

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. PART II OF THIS DOCUMENT COMPRISES AN EXPLANATORY STATEMENT IN COMPLIANCE WITH ARTICLE 126 OF THE COMPANIES (JERSEY) LAW 1991. If you are in any doubt as to what action you should take, you are recommended to seek your own personal financial advice immediately from your stockbroker, bank manager, solicitor, accountant or other independent financial adviser authorised under the Financial Services and Markets Act 2000 if you are resident in the United Kingdom or, if not, from another appropriately authorised independent financial adviser.

If you have sold or otherwise transferred all of your Ordinary Shares, please forward this document, together with the accompanying documents (including the Forms of Proxy), at once to the purchaser or transferee, or to the bank, stockbroker or other agent through whom the sale or transfer was effected for delivery to the purchaser or transferee.

However, these documents should not be forwarded or transmitted in or into any jurisdiction in which such act would constitute a violation of the relevant laws of such jurisdiction. If you have sold or transferred only part of your holding of Ordinary Shares, you should retain these documents and consult the bank, stockbroker or other agent through whom the sale or transfer was effected.

The distribution of this document in certain jurisdictions other than the United Kingdom and Jersey may be restricted by law. Accordingly, neither this document nor any advertisement may be distributed or published in any jurisdiction, except under circumstances that will result in compliance with any applicable laws and regulations. Persons into whose possession this document comes should inform themselves about and observe any such restrictions. Any failure to comply with these restrictions may constitute a violation of the securities laws of any such jurisdiction. **This document does not constitute an invitation or offer to sell or exchange, or the solicitation of an invitation or offer to buy or exchange, any security or to become a member of Beazley or New Beazley. None of the securities referred to in this document shall be sold, issued, exchanged or transferred in any jurisdiction in contravention of applicable law.**

BEAZLEY PLC

(Incorporated in Jersey under the Companies (Jersey) Law 1991 with registered number 102680)

Recommended proposals for:

(i) the introduction of a new England and Wales incorporated and United Kingdom tax resident parent company by means of a scheme of arrangement under article 125 of the Companies (Jersey) Law 1991; and

(ii) the New Beazley Reduction of Capital;

and

Notices of Jersey Court Meeting and Scheme General Meeting

Shareholders should read the whole of this document.

Your attention is drawn to the letter from the Chairman of Beazley in Part I of this document, which contains the unanimous recommendation of your Board that you vote in favour of the Scheme at both the Jersey Court Meeting and the Scheme General Meeting and in favour of the other Proposals at the Scheme General Meeting. A letter from Numis Securities Limited (“Numis”) explaining the Scheme is set out in Part II of this document.

Notices of the Jersey Court Meeting and the Scheme General Meeting, each of which will be held on 24 March 2016, are set out in Parts VI and VII, respectively, of this document. The Jersey Court Meeting will start at 12.45 p.m. and the Scheme General Meeting at 1.00 p.m. (or as soon thereafter as the Jersey Court Meeting concludes or adjourns).

The action to be taken in respect of the Meetings is set out in the paragraph headed “Action to be taken” in Part I of this document. Shareholders will find enclosed with this document a BLUE Form of Proxy for use in connection with the Jersey Court Meeting and a PINK Form of Proxy for use in connection with the Scheme General Meeting.

Whether or not you intend to attend the Meetings in person, please complete and sign each of the enclosed BLUE Form of Proxy and PINK Form of Proxy in accordance with the instructions printed on them and return them to the Registrars, Equiniti (Jersey) Limited, c/o Equiniti Limited Aspect House, Spencer Road, Lancing, West Sussex, BN99 6DA as soon as possible and, in any event, so as to be received at least 48 hours before the time appointed for the relevant Meeting. If the BLUE Form of Proxy for the Jersey Court Meeting is not returned by the above time, it may be handed to the Chairman of the Jersey Court Meeting or the Registrars before the start of that Meeting. However, in the case of the Scheme General Meeting, unless the PINK Form of Proxy is returned by the time mentioned in the instructions printed on it, it will be invalid. The completion and return of a BLUE Form of Proxy or a PINK Form of Proxy will not prevent you from attending and voting in person at the Jersey Court Meeting, the Scheme General Meeting or any adjournment thereof if you so wish and are so entitled to attend.

A prospectus relating to New Beazley (the “**Prospectus**”), prepared in accordance with the Prospectus Rules of the UK Listing Authority made under section 73A of the FSMA, is expected to be made available in electronic form on the Group’s website (www.beazley.com) on or around the date of this document after it has been filed with the FCA in accordance with the Prospectus Rules. A copy of the Prospectus may also be obtained from the date it is filed until Admission free of charge by writing to the registered office of New Beazley (Plantation Place South, 60 Great Tower Street, London EC3R 5AD) or the registered office of Beazley (22 Grenville Street, St Helier, Jersey JE4 8PX) or by calling the Shareholder Helpline, further details of which are included on page 6 of this document. A copy of the Prospectus may also be inspected from such date until Admission at the registered offices of both New Beazley (Plantation Place South, 60 Great Tower Street, London EC3R 5AD) and Beazley (22 Grenville Street, St Helier, Jersey JE4 8PX) and at the offices of Mayer Brown International LLP (201 Bishopsgate, London EC2M 3AF). You will not be required to take any action in relation to the Prospectus as it will contain no additional information that would be necessary for you to evaluate the Proposals, including the proposed Scheme.

Application will be made to the UK Listing Authority for the New Beazley Shares to be admitted to the Official List and to trading on the London Stock Exchange’s main market for listed securities. It is expected that dealings in Ordinary Shares will continue until the close of business on 12 April 2016 and that Admission will become effective and trading in New Beazley Shares will commence at 8.00 a.m. on 13 April 2016.

NEW BEAZLEY SHARES HAVE NEITHER BEEN MARKETED TO, NOR ARE AVAILABLE FOR PURCHASE OR EXCHANGE, IN WHOLE OR IN PART, BY THE PUBLIC IN THE UNITED KINGDOM OR ELSEWHERE IN CONNECTION WITH THE INTRODUCTION OF THE NEW BEAZLEY SHARES TO THE OFFICIAL LIST. THIS DOCUMENT IS NOT A PROSPECTUS BUT A CIRCULAR AND DOES NOT CONSTITUTE AN INVITATION OR OFFER TO SELL OR THE SOLICITATION OF AN INVITATION OR OFFER TO BUY ANY SECURITY. NONE OF THE SECURITIES REFERRED TO IN THIS DOCUMENT SHALL BE SOLD, ISSUED, SUBSCRIBED FOR, PURCHASED, EXCHANGED OR TRANSFERRED IN ANY JURISDICTION IN CONTRAVENTION OF APPLICABLE LAW.

