



B #:	0070-14
Date:	01/08/2014
To:	All Participants
Category:	Underwriting
From:	Jeanne Mauro, underwriting department
Attention:	Managing Partner/Officer; Cashier, Operations, Data Processing, and Underwriting Managers
Subject:	Section 3(c)(7) restrictions for owners of the 63,000,000 Series 2014-1 Participating Notes due April 21, 2017 of Eden Re Ltd., acting on behalf of and for the benefit of the Series 2014-1 Segregated Account

- (A) CUSIP Number(s): 279541 AA4
- (B) Security Description: \$63,000,000 Series 2014-1 Participating Notes due April 21, 2017 of Eden Re Ltd., acting on behalf of and for the benefit of the Series 2014-1 Segregated Account
- (C) Offer Amount: \$63,000,000
- (D) Managing Underwriter: Willis Securities Inc.
- (E) Paying Agent: Citibank, N.A., London Branch
- (F) Closing Date: January 3, 2014

Special Instructions:

Refer to the attachments for important instructions from the Issuer.

Eden Re Ltd., acting on behalf of and for the benefit of the Series 2014-1 Segregated

CUSIP No. 279541 AA4

The Issuer is putting Participants on notice that they are required to follow these purchases and transfer restrictions with regard to the above referenced Securities.

1. The purchaser is purchasing the Series 2014-1 Notes for its own account or for a beneficial owner for which such person is acting as fiduciary or agent with complete investment discretion and with authority to bind such other person (the purchaser, and each such beneficial owner, collectively, the “Purchaser”), and not with a view to any public resale or distribution thereof.

2. The Purchaser understands and acknowledges that the Series 2014-1 Notes have not been registered under the United States Securities Act of 1933, as amended (the “Securities Act”) or any other applicable securities law, and may not be offered, sold or otherwise transferred except pursuant to an exemption from registration. Notwithstanding the availability of an exemption from the registration requirements under the Securities Act, the Series 2014-1 Notes may not be resold or transferred except to a “qualified institutional buyer” (“Qualified Institutional Buyer”) (within the meaning of Rule 144A under the Securities Act) pursuant to Rule 144A that, in the case of a Purchaser that is a U.S. Person (as defined in Rule 902(k) under the Securities Act), is also a “qualified purchaser” (“Qualified Purchaser”) (as defined in Section 2(a)(51) of the United States Investment Company Act of 1940, as amended, and the rules and regulations thereunder (the “Investment Company Act”) in reliance on the exception from the registration thereunder provided by Section 3(c)(7) and is a resident of, and purchasing in, a Permitted U.S. Jurisdiction or a Permitted Non-U.S. Jurisdiction.

3. The Purchaser is (i) a Qualified Institutional Buyer and, (ii) if a U.S. Person, a Qualified Purchaser and (iii) the Purchaser is a resident of, and purchasing in, and will hold the Series 2014-1 Notes in, a Permitted U.S. Jurisdiction or a Permitted Non-U.S. Jurisdiction, and is aware (and any other person for whom such Purchaser is purchasing is aware) that any sale of the Series 2014-1 Notes to it will be made in reliance on Rule 144A and, if a U.S. Person, the exception from registration provided in Section 3(c)(7) of the Investment Company Act and such acquisition will be for its own account or for the account of another Qualified Institutional Buyer and Qualified Purchaser (if a U.S. Person) who is also aware that the sale to it is being made in reliance on Rule 144A and, if a U.S. Person, the exception from registration provided in Section 3(c)(7) of the Investment Company Act.

4. The Purchaser (if a U.S. Person) is not a broker-dealer which owns and invests on a discretionary basis less than \$25,000,000 in securities of issuers unaffiliated with such broker-dealer.

