial statements of the Seller or any Affiliates thereof that are published, made publicly available or delivered to creditors or investors (or potential creditors or investors) will not indicate or imply that the Seller or any Affiliate thereof has any ownership interest in any Conveyed Property, and (iii) if a third party that has a legal or equitable right to obtain such information (including any creditor, potential creditor, investor or potential investor in the Seller or any regulator or court of competent jurisdiction) should inquire, the Seller will promptly indicate that such Conveyed Property have been sold and transferred to the Purchaser and will not claim ownership interests therein and that the Seller has not retained any ownership interest therein.

(b) No Creation of Adverse Interests. Except for the conveyances hereunder and pursuant to the other Transaction Documents, prior to the transfer of any Conveyed Property to the Purchaser, the Seller will not sell, pledge, assign or transfer to any other Person, or grant, create, incur, assume or suffer to exist any Lien on any Conveyed Property (other than any Lien in favor of the Purchaser or its Affiliates), and following the Acquisition Date, the Seller shall defend the right, title, and interest of the Purchaser in, to and under the Conveyed Property against all claims of third parties claiming through or under the Seller and its Affiliates.

(c) Delivery of Records. The Seller shall deliver to the Purchaser (i) on or prior to the Acquisition Date all books, records, minutes and similar information with respect to the Equity Asset LLCs in its possession at such time, and (ii) promptly upon discovery thereof after the Acquisition Date, any further books, records, minutes and similar information with respect to the Equity Asset LLCs that the Seller comes into possession thereof; *provided*, notwithstanding the terms of this Agreement, the Purchaser shall not have the right to terminate this Agreement or any transactions hereunder due to any breach by the Seller of this Section 3.04(c).

SECTION 3.05 Covenants of the Purchaser. The Purchaser will not sell, transfer, convey or assign any Conveyed Property to a natural person or any partnership, trust, single member limited liability company or other entity whether or not formed for the purpose of owning any Conveyed Property that gives one or more natural persons any direct or indirect beneficial or ownership interest in any Conveyed Property in a transaction or series of transactions in which the transferee also receives medical, financial or personally identifying information concerning the identity of the related Insureds or other information that would or could reasonably be expected to allow or be used by such transferee to identify or contact such Insureds unless in the agreements governing such transfer the transferee expressly agrees to comply with all laws applicable to the preservation of the privacy and other rights of the Insureds.

ARTICLE IV

FUNDING PROCEDURES

SECTION 4.01 Applicable Securities Accounts. On or before the Execution Date, (i) the Seller has opened and has maintained the Seller's Securities Account for and on behalf of the Seller and deposited certain Life Insurance Policies therein; and (ii) the Purchaser, the Seller and the Bank of Utah, as securities intermediary, opened and have maintained the New Stream Securities Account pursuant to a securities account control agreement (the "NSI-MIO Securities Account Control Agreement"), dated as of August 4, 2010, pursuant to which the Seller deposited the Collateral and the Purchaser deposited the Premium Funding Amount into the New Stream Securities Account. On or before the Acquisition Date, the Purchaser shall open and maintain the Purchaser's Securities Account for and on behalf of the Purchaser. For the avoidance of doubt, the terms of the distribution of the Outstanding Premium Funding Amount and any Purchase Price Adjustment Amount shall be governed by the NSI-MIO Securities Account Control Agreement. On or before the Acquisition Date, the Seller shall open and maintain the Escrow Account for and on behalf of the Seller and the Seller Related Parties.

SECTION 4.02 Condition Precedent to the Obligations of the Purchaser.

(a) Beginning on or prior to the Execution Date and concluding prior to the Acquisition Date, the Seller will deliver to the Purchaser and the Verification Agent the Asset Documentation Package with respect to each Asset identified on Schedule 1 attached hereto. The Verification Agent shall review each Asset Documentation Packages and provide notice to the Purchaser and the Seller (such notice, the "ADP Verification Notice") as to whether such Asset Documentation Package is complete or incomplete (which, for the avoidance of doubt,

may constitute one such ADP Verification Notice that encompasses all Assets to which it is applicable) within seven (7) Business Days of receipt thereto.

(b) No Asset shall be transferred hereunder without either such delivery of an ADP Verification Notice with respect to such Asset certifying that such Asset Documentation Package is complete or waiver by both parties of such requirement.

(c) If the ADP Verification Notice provides that the applicable Asset Documentation Package is not complete, the Seller shall have ten (10) Business Days from the receipt of such ADP Verification Notice to deliver to the Purchaser and Verification Agent any documents required to complete the applicable Asset Documentation. If the Seller delivers all documents and information specified as undelivered in the ADP Verification Notice and thereby completes the applicable Asset Documentation Package within ten (10) Business Days of receipt of the ADP Verification Notice, the Verification Agent shall within two (2) Business Days of receipt of such documents provide a further ADP Verification Notice to the Seller and the Purchaser confirming that such Asset Documentation Package is complete. If the Seller does not complete the applicable Asset Documentation Package within ten (10) Business Days and the parties decline to waive the requirement as set forth in cause (b) above, then the Asset to which such Asset Documentation Package relates shall be removed from Schedule I attached hereto and the Purchase Price shall be adjusted downward by the amount in the column designated as the Adjustment Amount for such Asset on Schedule 2; provided, however, that if the Adjustment Amount for the applicable Asset is a negative amount, the downward adjustment of the Purchase Price with respect to such Asset shall be zero.

(d) On or before the Acquisition Date, the Seller shall deposit all Utah Policies into the Seller's Securities Account. On or before the Acquisition Date, the Seller shall have delivered, or shall have caused to be delivered, to the Purchaser, and the Purchaser shall have received one or more opinions of counsel to the Seller, in form and substance satisfactory to the Purchaser, addressing the due authorization, execution and delivery by, and enforceability against the Seller of this Agreement.

SECTION 4.03 Funding of Asset Purchases. Upon completion of the requirements in Section 4.01 and 4.02, and entry by the Bankruptcy Court of a Confirmation Order or Sale Order, as applicable, which is not stayed or reversed, approving this Agreement, the transactions contemplated hereby and in the other Bankruptcy Pleadings, including the sale of the Conveyed Property to the Purchaser in exchange for the Purchase Price (as the same may be adjusted), the purchases of the Assets hereunder shall be executed as follows:

(a) The Purchaser shall deposit the Purchase Price (as the same may be adjusted) into the NSI-MIO Securities Account, as such Purchase Price may have been adjusted in accordance with this Agreement or the NSI-MIO Securities Account Control Agreement.

(b) With respect to each Asset that is a Life Insurance Policy that is part of the Collateral or is a Utah Policy:

(i) The Seller and the Purchaser shall complete an Entitlement Order for each Utah Policy and Collateral being purchased hereunder (with the NSI-MIO Securities Account Control Agreement sufficient to satisfy this requirement with respect to the Collateral if all parties consent thereto).

(ii) Upon receipt by the Seller's Securities Intermediary of the ADP Verification Notice in Section 4.02 above (or waiver of the requirement for an ADP Verification Notice) indicating that the Asset Documentation Package in respect of each Life Insurance Policy is complete (other than any Asset Documentation Package in respect of which the Purchase Price was adjusted downward as provided in Section 4.02 above) and verification by the Seller's Securities Intermediary of the execution of the applicable Entitlement Order in clause (b)(i) above, the following shall occur simultaneously (i) Seller's Securities Intermediary shall transfer the Utah Policies and all related Conveyed Property from the Seller's Securities Account to the Purchaser's Securities Account, (ii) the New Stream Securities Intermediary shall transfer the Collateral and all related Conveyed Property from the New Stream Securities Account to the Purchaser's Securities Account and (iii) the New Stream Securities Intermediary shall transfer the Purchase Price with respect to such Life Insurance Policy from the New Stream Securities Account to the Escrow Account.

(c) With respect to each Asset that is a Premium Finance Loan:

(i) The Seller and the Purchaser shall complete an Assignment Agreement for each Premium Finance Loan being purchased hereunder.

(ii) Upon receipt by the Seller's Securities Intermediary of the ADP Verification Notice in Section 4.02 above (or waiver of the requirement for an ADP Verification Notice) indicating that the Asset Documentation Package in respect each Premium Finance Loan is complete (other than any Asset Documentation Package in respect of which the Purchase Price was adjusted downward as provided in Section 4.02 above) and verification by the Seller's Securities Intermediary of the execution of the applicable Entitlement Order in clause (c)(i) above, the following shall occur simultaneously (i) all rights and ownership of the Premium Finance Loan and all related Conveyed Property shall be deemed transferred to the Purchaser pursuant to the terms of the Assignment Agreement and this Agreement, and (ii), the New Stream Securities Intermediary shall transfer the Purchase Price with respect to such Premium Finance Loan from the New Stream Securities Account to the Escrow Account.

(d) With respect to each Asset that is an Equity Asset:

(i) The Seller and the Purchaser shall complete an Assignment Agreement for each Equity Asset being purchased hereunder.

(ii) Upon receipt by the Seller's Securities Intermediary of the ADP Verification Notice in Section 4.02 above (or waiver of the requirement for an ADP Verification Notice) indicating that the Asset Documentation Package in respect of each Equity Asset is complete (other than any Asset Documentation Package in respect of which the Purchase Price was adjusted downward as provided in Section 4.02 above) and verification by the Seller's Securities Intermediary of the execution of the applicable Entitlement Order in clause (d)(i) above, the following shall occur simultaneously (i) all rights and ownership of the Equity Asset owned by the Seller and all related Conveyed Property shall be deemed transferred to the Purchaser pursuant to the terms of the Assignment Agreement and this Agreement, and (ii) the New Stream Securities Intermediary shall transfer the Purchase Price with respect to such Equity Asset from the New Stream Securities Account to the Escrow Account.

SECTION 4.04 Proceeds Account. Any Net Death Benefits or any other proceeds resulting from the death of an Insured that are received on or after October 1, 2010 shall be handled as provided in the first priority, senior secured multiple draw term loan credit facility between the Seller, as borrower, and the Purchaser, as lender, as ratified and amended by the agreement between and among, inter alia, the Seller and the Purchaser.

SECTION 4.05 Distribution from Escrow Account. Upon deposit of any monies in the Escrow Account in accordance with this Article IV, the Escrow Agent shall distribute such monies in accordance with the Escrow Agreement, as provided on Schedule II hereto.

ARTICLE V

CONFIDENTIALITY

SECTION 5.01 General Duty. Each Party hereto agrees that, (a) each of the Transaction Documents and their contents (and all drafts thereof), and all written notices or instructions delivered thereunder (and the contents thereof), (b) each Asset Documentation Package and its contents (and all drafts thereof), and all written notices or instructions delivered thereunder (and the contents thereof), (c) all medical and personal information concerning the Insureds, Original Sellers and Representatives, (d) each written report delivered on the Acquisition Date or otherwise by the Seller (and the contents thereof), and (e) the identity of and information concerning payments to any third parties involved in any Origination comprise the "Confidential Information."

SECTION 5.02 Reasonable Precautions. Each Party hereto shall take such precautions as may be lawful and reasonably necessary to restrain its officers, directors, employees, agents or representatives from disclosure of Confidential Information to any other Person; provided, that Confidential Information may be disclosed by the Purchaser in accordance with the terms hereof (a) to the extent that such Confidential Information has become publicly known other than as a result of a breach by the Purchaser, or any of its officers, directors, employees, agents or advisors of any obligation to keep such Confidential Information confidential if disclosed in a manner that

does not identify any Insured and could not reasonably be expected to facilitate the identification of any Insured by any other Person that does not have a right to know the identity of such Insured, and (b) to the extent necessary for the Purchaser and its Affiliates, officers, directors, employees and agents to service and maintain the Assets, resell any Asset to another Person or negotiate or obtain any co-investment in the Assets or other funding in respect thereof, and provided further, that any Confidential Information may be disclosed (i) to the extent ordered to produce such Confidential Information by a court or other Governmental Authority having appropriate jurisdiction over such Party and the Confidential Information, but only if (to the extent lawful) such Party promptly supplies notice to the other Party of such order and the specific Confidential Information identified therein and (to the extent known by such Party and lawful) the basis and purpose of such order, so that the other Party may, at its sole cost and expense, contest such order, and (ii) to the extent necessary or appropriate in support of any claim or motion before any court of competent jurisdiction within the United States in an action including the Parties to this Agreement or the other Transaction Documents, provided that such Party (x) has petitioned the court to treat such Confidential Information confidentially to the greatest extent permissible under law and in the context of such dispute, and (y) if the Seller is not a party to such action, has given the Seller five (5) Business Days' prior written notice of the anticipated disclosure.

SECTION 5.03 Dissemination of Certain Information. Each Party hereto shall at all times comply with all laws and regulations applicable to it and affecting the Conveyed Property and the servicing thereof, including but not limited to laws and regulations regarding the privacy of any Insured, Original Seller and Representative and the maintenance of all information obtained by the Purchaser, and the Seller in the Origination, purchase, maintenance or servicing of Conveyed Assets in accordance with applicable laws and regulations concerning the dissemination of such information; provided that any Party may disclose such information to competent judicial or regulatory authorities in response to a written request therefrom for such information or as otherwise required by law; provided, however, that the Purchaser (a) shall not disclose such information to such judicial or regulatory authorities before the date set forth in such request therefor, and (b) shall provide the Seller with prompt notice to the extent permitted by law or regulation of such request, in order to permit the Seller, at its own expense, to seek judicial or other relief before such information is disclosed.