The New Beazley Shares have not been, and will not be, registered under the US Securities Act. The New Beazley Shares will be issued in reliance on the exemption provided by section 3(a)(10) of the US Securities Act. Neither the SEC nor any US state securities commission has reviewed or approved this document or the Scheme. Any representation to the contrary is a criminal offence in the United States. See paragraph 10 of Part II (*Explanatory Statement*) of this document for further details.

Numis, which is authorised and regulated in the United Kingdom by the FCA, is acting for Beazley and New Beazley and no one else in connection with the Proposals and will not regard any other person (whether or not a recipient of this document) as its client in relation to the Proposals and will not be responsible to anyone other than Beazley and New Beazley for providing the protections afforded to its clients or for providing advice in relation to the Proposals, the contents of this document or any transaction or arrangement referred to in this document. Apart from the responsibilities and liabilities, if any, which may be imposed on Numis by FSMA or the regulatory regime established thereunder, Numis does not accept any responsibility or liability whatsoever, and makes no representation or warranty, express or implied, in relation to the contents of this document, including its accuracy, completeness or verification or for any other statement made or purported to be made by it, or on behalf of it, Beazley, New Beazley, the Directors or any other person in connection with the Proposals, and nothing in this document is or shall be relied upon as a promise or representation in this respect, whether as to the past or the future. Numis accordingly disclaims all and any liability, whether arising in tort, contract or otherwise (save as referred to above), which it might otherwise have in respect of this document or any such statement.

Beazley and/or New Beazley may include forward-looking statements in oral or written public statements issued by or on behalf of Beazley and/or New Beazley. These forward-looking statements can be identified by the use of forward-looking terminology, including the terms “believes”, “estimates”, “forecasts”, “plans”, “prepares”, “anticipates”, “projects”, “expects”, “intends”, “may”, “will”, “seeks”, or “should” or, in each case, their negative or other variations or comparable terminology, or by discussions of strategy, plans, objectives, goals, future events or intentions. By their nature, forward-looking statements involve risks and uncertainties because they relate to events and depend on circumstances that may or may not occur in the future. Forward-looking statements are not guarantees of future performance. The Group’s actual performance, achievements and financial condition may differ materially from those described in, or suggested by, the forward-

looking statements in this document. In addition, even if the results of operations and financial position, and the development of the markets and the industry in which the Group operates, are consistent with the forward-looking statements contained in this document, those results or developments may not be indicative of results or developments in subsequent periods. In light of these and other uncertainties, the forward-looking statements included in this document should not be regarded as a representation by Beazley or New Beazley that Beazley's or New Beazley's plans and objectives will be achieved.

Neither Beazley nor New Beazley undertake any obligation to update the forward-looking statements to reflect actual results, or any change in events, conditions or assumptions or other factors, unless required to do so by the Prospectus Rules, the Listing Rules or the Disclosure and Transparency Rules.

All references in this document to “**pounds sterling**”, “**sterling**”, “**£**”, “**pence**” or “**p**” are to the lawful currency of the UK and all references to “**US\$**” or “**US dollars**” are to the lawful currency of the US.

The date of this document is 25 February 2016.

EXPECTED TIMETABLE OF PRINCIPAL EVENTS

Expected date of publication of the Prospectus by New Beazley	25 February 2016
Latest time for lodging BLUE Forms of Proxy for the Jersey Court Meeting	12.45 p.m. on 22 March 2016 ⁽¹⁾
Latest time for lodging PINK Forms of Proxy for the Scheme General Meeting	1.00 p.m. on 22 March 2016
Voting Record Time	6.00 p.m. on 22 March 2016 ⁽²⁾
Jersey Court Meeting	12.45 p.m. on 24 March 2016
Scheme General Meeting	1.00 p.m. on 24 March 2016 ⁽³⁾
<i>The following dates are subject to change:</i>	
Jersey Court Hearing to sanction the Scheme and the Scheme Reduction of Capital	9.00 a.m. on 11 April 2016 ⁽⁴⁾
Last day of dealings in, and for registration of transfers of, Beazley Shares	12 April 2016 ⁽⁵⁾
Scheme Record Time	6.00 p.m. on 12 April 2016 ⁽⁵⁾
Effective Date of the Scheme	13 April 2016 ⁽⁴⁾
Listing of Beazley Shares cancelled, New Beazley Shares admitted to Official List, New Beazley Shares credited in uncertificated form to CREST accounts and commencement of dealings in New Beazley Shares on the London Stock Exchange	8.00 a.m. on 13 April 2016 ⁽⁵⁾
Court hearing to confirm the New Beazley Reduction of Capital	20 April 2016 ⁽⁵⁾
New Beazley Reduction of Capital becomes effective	21 April 2016 ⁽⁶⁾
Despatch of New Beazley share certificates for New Beazley Shares in certificated form	No later than 28 April 2016 ⁽⁶⁾

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- (1) BLUE Forms of Proxy for the Jersey Court Meeting not returned by this time may be handed to the Registrars or to the Chairman of the Jersey Court Meeting.
- (2) If either the Jersey Court Meeting or the Scheme General Meeting is adjourned, the Voting Record Time for the adjourned meeting will be 6.00 p.m. on the date two days before the date set for the adjourned meeting.
- (3) To commence at 1.00 p.m. or, if later, immediately after the conclusion or adjournment of the Jersey Court Meeting.
- (4) This date is indicative only and will depend, among other things, on the date upon which the Jersey Court sanctions the Scheme.
- (5) These dates are indicative only and will depend, among other things, on the date upon which the Scheme becomes effective.
- (6) These dates are indicative only and will depend, among other things, on the date on which the English Court confirms the New Beazley Reduction of Capital and the Registrar of Companies registers the act of court and approved minute of the English Court.

Unless otherwise stated, all references in this document to times are to London times. The dates given in this expected timetable are based on Beazley's current expectations and may be subject to change. If the scheduled date of the Jersey Court Hearing to sanction the Scheme is changed, Beazley will give notice of the change by issuing an announcement through a Regulatory Information Service. All Beazley Shareholders have the right to attend the Jersey Court Hearing to sanction or oppose the sanctioning of the Scheme.

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SUMMARY

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to the action you should take, you are recommended to seek your own personal financial advice immediately from your stockbroker, bank manager, solicitor, accountant or other independent financial adviser authorised under the Financial Services and Markets Act 2000 if you are in the United Kingdom or, if not, from another appropriately authorised independent financial adviser.

This document tells you about:

- (a) the proposals for a reorganisation of the Beazley Group which will result in a new England and Wales incorporated, United Kingdom tax resident company (“**New Beazley**”) becoming the holding company of the Beazley Group (the “**Scheme**”);
- (b) the proposals for New Beazley to reduce the nominal value of its ordinary shares to create distributable reserves to support the payment of future dividends (the “**New Beazley Reduction of Capital**”); and
- (c) the proposals for New Beazley to adopt the New Beazley Employee Share Plans (the “**Employee Share Plan Proposals**”).