5. The Purchaser (if a U.S. Person) is not a participant-directed employee plan, such as a 401(k) plan, or a trust holding the assets of such plan, unless the investment decisions with respect to such plan are made solely by the fiduciary, trustee or sponsor of such plan.
6. The Purchaser and each account for which it is purchasing or otherwise acquiring the Series 2014-1 Notes (or beneficial interests therein), will purchase, hold or transfer at least \$250,000 of the Series 2014-1 Notes (or beneficial interests therein).
7. The Purchaser (if a U.S. Person) was not formed, reformed or recapitalized for the specific purpose of investing in the Series 2014-1 Notes and/or other securities of the Issuer (unless all of the beneficial owners of such entity's securities are both Qualified Institutional Buyers and Qualified Purchasers).
8. If the Purchaser is an investment company excepted from the Investment Company Act pursuant to Section 3(c)(1) or Section 3(c)(7) thereof (or a foreign investment company under Section 7(d) thereof relying on Section 3(c)(1) or 3(c)(7) with respect to its holders that are U.S. Persons) and was formed on or before April 30, 1996, it has received the consent of its beneficial owners who acquired their interests on or before April 30, 1996, with respect to its treatment as a Qualified Purchaser in the manner required by Section 2(a)(51)(C) of the Investment Company Act and the rules promulgated thereunder.
9. The Purchaser (if a U.S. Person) is not a partnership, common trust fund, corporation, special trust, pension fund or retirement plan, or other entity, in which the partners, beneficiaries, beneficial owners, participants, shareholders or other equity owners, as the case may be, may designate the particular investment to be made, or the allocation thereof, unless all such partners, beneficiaries, beneficial owners, participants, shareholders or other equity owners are both Qualified Institutional Buyers and Qualified Purchasers.
10. The Purchaser (if a U.S. Person) has not invested more than 40% of its assets in the Series 2014-1 Notes (or beneficial interests therein) and/or other securities of the Issuer after giving effect to the purchase of the Series 2014-1 Notes (or beneficial interests therein) (unless all of the beneficial owners of such entity's securities are both Qualified Institutional Buyers and Qualified Purchasers).
11. The Purchaser (if a U.S. Person) shall agree that the Issuer shall be entitled to require any holder of the Series 2014-1 Notes (or a beneficial interest therein) that is determined not to have been both a Qualified Institutional Buyer and a Qualified Purchaser (and to have met the other requirements set forth in paragraphs 1 through 14 herein) at the time of acquisition of such Series 2014-1 Notes (or such beneficial interest) to sell such Series 2014-1 Notes (or such beneficial interest) in accordance with the provisions described below.

12. The Purchaser understands that the Issuer may receive a list of the participants from DTC or any other depository holding beneficial interests in the Series 2014-1 Notes.
13. The Purchaser and each person for which it is acting understands that any sale or transfer to a person that does not comply with the requirements set forth in paragraphs 1 through 14 herein relating to the requirements for Qualified Purchasers and Qualified Institutional Buyers will be considered to be void and of no effect.
14. The Purchaser will provide notice of these transfer restrictions to any subsequent transferees and shall agree not to act as a swap counterparty or other type of intermediary whereby any other party will acquire an economic or beneficial interest in the Series 2014-1 Notes acquired or reoffer, resell, pledge or otherwise transfer the Series 2014-1 Notes (or any beneficial interests therein), to any person except to a person that (x) meets all of the requirements in paragraphs 1 through this paragraph 14 and (y) shall agree not to subsequently transfer the Series 2014-1 Notes or any beneficial interest therein except in accordance with these transfer restrictions.
15. The Purchaser shall acknowledge that the Issuer and the Indenture Trustee may require a holder of the Series 2014-1 Notes (or any owner of a beneficial interest therein) to provide them with an opinion of counsel addressed to and satisfactory to each of them to the effect that such reoffer, resale, exchange, pledge or other transfer will not require the Issuer to register as an investment company under the Investment Company Act.
16. The Purchaser shall acknowledge that if any person acquiring a Series 2014-1 Note (or a beneficial interest therein) is not a Qualified Institutional Buyer and, in the case of a U.S. person, a Qualified Purchaser at the time of acquisition thereof, such acquisition will be regarded as null and void and of no effect. The Purchaser shall further acknowledge that any person who holds any interest in the Series 2014-1 Notes, who is not a Permitted U.S. Investor or Permitted Non-U.S. Investor, or was not a Qualified Institutional Buyer and, if a U.S. person, also a Qualified Purchaser at the time of the acquisition of an interest in the Series 2014-1 Notes, may be forced to transfer or sell such interest to a person who meets the requirements set forth herein within thirty (30) calendar days after notice of the sale requirement is given. The Purchaser shall further acknowledge that if such holder (or beneficial owner) fails to effect the sale within such thirty (30) calendar day period, the Issuer has the right to sell the Series 2014-1 Notes (or such beneficial interest) to a Purchaser selected by the Issuer who meets the requirements set forth herein on such terms as the Issuer may choose as provided in the Indenture. The Purchaser shall acknowledge that the Issuer may select the Purchaser by soliciting one or more bids from one or more brokers or other market professionals that regularly deal in securities similar to the Series 2014-1 Notes, and selling the Series 2014-1 Notes to the highest such bidder. The