SECTION 5.04 Tax Structure. Notwithstanding anything to the contrary contained in the Transaction Documents, each Party hereto (and each employee, representative or other agent of such Party) may disclose to any and all Persons, without limitation of any kind, the U.S. tax treatment and U.S. tax structure of the transactions contemplated by the Transaction Documents, and all materials of any kind (including opinions or other tax analyses) that are provided to such Party relating to such U.S. tax treatment and U.S. tax structure, other than any information for which non-disclosure is reasonably necessary in order to comply with applicable securities law.

SECTION 5.05 Publicity. Neither the Seller nor the Purchaser shall issue any press release or public announcement concerning this Agreement or the transactions contemplated hereby without obtaining the prior written approval of the other Party, which approval will not be unreasonably withheld or delayed, unless, in the sole judgment of the Purchaser or the Seller,

disclosure is otherwise required by applicable law or by the Bankruptcy Court with respect to filings to be made with the Bankruptcy Court in connection with this Agreement, provided that the Party intending to make such release shall use its best efforts consistent with such applicable law or Bankruptcy Court requirement to consult with the other Party with respect to the text thereof.

ARTICLE VI

TERMINATION

SECTION 6.01 Termination. This Agreement shall automatically terminate upon the conveyance by the Seller to the Purchaser of all right, title and interest of the Seller in and to the Assets identified on Schedule 1 attached hereto (other than any Asset which the Parties hereto have mutually agreed to exclude). Moreover:

(a) This Agreement may be terminated on any date by mutual written agreement of the Purchaser and the Seller; or

(b) Prior to the Acquisition Date, the Purchaser, in its sole discretion, may terminate its obligation to purchase the Assets by delivery thereby of written notice to the Seller of such termination upon the occurrence of:

(i) a change in any applicable law or regulation that causes it to be illegal for the Purchaser to continue to perform its material obligations under this Agreement or would otherwise prevent the consummation of the transactions contemplated hereby;

(ii) the failure by the Seller and its applicable Affiliates to obtain Bankruptcy Court approval of this Agreement and the sale of the Assets to the Purchaser for the Purchase Price, by (a) [February 3, 2011] in the event that the Debtors (as defined below) pursue a Cram-Down Plan (as defined below), (b) March 4, 2011 if the Debtors are seeking confirmation of a Consensual Plan (as defined below), (c) such later date as may be mutually agreed upon by the Seller and the Purchaser; or

(iii) the occurrence of a breach of any representation, warranty or covenant of the Seller under any Transaction Document where such breach will have a material effect on the Seller's ability to perform its obligations hereunder, and, to the extent such breach is capable of being cured, such breach continues uncured for more than ten (10) Business Days from the date notice thereof was first delivered to the Seller.

(c) Prior to the Acquisition Date, the Seller, in its sole discretion, may terminate its obligations hereunder to sell the Assets by delivery thereby of written notice to the Purchaser of such termination upon the occurrence of:

(i) a change in any applicable law or regulation that causes it to be illegal for the Seller to continue to perform its material obligations under this Agreement;

(ii) the occurrence and continuance of an Insolvency Event with respect to the Purchaser; or

(iii) the occurrence of a breach of any representation, warranty or covenant of the Purchaser under any Transaction Document where such breach will have a material effect on the Purchaser's ability to perform its obligations hereunder and, to the extent such breach is capable of being cured, such breach continues uncured for more than ten (10) Business Days from the date notice thereof was first delivered to the Purchaser.

Notwithstanding the foregoing, (1) the provisions of Article V and Article VIII shall survive the termination of this Agreement, and (2) any liability of one Party to the other arising out of any breach of any representation, warranty or covenant specified in Article III hereof shall survive the termination of this Agreement for a period of one (1) year from the Acquisition Date.

ARTICLE VII

BANKRUPTCY MATTERS

SECTION 7.01 Commencement of Cases; Procedures.

(a) Pre-bankruptcy Solicitation. As a pre-requisite to the effectiveness of this Agreement, the Seller and/or its applicable Affiliates (the "Debtors") shall have obtained the support of the requisite majority and number of the Bermuda C, F and I Classes and Bermuda non-C, F and I Classes to ensure acceptance of the Plan by those classes under the Bankruptcy Code, and shall have solicited the votes of the members of those classes in accordance with the requirements of Section 1125(g) of the Bankruptcy Code. In addition, the Debtors shall have made commercially reasonable efforts to obtain the support of the requisite majority and number of US/Cayman Class to ensure acceptance of the Plan by such class, and shall have solicited the vote of the members of such class in accordance with the requirements of Section 1125(g) of the Bankruptcy Code.

(b) If the Plan is accepted in accordance with subparagraph (a) hereof by all of the classes (a "Consensual Plan"), the Debtors shall proceed in accordance with the Bankruptcy Timeline to schedule a confirmation hearing on the Consensual Plan and the sale of the assets hereunder at the earliest possible date, but not later than the date required by the Bankruptcy Timeline. If the Plan is not accepted by the US/Cayman Class prior to the filing, but is accepted by the Bermuda C, F and I Classes and the Bermuda non-C, F and I Classes (a "Cram-down Plan"), then the Debtors shall proceed in accordance with the Bankruptcy Timeline to schedule a sale hearing with respect to this Agreement at the earliest possible date but not later than the date required by the Bankruptcy Timeline.

(c) The Debtors shall file the Bankruptcy Pleadings with the Bankruptcy Court pursuant to the Bankruptcy Timeline. In the event that the Bankruptcy Court is unable or unwilling to schedule a hearing on any required date set forth in the Bankruptcy Timeline, the applicable milestone date and each subsequent milestone date set forth in the Bankruptcy Timeline shall be deemed automatically extended by an equal number of days (or such later date as would constitute the next Business Day) up to a maximum of seven (7) Business Days. Each milestone date may also be extended with the prior written consent of the Purchaser.

(d) Within five (5) days after the Petition Date, the Debtors shall file or cause to be filed (and shall diligently pursue entry of an order on shortened time if permitted by the Bankruptcy Court) a motion (the "Purchaser Protection Approval Motion") seeking entry of an order (the "Purchaser Protection Order") approving the matters specified in this Article VII (Bankruptcy Matters), the Bankruptcy Timeline and Article VI (Termination) and shall at the earliest possible date, without adjournment unless consented to in writing by Purchaser, seek Court approval of such Purchaser Protection Motion. The Purchaser Protection Approval Motion and the Purchaser Protection Order shall be in forms agreed to by the Debtors and Purchaser.

(e) Scheduling Motion. Pursuant to the schedule set forth in the Bankruptcy Timeline, the Debtors shall file, or cause to be filed the Scheduling Motion.

(f) Confirmation Order. In the event the Debtors pursue a Consensual Plan, then in accordance with the Bankruptcy Timeline, the Debtors shall seek to cause the entry of the Confirmation Order. The consent of the Purchaser shall be required for any material changes to the Confirmation Order imposed or required by the Bankruptcy Court or requested by the Debtors.

(g) Sale Motion. In the event the Debtors pursue a Cram-down Plan, then in accordance with the Bankruptcy Timeline, the Debtors shall file, or cause to be filed, the Sale Motion with the Bankruptcy Court pursuant to the Bankruptcy Timeline which shall seek entry of an order (the "Sale Order") by the Bankruptcy Court; *provided, however,* that the consent of the Purchaser shall be required for any material changes to the Sale Order imposed or required by the Bankruptcy Court or requested by the Debtors. The Debtors shall seek to cause the entry of the Sale Order in accordance with the Bankruptcy Timeline. [Reserved]

(i) Sale Order. The Sale Order will, among other things: (a) approve the sale of the Assets to the Purchaser on the terms and conditions set forth in this Agreement and authorize the Debtors to proceed with this transaction; (b) include specific findings that the Purchaser is a good faith purchaser of the Assets pursuant to Section 363(m) of the Bankruptcy Code and that the sale price for the Assets was not controlled by an agreement among potential bidders; (c) provide that the sale of the Assets to the Purchaser shall be free and clear of any and all encumbrances, including any and all liens, mortgages, claims or debts relating to the Assets which accrue or arise on or prior to the Acquisition Date or otherwise relate to any acts or omissions on or prior to the Acquisition Date ("Encumbrances"), and that upon the Acquisition Date the Purchaser shall have good and marketable title to the Assets, free and clear of any and

all Encumbrances; (d) provide for a waiver of the stays contemplated by United States Federal Rules of Bankruptcy Procedure 6004(g) and 6006(d); (e) not impose upon the Purchaser any financial obligation to provide "adequate assurances" (as such term is used in Section 365 of the Bankruptcy Code) to any person or entity in respect of any contracts assigned pursuant to this Agreement; (f) (i) provide that the Debtors are authorized and directed to assume and assign to the Purchaser all Assets which are executory contracts or unexpired leases under Section 365 of the Bankruptcy Code, (ii) provide that the Debtors shall be responsible for curing any and all breaches and/or defaults arising under or relating to Assets which are executory contracts or unexpired leases under Section 365 of the Bankruptcy Code which accrue or arise on or prior to the Acquisition Date or otherwise relate to any acts or omissions on or prior to the Acquisition Date, (iii) provide that upon entry of the Sale Order, the Debtors shall have cured, or shall be deemed to have provided adequate assurance that the Debtors will promptly cure, any and all defaults, (iv) provide that upon entry of the Sale Order, the Debtors shall have compensated, or shall be deemed to have provided adequate assurance that the Debtors will compensate, any and all parties, other than the Debtors, to any and all executory contracts or unexpired leases under Section 365 of the Bankruptcy Code which are included within the Assets, for any and all actual pecuniary losses to such parties resulting from any defaults, and (v) provide that as of the Acquisition Date, any and all defaults, including any events of default or conditions or events which with the giving of notice or passage of time, or both, could constitute a default or an event of default under any and all executory contracts or unexpired leases under Section 365 of the Bankruptcy Code which are included within the Assets shall be deemed cured; (g) provide that no bulk sales law, or similar law of any state or other jurisdiction, shall apply in any way to the transactions contemplated by this Agreement, and (h) provide that, upon closing of the sale, the sum of one hundred twenty five million dollars ($125,000,000.00) from the Purchase Price shall be transferred by the Seller to the Bermuda Liquidation Account (as such term is defined in the Plan).

(j) Unless and until this Agreement is terminated and prior to entry of the Sale Order or Confirmation Order, as applicable, except as the Debtors may reasonably determine in good faith to be otherwise required in connection with applicable fiduciary duties after consultation with counsel, the Debtors shall not, except as otherwise required by the Bankruptcy Court, knowingly take any action, directly or indirectly, to cause, promote, authorize, or result in the purchase by any person other than Purchaser of any transaction competing, conflicting or interfering with the completion of the transactions contemplated by this Agreement (a "Competing Transaction"), including, without limitation, granting access to any third parties to the Debtors' assets, business, records, officers, directors, or employees, which access, to the Debtors' knowledge, relates to, or is reasonably expected to lead to, a Competing Transaction or a potential Competing Transaction.

(k) The Debtors shall provide drafts of any Bankruptcy Pleadings, including any exhibits thereto and any notices or other materials in connection therewith, to be filed in the Bankruptcy Court to Purchaser prior to filing for Purchaser's review and comments. Any Bankruptcy Pleadings filed by the Debtors in connection with this Agreement, including any exhibits thereto and any notices or other materials in connection therewith, must be in form and substance acceptable to Purchaser.

(l) The Debtors shall comply (or obtain an order from the Bankruptcy Court waiving compliance) with all requirements (including all notice requirements) under the Bankruptcy Code and the United States Federal Rules of Bankruptcy Procedure in connection with obtaining approval of this Agreement, the Bankruptcy Pleadings and the transactions contemplated hereby.

(m) The Purchaser shall have no obligation or duty to accept any substantive modifications to this Agreement, the Bankruptcy Pleadings, any related agreements and any related court documents mandated by the Bankruptcy Court that are not acceptable to Purchaser.

(n) The Debtors will cooperate with the Purchaser to promptly take such actions as are requested by the Purchaser to assist in obtaining entry of any orders related to the Bankruptcy Pleadings, including furnishing affidavits or other documents or information for filing with the Bankruptcy Court for purposes, among others, of (i) demonstrating that the Purchaser is a "good faith" purchaser under Section 363 of the Bankruptcy Code and (ii) establishing adequate assurance of future performance within the meaning of Section 365 of the Bankruptcy Code.

(o) In the event that the Bankruptcy Court's approval of the Sale Order or the Confirmation Order, as applicable, are appealed, the Debtors shall use their best efforts to pursue such appeal in a manner not inconsistent in any material respect with the transactions contemplated by this Agreement; *provided, however,* that so long as the applicable orders are not stayed or reversed, the Debtors shall proceed promptly to effectuate the transactions as approved by the Court and shall not await the outcome of any such appeals.