Here is what you need to do now:

- Review this summary and the remainder of this document.
- Read the Chairman’s letter on pages 11 to 16 of this document. This explains what is happening and why your Board recommends that you should vote in favour of the Proposals.
- If you have any further queries, please call the Shareholder Helpline, the number of which is below.

Beazley Shareholders should read the whole of this document and not just rely on this summary. This summary should not be regarded as a substitute for reading the whole document.

SHAREHOLDER HELPLINE TELEPHONE NUMBER

0333 207 6369 (from within the UK) or +44 121 415 0941 (from outside the UK)

This helpline is available from 8.30 a.m. to 5.30 p.m. Monday to Friday
(excluding public holidays in England and Wales).

Note: For legal reasons, this helpline will only be able to provide practical information and will not provide advice on the merits of any of the Proposals or Admission or give any financial, legal or taxation advice. For financial, legal or taxation advice, you will need to consult an independent financial or legal adviser.

To help you understand what is involved in the Scheme and the other matters referred to below, Beazley has prepared this summary. You should read the whole of this document and not rely solely on the summary set out below.

1. Why is Beazley proposing the Scheme?

New Beazley has been incorporated in England and Wales and is tax resident in the United Kingdom. The Scheme will establish New Beazley as the parent company of the Group.

In 2009, the Group’s corporate structure was, with the approval of the then shareholders, changed by putting in place a new parent company, Beazley, incorporated in Jersey with its tax residence in Ireland. At the same time, the Group incorporated Beazley Re, an internal reinsurer incorporated in Ireland. The change has allowed for more efficient use of the Group’s capital and facilitated the approval of the Group’s Solvency II internal model by the Central Bank of Ireland to determine the Group’s Solvency Capital Requirement.

The Directors believe that the United Kingdom is the optimal location for the management of the Group. Following legislative changes in the Finance Act 2012 relating to controlled foreign companies, the Board anticipates that there will be no material change in the Group’s reported tax rate, or taxation paid, as a result of the change in the Group’s tax residence following the implementation of the Scheme. The Directors believe that this change of the location of the

management of the Group will simplify the management and decision making of the Group and allow New Beazley Shareholders to access a UK dividend stream. Accordingly, the Directors are recommending returning the management of the Group to the United Kingdom, to be effected by the implementation of the Scheme.

The Beazley Board, after detailed consideration, believes the proposed corporate structure would best support the long-term growth of the Group.

2. Why is Beazley implementing the introduction of the new parent company by way of a scheme of arrangement?

The Scheme is a formal procedure under article 125 of the Jersey Companies Law, which is commonly used to carry out corporate reorganisations. The Scheme requires the approval of Beazley Shareholders and the Jersey Court. If the relevant approvals are obtained, all Beazley Shareholders will be bound by the Scheme regardless of whether or how they voted.

3. What is the New Beazley Reduction of Capital and why is it proposed?

The purpose of the New Beazley Reduction of Capital is to create distributable reserves in the accounts of New Beazley to support the payment of future dividends.

It is anticipated that the nominal value of a New Beazley Share immediately prior to the New Beazley Reduction of Capital will be 90 pence. Pursuant to the New Beazley Reduction of Capital, such nominal value will be reduced to five pence, so as to create distributable reserves, which will be available to New Beazley to be applied towards any lawful purpose including distribution of dividends as appropriate.

The reduction of capital will require the approval of the New Beazley Shareholders prior to the Scheme General Meeting and, as the Beazley Shareholders will become New Beazley Shareholders following the Scheme becoming effective, the confirmatory approval of the Beazley Shareholders. The New Beazley Reduction of Capital will also require confirmation by the English Court.

Please see paragraph 2.2 of Part I (*Letter from the Chairman*) of this document for further details.

4. What effect will the Scheme have on the Beazley Employee Share Plans?

Rights under the Beazley Employee Share Plans will not vest or be exercised early as a result of the Scheme. It is Beazley's intention that such rights will continue on the same basis other than that participants will ultimately receive New Beazley Shares rather than Ordinary Shares if their awards vest or options are exercised. Beazley will write to participants in the Beazley Employee Share Plans in due course to explain the effect on their awards in more detail. The effect of the Scheme on the Beazley Employee Share Plans is summarised in paragraph 2.3 of Part I of this document.

In addition, the New Beazley Directors have confirmed to Beazley that they have adopted the New Beazley Employee Share Plans, subject to obtaining Beazley Shareholder approval (where required) and the Scheme becoming effective. The Beazley Shareholders (who will ultimately become shareholders of New Beazley) are being asked to approve the adoption of the New LTIP, the New SAYE Plan and the New US SAYE Plan at the Scheme General Meeting. The New Beazley Employee Share Plans are being adopted as part of the Group's arrangements to incentivise employees following the introduction of New Beazley as the new parent company of the Group. These plans are replacements for, and are essentially similar to, the 2012 SAYE Plan, the US SAYE Plan, the 2012 LTIP, the Retention Plan and the Deferred Share Plan. The Beazley Employee Share Plans will continue in force following the Scheme becoming effective only to the extent that awards have already been made.

5. Why am I being sent this document?

The Scheme requires Beazley Shareholders to vote on certain matters at both the Jersey Court Meeting and the Scheme General Meeting. The other Proposals require Beazley Shareholders to vote on certain matters at the Scheme General Meeting. This document contains information to assist you in your voting decision in relation to all of the Proposals.

6. Is there a prospectus relating to the New Beazley Shares that I am being issued?

The Prospectus relating to the New Beazley Shares, which will contain prescribed information relating to New Beazley, will not be sent to Beazley Shareholders but is expected to be made available in electronic form on the Beazley Group's website (www.beazley.com) on or around the date of this

document after it has been filed with the FCA in accordance with the Prospectus Rules. A copy of the Prospectus may also be obtained from the date it is filed until Admission free of charge by writing to the registered office of New Beazley (Plantation Place South, 60 Great Tower Street, London EC3R 5AD) or the registered office of Beazley (22 Grenville Street, St Helier, Jersey JE4 8PX) or by calling the Shareholder Helpline, details of which are included on page 6 of this document. A copy of the Prospectus may also be inspected from such date until Admission at the registered offices of both New Beazley (Plantation Place South, 60 Great Tower Street, London EC3R 5AD) and Beazley (22 Grenville Street, St Helier, Jersey JE4 8PX) and at the offices of Mayer Brown International LLP (201 Bishopsgate, London EC2M 3AF).

7. Why are there two meetings and do I need to attend?

There are two Beazley Shareholder meetings in connection with the Proposals, being the Jersey Court Meeting and the subsequent Scheme General Meeting, which are being called for different purposes and which will be held on the same day.

The sole purpose of the Jersey Court Meeting is to seek the approval of Beazley Shareholders to the Scheme itself.