Purchaser shall further acknowledge that the Issuer may select a Purchaser by any other means determined by it in its sole discretion.

17. The Purchaser (and any subsequent Purchaser or transferee) understands that the Series 2014-1 Notes will bear a legend which restrict the transfer of such Series 2014-1 Notes, substantially to the effect set forth in the Indenture.

18. The Purchaser has had access to such financial and other information concerning the Issuer and the Series 2014-1 Notes as it has deemed necessary in connection with its decision to purchase the Series 2014-1 Notes. The Purchaser (i) has been given the opportunity to ask questions of and receive answers from the Issuer concerning the terms and conditions of the offering of the Series 2014-1 Notes and other matters pertaining to an investment in the Series 2014-1 Notes, (ii) has been given the opportunity to request and review such additional information necessary to evaluate the merits and risks of a purchase of the Series 2014-1 Notes and to verify the accuracy of or to supplement the information contained in the Offering Circular to the extent the Issuer possesses such information and (iii) has received all documents and information reasonably necessary to make an investment decision, subject to contractual restrictions on the Issuer's ability to disclose confidential information. The Purchaser understands the terms, conditions and risks of the Series 2014-1 Notes and that the Series 2014-1 Notes involve a high degree of risk as described in the Offering Circular, including possible loss of the Purchaser's entire investment. The Purchaser has not relied upon any advice or recommendation of (i) the Issuer, (ii) Willis Securities Inc., as initial purchaser (the "Initial Purchaser") of the Series 2014-1 Notes, (iii) Münchener Rückversicherungs-Gesellschaft Aktiengesellschaft in München, as ceding reinsurer (the "Ceding Reinsurer") under the Retrocession Agreement between the Issuer and the Ceding Reinsurer (the "Retrocession Agreement"), or (iv) any of their affiliates, and is making its own investment decision based upon its own judgment and upon the advice of such professional advisors, either employed or independently retained by the Purchaser, as it has deemed necessary to consult. It has not relied on any other version of the Offering Circular other than the final version thereof in making its investment decision with respect to the Series 2014-1 Notes. The Purchaser shall acknowledge that no person has been authorized to give any information or to make any representations concerning the Issuer or the Series 2014-1 Notes other than those contained in the Offering Circular and, if given or made, such other information or representations have not been relied upon. The Purchaser shall acknowledge that it has reviewed the Offering Circular, including the "Risk Factors" and the legends in the forward part of the Offering Circular. The Purchaser has determined that it has the legal power, authority and right to purchase the Series 2014-1 Notes. The Purchaser understands that there is no assurance that a secondary market for the Series 2014-1 Notes will develop, the fair market value of the Series 2014-1 Notes may reflect a substantial discount from the Purchaser's initial investment and substantial volatility in light of certain events under the Retrocession Agreement, and that the Series 2014-1 Notes may

trade at a value other than that which may be inferred from the current levels of interest rates, due to other factors.