(p) Upon the termination of this Agreement for the reasons specified in Section 6.01(b)(ii), or if the Purchaser is not the successful bidder to purchase the Assets at an auction mandated by the Bankruptcy Court, and the offer of a third party accepted at such auction is subsequently approved by the bankruptcy court, or if the Debtors accept any Competing Transaction, then the Purchaser will be entitled to receive from the Debtors, without deduction or offset of any nature, a flat fee payment (not dependent on amounts actually expended or incurred by Purchaser) in immediately available funds in the amounts of $3,187,500.00 (the "Break-Up Fee").

ARTICLE VIII

MISCELLANEOUS PROVISIONS

SECTION 8.01 Amendment. This Agreement may be amended from time to time with the mutual consent of the Purchaser and the Seller as evidenced by a writing executed by the Purchase and the Seller.

SECTION 8.02 Governing Law. (a) THIS AGREEMENT SHALL IN ALL RESPECTS BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE INTERNAL LAWS OF THE STATE OF NEW YORK, WITHOUT REFERENCE TO ITS CONFLICTS OF

LAWS PROVISIONS (OTHER THAN SECTION 5-1401 OF THE NEW YORK GENERAL OBLIGATIONS LAW), AND THE OBLIGATIONS, RIGHTS AND REMEDIES OF THE PARTIES HEREUNDER SHALL BE DETERMINED IN ACCORDANCE WITH SUCH LAWS.

(b) EACH OF THE PARTIES HERETO IRREVOCABLY SUBMITS TO THE NON-EXCLUSIVE JURISDICTION OF ANY FEDERAL OR STATE COURT SITTING IN THE COUNTY AND STATE OF NEW YORK IN RESPECT OF ANY ACTION OR PROCEEDING ARISING OUT OF OR IN CONNECTION WITH THIS AGREEMENT. EACH PARTY TO THIS AGREEMENT IRREVOCABLY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY OBJECTION THAT IT MAY NOW OR HEREAFTER HAVE TO THE LAYING OF VENUE OF ANY SUCH PROCEEDINGS IN ANY SUCH COURT AND ANY CLAIM THAT ANY PROCEEDING BROUGHT IN ANY SUCH COURT HAS BEEN BROUGHT IN AN INCONVENIENT FORUM.

(c) EACH PARTY HERETO HEREBY WAIVES THE RIGHT THAT IT MAY HAVE TO A TRIAL BY JURY ON ANY CLAIM, COUNTERCLAIM, SETOFF, DEMAND, ACTION OR CAUSE OF ACTION (i) ARISING OUT OF OR IN ANY WAY RELATED TO THIS AGREEMENT OR ANY OTHER TRANSACTION DOCUMENTS, OR (ii) IN ANY WAY IN CONNECTION WITH OR PERTAINING OR RELATED TO OR INCIDENTAL TO ANY DEALINGS OF THE PARTIES TO THIS AGREEMENT WITH RESPECT TO THE TRANSACTION DOCUMENTS OR IN CONNECTION WITH THIS AGREEMENT OR THE EXERCISE OF ANY PARTY'S RIGHTS AND REMEDIES UNDER THIS AGREEMENT OR OTHERWISE, OR THE CONDUCT OR THE RELATIONSHIP OF THE PARTIES HERETO, IN ALL OF THE FOREGOING CASES WHETHER NOW EXISTING OR HEREAFTER ARISING AND WHETHER SOUNDING IN CONTRACT, TORT OR OTHERWISE.

SECTION 8.03 Notices. All demands, notices, reports and communications hereunder shall be in writing and shall be deemed to have been duly given if personally delivered at, delivered by electronic mail to, mailed by certified mail, return receipt requested, mailed by a nationally recognized overnight courier or sent via facsimile, to (a) in the case of the Seller, to New Stream Insurance, LLC, 38C Grove Street, Ridgefield, CT 06877 Attention: John Collins; and (b) in the case of the Purchaser, to c/o MIO Partners, Inc., 55 East 52nd Street, New York, NY 10055, Attention: Chief Financial Officer and Casey Lipscomb; or, as to any of such Persons, at such other address or facsimile number as shall be designated by such Person in a written notice to the other Persons party hereto. Notices, demands and communications hereunder given by facsimile shall be deemed given when received.

SECTION 8.04 Severability of Provisions. If any one or more of the covenants, agreements, provisions or terms of this Agreement shall for any reason whatsoever be held invalid or unenforceable, then such covenants, agreements, provisions or terms shall be deemed severable from the remaining covenants, agreements, provisions and terms of this Agreement and shall in no way affect the validity or enforceability of the other provisions of this Agreement.

SECTION 8.05 Further Assurances. Each Party hereto agrees to do and perform, from time to time, any and all acts and to execute any and all further instruments required or reasonably requested by any other Party hereto more fully to effect the purposes of this Agreement, including, without limitation, the execution of any financing statements, amendments, continuation statements or releases relating to the Conveyed Property for filing under the provisions of the UCC or other law of any applicable jurisdiction.

SECTION 8.06 No Waiver; Cumulative Remedies. No failure to exercise and no delay in exercising, on the part of the Purchaser or the Seller, of any right, remedy, power or privilege hereunder shall operate 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. The rights, remedies, powers and privileges herein provided are cumulative and not exhaustive of any rights, remedies, powers and privileges provided by law.

SECTION 8.07 Counterparts. This Agreement may be executed in two or more counterparts (and by different Parties on separate counterparts), each of which shall be an original, but all of which together shall constitute one and the same instrument. Delivery of an executed counterpart of a signature page to this Agreement by telecopier or by electronic message shall be effective as delivery of a manually executed counterpart of this Agreement.

SECTION 8.08 Third-Party Beneficiaries. This Agreement will inure to the benefit of and be binding upon the Parties signatory hereto. No Person that is not a Party to this Agreement will have any right hereunder and there shall be no third-party beneficiaries to this Agreement; provided that, to the extent any interest in an Asset is assigned or sold by a Party (for purposes of this Section, the "Assigning Party") to any Person (the "Assignee"), any rights and obligations of the Assignee with respect to such Asset and the non-Assigning Party hereunder shall inure solely to the benefit of the Assigning Party.

SECTION 8.09 Merger and Integration. Except as specifically stated otherwise herein and the other Transaction Documents to which the Parties hereto are a party, this Agreement sets forth the entire understanding of the Parties hereto relating to the subject matter hereof, and all prior understandings, written or oral, are superseded by this Agreement. This Agreement may not be modified, amended, waived or supplemented except as provided herein.

SECTION 8.10 Headings. The headings herein are for purposes of reference only and shall not otherwise affect the meaning or interpretation of any provision hereof.

SECTION 8.11 Tax Classification. Nothing contained in this Agreement is intended to or shall be deemed or construed by the Parties hereto or by any third person to create the relationship of principal and agent (including dependent agent) or of a partnership or joint venture. The Parties hereto agree that they will not take any action contrary to the foregoing intention and agree to report the transaction for all tax purposes consistent with the foregoing intention unless and until determined to the contrary by an applicable tax authority.

SECTION 8.12 Tax Consequences. Each Party hereto (for purposes of this Section 7.12, each, an "Initial Party") acknowledges that no other Party hereto, and in each case none of the partners, shareholders, members, owners, managers, agents, officers, employees, Affiliates, investors therein or consultants of such other Party (in each case, whether direct or indirect), will be responsible or liable for the tax consequences to such Initial Party or any of such Initial Party's partners, shareholders, members, owners, managers, agents, officers, employees, Affiliates, investors or consultants (in each case, whether direct or indirect), with regard to the tax consequences of the transactions covered by this Agreement, and that such Initial Party (and each of such Initial Party's partners, shareholders, members, owners, managers, agents, officers, employees, Affiliates, investors and consultants (in each case, whether direct or indirect)) will look solely to, and rely upon, such Initial Party's own advisors with respect to such tax consequences.

SECTION 8.13 Indemnification. The Seller shall indemnify and hold harmless the Purchaser and its Affiliates and their successors and assigns (collectively, the "Purchaser Indemnified Persons") from and against any and all damages, losses, claims (whether or not the Purchaser Indemnified Person is a party to any action or proceeding that gives rise to any indemnification obligation), actions, suits, demands, judgments, liabilities (including penalties), obligations, disbursements of any kind or nature and related costs and expenses, including reasonable attorney's fees and other professional fees and expenses incurred in connection with collection efforts or the defense of any suit or action in an amount not to exceed the fees and expenses of counsel or equivalent professionals retained by such Party in connection with such suit or action (such amounts, in the aggregate, the "Losses"), awarded against or incurred by any Purchaser Indemnified Person arising out of or as a result (a) the breach of any of the representations and warranties made by the Seller herein, and (b) the failure by the Seller to perform any activities for delivery of the Conveyed Property expressly contained in the Purchase Agreement. For the avoidance of doubt, the Seller shall not indemnify and hold harmless any Purchaser Indemnified Person for any Losses awarded against or incurred by such Purchaser Indemnified Person arising out of or as a result of any Asset or Related Property (a) if such Asset or its Related Property is not transferred to the Purchaser hereunder for any reason and therefore is not a Conveyed Asset or Conveyed Property, as applicable, or (b) under which (i) the Life Insurance Policy has lapsed or expired by the action or inaction of the Purchaser or its designee, or for any other reason is no longer outstanding and in full force, or (ii) such Life Insurance Policy's Net Death Benefit has been paid to the Purchaser or its designee.

SECTION 8.14 Assignment. This Agreement may not be assigned by (i) the Purchaser without the prior written consent of the Seller, or (ii) the Seller without the prior written consent of the Purchaser.

[Remainder of Page Intentionally Left Blank]

IN WITNESS WHEREOF, the Parties hereto have caused this Agreement to be duly executed by their respective officers as of the day and year first above written.

NEW STREAM INSURANCE, LLC

By its Special Member
New Stream Capital, LLC

By:_____
Name:
Title:

LIMITED LIFE ASSETS LLC

By: _____
Name:
Title:

SCHEDULE 1

SCHEDULE OF ASSETS AND PURCHASE PRICES

[See attached]

SCHEDULE 2

BANKRUPTCY TIMELINE

I. Consensual Plan

Date	**Action/Milestone**
(i) November [19], 2010	Borrower shall commence solicitation of votes of creditors to accept or reject the Plan.
(ii) December [15], 2010	Borrower shall deposit $30,000,000 of additional NSI Life Portfolio Collateral into the SACA.
(iii) December [19], 2010	Borrower shall conclude solicitation of votes of creditors to accept or reject the Plan.
(iv) December [20], 2010	Borrower shall file with the Bankruptcy Court the Required Bankruptcy Pleadings, which, in each case, shall be in form and substance satisfactory to the Administrative Agent.
(v) December [21-22], 2010	Bankruptcy Court shall enter (i) the Interim Order, (ii) orders approving the "first day" pleadings, and (iii) an order approving the expedited scheduling of the Confirmation Hearing not later than March [4], 2011, which, in each case, shall be in form and substance satisfactory to the Administrative Agent.
(vi) January [21], 2011	Bankruptcy Court shall enter the Final Order, which shall be in form and substance satisfactory to the Administrative Agent.
(vii) March [4], 2011	Bankruptcy Court shall hold the Confirmation Hearing and enter the Confirmation Order approving the Plan, which shall be in form and substance satisfactory to the Administrative Agent. As confirmed, the Plan shall, among other things, (a) provide for the sale of the NSI Life Portfolio to Newco under the APA, and (b) terminate the Total Commitment and provide for the repayment in full, in cash of all Obligations.
(viii) No later than March [14], 2011	Closing of sale on NSI Life Portfolio to Newco pursuant to the APA and Plan.

(ix) March [14], 2011	Plan shall become effective (unless effective date has already occurred).

II. 363 Sale / Cram-down Plan

Date	**Action/Milestone**
(i) December [15], 2010	Borrower shall deposit $30,000,000 of additional NSI Life Portfolio Collateral into the SACA.
(ii) December [20], 2010	Debtors shall file with the Bankruptcy Court the Required Bankruptcy Pleadings.
(iii) December [21-22], 2010	Bankruptcy Court shall enter (i) the Interim Order, (ii) orders approving the "first day" pleadings, and (iii) an order approving the scheduling of the 363 Sale hearing not later than January [24], 2011, which, in each case, shall be in form and substance satisfactory to the Administrative Agent.
(iv) No later than December [23], 2010	Debtors shall file the Sale Motion seeking entry of the Sale Order approving the 363 Sale.
(v) January [21], 2011	Bankruptcy Court shall enter the final order approving the DIP Motion, which shall be in form and substance satisfactory to the Administrative Agent.
(vi) No later than January [24], 2011	Bankruptcy Court shall hold the hearing on Sale Motion to approve the 363 Sale and enter the Sale Order approving the 363 Sale, which shall be in form and substance satisfactory to the Administrative Agent and Purchaser.
(vii) No later than	

February [3], 2011	Closing of 363 Sale to Purchaser pursuant to the APA and Sale Order.

In the event that (a) the Petition Date occurs after December [15], 2010, or (b) the Bankruptcy Court is unable or unwilling to schedule a hearing on the required date, the milestone dates set forth above shall be deemed automatically extended by an equal number of days (or such later date as would constitute the next business day) up to a maximum of seven (7) business days. The milestone dates may also be extended with the prior written consent of the Administrative Agent.