The subsequent Scheme General Meeting, which will be held immediately after the Jersey Court Meeting, is being called to enable Beazley Shareholders to approve elements of the Scheme and various matters in connection with the Scheme, the New Beazley Reduction of Capital and the Beazley Employee Share Plan Proposals, each as described in Part I of this document.

The Jersey Court Meeting and the Scheme General Meeting will be held on 24 March 2016.

If you hold Ordinary Shares, you are entitled and encouraged to attend the Meetings. If you do not attend, you are still entitled to vote at the Meetings by appointing a proxy – see question 8 below.

8. Do I need to vote?

It is important that as many Beazley Shareholders as possible cast their votes (whether in person or by proxy). This applies to both the Jersey Court Meeting and the Scheme General Meeting. **In particular, it is important that a considerable number of votes are cast at the Jersey Court Meeting so as to demonstrate to the Jersey Court that there is a fair representation of Beazley Shareholder opinion.**

The resolutions at both the Jersey Court Meeting and the Scheme General Meeting will be decided by way of a poll. On a poll, each Beazley Shareholder present in person or by proxy will have one vote for each Ordinary Share held.

If you do not wish, or are unable, to attend the Jersey Court Meeting and/or the Scheme General Meeting, you may appoint someone (known as a “proxy”) to act on your behalf and vote at the Jersey Court Meeting and/or the Scheme General Meeting. You may appoint your proxy by completing the BLUE Form of Proxy and the PINK Form of Proxy and returning them in accordance with the instructions set out in paragraph 5 of Part I (*Letter from the Chairman*) of this document and on the relevant Form of Proxy. Each of the Forms of Proxy provide details of how Beazley Shareholders holding Ordinary Shares in uncertificated form in CREST may appoint a proxy or proxies electronically through CREST.

You are therefore strongly encouraged to complete, sign and return your BLUE Form of Proxy and PINK Form of Proxy as soon as possible. You have been sent a BLUE Form of Proxy for the Jersey Court Meeting and a PINK Form of Proxy for the Scheme General Meeting.

If you hold Ordinary Shares in uncertificated form, you may also appoint a proxy by completing and transmitting a CREST proxy instruction in accordance with the procedures set out in the CREST manual ensuring that it is received by the Registrars (under CREST Participant ID 7RA01) by no later than 48 hours before the time appointed for the relevant Meeting.

Should you later change your mind and decide to attend the Meetings in person, returning the Forms of Proxy will not preclude you from doing so.

9. What will I end up with after the Scheme comes into effect?

When the Scheme becomes effective, you will receive one New Beazley Share in place of each Ordinary Share held at the Scheme Record Time (which is expected to be 6.00 p.m. on 12 April 2016). The register of members of New Beazley will be updated to reflect your shareholding on the Scheme becoming effective. If you hold your Ordinary Shares in a CREST account, the New Beazley

Shares will be credited to your CREST account and if you hold your Ordinary Shares in certificated form, share certificates will be sent to you in due course.

10. Do I have to pay anything under the Scheme?

No. All New Beazley Shares arising as a result of the Scheme are being issued to Beazley Shareholders in return for their existing Ordinary Shares. No additional payment is required.

11. What will happen to the second interim dividend and special dividend declared by Beazley for the financial year ended 31 December 2015?

The Beazley Board has recommended a second interim dividend for FY 2015 of 6.6 pence per share (FY 2014: 6.2 pence per share, FY 2013: 5.9 pence per share) which, together with the first interim dividend of 3.3 pence per share (FY 2014: 3.1 pence per share, FY 2013: 2.9 pence per share) represents a total dividend for FY 2015 of 9.9 pence per share (FY 2014: 9.3 pence per share, FY 2013: 8.8 pence per share).

The Beazley Board has also recommended a special dividend of 18.4 pence per share (2014: 11.8 pence per share, 2013: 16.1 pence per share).

The second interim dividend and the special dividend will each be paid on 31 March 2016 to Beazley Shareholders as at 5.00 p.m. on 26 February 2016. The Dividend Access Plan will remain available for such dividends.

12. Do I need to change my existing instructions so far as the payment of future dividends is concerned?

The New Beazley Shares issued pursuant to the Scheme will rank *pari passu* in all respects with any New Beazley Shares in issue at the Scheme Record Time and shall rank in full for all dividends or distributions made, paid or declared after the Scheme Record Time on the ordinary share capital of New Beazley.

The Dividend Access Plan which is available to Beazley Shareholders in relation to Ordinary Shares will not apply in relation to New Beazley Shares and will terminate upon the later of: (a) the Scheme becoming effective and (b) the payment of the second interim dividend for 2015 and the special dividend.

Other than in respect of the Dividend Access Plan, your present dividend instructions will be continued in relation to New Beazley after the Scheme becomes effective, unless and until you revoke them. If you wish to change your instructions, you should contact the Shareholder Helpline, details of which are included on page 6 of this document.

13. What should I do with my old share certificates?

When the Scheme becomes effective, your holding of Ordinary Shares will be replaced by an equivalent holding of New Beazley Shares. Thus, all your certificates for Ordinary Shares held in certificated form will cease to be valid. Upon receipt of your share certificates for New Beazley Shares, your share certificates for Ordinary Shares should be destroyed.

14. When will I receive share certificates for my New Beazley Shares?

It is currently proposed that share certificates for New Beazley Shares held in certificated form will be despatched to you by 28 April 2016. If you hold your Ordinary Shares in a CREST account, the New Beazley Shares will be credited to your account on 13 April 2016.

15. Will I have to pay any tax as a result of the Scheme?

There should generally be no tax liabilities for UK-resident Beazley Shareholders arising from the Scheme.

Details of the UK, US and Jersey tax treatment of Beazley Shareholders arising under the Scheme are set out in paragraphs 11 to 13 (inclusive) of Part IV (*Additional Information*) of this document.

If you are in any doubt about your tax position, you should consult a professional adviser.

16. What if I hold my Ordinary Shares in an ISA?

If you hold your Ordinary Shares in an ISA, you should be able to hold your replacement New Beazley Shares in the ISA, depending on the ISA terms and conditions. If you require further details, you should contact your ISA manager.

If you do not currently hold Ordinary Shares in an ISA, the New Beazley Shares should qualify for inclusion in a stocks and shares ISA, should you subsequently wish to hold your New Beazley Shares in an ISA.

17. What is the estimated cost of implementing the Proposals?

The total cost payable by Beazley and/or New Beazley in connection with the Proposals and Admission is estimated to amount to approximately £2.3 million (exclusive of any value added tax).

18. Do I need to take further action?

It is important that you vote at the Jersey Court Meeting and the Scheme General Meeting. You are strongly encouraged to complete, sign and return your Forms of Proxy as soon as possible. See question 8 above and the instructions set out in paragraph 5 of Part I (*Letter from the Chairman*) of this document and on the relevant Form of Proxy.