19. The Purchaser (A) is not (i) an “employee benefit plan” (as defined in Section 3(3) of the U.S. Employee Retirement Income Security Act of 1974, as amended (“ERISA”)) that is subject to the fiduciary responsibility provisions of ERISA, (ii) a “plan” (as defined in Section 4975(e)(1) of the U.S. Internal Revenue Code of 1986, as amended (“Code”)) that is subject to Section 4975 of the Code, (iii) an entity whose underlying assets include “plan assets” by reason of any such employee benefit plan or plan’s investment in the entity (each of (i), (ii) and (iii), a “Plan”), or (iv) a plan that is subject to any federal, state, local or non-U.S. law or regulation that is substantially similar to the provisions of Section 406 of ERISA or Section 4975 of the Code (each, a “Similar Plan”) and is not purchasing an interest in the Series 2014-1 Notes on behalf of, or with “plan assets” of, any such Plan or Similar Plan; or (B) is, or is purchasing an interest in the Series 2014-1 Notes on behalf of or with “plan assets” of, such a Plan or Similar Plan and its acquisition, holding and subsequent disposition of such interest in the Series 2014-1 Notes does not constitute and will not result in a non-exempt prohibited transaction under Section 406 of ERISA or Section 4975 of the Code due to the applicability of one or more statutory or administrative prohibited transaction exemptions (or in the case of any such Similar Law, such acquisition, holding and subsequent disposition does not constitute and will not result in a violation or any law or regulation applicable to such Similar Plan). In addition, each Plan Purchaser shall acknowledge that, by purchasing the Series 2014-1 Notes, it will be deemed to have (i) directed that the applicable assets of the Issuer be invested in the Permitted Investments in accordance with the procedures set forth in the Indenture and (ii) directed the Issuer to enter into the Indenture and the Retrocession Agreement.

20. The Purchaser shall covenant and agree that it shall not exchange, transfer, assign, pledge or otherwise dispose of the Series 2014-1 Notes or any portion thereof to any “benefit plan investor”. The Purchaser shall also covenant and agree that it shall not take any action that, while the Purchaser owns a Series 2014-1 Note, would cause the Purchaser to become “benefit plan investor”.

21. The Purchaser shall agree, for U.S. federal income tax purposes, to treat the Series 2014-1 Notes as evidencing equity interests in the Issuer and will take no action inconsistent with such treatment.

22. The Purchaser understands that the Issuer may require the Purchaser to provide certification or information acceptable to the Issuer which is necessary for the Issuer (i) to prevent withholding or qualify for a reduced rate of withholding or backup withholding in any jurisdiction from or through which the Issuer receives Premium Payments (as defined under the Retrocession Agreement) or payments on its assets, (ii) to make payments of principal on the Series 2014-1 Notes without, or at a reduced rate of, withholding or backup withholding in any jurisdiction, or (iii) to enable the Issuer or its agents to satisfy reporting and other

obligations under the Code and Treasury Regulations, and to update or replace such form or certification in accordance with its terms or its subsequent amendments. The Purchaser shall agree to provide any such certification or information that is requested by the Issuer. If a Purchaser fails to provide any such certification or information that is requested by the Issuer or if a Purchaser's ownership of the Series 2014-1 Notes would cause the Issuer to be subject to withholding tax, the Issuer is authorized to withhold amounts otherwise distributable to such Purchaser or to compel such Purchaser to sell its Series 2014-1 Notes (and all interests therein) to a transferee designated by the Issuer meeting the requirements set forth herein, and, if such Purchaser does not sell its Series 2014-1 Notes within 10 Business Days after notice from the Issuer (or an agent of the Issuer), the Issuer is authorized to sell such Series 2014-1 Notes on behalf of such Purchaser.