SCHEDULE OF ADJUSTED POLICY VALUES

[See attached]

GLOSSARY OF DEFINED TERMS

"Acquisition Date" means with respect to the Conveyed Property, that certain date on which the Seller or the designee thereof receives the Purchase Price therefor in accordance with this Agreement, which date shall not occur prior to the date on which the Bankruptcy Court approves of the Bankruptcy Petition, including, without limitation, the sale of the Assets to Purchaser and the terms and provisions of the Purchase Agreement.

"Actual Knowledge" means, with respect to Seller, the actual knowledge of any officer or director of the Seller.

"Affiliate" means, with respect to any Person, any other Person controlling or controlled by or under common control with such specified Person. For purposes of this definition, "control," when used with respect to a specific Person, means the power to direct the management and policies of such Person, directly or indirectly, whether through the ownership of voting securities, by contract or otherwise; and the term "controlling" and "controlled" have meanings correlative to the foregoing.

"Asset" means a Life Insurance Policy (whether owned directly by the Seller or related Selling Party or owned by a Trust, the related trust beneficial interests of which are owned by the Seller or the related Selling Party), Premium Finance Loan or other Equity Asset, in each case as identified on Schedule I of the Agreement.

"Asset Documentation Package" means the documents provided by the Seller to the Buyer with respect to each Asset, as listed on Schedule I hereto.

"Asset Purchase Agreement" or "Purchase Agreement" means that certain Asset Purchase Agreement dated as of the Execution Date, entered into by and between the Seller and the Purchaser.

"Bank of Utah" means the Bank of Utah, a Utah banking corporation, with offices located at 200 E. South Temple, Suite 210 Salt Lake City, Utah 84111 and tax id 27-6630093.

"Bankruptcy Code" means, as amended, Title 11 of the United States Code, 11 U.S.C. §§101 - 1532).

"Bankruptcy Court" means a United States bankruptcy court or United States appellate court of competent jurisdiction and acceptable to the Purchaser.

"Bankruptcy Pleadings" means any of the following documents, each of which shall be in form and substance satisfactory to the Purchaser:

a) a voluntary chapter 11 bankruptcy petition;
b) the Plan;
c) the Disclosure Statement;
d) the Confirmation Order;
e) the Scheduling Motion;

f) the Scheduling Order;
g) the Sale Motion;
h) the Sale Order;
i) [IF USING DIP] [the DIP Motion;
j) interim and final orders approving the DIP Motion]; and
k) any other necessary, required or related pleadings and documentation to be filed before the Bankruptcy Court.

"Bankruptcy Timeline" means the dates and milestones set forth on Schedule 2 of the Asset Purchase Agreement.

"Bermuda C, F and I Classes" shall mean Bermuda Segregated Account Classes C, F and I of New Stream Capital Fund Ltd.

"Bermuda non-C, F and I Classes" shall mean Bermuda Segregated Account Classes B, E, H, K, L, N and O of New Stream Capital Fund Ltd.

"Break-Up Fee" shall have the meaning assigned to such term in Section 7.01(p) of the Asset Purchase Agreement.

"Business Day" means a day other than a Saturday or Sunday on which commercial banks in New York, New York or Salt Lake City, Utah are not authorized or required to be closed for business.

"CFC of Delaware Assets" means the equity interests owned by the Seller in CFC of Delaware LLC described on Schedule I of the Asset Purchase Agreement.

"CFC Policy" means any Life Insurance Policy designated as a CFC Policy on Schedule I to the Asset Purchase Agreement.

"Collateral" shall have the meaning assigned to such term in the NSI-MIO Securities Account Control Agreement.

"Competing Transaction" shall have the meaning assigned to such term in Section 7.01(j) of the Asset Purchase Agreement.

"Confidential Information" shall have the meaning assigned to such term in Section 6.01 of the Asset Purchase Agreement.

"Confirmation Hearing" shall mean a hearing before the Bankruptcy Court on the adequacy of the Seller's Disclosure Statement and confirmation of the Seller's Plan under the Bankruptcy Code.

"Confirmation Order" means a final order of the Bankruptcy Court in the form attached as Exhibit A to the Asset Purchase Agreement; *provided, however*, that the Purchaser shall have the sole ability to waive the requirement that such order be final.

"Conveyed Asset" means each Asset purchased by the Purchaser from the Seller pursuant to the Asset Purchase Agreement.

"Conveyed Property" shall have the meaning assigned to such term in Section 2.01(a) of the Asset Purchase Agreement.

"Consensual Plan" shall have the meaning assigned to such term in Section 7.01(b) of the Asset Purchase Agreement.

"Cram-down Plan" shall have the meaning assigned to such term in Section 7.01(b) of the Asset Purchase Agreement.

"Custodian" shall mean Deutsche Bank AG, Dublin Branch, a German limited liability company, acting through its Dublin branch, and its successors and assigns.

"DIP Agreement" shall mean that certain [INSERT EXACT NAME OF DIP AGREEMENT] between the [Seller] and the [Purchaser] in form and substance satisfactory to the Purchaser to be filed with the Bankruptcy Court.

"DIP Motion" shall mean a motion for entry of an interim and final order approving the DIP Agreement and all related documentation.

"Disclosure Statement" shall mean the Seller's disclosure statement under the Bankruptcy Code accompanying the Plan, which shall, among other things, disclose the transactions contemplated by this Asset Purchase Agreement.

"Equity Asset" means, collectively or individually as the context may require, the Seller's respective ownership rights, interests and obligations with respect to the Seller's equity interests in (i) the Georgia Premium Funding I Assets, (ii) the Georgia Premium Funding II Assets, (iii) the National Life Funding Assets, (iv) the Vantage Funding I Assets, (v) the Vantage Funding II Assets, (vi) the UNFCH Assets, (vii) the CFC of Delaware Assets, and (viii) the SLCM Assets (which, for the avoidance of doubt, shall include SLCM's interest in the SLCM Securities Account).

"Equity Asset LLC" means, collectively or individually as the context may require, (i) Georgia Premium Funding Company I, LLC, (ii) Georgia Premium Funding II, LLC, (iii) National Life Funding, LLC, (iv) Vantage Funding, LLC, (v) Vantage Funding II, LLC, (vi) UNFCH, (vii) CFC of Delaware LLC, and (viii) SLCM.

"Encumbrances" shall have the meaning assigned to such term in Section 7.01(i) of the Asset Purchase Agreement.

"Escrow Account" means the escrow account established and maintained by the Seller with the Escrow Agent with account number [_____], in accordance with the terms of the Escrow Agreement.

"Escrow Agent" means the Bank of Utah, not in its individual capacity, but solely in its capacity as escrow agent with respect to the Escrow Account pursuant to the Escrow Agreement.

"Escrow Agreement" means the escrow agreement dated as of [_____], 2010, by and between the Seller and the Escrow Agent.

"Execution Date" means the date on which the Purchase Agreement is executed.

"Funding Documents" means the Seller's Securities Account Control Agreement, the NSI-MIO Securities Account Control Agreement, the Purchaser's Securities Account and all other documents related thereto.

"Georgia Premium Funding I Assets" means the equity interests owned by the Seller in Georgia Premium Funding Company I, LLC described on Schedule I of the Asset Purchase Agreement.

"Georgia Premium Funding II Assets" means the equity interests owned by the Seller in Georgia Premium Funding II, LLC on Schedule I of the Asset Purchase Agreement.

"Governmental Authority" means the government of the United States of America, any state or other political subdivision thereof and any entity of competent jurisdiction exercising executive, legislative, judicial, regulatory or administrative functions of or pertaining to government.

"Initial Party" shall have the meaning assigned to such term in Section 8.12 of the Asset Purchase Agreement.

"Insolvency Event" means that any of the following has occurred: a party shall generally not pay its debts as such debts become due, or shall admit in writing its inability to pay its debts generally, or any formal 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 the party other than a solvent liquidation or reorganisation of the party; (ii) a composition, assignment or arrangement with the creditors of the party as a whole; (iii) the appointment of a liquidator (other than in respect of a solvent liquidation of the party), receiver, administrator, administrative receiver, compulsory manager or other similar officer in respect of the party; provided, that any such event arising by reason of currency restrictions or foreign political restrictions or regulations beyond the control of the party shall not be deemed an "Insolvency Event" hereunder.

"Insured" means, with respect to any Life Insurance Policy, the person (or each one of the persons) whose life (lives) is (are) insured by such Life Insurance Policy.

"Issuing Insurance Company" means, with respect to any Life Insurance Policy, the insurance company that is obligated to pay the related Net Death Benefit upon the death of the related Insured by the terms of such Life Insurance Policy (or the successor to such obligation).

"Lien" means any interest in property securing an obligation owed to, or a claim by, a Person, whether such interest is based on the common law, statute or contract, and including but not limited to the security interest lien arising from a mortgage, encumbrance, judgment, pledge, conditional sale or trust receipt for a lease, consignment or bailment for security purposes, but, with respect to an Asset, does not include the interest of the Issuing Insurance Company therein if such interest arises solely from or with respect to a related Policy Loan.

"Life Insurance Policy" means an entire policy of life insurance, or, as indicated by the context, a specific life insurance policy which is an Asset under this Agreement.

"Material Adverse Effect" means (a) a material adverse effect on the Conveyed Property (taken as a whole), or (b) a material adverse effect on the ability of the Seller to consummate the transactions contemplated by this Agreement or perform its obligations under this Agreement other than an effect resulting solely from an Excluded Matter. "Excluded Matter" means any one or more of the following: (i) the announcement of the signing of the Purchase Agreement or the filing of the Bankruptcy Petition, compliance with the express provisions of this Agreement or the consummation of the transactions contemplated hereby, (ii) reasonably anticipated events, conditions, circumstances, developments, changes or effects arising out of the filing of the Bankruptcy Petition, (iii) actions or omissions taken or not taken by or on behalf of the Seller or any of its Affiliates at the express request, or with the consent, of the Purchaser or its Affiliates, (iv) actions taken by the Purchaser or its Affiliates, other than as contemplated by this Agreement, (v) changes or proposed changes in applicable law or interpretations thereof by any Governmental Authority (other than changes that would prohibit the consummation of the transactions contemplated by the Purchase Agreement), (vi) changes which generally affect the national or regional markets for life insurance, (vii) changes in general economic conditions, currency exchange rates or United States or international debt or equity markets and (viii) national or international political or social conditions or any national or international hostilities, acts of terror or acts of war; *provided* that, in the case of clauses (vi) through (viii), inclusive, such events, changes, conditions, circumstances, developments or effects shall be taken into effect in determining whether any such material adverse effect has occurred to the extent that any such events, changes, conditions, circumstances, developments or effects have a material and disproportionate adverse effect on the Conveyed Property, the Assumed Liabilities or the Seller as compared to other similarly affected Persons.

"Medical Underwriter" means AVS Underwriting Services or Dr. Barry Reed, MD, or any other nationally recognized life expectancy provider approved by the Purchaser in writing, that is identified by the Seller as having supplied the applicable mortality rating.

"National Life Funding Assets" means the equity interests owned by the Seller in National Life Funding, LLC described on Schedule I of the Asset Purchase Agreement.

"Net Death Benefit" means, with respect to any Life Insurance Policy, as of any date of determination, the face amount payable under such Life Insurance Policy net of any Policy Loan (and accrued Policy Loan interest not yet paid on or capitalized into any related Policy Loan) and, with respect to any Equity Asset, net of payments to Equity Asset Co-Owners or

other payments pursuant to documentation governing such Equity Asset, as of such date of determination.

"New Stream Securities Account" means the securities account established and maintained by the Seller and the Purchaser with the New Stream Securities Intermediary with account number 8000563, in accordance with the terms of the NSI-MIO Securities Account Control Agreement.

"New Stream Securities Intermediary" means Bank of Utah, not in its individual capacity, but solely in its capacity as securities intermediary with respect to the New Stream Securities Account pursuant to the NSI-MIO Securities Account Control Agreement.

"NSI-MIO Securities Account Control Agreement" shall have the meaning assigned to such term in Section 4.01 of the Asset Purchase Agreement.

"Original Seller" means the direct or indirect owner of an Asset that first sells or otherwise transfers such Asset pursuant to an Asset Documentation Package to the Seller.

"Origination", "Originate" or "Originated" means the process conducted by an Originator of soliciting the sale by the Original Seller of and purchase by such Originator, directly or indirectly, of an Asset, including the negotiation, execution and delivery of the agreements, documents and instruments evidencing such transaction and/or evidencing consents, acknowledgements and waivers delivered in connection therewith by the related Insured, any spouse of the Insured, any related beneficiary, any Original Seller or any third party, and the acquisition and verification by such Originator of information concerning the related Insured, Original Seller and Asset.

"Originator" with respect to any Asset, the Person that Originated such Asset.

"Person" means any individual, corporation, partnership, joint venture, association, joint-stock company, limited liability company, trust, unincorporated association, Governmental Authority or any other entity.

"Petition Date" means the date on which the Seller filed its voluntary chapter 11 bankruptcy petition with the Bankruptcy Court.

"PFG Policy" means and Life Insurance Policy designated as a PFG Policy on Schedule I to the Asset Purchase Agreement.

"Plan" shall mean the Seller's plan of reorganization under chapter 11 of the Bankruptcy Code, which shall, among other things, seek approval of the transactions contemplated by this Asset Purchase Agreement.