19. What if I still have questions?

If you have read this document and still have questions, please call the Shareholder Helpline, details of which are included on page 6 of this document.

Note: For legal reasons, this helpline will only be able to provide practical information and will not provide advice on the merits of any of the Proposals or Admission or give any financial, legal or taxation advice. For financial, legal or taxation advice, you will need to consult an independent financial or legal adviser.

PART I
LETTER FROM THE CHAIRMAN
BEAZLEY PLC
(Registered in Jersey No. 102680)

Registered Office:

22 Grenville Street
St Helier
Jersey
JE4 8PX

25 February 2016

Dear Shareholder,

1. Introduction

On 4 February 2016, Beazley (the current parent company of the Group) announced details of proposals to change the Group's corporate structure by putting in place a new parent company for the Group incorporated in England and Wales with its tax residence in the United Kingdom.

On 4 September 2015, New Beazley was incorporated under the Companies Act as a private company limited by shares with the name Swift No. 3 Limited and on 12 February 2016 it was re-registered as a public company limited by shares with the name Beazley plc. The introduction of New Beazley as the new parent company of the Beazley Group is to be effected by way of a scheme of arrangement under article 125 of the Companies (Jersey) Law 1991. It is expected that shortly after the Scheme becomes effective the existing parent company of the Group, Beazley plc, will be re-named Beazley Ireland Holdings plc.

The Scheme will be subject to various conditions as set out in paragraph 4 of Part II (*Explanatory Statement*) of this document.

The New Beazley Directors have confirmed to Beazley that it is also proposed that New Beazley adopts the New Beazley Employee Share Plans, subject to obtaining Beazley Shareholder approval (where required) and the Scheme becoming effective. The Beazley Shareholders (who will ultimately become the shareholders of New Beazley) are being asked to approve the adoption of the New Beazley Employee Share Plans (where required) at the Scheme General Meeting.

The purpose of this letter is to explain why the Beazley Board considers the Scheme to be on fair and reasonable terms and all of the Proposals to be in the best interests of Beazley and its Shareholders, and hence why the Beazley Board is encouraging Shareholders to vote in favour of the Proposals (in relation to which, please see paragraphs 5 and 8 of this letter).

2. Background to and reasons for the Scheme and related Proposals

2.1 Background

In 2009, the Group's corporate structure was, with the approval of the then shareholders, changed by putting in place a new parent company, Beazley, incorporated in Jersey with its tax residence in Ireland. At the same time, the Group incorporated Beazley Re, an internal reinsurer incorporated in Ireland. The change has allowed for more efficient use of the Group's capital and facilitated the approval of the Group's Solvency II internal model by the Central Bank of Ireland to determine the Group's Solvency Capital Requirement.

The Directors believe that the United Kingdom is the optimal location for the management of the Group. Following legislative changes in the Finance Act 2012 relating to controlled foreign companies, the Board anticipates that there will be no material change in the Group's reported tax rate, or taxation paid, as a result of the change in the Group's tax residence following the implementation of the Scheme. The Directors believe that this change of the location of the management of the Group will simplify the management and decision making of the Group and allow New Beazley Shareholders to access a UK dividend stream. Accordingly, the Directors are recommending returning the management of the Group to the United Kingdom, to be effected by the implementation of the Scheme.

As such, New Beazley has been incorporated in England and Wales and is tax resident in the United Kingdom. The Scheme will establish New Beazley as the parent company of the Group. The Beazley Board, after detailed consideration, believes the proposed corporate structure would best support the long-term growth of the Group.

2.2 *New Beazley Reduction of Capital*

The New Beazley Directors have confirmed to Beazley that they wish to continue Beazley's existing dividend policy of increasing its ordinary dividend by between 5% and 10% per year. Accordingly, the purpose of the New Beazley Reduction of Capital is to create distributable reserves in the accounts of New Beazley to support the payment of future dividends. Such reduction of capital will require the approval of the New Beazley Shareholders prior to the Scheme General Meeting and, as the Beazley Shareholders will become New Beazley Shareholders following the Scheme becoming effective, the confirmatory approval of the Beazley Shareholders. The New Beazley Reduction of Capital will also require confirmation by the English Court and registration of the order by the Registrar of Companies.

It is anticipated that the nominal value of a New Beazley Share immediately prior to the New Beazley Reduction of Capital will be 90 pence. Pursuant to the New Beazley Reduction of Capital, such nominal value will be reduced to five pence, so as to create distributable reserves, which will be available to New Beazley to be applied towards any lawful purpose including distribution of dividends as appropriate.

The New Beazley Reduction of Capital is conditional upon:

- (a) Beazley Shareholders approving a special resolution at the Scheme General Meeting to approve the New Beazley Reduction of Capital;
- (b) the Scheme becoming effective in accordance with its terms;
- (c) the English Court confirming the New Beazley Reduction of Capital; and
- (d) the Registrar of Companies registering the court order and a statement of capital in respect of New Beazley as approved by the English Court.

In order to obtain the confirmation of the English Court to the New Beazley Reduction of Capital, New Beazley will need to satisfy the English Court that its creditors are not prejudiced. New Beazley will put into place appropriate arrangements (if required) to satisfy the English Court's requirements in this respect.

The necessary shareholder resolution for New Beazley to implement the New Beazley Reduction of Capital has been passed by the current shareholders of New Beazley, conditional upon the Scheme becoming effective. Confirmatory approval relating to the New Beazley Reduction of Capital is being sought from Beazley Shareholders as one of the special resolutions to be proposed at the Scheme General Meeting.

Prior to the Scheme becoming effective, the New Beazley Directors may resolve, with shareholder approval, to adjust the nominal value of the New Beazley Shares. An announcement of any such change to the nominal value would be made via a Regulatory Information Service. The amount of distributable reserves that would be created by the New Beazley Reduction of Capital would also be adjusted accordingly.

Subject to the Scheme becoming effective on 13 April 2016, the New Beazley Reduction of Capital is expected to become effective on 21 April 2016.

2.3 *Beazley Employee Share Plans Proposals*

Rights under the Beazley Employee Share Plans will not vest or be exercised early as a result of the Scheme. It is Beazley's intention that such rights will continue on the same basis other than that participants will ultimately receive New Beazley Shares rather than Beazley Shares if their awards vest or options are exercised. Beazley will write to participants in the Beazley Employee Share Plans in due course to explain the effect on their awards in more detail. The effect of the Scheme on the Beazley Employee Share Plans is summarised below.

The alternatives available in respect of options or awards held by participants in the Beazley Employee Share Plans outside of the United Kingdom may differ from the position summarised below in order to take account of local securities, exchange control, regulatory or tax laws. In particular, the summary below refers to options or awards being exchanged for equivalent options or awards over New Beazley Shares. However, in order to achieve the same effect as an exchange of options or awards, the Beazley Board, the New Beazley Board, the Beazley

Remuneration Committee or the New Beazley Remuneration Committee may, instead, assume and amend one or more of the Beazley Employee Share Plans, and amend the terms of options or awards under those plans so that they ultimately deliver New Beazley Shares.