23. With respect to any period after December 31, 2013 during which the Purchaser owns more than 50% of the Series 2014-1 Notes (by number or value), or is otherwise treated as a member of the Issuer's "expanded affiliated group" (as defined in Treasury regulations section 1.1471-5(i)), the Purchaser shall covenant that any member of such expanded affiliated group (other than the Issuer) that is treated as a "foreign financial institution" within the meaning of Section 1471(d)(4) of Code and any Treasury regulations promulgated thereunder will be either a "participating FFI" or a "registered deemed-compliant FFI" within the meaning of Treasury regulations section 1.1471-4(e), and the Purchaser will cooperate with the Issuer to allow the Issuer to submit any required registration form or other document to the IRS so that the Issuer may qualify as a participating FFI.

24. The Purchaser shall agree, prior to the sale by such Purchaser of any Series 2014-1 Notes, to inform any prospective purchaser of the availability of any Available Information (as defined in the Indenture) provided by the Issuer on any password protected website and, if applicable, to provide such prospective purchaser the opportunity to access such Available Information; provided, that any such prospective purchaser is a permitted transferee.

25. The Purchaser shall agree that, notwithstanding anything to the contrary, all obligations of and any claims against the Issuer under the Indenture shall be extinguished and shall not thereafter revive in the event that, at any time, all of the Collateral (as defined under the Indenture) is exhausted (and there are no further claims that may be asserted by the Issuer with respect to contractual obligations of third parties to the Issuer arising from contracts entered into in connection with the Series 2014-1 Notes). The Purchaser shall further agree, by purchasing Series 2014-1 Notes or Beneficial Interests therein, that no claim may be brought against Eden Re or the Issuer, its directors, officers, employees, agent, administrators or shareholders for any shortfall in the Collateral. The Purchaser shall agree that it shall only have recourse to the Collateral for satisfaction of the Issuer's obligations under the Indenture. The proceeds of issuance of Eden Re's share

capital (\$1.00) and any proceeds earned thereon shall not form part of the assets available to satisfy the Issuer's obligations.

26. The Purchaser shall acknowledge that Eden Re is a segregated accounts company under the SAC Act and shall agree that its rights and obligations under the Indenture are subject to the provisions of the SAC Act. The Purchaser shall further acknowledge and recognize the applicability, validity and enforceability of the SAC Act and the terms contained therein and in particular that the Issuer's liability and obligations under the Indenture are limited to the assets linked to the Issuer. Notwithstanding anything to the contrary contained herein, the Purchaser shall agree and acknowledge that there shall only be recourse to the assets linked to the Issuer and that (except where all relevant parties, including Eden Re and the Issuer, may expressly agree otherwise, and in accordance with the provisions of Section 17A of the SAC Act) in the event of the exhaustion of the assets linked to the Issuer, there shall be no recourse by any party to the assets which are linked to any other segregated account (as that term is defined in the SAC Act) established by Eden Re or to the general account of Eden Re and that there is no obligation whatsoever for Eden Re to use any of its property or assets, other than the assets linked to the Issuer, to satisfy any claim in the event of the exhaustion of the assets linked to the Issuer.

27. The Purchaser shall covenant and agree that it will not at any time commence against Eden Re or the Issuer, or join with any securityholder in the commencement of, any bankruptcy, reorganization, insolvency, receivership, examinership or liquidation proceedings, or other similar proceedings (including under Part IV A of the Bermuda Conveyancing Act 1983) with respect to Eden Re or the Issuer under any federal, state or foreign law until the expiration of one year (or, if longer, the applicable preference period or transaction avoidance period then in effect, including any period established pursuant to the laws of Bermuda or under any applicable bankruptcy or similar law) and one day from the day when (a) no Series 2014-1 Notes are outstanding and (b) the Retrocession Agreement has been terminated in accordance with its terms.

Each purchaser of the above referenced Series 2014-1 Notes is responsible for determining for itself whether it has the legal power, authority and right to purchase such securities or whether such purchase would subject it to the jurisdiction of any insurance or other regulatory authority. Neither the Issuer nor any other person involved in the original offering of the securities expresses any view as to an investor's legal power, authority or right to purchase such securities or whether such purchase would subject it to the jurisdiction of any insurance or other regulatory authority. Purchasers are urged to consult their own legal advisors as to such matters.