"Policy Loan" means, with respect to any Life Insurance Policy, any loan or other cash advances against, or cash withdrawals from, the cash value of such Life Insurance Policy, pursuant to the terms and conditions of such Life Insurance Policy.

"Premium" means, with respect to any Life Insurance Policy, as indicated by the context, any due or past due premiums required to be paid in order to maintain such Life Insurance Policy in force in general or for the period indicated by the context.

"Premium Finance Loan" means a loan evidenced by an Asset Documentation Package and secured by one or more Life Insurance Policies.

"Premium Funding Amount" means $25,000,000.

"Proceeds Account" means an Escrow Account established by the Seller with deposits and distributions in accordance with Section 4.04 of the Purchase Agreement.

"Purchase Price" means $127.5 million.

"Purchaser" means [_____].

"Purchaser Indemnified Person" shall have the meaning assigned to such term in Section 8.13 of the Asset Purchase Agreement.

"Purchaser Protection Approval Motion" shall have the meaning assigned to such term in Section 7.01(d) of the Asset Purchase Agreement.

"Purchaser Protection Order" shall have the meaning assigned to such term in Section 7.01(d) of the Asset Purchase Agreement.

"Purchaser's Securities Account" means the securities account established by the Purchaser's Securities Intermediary pursuant to the Purchaser's Securities Account Control Agreement for the benefit of the Purchaser.

"Purchaser's Securities Account Control Agreement" means that certain securities account control agreement with respect to the Purchaser's Securities Account entered into between the Purchaser's Securities Intermediary and the Purchaser, dated as of the [_____].

"Purchaser's Securities Intermediary" means Bank of Utah, not in its individual capacity, but solely in its capacity as securities intermediary with respect to the Purchaser's Securities Account pursuant to the Purchaser's Securities Account Control Agreement.

"Related Property" shall have the meaning assigned to such term in Section 3.03 of the Asset Purchase Agreement.

"Representative" means, with respect to each Insured, the natural person or persons designated by the Insured as persons with whom the Seller or its designee may make contact for the purposes of obtaining updated information concerning the health and residency of the Insured and/or communicating information concerning the related Asset.

"Responsible Officer" when used with respect to (i) [the Purchaser's Securities Intermediary, means any officer assigned to the principal corporate office thereof, including any

Vice President, Assistant Vice President, Assistant Treasurer, Assistant Secretary, trust officer and any other officer thereof that customarily performs functions similar to those of the above-designated officers and that has direct responsibility for the administration of the Transaction Documents as Purchaser's Securities Intermediary, and also, with respect to a particular matter, any other officer thereof to whom such matter is referred because of such officer's knowledge of and familiarity with the particular subject], (iii) the Purchaser, means [_____] and (iv) the Seller, means Anthony Giobbi or John Collins.

"Sale Motion" a motion for entry of an order approving the Asset Purchase Agreement and the transactions contemplated thereunder pursuant to, among other section, Section 363 of the Bankruptcy Code.

"Sale Order" shall have the meaning assigned to such term in Section 7.01(g) of the Asset Purchase Agreement.

"Scheduling Motion" means the Seller's motion submitted to the Bankruptcy Court (i) scheduling the Confirmation Hearing on the adequacy of the Seller's Disclosure Statement and confirmation of the Seller's Plan for not later than sixty (60) days after the Petition Date; (ii) approving procedures for filing objections thereto; (iii) approving the form and manner of notice of the Confirmation Hearing; and (iv) granting other related relief.

"Seller" means New Stream Insurance LLC.

"Seller's Percentage" means the percentage ownership of a Life Insurance Policy held by the Seller, either directly or through an Equity Asset, which shall be (i) if such Life Insurance Policy is not listed on Schedule 3.02(a)(vi), 100%, or (ii) if such Life Insurance Policy is listed on Schedule 3.02(a)(vi), the percentage specified for such Life Insurance Policy on such Schedule.

"Seller Related Parties" means the parties entitled to receive distributions from the Escrow Account in accordance with the Escrow Agreement, which shall include (i) Guggenheim Capital Markets, (ii) Reed Smith LLP, (iii) O'Melveny & Myers LLP, (iv) [other NSI related parties]

"Seller's Securities Account" means the securities account held in the name of the Seller at the Bank of Utah with account number 8000503.

"Seller's Securities Account Control Agreement" means that certain securities account control agreement with respect to the Seller's Securities Account entered into between the Seller's Securities Intermediary and the Purchaser, dated as of the [_____].

"Seller's Securities Intermediary" means Bank of Utah, not in its individual capacity, but solely in its capacity as securities intermediary with respect to the Seller's Securities Account pursuant to the Seller's Securities Account Control Agreement.

["Servicer" means [_____], in its capacity as such under the Servicing Agreement, and its successors and assigns in such capacity.]

"Servicing Agreement" means that certain Servicing and Monitoring Agreement dated as of the Execution Date, entered into by and between the Purchaser and the Servicer.

"SLCM" means Secondary Life Capital Management, LLC.

"SLCM Assets" means the Life Insurance Policies contained in the SLCM Securities Account.

"SLCM Securities Account" means the securities account held in the name of the SLCM at the Bank of Utah with account number 8000504.

"SPAR Asset" means any Asset designated as a SPAR Asset on Schedule I to the Asset Purchase Agreement.

"Transaction Documents" means the Asset Purchase Agreement and the Escrow Agreement, as the same may be amended, supplemented or modified from time to time and all other instruments, financing statements, documents and agreements executed in connection with any of the foregoing.

"UCC" means the Uniform Commercial Code as in effect in any applicable jurisdiction.

"UNF Policy" means any Life Insurance Policy designated as a UNF Policy on Schedule I to the Asset Purchase Agreement.

"UNFCH" means United National Funding Collateral Holdings, LLC.

"UNFCH Assets" means the equity interests owned by the Seller in UNFCH described on Schedule I of the Asset Purchase Agreement.

"Utah Policies" means the Life Insurance Policies owned by the Seller that are not Collateral and, on or before the Acquisition Date pursuant to Section 4.02 of the Asset Purchase Agreement, such Life Insurance Policies are to be transferred to the Seller's Securities Intermediary, as securities intermediary for the Seller pursuant to the Seller's Securities Account Control Agreement, with the Issuing Insurance Company to record the Seller's Securities Intermediary as the owner and beneficiary thereof.

"Vantage Funding I Assets" means the equity interests owned by the Seller in Vantage Funding, LLC described on Schedule I of the Asset Purchase Agreement.

"Vantage Funding II Assets" means the equity interests owned by the Seller in Vantage Funding II, LLC described on Schedule I of the Asset Purchase Agreement.

EXHIBIT 5

DEBTOR-IN-POSSESSION CREDIT FACILTY
FOR
NEW STREAM INSURANCE, LLC

NON-BINDING SUMMARY OF PROPOSED TERMS AND CONDITIONS

February __, 2011

This term sheet outlines the terms and conditions for a proposed debtor-in-possession credit facility to be provided by (i) a newly-formed entity ("Newco"), as administrative agent and [a] lender, (ii) SSALT Fund Limited, by and through its nominee; (iii) Compass Special Situations Fund LLC, by and through its nominee; (iv) Compass COSS Master Limited, by and through its nominee; and (v) Special Situations Fund LP, as lenders, for New Stream Insurance, LLC, as borrower, in connection with a "pre-packaged" Chapter 11 bankruptcy plan process or sale of assets pursuant to section 363 of the Bankruptcy Code. This term sheet is for discussion purposes only, is non-binding and is subject to, among other conditions set forth herein, definitive documentation.

Borrower:	New Stream Insurance, LLC, a Delaware limited liability company (the "Borrower"), as debtor and debtor-in-possession in a Chapter 11 case (the "Chapter 11 Case") to be commenced in the United State Bankruptcy Court for the District of Delaware (the "Bankruptcy Court") on February [28], 2011 (the "Petition Date").
Administrative Agent:	Newco (the "Administrative Agent").
Lenders:	(i) Newco ; (ii) SSALT Fund Limited, by and through its nominee; (iii) Compass Special Situations Fund LLC, by and through its nominee; (iv) Compass COSS Master Limited, by and through its nominee; and (v) Special Situations Fund LP (collectively, the "Lenders").
DIP Facility:	A first priority, senior secured multiple draw term loan credit facility (the "DIP Credit Facility") on the terms and conditions set forth in the Pre-Petition Secured Note (as defined below), as ratified and amended by the Ratification and Amendment Agreement (as defined below) (as ratified and amended, the "DIP Credit Agreement"), in the aggregate principal amount of not more than $54,480,268.58 (the "Total Commitment"), which shall be comprised of (i) all outstanding principal, and all accrued but unpaid interest, fees, costs and others expenses, incurred or accrued prior to the Petition Date under the Pre-Petition Secured Note (collectively, the "Pre-Petition Obligations"), and (ii) and an additional commitment in the amount of up to $15,000,000 (the "Additional Commitment").

Repayment:	Upon the occurrence and continuation of an Event of Default (as defined below), the entire amount of all outstanding principal, and all accrued but unpaid interest, Fees and Expenses (as defined below), including, but not limited to, all Pre-Petition Obligations, under the DIP Credit Facility (collectively, the "Obligations"), shall be due and payable in full, in cash. Upon the occurrence of the DIP Expiration Date (as defined below), other than as a result of the occurrence and continuation of an Event of Default, the sum of all (i) Pre-Petition Obligations and (ii) Loans borrowed after the Petition Date under the Additional Commitment then outstanding, shall be deemed satisfied as additional purchase price for the insurance policies and assets set forth on Schedule A hereto (the "NSI Life Portfolio") as set forth in the APA; provided, that that all Fees and Expenses shall be payable in full, in cash on the DIP Expiration Date.
Ratification and Amendment Agreement:	The Borrower and Lenders shall enter into an agreement pursuant to which (i) the Borrower shall reaffirm its obligations under the Pre-Petition Secured Note and (ii) the terms and conditions of the Pre-Petition Secured Note shall be amended to reflect the terms and conditions set forth in this term sheet (the "Ratification and Amendment Agreement").
Availability:	Upon entry by the Bankruptcy Court of an interim order approving the DIP Loan Documents (as defined below) and the DIP Credit Facility (the "Interim Order"), and until entry by the Bankruptcy Court of a final order approving the DIP Loan Documents and DIP Credit Facility (the "Final Order"), the Borrower shall be permitted to borrow up to the maximum aggregate amount of $5,000,000, in accordance with the Budget (as defined below) to fund (a) the actual amounts necessary to fund the premium payments of the insurance policies included in the NSI Life Portfolio plus (b) the reasonable and documented fees and costs associated therewith (including servicing fees). Upon entry by the Bankruptcy Court of the Final Order, and until the DIP Expiration Date, the Borrower will be permitted to borrow (a) the actual amounts necessary to fund the premium payments of the insurance policies in the NSI Life Portfolio, and (b) the reasonable fees and costs associated therewith (including servicing fees), up to the maximum amount of the Total Commitment, in accordance with the Budget.
Use of Proceeds:	The proceeds of the loans (the "Loans") under the DIP Credit Facility shall be used by the Borrower for the limited purpose of

paying the actual amounts necessary to fund the premium payments of the insurance policies in the NSI Life Portfolio, and the reasonable fees and costs associated therewith (including servicing fees) in accordance with the Budget.

DIP Expiration Date: The DIP Credit Facility will terminate and all Obligations will be due and payable in full on the earlier to occur of the (i) date on which the Bankruptcy Court enters an order (the "Confirmation Order") confirming the Borrower's pre-packaged Chapter 11 plan (the "Plan"), which Plan approves and authorizes the sale of the NSI Life Portfolio to NewCo, (ii) the date on which the Bankruptcy Court enters the Sale Order (as defined below), (iii) the occurrence of an Event of Default (as defined below), or (iv) May 13, 2011 (the "DIP Expiration Date"); provided, however, that in the event of the occurrence of an event set forth in clauses (i) or (ii) above, the sum of all Pre-Petition Obligations and the Additional Commitment shall be deemed satisfied as additional purchase price for the NSI Life Portfolio set forth in the APA.

Carve-Out: None.

LIBOR Floor: 3.50%

Pricing: On all Pre-Petition Obligations: LIBOR, plus 5.50%.

On all Loans borrowed after the Petition Date: LIBOR, plus 5.50%.

Interest shall be computed on the basis of actual days elapsed and a year of 360 days and shall be due and payable in full, in cash on the DIP Expiration Date.

Default Interest: 2.00% per annum, plus the rate otherwise applicable.

Fees: (i) Commitment Fee: 2.50% of the Additional Commitment, payable to the Administrative Agent for the pro rata benefit of the Lenders. The Commitment Fee shall be fully earned upon entry of the Interim Order and shall be paid on the DIP Expiration Date.

(ii) Unused Commitment Fee: 0.25% per annum on the unused portion of the DIP Credit Facility at such times as outstanding Loans thereunder are less than the amount of the Total Commitment. Each Unused Commitment Fee shall be deemed to have been fully earned upon entry of the Interim Order and shall be paid to the Administrative Agent on the DIP Expiration Date for the pro rata benefit of the Lenders.