(a) *The Beazley Long Term Incentive Plan 2012 (the “2012 LTIP”)*

On the Effective Date, 2012 LTIP awards will be automatically exchanged for awards over New Beazley Shares on equivalent terms to the existing awards and subject to the same vesting and performance conditions without needing participant agreement.

(b) *The Beazley Save As You Earn Share Option Plan 2012 (the “2012 SAYE Plan”)*

When New Beazley becomes the parent company of the Group, New Beazley intends to make an offer to release existing 2012 SAYE Plan option awards in exchange for the grant of new option awards by New Beazley over New Beazley Shares. Where such an offer is made, 2012 SAYE Plan options will not become exercisable as a result of the Scheme. Participants will be required to accept such offer during the period between the date of the Jersey Court Order and the date falling six months after the date of the Jersey Court Order. Any options that are not exchanged during this period will be forfeited.

(c) *The Beazley Deferred Share Plan (the “Deferred Share Plan”)*

On the Effective Date, Deferred Share Plan awards will be automatically exchanged for awards over New Beazley Shares on equivalent terms to the existing awards and subject to the same vesting and performance conditions without needing participant agreement.

(d) *The Beazley Retention Plan (the “Retention Plan”)*

On the Effective Date, Retention Plan awards will be automatically exchanged for awards over New Beazley Shares on equivalent terms to the existing awards and subject to the same vesting and performance conditions without needing participant agreement.

(e) *The Beazley Savings-Related Share Option Plan for US Employees 2009 (the “US SAYE Plan”)*

On the Effective Date, US SAYE Plan awards will be automatically exchanged for awards over New Beazley Shares on equivalent terms to the existing awards and subject to the same vesting conditions without needing participant agreement.

(f) *Individual grants*

On the Effective Date, awards made to four individuals, which are not subject to the rules of the Beazley Employee Share Plans, will be automatically exchanged for awards over New Beazley Shares on equivalent terms to the existing awards and subject to the same vesting and performance conditions without needing participant agreement.

2.4 *New Beazley Employee Share Plans*

The New Beazley Directors have adopted the New Beazley Employee Share Plans (being the New SAYE Plan, the New US SAYE Plan, the New LTIP, the New Retention Plan and the New Deferred Share Plan), subject to obtaining Beazley Shareholder approval (where required) and the Scheme becoming effective. The Beazley Shareholders (who will ultimately become shareholders of New Beazley) are being asked to approve the adoption of the New LTIP, the New SAYE Plan and the New US SAYE Plan at the Scheme General Meeting. The New Beazley Employee Share Plans are being adopted as part of the Group arrangements to incentivise employees following the introduction of New Beazley as the new parent company of the Group. These plans are replacements for, and are essentially similar to, the 2012 SAYE Plan, the US SAYE Plan, the 2012 LTIP, the Retention Plan and the Deferred Share Plan. The Beazley Employee Share Plans will continue in force following the Scheme becoming effective only to the extent that awards have already been made.

3. **Principal features of the Scheme**

3.1 *Structure*

The introduction of New Beazley as the new parent company of the Beazley Group will be carried out by way of the Scheme.

Under the Scheme:

- all Ordinary Shares will be cancelled;
- Beazley will issue Beazley New Ordinary Shares to New Beazley so that New Beazley will own the entire issued share capital of Beazley; and

- Beazley Shareholders at the Scheme Record Time will receive one New Beazley Share for each Ordinary Share cancelled under the Scheme. Certificates for Ordinary Shares held in certificated form will cease to be valid. Upon receipt of share certificates for their New Beazley Shares, Beazley Shareholders should destroy all existing certificates for their Ordinary Shares.

The Scheme requires the approval of Beazley Shareholders at the Jersey Court Meeting. Beazley Shareholders will also be asked to approve a resolution covering various matters in connection with the Scheme at the Scheme General Meeting and the Scheme will also be conditional upon the passing of certain resolutions (as set out in the Notice of the Scheme General Meeting).

If the Scheme is approved by the requisite majority at the Jersey Court Meeting, and approval is also obtained at the Scheme General Meeting, an application will be made to the Jersey Court to sanction the Scheme at the Jersey Court Hearing. Beazley Shareholders will have the right to attend the Jersey Court Hearing and to appear in person or be represented by counsel to support or oppose the sanction of the Scheme.

3.2 *Effective Date*

It is expected that the Scheme will become effective on 13 April 2016.

3.3 *Listing*

Application will be made to the UK Listing Authority for the New Beazley Shares to be admitted to the Official List and to trading on the London Stock Exchange's main market for listed securities. It is expected that the New Beazley Shares will be listed and that dealings in them will commence at 8.00 a.m. on 13 April 2016. The listing of Ordinary Shares is also expected to be cancelled on that date.

3.4 *New Beazley Board and Beazley Directors' interests*

Dennis Holt, Martin Bride, Adrian Cox, Andrew Horton, Neil Maidment, Clive Washbourn, George Blunden, Angela Crawford-Ingle, Sir Andrew Likierman, Vincent Sheridan and Catherine Woods were appointed as New Beazley Directors on 5 February 2016. Conditional upon the Scheme becoming effective, the New Beazley Non-Executive Directors will enter into new letters of appointment with New Beazley in order to reflect the structure of the New Beazley Group and any revised duties once the Scheme becomes effective. On the Effective Date, the New Beazley Executive Directors' respective existing service contracts with Beazley Management Limited will automatically apply to their appointment as executive directors of New Beazley.

Details of the terms of these service contracts and new letters of appointment are set out in paragraph 7 of Part IV (*Additional Information*) of this document. The interests of the Beazley Directors in the existing share capital of Beazley as at the Latest Practicable Date and in New Beazley immediately after the Scheme becomes effective are set out in paragraph 5 of Part IV (*Additional Information*) of this document.

Any rights held by the Beazley Directors under the Beazley Employee Share Plans will, where permitted under the rules of the relevant Beazley Employee Share Plan, be preserved so that New Beazley Shares will ultimately be delivered in satisfaction of any of those rights under their terms, in the manner described in paragraph 10 of Part IV (*Additional Information*) of this document. The effect of the Scheme on the interests of Beazley Directors is set out in paragraph 5 of Part IV (*Additional Information*) of this document.

Save as described above, the effect of the Scheme on the interests of Beazley Directors does not differ from its effect on the same interests of Scheme Shareholders.