(iii) Agent Fee: $50,000 per month until the occurrence of the DIP Expiration Date (not subject to pro ration). Each Agent Fee

shall be deemed to have been fully earned upon entry of the Interim Order and shall be paid to the Administrative Agent on the DIP Expiration Date for the pro rata benefit of the Lenders.

All fees shall be non-refundable once paid.

Security for Loans:[1]

(i) Senior and Priming Liens on All Collateral. On account of all Obligations, the Administrative Agent and Lenders shall, pursuant to sections 364(c)(2) and 364(d)(1) of the Bankruptcy Code, be granted first priority, fully-perfected, senior liens on and security interests in (i) NSI Life Portfolio, (ii) the "New Stream Securities Account", as defined in that certain Securities Account Control Agreement, dated as of August 4, 2010 (as amended), by and among the MIO Pre-Petition Lenders, the Borrower, and Bank of Utah, as Security Intermediary (the "SACA") and all property contained or credited therein (including, without limitation, all investment property, securities and financial assets contained therein), (iii) the "Seller's Securities Account", as defined in the SACA, and all property contained or credited therein (including, without limitation, all investment property, securities and financial assets contained therein), (iv) all instruments and documents evidencing any of the foregoing, (v) all supporting obligations and payment intangibles in respect of any of the foregoing, (vi all books and records pertaining to any of the foregoing, (vii) all proceeds and products of any of the foregoing, and (viii) all collateral, security and guarantees given by any person or entity with respect to any of the foregoing) (collectively, the "NSI Life Portfolio Collateral") and (ix) and all of the other assets of the Borrower, including, without limitation, all accounts receivable, inventory, general intangibles, machinery, equipment, fixtures, and real property, and all proceeds and products of any of the foregoing, (collectively, the "Other Collateral", and together with the NSI Life Portfolio Collateral, the "Collateral"); provided, however, such liens (a) shall prime all NSI-NSSC Pre-Petition Liens and any other liens on the Collateral (other the MIO Pre-Petition Loans, to which such liens shall be pari passu) and (b) shall be senior in all respects to all Replacement Liens (as defined below).

[1] In connection with the pre-petition borrowings and obligations under (i) that certain Secured Promissory Note, dated as of August 4, 2010 (as amended, the "Pre-Petition Secured Note"), among the Borrower, as borrower, and the Lenders (other than Newco), as lenders (the "MIO Pre-Petition Lenders"), the Borrower granted liens on and security interests in the collateral described therein to the MIO Pre-Petition Lenders and (ii) (a) that certain Amended and Restated Loan and Security Agreement, dated as of August 1, 2008, among the Borrower, Segregated Account Class C, and NSI, (b) that certain Second Amended and Restated Loan and Security Agreement, dated as of May 1, 2009, among the Borrower, Segregated Account Class F, and NSI, and (c) that certain Amended and Restated Loan and Security Agreement, dated as of August 1, 2008, among the Borrower, Segregated Account Class I, NSI (together with all related security and other loan documents, collectively, the "NSI-NSSC Loan Agreements"), the Borrower granted liens on and security interests in the collateral described in the NSSC Loan Agreements to the lenders and agents party thereto (the "NSI-NSSC Pre-Petition Loan Parties"). The liens referred to in clause (i) above shall be referred to as the "MIO Pre-Petition Liens"; the liens referred to in clause (ii) shall be referred to as the "NSI-NSSC Pre-Petition Liens".

In the event of the occurrence and continuation of an Event of Default (as defined below), the Administrative Agent and Lenders shall first seek to satisfy all Obligations from the NSI Life Portfolio Collateral; provided, that if the NSI Life Portfolio Assets are not sufficient at that time to satisfy all Obligations, the Administrative Agent and Lenders shall have the right to satisfy all remaining Obligations from the Other Collateral in the manner and order reasonably determined by the Agent. In consideration of the foregoing, the Borrower shall deposit additional insurance policies (which shall be reasonably acceptable to the Agent) and/or cash equal to $30,000,000 in the aggregate into the SACA at least three (3) business days prior to the Petition Date, which additional collateral shall be deemed to be NSI Life Portfolio Collateral.

(ii) Superpriority Administrative Expenses Claims. On account of all Obligations, pursuant to section 364(c)(1) of the Bankruptcy Code, all claims of the Administrative Agent and Lenders shall also be entitled to superpriority administrative expense claim status.

Budget: A 13-week rolling budget, as approved by the Administrative Agent prior to the Petition Date (and any subsequent approved budget, the "Budget"), shall be attached to the DIP Motion (as defined below) and shall reflect on a line-item basis the Borrower's anticipated aggregate cash receipts and aggregate necessary and required expenses relating to the NSI Life Portfolio for each week covered by the Budget. For each two week period in the Budget the aggregate disbursements shall not exceed 115% of the aggregate amount of projected disbursements for such two week period ("Permitted Variance"). Upon the prior written request of the Debtors, or upon its own initiative, the Administrative Agent may authorize the Debtors in writing to exceed the Permitted Variance. Any unused amounts in the Budget may carry forward to successive weeks on a line-by-line basis, with no carry-over surplus to any other line item. If (i) the Borrower files the Plan, on each bi-weekly anniversary of the Petition Date, or (ii) if the Borrower files the Sale Motion (as defined below), on each monthly anniversary of the Petition Date, the Borrower shall provide the Administrative Agent with an updated Budget, including a report of variances on a line-item basis. Until the occurrence of the DIP Expiration Date, any and all proceeds derived on or after October 1, 2010, from the NSI Life Portfolio shall be held in an escrow account controlled by the Administrative Agent and shall be distributed to NewCo on the earlier of either (i) the effective date of the Plan or (ii) the closing of the 363 Sale.

Required Bankruptcy Pleadings: On the Petition Date, the Borrower shall be required to file the

following with the Bankruptcy Court (each of which shall be in form and substance satisfactory to the Administrative Agent) (collectively, the "Required Bankruptcy Pleadings") each of which shall be filed not later than the Milestone Dates set forth below:

(i) a voluntary Chapter 11 petition;

(ii) subject to clause (vii) below, the Plan, as approved prior to the Petition Date by the requisite holders of claims required to vote as set forth in the Plan Support Agreement, dated January 24, 2011 (the "Restructuring Term Sheet"), to which this term sheet is an exhibit;

(iii) subject to clause (vii) below, a disclosure statement accompanying the Plan (the "Disclosure Statement");

(iv) subject to clause (vii) below, a motion to schedule a combined hearing on an expedited basis (the "Confirmation Hearing") to approve the Borrower's disclosure statement and enter the Confirmation Order approving the Plan;

(v) a motion for entry of the Interim Order and Final Order approving the DIP Credit Agreement, Ratification and Amendment Agreement, DIP Credit Facility, Loans and all other documentation related to the foregoing (collectively, the "DIP Loan Documents") and the Borrower's limited use of the cash collateral of the MIO Pre-Petition Lenders and NSSC Pre-Petition Loan Parties (the "DIP Motion");

(vi) the asset purchase agreement (to be attached as an exhibit to the Plan or Disclosure Statement or, if applicable, the Sale Motion) pursuant to which the Borrower shall agree to sell the NSI Life Portfolio to NewCo (the "Purchaser") in accordance with the terms set forth therein (the "APA");

(vii) in the event the Plan has not been approved by the requisite holders of claims prior to the Petition Date, the Debtor shall not be required to file the Plan, Disclosure Statement or motion to schedule the Confirmation Hearing and shall instead file a motion (the "Sale Motion") for an order approving the sale of the NSI Life Portfolio to the Purchaser (the "Sale Order") pursuant to section 363 of the Bankruptcy Code (the "363 Sale"); and

(viii) other necessary or required "first day" pleadings as determined by the Debtors in consultation with the Administrative Agent.

Representations and Warranties: Customary representations and warranties for DIP financings of this type, including, but not limited, to, corporate existence and good standing, authority to enter into the DIP Loan Documents, validity of the Interim Order and Final Order, governmental approvals, non-violation of other agreements, financial statements, litigation, compliance with environmental, pension and other laws, taxes, insurance, absence of Material Adverse Change (to be defined in the DIP Credit Agreement), absence of default or unmatured default, licenses, permits and regulatory approvals, and priority of the claims and liens of the Administrative Agent and Lenders.

Covenants: Customary covenants, including, but not limited to, provision of financial statements and other customary reporting consistent with that required under the Pre-Petition Secured Note, notices of litigation, defaults and unmatured defaults and other information (including all pleadings, motions and applications filed by the Borrower with the Bankruptcy Court or distributed to any creditors' committee), compliance with pension, environmental and other laws, inspection of properties, books and records, maintenance of insurance, limitations with respect to liens and encumbrances, dividends and retirement of capital stock, guaranties, compliance with borrowing base, asset dispositions, consolidations and mergers, investments, capital expenditures, loans and advances, indebtedness, operating leases, transactions with affiliates, and a prohibition on any payments with respect to pre-petition indebtedness (other than interest payable under the Pre-Petition Secured Note), and amendments to material agreements.

Events of Default: The occurrence of any of the following shall constitute an event of default under the DIP Credit Facility (each an "Event of Default", and collectively, the "Events of Default").

(a) default in payment of principal or interest on any Loan;

(b) default in payment of any fee or any other amount (other than a default in payment of principal or interest);

(c) any representation or warranty made or deemed made in or in connection with any DIP Loan Document or the Loans, or any representation, warranty, statement or information contained in any, certificate, or other document furnished in connection with or pursuant to any DIP Loan Document, shall prove to have been false

or misleading in any material respect when so made, deemed made or furnished;

(e) default shall be made in the observance or performance by the Borrower of any covenant, condition or agreement contained in any DIP Loan Document (including the failure to satisfy the milestones set forth below which shall be incorporated therein) and such default shall continue unremedied or shall not be waived beyond any applicable grace period;

(f) one or more judgments, orders or decrees for the payment of money in an aggregate amount in excess of $10,000,000 (exclusive of amounts covered by insurance for which coverage is not denied) shall be rendered against the Borrower and the same shall remain undischarged, unvacated or unbonded for a period of thirty (30) consecutive days during which execution shall not be effectively stayed, or any action shall be legally taken by a judgment creditor to levy upon properties of the Borrower to enforce any such judgment;

(g) any security interest or lien created by any DIP Loan Document shall cease to be in full force and effect, or shall cease to give the Administrative Agent and/or the Lenders, the liens, rights, powers and privileges created and granted under such DIP Loan Documents, the Interim Order or Final Order, or shall be asserted by the Borrower not to be, a valid, perfected, security interest in or lien on the Collateral covered thereby;

(h) any DIP Loan Document, the APA or any material provisions thereof shall at any time and for any reason be declared by a court of competent jurisdiction to be null and void, or a proceeding shall be commenced by the Borrower or any other person, or by any governmental authority, seeking to establish the invalidity or unenforceability thereof (exclusive of questions of interpretation of any provision thereof), or the Borrower shall repudiate or deny any portion of its liability or obligation for the payment of Obligations or the performance of its obligations under the APA;

(i) a termination of the APA shall have occurred; or

(j) the occurrence of any of the following in the Chapter 11 Case:

(i) the entry of an order or ruling (which has not been withdrawn, dismissed or reversed): (w) to obtain additional financing under section 364 of the Bankruptcy Code not otherwise permitted by the DIP Loan Documents, unless the

proceeds of such financing shall refinance and pay in full the Obligations and amounts outstanding under the Pre-Petition Secured Note (a "Permitted Refinancing") with the termination of all related lending commitments thereunder; (x) to grant any lien other than permitted liens upon or affecting any Collateral without the prior written consent of the Administrative Agent, unless the granting of such lien is simultaneous with a Permitted Refinancing; or (y) except as provided in the Interim Order or Final Order, to use cash collateral of the MIO Pre-Petition Lenders under section 363(c) of the Bankruptcy Code without the prior written consent of the MIO Pre-Petition Lenders;

(ii) (a) the filing by the Borrower or any of its affiliates, (b) the failure of the Borrower to oppose any filing by any third party or (c) the entry of an order with respect to the approval, of any reorganization plan or disclosure statement attendant thereto other than the Plan and Disclosure Statement, or any direct or indirect material amendment to the Plan or Disclosure Statement without the prior written consent of the Administrative Agent;

(iii) the entry of the Confirmation Order or an order in the Chapter 11 Case confirming the Plan that does not contain a provision for (a) the sale of the NSI Life Portfolio to Newco under the APA, (b) the termination of the Total Commitment and (c) the satisfaction of all Obligations as set forth herein;

(iv) if applicable, (a) the filing by the Borrower or any of its affiliates, (b) the failure of the Borrower to oppose any filing by a third party, or (c) the entry of an order with respect to the approval, of a motion to sell all or a portion of the NSI Life Portfolio pursuant to section 363 of the Bankruptcy Code or otherwise other than the Sale Motion, or any direct or indirect material revision or amendment to Sale Motion, proposed Sale Order or Sale Order, once entered, without the prior written consent of the Administrative Agent and Purchaser;

(v) if applicable, the entry of the Sale Order or an order in the Chapter 11 Case pursuant to section 363 of the Bankruptcy Code or otherwise that does not provide for the sale of the NSI Life Portfolio to Newco under the APA;

(vi) the entry of an order amending, supplementing, staying, vacating or otherwise modifying the DIP Loan Documents, the Interim Order or the Final Order (except with respect to ministerial changes) without the prior written consent of the Administrative Agent or the filing of a motion for

reconsideration with respect to the Interim Order or the Final Order;

(vii) the entry of an order allowing any claim or claims under section 506(c) of the Bankruptcy Code or otherwise against the Administrative Agent, the Lenders, the MIO Pre-Petition Lenders or any of the Collateral;

(viii) the appointment of an interim or permanent trustee in the Chapter 11 Case or the appointment of a receiver or an examiner in the Chapter 11 Case with expanded powers to operate or manage the financial affairs, the business, the reorganization of the Borrower (or the Borrower seeks or acquiesces in such relief);

(ix) the dismissal of the Chapter 11 Case, or the conversion of the Chapter 11 Case to a case under Chapter 7 of the Bankruptcy Code or the Borrower shall file a motion or other pleading seeking the dismissal or conversion of the Chapter 11 Case;

(x) other than pursuant to the Interim Order or the Final Order, the entry of an order by the Bankruptcy Court granting relief from, or modifying, the automatic stay under section 362 of the Bankruptcy Code (x) to allow any creditor to execute upon or enforce a lien on any Collateral, or (y) with respect to any lien on or the granting of any lien on any Collateral to any state or local environmental or regulatory agency or authority, which in either case would have a Material Adverse Effect (to be defined in the DIP Credit Agreement);

(xi) the entry of an order in the Chapter 11 Case avoiding or requiring disgorgement of any portion of the fees or other payments made on account of the Obligations or the other DIP Loan Documents;

(xii) the failure of the Borrower to perform any of its obligations under the Interim Order or the Final Order, which materially and adversely affects the interests of any or all of the Lenders, the Administrative Agent or the MIO Pre-Petition Lenders as reasonably determined by the affected party; or

(xi) except as otherwise provided by the Interim Order or Final Order, the entry of an order in the Chapter 11 Case granting any other superpriority administrative claim or lien junior, equal or superior to those granted to the Administrative Agent and/or Lenders or the MIO Pre-Petition Lenders.

Adequate Protection

for Pre-Petition Lenders	As adequate protection for any diminution in the value of the collateral securing the MIO Pre-Petition Liens or the NSI-NSSC Pre-Petition Liens resulting from the Borrower's use of their respective cash collateral, the liens granted to the Administrative Agent and Lenders in connection with the DIP Credit Facility, the filing of the Chapter 11 Case or otherwise, the Borrower shall (a) on account of all Pre-Petition Obligations, grant to the MIO Pre-Petition Lenders replacement liens (the "MIO Replacement Liens"), junior in priority only to the liens and security interests granted to the Administrative Agent and Lenders, on all of the collateral securing the MIO Pre-Petition Liens, which liens shall be senior in priority to the NSI-NSSC Replacement Liens, and (b) on account of all obligations arising prior to the Petition Date under the NSI-NSSC Loan Agreements, grant to the NSI-NSSC Pre-Petition Loan Parties replacement liens (the "NSI-NSSC Replacement Liens", and together with the MIO Replacement Liens, the "Replacement Liens") on all of the collateral securing the NSSC Pre-Petition Liens, which liens shall be junior in priority to the MIO Replacement Liens and all of the liens granted to the Administrative Agent and Lenders. As additional adequate protection, the Borrower shall (a) grant to the MIO Pre-Petition Lenders superpriority administrative claims, which administrative claims shall be junior in priority only to the administrative claims granted to the Administrative Agent and Lenders and senior in priority to the administrative claims granted to the NSI-NSSC Pre-Petition Loan Parties, and (b) grant to the NSI-NSSC Pre-Petition Loan Parties superpriority administrative claims, which shall be junior in priority to the administrative claims granted to the Administrative Agent and Lenders and the MIO Pre-Petition Lenders. As further adequate protection, the Borrower shall timely pay all pre-petition and post-petition reasonable fees and expenses of the professionals retained by the MIO Pre-Petition Lenders (including counsel).
506(c) Waiver:	Subject to entry of the Final Order, neither the Collateral nor any of the Administrative Agent, Lenders or MIO Pre-Petition Lenders shall be subject to surcharge, pursuant to sections 105, 506(c), or 552 of the Bankruptcy Code or otherwise, by the Borrower or any other party-in-interest without the prior written consent of the affected party. The "equities of the Chapter 11 Case" exception contained in section 552(b) of the Bankruptcy Code shall be deemed waived.
Credit Bidding:	The Lenders shall have the right, but not the obligation, to pay all or any portion of the purchase price for the NSI Life Portfolio as set

forth in the APA by "credit bidding" Obligations against the purchase price of the NSI Life Portfolio or any part thereof.

Conditions Precedent: The obligation of the Lenders to provide the DIP Credit Facility will be subject to customary conditions precedent, including, without limitation, the following:

(i) the Administrative Agent and Lenders shall have completed their legal, financial and other due diligence, with results satisfactory to the Administrative Agent and Lenders;

(ii) execution and delivery of the DIP Loan Documents in form and substance satisfactory to the Administrative Agent and the satisfaction of the conditions contained therein, including, but not limited to, the satisfaction of (a) in the event the Plan and Disclosure Statement have been filed, the milestones set forth in clauses (i) – (iv) below under "Consensual Plan" and (b) in the event the Sale Motion has been filed, the milestones set forth below in clauses (i) – (iv) below under "363 Sale / Cram down Plan", which, in either case, shall be incorporated in the DIP Loan Documents;

(iii) delivery by the Borrower to the Administrative Agent of the Budget, which shall be in form and substance satisfactory to the Administrative Agent;

(iv) the Administrative Agent shall have received, concurrently with the entry of the Interim DIP Order, all fees and expenses required to be paid in connection with the DIP Credit Facility;

(v) no Material Adverse Change (to be defined in the DIP Credit Agreement) shall have occurred;

(vi) the Administrative Agent shall be satisfied with the Borrower's cash management systems (including, without limitation, appropriate mechanics relating to collections);

(vii) Insurance satisfactory to the Administrative Agent; such insurance to include liability insurance for which the Lenders shall be named as additional insureds and property insurance for which the Lenders shall be named as loss payees;

(viii) there shall exist no claim, action, suit, investigation, litigation or proceeding, pending or threatened in any court

or before any arbitrator or governmental instrumentality which relates to the DIP Credit Facility, Loans, or DIP Loan Documents or which, in the sole opinion of the Administrative Agent, has any reasonable likelihood of having a Material Adverse Effect (to be defined in the DIP Credit Agreement);

(ix) the Administrative Agent shall have received and been reasonably satisfied with such financial and other information regarding the Borrower as the Administrative Agent may request; and

(x) such other conditions as may be required by the Administrative Agent in its reasonable discretion and which are customary in transactions of this nature.

Conditions to Subsequent Borrowings: The obligation of the Lenders to provide additional Loans after the initial funding will be subject to customary conditions including, without limitation, the following:

(i) the Bankruptcy Court shall have entered the Final Order, which shall be in form and substance satisfactory to the Administrative Agent;

(ii) all applicable material orders of the Bankruptcy Court in the Chapter 11 Case shall remain in full force and effect, in each case without reversal, stay, vacation, rescission, amendment or other modification;

(iii) no default or Event of Default under the DIP Credit Facility shall exist or shall result from the requested extension of credit; and

(iv) the representations and warranties of the Borrower in the DIP Loan Documentation shall be true and correct in all material respects at the date of each extension of credit (except to the extent that such representations and warranties expressly relate to an earlier date, in which case they shall be true and correct in all material respects as of such earlier date).

Expenses: All reasonable fees, including, without limitation, legal fees, costs and expenses, and all reasonable out of pocket expenses of the Administrative Agent and Lenders incurred in connection with this term sheet, the DIP Loan Documents, the DIP Credit Facility,

the Restructuring Term Sheet, amendments to the Pre-Petition Secured Note, the Chapter 11 Case, and the transactions contemplated hereby or thereby (collectively, "Fees and Expenses") shall be paid by the Borrower in full, in cash on the DIP Expiration Date.

Governing Law: The DIP Credit Facility and all other DIP Loan Documents shall be governed by the laws of the State of New York, except as governed by the Bankruptcy Code.

Milestone Dates[2]

Consensual Process Milestone Dates

Date	Action/Milestone
No later than January 24, 2011	New Stream Debtors shall commence solicitation of votes of creditors to accept or reject the Plan.
No later than February 22, 2011	New Stream Debtors shall conclude solicitation of votes of creditors to accept or reject the Plan.
No later than February 27, 2011	New Stream Debtors and Purchaser shall execute Asset Purchase Agreement.
No later than February 28, 2011	New Stream Debtors shall file with the Bankruptcy Court the required bankruptcy petitions and other pleadings, which, in each case, shall be in form and substance satisfactory to the DIP Lenders.
No later than March 3, 2011	Bankruptcy Court shall enter (i) an interim order approving the DIP Facility, (ii) orders approving the "first day" pleadings, and (iii) an order approving the expedited scheduling of the Confirmation Hearing not later than May 3, 2011, which, in each case, shall be in form and substance satisfactory to the DIP Lenders.

[2] Capitalized terms used in this Exhibit E to the Plan Support Agreement that are not otherwise defined in the Plan Support Agreement shall have the meanings ascribed to them in the Plan.

Date	Action/Milestone
No later than March 21, 2011	Bankruptcy Court shall enter a final order approving the DIP Facility, which shall be in form and substance satisfactory to the DIP Lenders.
No later than April 29, 2011	Bankruptcy Court shall hold the Confirmation Hearing and enter the Confirmation Order approving the Plan, which shall be in form and substance satisfactory to the DIP Lenders and the Purchaser.
No later than May 13, 2011	Closing of sale on Insurance Portfolio Sale to Purchaser pursuant to the terms of the Asset Purchase Agreement and Plan.
No later than May 13, 2011	Plan shall become effective (unless effective date has already occurred).

Cramdown Process Milestone Date.

Date	Action/Milestone
No later than January 24, 2011	New Stream Debtors shall commence solicitation of votes of creditors to accept or reject the Plan.
No later than February 22, 2011	New Stream Debtors shall conclude solicitation of votes of creditors to accept or reject the Plan.
No later than February 27, 2011	New Stream Debtors and Purchaser shall execute Asset Purchase Agreement.
No later than February 28, 2011	New Stream Debtors shall file with the Bankruptcy Court the required bankruptcy petitions and other pleadings, which, in each case, shall be in form and substance satisfactory to the DIP Lenders.

Date	Action/Milestone
No later than March 3, 2011	New Stream Debtors shall file a motion (the "Sale Motion") seeking an order from the Bankruptcy Court (the "Sale Order") approving the sale by NSI of the NSI Insurance Portfolio to the Purchaser pursuant to the terms of the Asset Purchase Agreement Sale Motion seeking entry of the Sale Order approving the 363 Sale, each in form and substance satisfactory to the Purchaser.
No later than March 3, 2011	Bankruptcy Court shall enter (i) an interim order approving the DIP Facility, and (ii) orders approving the "first day" pleadings, which, in each case, shall be in form and substance satisfactory to the DIP Lenders.
No later than March 24, 2011	Bankruptcy Court shall enter a final order approving the DIP Facility, which shall be in form and substance satisfactory to the DIP Lenders.
No later than April 4, 2011	Bankruptcy Court shall hold the hearing on Sale Motion to approve the 363 Sale and enter the Sale Order approving the 363 Sale, which shall be in form and substance satisfactory to the DIP Lenders and Purchaser.
No later than April 18, 2011	Closing of Insurance Portfolio Sale to Purchaser pursuant to the terms of the Asset Purchase Agreement and Sale Order.

In the event that (a) the Petition Date occurs after February 28, 2011 because such milestone date is extended as permitted by the Administrative Agent or (b) the Bankruptcy Court is unable or unwilling to schedule a hearing on the required date, the milestone dates set forth above shall be deemed automatically extended by an equal number of days (or such later date as would constitute the next business day) up to a maximum of seven (7) business days. The milestone dates may also be extended with the prior written consent of the Administrative Agent.

EXHIBIT 6

New Stream Secured Capital, Inc. and Subsidiaries
Proforma Financial Statements
(000's omitted)

Balance Sheet

	3/31/2011	12/31/2011	12/31/2012	12/31/2013
Cash	$ 100	$ 412	$ 263	$0
Investments	42,365	40,341	40,341	0
Total	$ 42,465	$ 40,753	$ 40,604	$0
Equity	$ 42,465	$ 40,753	$ 40,604	$0
Total	$ 42,465	$ 40,753	$ 40,604	$0

Statement of Operations - Years Ending

	2011	2012	2013
Income:			
Gain/(Loss) on sale of investments	(349)	-	-
Total	**(349)**	-	-
Expenses:			
Bankruptcy Related Costs:			
Plan Administrator fees	$ 15	$ 15	$ 15
Financial Advisor	75	60	50
Trustee fees	3	3	31
Total	93	78	96
Asset Wind-down Costs:			
General and administrative expenses	12	12	12
Accounting Services	24	24	24
Tax Preparation	35	35	35
Total	71	71	71
Net income (loss)	(512)	(149)	(167)

Note: Reflects only the expenses attributable to the USC Wind Down Assets.