3.5 *Shareholder safeguards*

Similar shareholder safeguards will apply to New Beazley as those that currently apply to Beazley. As New Beazley is incorporated in England and Wales and has its registered office in the UK, the Takeover Code will apply to it. New Beazley will also be required to comply with the Listing Rules and the Disclosure and Transparency Rules and will comply with the UK Corporate Governance Code and relevant institutional shareholder guidelines to the same extent that Beazley currently complies with the UK Corporate Governance Code and those institutional shareholder guidelines. As a company incorporated in England and Wales, it will be subject to English law. English law contains certain statutory safeguards (e.g. pre-emption rights)

that are not contained in Jersey law and as such these safeguards had been included in the Beazley Articles. It will not be necessary to include these safeguards in the New Beazley Articles.

3.6 *Amendments to the Beazley Articles*

In order to facilitate the Scheme, an amendment is proposed to the Beazley Articles. This amendment is set out in full in the notice of the Scheme General Meeting in Part VII of this document.

This amendment is intended to ensure that: (a) any Ordinary Shares that are issued to any person other than New Beazley (or its nominee(s)) before the Scheme Record Time (but after the Scheme General Meeting) are allotted subject to the terms of the Scheme and the holders of such shares will be bound by the Scheme accordingly; and (b) any Ordinary Shares that are allotted after the Scheme Record Time will be immediately transferred to New Beazley in exchange for the issue or transfer to the relevant allottees of one New Beazley Share for each Ordinary Share transferred. These changes are necessary because, in some cases, Ordinary Shares may need to be allotted before the Scheme Record Time (for example, because of the exercise of rights granted by Beazley under the Beazley Employee Share Plans) but the timing of their allotment could mean that they are not classified as Scheme Shares and are therefore outside the scope of the Scheme. In addition, Ordinary Shares may be issued (again, for example, under the Beazley Employee Share Plans) after the Scheme Record Time, which would also put them outside the scope of the Scheme.

3.7 *New Beazley Articles*

New Beazley has adopted the New Beazley Articles. A summary of the New Beazley Articles is set out in paragraph 8 of Part IV (*Additional Information*) of this document and a summary of the principal differences between the New Beazley Articles and the Beazley Articles is set out in paragraph 9 of Part IV (*Additional Information*) of this document.

4. **Dividends and Dividend Access Plan**

Payment of the second interim dividend for 2015 of 6.6 pence per Ordinary Share and the special dividend of 18.4 pence per Ordinary Share will each be unaffected by the Scheme.

The Scheme itself will not affect the declaration of future dividends. Instead, as New Beazley is incorporated in England and Wales and resident for tax purposes in the United Kingdom, the payment of future dividends by New Beazley will be simplified. Subject to the Scheme becoming effective, the Dividend Access Plan will cease to have effect. The Dividend Access Plan was primarily designed to ensure that Beazley Shareholders could receive UK dividends. The Dividend Access Plan will not be required after the Scheme becomes effective as New Beazley is incorporated in England and Wales and therefore will pay UK dividends. This paragraph constitutes notice to each Plan Participant (as defined in the rules of the Dividend Access Plan) of the termination of the Dividend Access Plan with effect from the later of: (a) the Effective Date and (b) the payment of the second interim dividend for 2015 and the aforementioned special dividend.

5. **Action to be taken**

On 24 March 2016, the Jersey Court Meeting will be held to seek approval for the Scheme and the Scheme General Meeting will be held to seek approval for the Proposals. The notice of the Jersey Court Meeting is set out in Part VI (*Notice of Jersey Court Meeting*) of this document. The notice of the Scheme General Meeting is set out in Part VII (*Notice of General Meeting*) of this document.

In order that the Jersey Court can be satisfied that the votes cast fairly represent the views of Beazley Shareholders, it is important that as many votes as possible are cast at the Jersey Court Meeting. Beazley Shareholders are therefore encouraged to attend the Jersey Court Meeting in person or by proxy.

Whether or not you propose to attend the meetings, you are requested to complete, sign and return the enclosed BLUE Form of Proxy for use at the Jersey Court Meeting and PINK Form of Proxy for use at the Scheme General Meeting to the Registrars. The Forms of Proxy should be sent to the Registrars, Equiniti (Jersey) Limited, c/o Equiniti Limited Aspect House, Spencer Road, Lancing, West Sussex, BN99 6DA. If you hold Ordinary Shares in uncertificated form, you may also appoint a proxy by completing and transmitting a CREST proxy instruction in accordance with the procedures

set out in the CREST manual ensuring that it is received by the Registrars by no later than 48 hours before the time appointed for the relevant meeting.

6. Overseas Beazley Shareholders

If you are a citizen or resident or national of a jurisdiction outside the United Kingdom, your attention is drawn to paragraph 10 of Part II (*Explanatory Statement*) of this document.

7. Beazley facility

On the Effective Date, New Beazley is expected to become an additional obligor and guarantor under the Facilities Agreement in accordance with the accession mechanism therein.

8. Recommendation

The Directors, who have received financial advice from Numis, consider the Scheme to be fair and reasonable. In providing its advice, Numis has relied on the Directors' commercial assessments.

In addition, the Directors believe all of the Proposals to be in the best interests of Beazley Shareholders as a whole, and, accordingly, unanimously recommend that Beazley Shareholders vote in favour of the Scheme at the Jersey Court Meeting and in favour of all of the Proposals at the Scheme General Meeting.

The Directors urge you to complete, sign and return the enclosed Forms of Proxy as soon as possible and, in any event, by no later than 12.45 p.m. (in respect of the BLUE Form of Proxy for use at the Jersey Court Meeting) and 1.00 p.m. (in respect of the PINK Form of Proxy for use at the Scheme General Meeting) on 22 March 2016.

The Directors intend to vote their own shareholdings, totalling 6,397,778 Ordinary Shares (representing in aggregate approximately 1.2% of the issued ordinary share capital of Beazley), in favour of each of the Proposals.

Yours sincerely,

Dennis Holt
Chairman

PART II

EXPLANATORY STATEMENT

(in compliance with article 126 of the Companies (Jersey) Law 1991)

Dear Shareholder,

Recommended Scheme Proposals

1. Introduction

On 4 February 2016, Beazley (the current parent company of the Group) announced details of proposals to change the Group's corporate structure by putting in place a new parent company for the Group incorporated in England and Wales with its tax residence in the United Kingdom.

On 4 September 2015, New Beazley was incorporated under the Companies Act as a private company limited by shares with the name Swift No. 3 Limited and on 12 February 2016 it was re-registered as a public company limited by shares with the name Beazley plc. The introduction of New Beazley as the new parent company of the Beazley Group is to be effected by way of a scheme of arrangement under article 125 of the Companies (Jersey) Law 1991. It is expected that shortly after the Scheme becomes effective the existing parent company of the Group, Beazley, will be re-named Beazley Ireland Holdings plc.

The Scheme will be subject to various conditions. If these conditions are satisfied and the Scheme is approved and implemented, New Beazley will own the entire issued share capital of Beazley.