EXHIBIT 7

New Stream Secured Capital, L.P.
Liquidation Analysis
(000's omitted)

Description	Book Value as of November 30, 2010	Liquidation Analysis	Notes
Cash & cash equivalents (including restricted cash)	$ 10,803	$ 7,833	A
Investments	232,701	66,000	B
Prepaid Expenses	2,000	1,000	C
Related Party Receivables	7,439		D
Total Assets / Recovery	**$ 252,942**	**$ 74,833**	
Proceeds available for distribution to Chapter 7 Administrative Claims		**$ 74,833**	
Trustee fees		2,033	E
Trustee Counsel and Other Professional Fees		1,850	F
Wind-down costs		7,000	G
Proceeds available for Secured Claims		**$ 63,950**	
Total Secured Claims Recovery		**$ 63,950**	
Gross Secured Claims	**$ 344,985**	**$ 63,950**	H
Recovery		***18.5%***	
Proceeds available for Administrative Claims and Priority Claims		**$ -**	
Administrative Claims and Priority Claims	**$ 0**	**$ 0**	
Recovery		***0.0%***	
Proceeds Available for Unsecured Claims		**$ (0)**	
General Unsecured Claims:			
Accounts Payable & Accrued Expenses	$ 377	-	I
Cayman/US Debt	$ 302,543	-	I
Total Unsecured Claims	**$ 302,920**	**$ -**	
Recovery		***0.0%***	
Total Proceeds (Deficiency) after Unsecured Claims		**$ (0)**	
Total Proceeds Available for Equity		**$ (0)**	

Notes to Liquidation Analysis:

A Cash: Projected cash balance as of January 31, 2011 (petition date).

B Investments: Represents investments in the portfolio that would be sold within a six month time period. The assets consist of real estate holdings, commercial loans or other private equity investments. Insurance investments are held by the portfolio company New Stream Insurance, LLC and these assets are fully secured by the debt of that entity.

C Prepaid Expenses: Represents professional fee retainers. The recovery value represents remaining balance after all pre-petition fees have been applied.

D Related Party Receivables: Consist primarily of receivables from New Stream Insurance, LLC and are not recoverable.

E Trustee Fees: Include fees payable to the Trustee by the Debtor in accordance with section 326 of the Bankrutcy Code. Trustee fees are estimated to be 3% of the total asset recovery value, exlcluding Cash and the value of New Stream Insurance, LLC.

F Trustee Counsel and Other Professional Fees. This includes fees and expenses incurred by the Trustee's legal and professional counsel associated with the wind-down of the Debtor's estate.

G Wind-down Costs. Includes estimated expenses that would be incurred during the Wind-down period, including wages and benefits for employed personnel, general overhead costs (e.g., including rent and administrative expenses); as well as asset specific fees and expenses relating to the liquidation of the assets such as auction and liquidator fees, related transaction expenses, property taxes and maintenance expenses.

H Secured Claims: Represents amounts due Bermuda Lenders.

I General Unsecured Claims: Represents unsecured claims, including Trade and amounts due US-Cayman Investors.

J Note: Does not include recoveries resulting from preference claims, fraudulent conveyance litigation, or other avoidance actions.

New Stream Capital, LLC
Liquidation Analysis
(000's omitted)

Description	Book Value as of November 30, 2010	Liquidation Analysis	Notes
Cash & cash equivalents (including restricted cash)	$ 1,070	$ 1,070	A
Investments	106	106	B
Prepaid Expenses	1,162	105	C
Related Party Receivables	432	269	D
Fixed Assets and Leasehold Improvements	83	12	E
Total Assets / Recovery	**$ 2,852**	**$ 1,562**	
Proceeds available for distribution to Chapter 7 Administrative Claims		**$ 1,562**	
Trustee fees		28	F
Trustee Counsel and Other Professional Fees		225	G
Wind-down costs		365	H
Proceeds available for Secured Claims		**$ 944**	
Total Secured Claims Recovery			
Gross Secured Claims		**$ -**	
Recovery		***0.0%***	
Proceeds available for Administrative Claims and Priority Claims		**$ 944**	
Administrative Claims and Priority Claims	**$ 3**	**$ 3**	I
Recovery		***100.0%***	
Proceeds Available for Unsecured Claims		**$ 941**	
General Unsecured Claims:			
GP Liability for Unresolved Debts of Limited Partnership	$ 629,887	$ 938	J
Accounts Payable & Accrued Expenses	150	0	K
Due Related Parties	2,000	3	K
Total Unsecured Claims	**$ 632,037**	**$ 941**	
Recovery		***0.1%***	
Total Proceeds (Deficiency) after Unsecured Claims		**$ -**	
Total Proceeds Available for Members Equity		**$ -**	

Notes to Liquidation Analysis:

A Cash: Represents cash balance adjusted for significant transactions that would occur before an anticpated petition date of January 31, 2011.

B Investments: This represents investments in New Stream Capital Services, LLC and Silver Spring Securities, LLC, which are wholly-owned non-debtor subsidiaries.

C Prepaid Expenses: Represents the unexpired and refundable portion of insurance. The amount representing security deposits are anticipated to be consumed in the ordinary course.

D Related Party Receivables: Consist primarily of receivables from affiliated entities.

E Fixed Assets and Leasehold Improvements: Represents the value of fixed assets (office furniture and equipment). Leasehold improvements with a net book value of $83 is assumed to have no value in liquidation.

F Trustee Fees: Represents fees payable to the Trustee by the Debtor in accordance with section 326 of the Bankruptcy Code. Trustee fees are estimated to be 4.4% of the total asset recovery value, excluding Cash.

G Trustee Counsel and Other Professional Fees: This includes fees and expenses incurred by the Trustee's legal and professional counsel associated with the wind-down of the Debtor's estate.

H Wind-down Costs: This includes estimated expenses that would be incurred during the Wind-down period, including wages and benefits for employed personnel, general overhead costs (e.g., including rent and administrative expenses).

I Administrative and Priority Claims: The amount represents payroll related withholdings.

J As the sole General Partner of New Stream Secured Capital LP, New Stream Capital, LLC is liable for any liabilities of that partnership that are not satisfied from the assets of the partnership. This amount represents the estimated liabilities of the partnership that would not be satisfied from its assets in the event of a liquidation.

K Represents trade payables and amounts due related parties for advances from New Stream Secured Capital, L.P. to pay expenses of managing the funds operations and are projected to reflect balances to the anticipated petition date of January 31, 2011.

L Note: Does not include recoveries resulting from preference claims, fraudulent conveyance litigation, or other avoidance actions.

New Stream Insurance, LLC
Liquidation Analysis
(000's omitted)

Description	Book Value as of November 30, 2010	Liquidation Analysis	Notes
Cash & cash equivalents (including restricted cash)	$ 13,760	$ 1,161	A
Accounts Receivable	17,888	17,888	B
Northstar Financial Services Ltd.	40,341	2,000	C
Life Settlement Contracts & Insurance Loans	128,924	58,250	D
Total Assets / Recovery	**$ 200,913**	**$ 79,299**	
Proceeds available for distribution to Chapter 7 Administrative Claims		**$ 79,299**	
Trustee fees		2,367	E
Trustee Counsel and Other Professional Fees		950	F
Wind-down costs		820	G
Proceeds available for Secured Claims		**$ 75,162**	
Total Secured Claims Recovery:			
Senior Secured Claim	$ 40,000	**$ 40,000**	H
Recovery		***100%***	
Proceeds Available for Bermuda C, F and I Claims		**$ 35,162**	
Bermuda C, F and I Claims	$ 81,470	**$ 35,162**	I
Recovery		***43.2%***	
Proceeds available for Administrative Claims and Priority Claims		**$ -**	
Administrative Claims and Priority Claims		**$ -**	
Recovery		***0.0%***	
Proceeds Available for Unsecured Claims		**$ -**	
General Unsecured Claims			
Accounts Payable & Accrued Expenses	$ 76	-	
Due Related Parties	5,432	-	
Total Unsecured Claims	**$ 5,509**	**$ -**	J
Recovery		***0.0%***	
Total Proceeds (Deficiency) after Unsecured Claims		**$ -**	
Total Proceeds Available for Members Equity		**$ -**	

Notes to Liquidation Analysis:

A Cash: Represents cash balance adjusted for transactions that would occur before projected petition date of January 31, 2011.

B Accounts receivable: Represents the proceeds of a death benefit and is expected to be recoverable in full.

C Northstar Financial Services Ltd. Preferred Stock: Management estimates that the recovery of this investment would be approximatley $2,000 if sold at auction or on an expedited basis within 60 days of the petition date.

D Life settlement contracts & insurance loans: Net recovery value in a Chapter 7 liquidation for remaining portfolio is estimated to be $58.2M (Gross value of $68.8M less two months of premiums payments and commission of $9.1M and $1.5M , respectively).

E Trustee Fees: Represents fees payable to the Trustee by the Debtor in accordance with section 326 of the Bankruptcy Code. Trustee fees are estimated to be 3% of the total asset recovery value, excluding Cash.

F Trustee Counsel and Other Professional Fees: This includes fees and expenses incurred by the Trustee's legal and professional counsel associated with the wind-down of the Debtor's estate.

G Wind-down Costs: This includes estimated expenses that would be incurred during the Wind-down period, including wages and benefits for employed personnel, general overhead costs (e.g., including rent and administrative expenses).

H **Senior Secured Claims:** This amount represents would be payable in the event of a Chapter 7 liquidation and includes all amount due including amounts payable from death benefits, interest and fees.

I **Bermuda C, F and I Class:** Consists of all Claims, liens, rights and interests, including, without limitation, all accrued but unpaid interest thereon and any claims arising under section 507(b) of the Bankruptcy Code of any nature held by the Bermuda Fund on behalf of Segregated Account Class C, Segregated Account Class F and Segregated Account Class I.

J General Unsecured Claims: Represents trade payables and amounts due related parties for advances from New Stream Secured Capital, L.P.

K Note: Does not include recoveries resulting from preference claims, fraudulent conveyance litigation, or other avoidance actions.

New Stream Secured Capital, Inc.
Liquidation Analysis
(000's omitted)

Description	Book Value as of November 30, 2010	Liquidation Analysis	Notes
Cash & cash equivalents (including restricted cash)	$ 2	$ -	A
Total Assets / Recovery	**$ 2**	**$ -**	
Proceeds available for distribution to Chapter 7 Administrative Claims		**$ -**	
Trustee fees			
Trustee Counsel and Other Professional Fees			
Wind-down costs			
Proceeds available for Secured Claims		**$ -**	
Total Secured Claims Recovery		**$ -**	
Gross Secured Claims			
Recovery			***0.0%***
Proceeds available for Administrative Claims and Priority Claims		**$ -**	
Administrative Claims and Priority Claims	**$ 6**	**$ -**	
Recovery			***0.0%***
Proceeds Available for General Unsecured Claims		**$ -**	
General Unsecured Claims			
Accounts payable and accrued expenses			-
Related Party Payables	$ 6		-
Total General Unsecured Claims	**$ 6**	**$ -**	
Recovery			***0.0%***
Total Proceeds (Deficiency) after General Unsecured Claims		**$ -**	
Total Proceeds Available for Equity		**$ -**	

A Note: It is assumed that New Stream Capital, Inc. is administratively insolvent.

B Note: Does not include recoveries resulting from preference claims, fraudulent conveyance litigation, or other avoidance actions.

EXHIBIT 8

EXHIBIT 8
VALUATIONS

LOAN NAME	TYPE	2009 Audit Fair Value	Nov 30 2011 Fair Value
NORTHSTAR (common)	Insurance	$40,341,187	$40,341,187
COHEN, JAYSON (1)	Commercial	$598,987	$598,986
VAN LEEUWEN	Real Estate	$375,000	$375,000
BEATIE & OSBORN	Commercial	$404,235	$374,926
M. BERNSTEIN (2)	Commercial	$207,500	$207,500
THE KELLY GROUP (1)	Commercial	$144,942	$144,941
CHRIS A. PAYNE	Commercial	$129,938	$130,016
HARTFORD/HABANA	Real Estate	$100,163	$100,163
ERWIN & BALINGIT (2)	Commercial	$95,772	$95,772
ERWIN & BALINGIT (1)	Commercial	$39,651	$39,650
THE KELLY GROUP (2)	Commercial	$29,350	$29,350
G. SMITH	Commercial	$26,965	$26,988
ELIC ANBAR (4)	Commercial	$650	$650
CALIFOR PRIVATE	Commercial	$766,249	$0
M. BERNSTEIN (3)	Commercial	$352,750	$0
ELIC ANBAR (1)	Commercial	$207,783	$0
CRAMPTON	Commercial	$37,337	$0
C. SNYDER	Commercial	$19,910	$0
GR SOLUTIONS	Commercial	$1	$0
ELIC ANBAR (2)	Commercial	$0	$0
ELIC ANBAR (3)	Commercial	$0	$0
FRED DAVID JAMES	Real Estate	$0	$0
HOSPITALITY ASSO	Real Estate	$0	$0
M. BERNSTEIN (1)	Commercial	$0	$0
P. RIVERA (2)	Commercial	$0	$0
RD LEGAL FUNDING	Commercial	$0	$0
W. D. WOODS	Commercial	$0	$0
Total		$43,878,369	$42,465,129