The New Beazley Directors have confirmed to Beazley that New Beazley intends to adopt the New Beazley Employee Share Plans, subject to obtaining Beazley Shareholder approval (where required) and the Scheme becoming effective. The Beazley Shareholders (who will ultimately become the shareholders of New Beazley) are being asked to approve the adoption of the New Beazley Employee Share Plans at the Scheme General Meeting. Details of the treatment of the Beazley Employee Share Plans are described in paragraph 10 of Part IV (*Additional Information*) of this document.

This explanatory statement only relates to the Scheme and not the other Proposals. Please see the letter from the Chairman of Beazley in Part I (*Letter from the Chairman*) of this document, in relation to certain of the other Proposals.

Your attention is drawn to the letter in Part I (*Letter from the Chairman*) of this document, which forms part of this explanatory statement. That letter contains, amongst other things, the unanimous recommendation by the Beazley Board to Beazley Shareholders to vote in favour of the resolutions to approve and implement the Scheme to be proposed at the Jersey Court Meeting and the Scheme General Meeting.

The Beazley Directors have been advised by Numis in connection with the Scheme. We have been authorised by the Beazley Directors to write to you to explain the terms of the Scheme and to provide you with other relevant information. The Scheme is set out in full in Part III (*The Scheme of Arrangement*) of this document. The notice of the Jersey Court Meeting, at which approval for the Scheme will be sought, and the notice of the Scheme General Meeting, at which the resolutions relating to the Scheme will be proposed, are set out in Parts VI (*Notice of Jersey Court Meeting*) and VII (*Notice of General Meeting*) of this document, respectively.

2. Background to and reasons for the Scheme

The background to and reasons for the Scheme and the New Beazley Reduction of Capital are described in Part I (*Letter from the Chairman*) of this document.

3. Summary of the Scheme

Under the Scheme, all the Scheme Shares will be cancelled on the Effective Date by way of a reduction of capital. In consideration for the cancellation, Scheme Shareholders will receive in respect of any Scheme Shares held as at the Scheme Record Time:

for each Ordinary Share cancelled: one New Beazley Share

One fewer New Beazley Share will be allotted and issued to any relevant Beazley Shareholder for every one New Beazley Share already held by that Beazley Shareholder at the Scheme Record Time. Following the cancellation of the Scheme Shares, the share capital of Beazley will be increased to its former amount by the creation of the Beazley New Ordinary Shares and the credit arising in the

books of Beazley as a result of the reduction in capital will be applied in paying up in full, at par, the Beazley New Ordinary Shares. The Beazley New Ordinary Shares will be issued to New Beazley which will, as a result, become the parent company of Beazley and the Group.

4. Conditions to implementation of the Scheme

The implementation of the Scheme is conditional on the following having occurred:

- (a) the Scheme being approved by a majority in number, representing three-fourths in voting rights, of the holders of Beazley Shares present and voting, either in person or by proxy, at the Jersey Court Meeting;
- (b) resolutions 1 and 2 (as set out in the notice convening the Scheme General Meeting set out in Part VII (*Notice of General Meeting*) of this document), to approve the matters in connection with the Scheme having been duly passed at the Scheme General Meeting by a majority of not less than two-thirds of the votes cast;
- (c) the Scheme having been sanctioned by the Jersey Court at the Jersey Court Hearing;
- (d) the Jersey Court Order having been delivered to the Jersey Registrar of Companies and registered by him; and
- (e) permission having been granted by the UK Listing Authority to admit the New Beazley Shares to the premium segment of the Official List and to trading on the London Stock Exchange's main market for listed securities.

The Beazley Directors will not take the necessary steps to implement the Scheme unless the above conditions have been satisfied or waived (where capable of waiver), and at the relevant time, they consider that it continues to be in Beazley's and the Beazley Shareholders' best interests that the Scheme should be implemented.

The Jersey Court Hearing to sanction the Scheme is expected to be held on 11 April 2016. Beazley Shareholders have the right to attend the Jersey Court Hearing in person or by counsel to support or oppose the sanction of the Scheme. The Jersey Court Hearing will be held at The Royal Court of Jersey, Royal Court Building, Royal Square, St. Helier, Jersey JE1 1BA.

The Scheme contains a provision for Beazley and New Beazley jointly to consent, on behalf of all persons concerned, to any modification of or addition to the Scheme, or to any condition that the Jersey Court may think fit to approve or impose. The Jersey Court would be unlikely to approve or impose any modification of, or addition or condition to, the Scheme which might be material to the interests of Beazley Shareholders, unless Beazley Shareholders were informed of any such modification, addition or condition. It will be a matter for the Jersey Court to decide, in its discretion, whether or not the consent of Beazley Shareholders should be sought at a further meeting. Similarly, if a modification, addition or condition is put forward which, in the opinion of the Beazley Directors, is of such a nature or importance as to require the consent of the Beazley Shareholders at a further meeting, the Beazley Directors have confirmed to New Beazley that they will not take the necessary steps to enable the Scheme to become effective unless and until such consent is obtained.

If the Scheme is sanctioned at the Jersey Court Hearing and the other conditions to the Scheme have been satisfied, the Scheme is expected to become effective, and dealings in New Beazley Shares are expected to commence, at 8.00 a.m. on 13 April 2016. If the Scheme has not become effective by 31 December 2016 (or such later date as Beazley and New Beazley may agree and the Jersey Court may allow), it will lapse, in which event there will not be a new parent company of Beazley, Shareholders will remain shareholders of Beazley and the existing Ordinary Shares will continue to be listed on the Official List and admitted to trading on the London Stock Exchange.

5. Effects of the Scheme

Under the Scheme, Scheme Shareholders will have their Ordinary Shares replaced by the same number of New Beazley Shares, which will be denominated in pounds sterling. Scheme Shareholders' proportionate entitlement to participate in Beazley's capital and income will not be affected by reason of the implementation of the Scheme or the New Beazley Reduction of Capital. Scheme Shareholders will not receive any amount in cash pursuant to the terms of the Scheme (other than in circumstances referred to in clause 3(b) of the Scheme).

Under the terms of the Scheme, the holder(s) of any New Beazley Shares in issue immediately prior to the Effective Date will agree to receive one less New Beazley Share under the Scheme for every New Beazley Share held immediately prior to the Effective Date. This is to ensure that the number of

New Beazley Shares in issue following the Scheme is exactly the same as the number of Beazley Shares in issue immediately prior to the Scheme becoming effective. As at the date of this document, it is expected that one New Beazley Share will be in issue immediately prior to the Effective Date.

New Beazley is a newly incorporated company which has not traded since its incorporation and, prior to the Scheme becoming effective, will not own any material assets or have any material liabilities. As a result of the Scheme, New Beazley will become the new parent company of the Group and its assets, liabilities and earnings on a consolidated basis will be those of the Group.

Beazley will make announcements to Beazley Shareholders from time to time in relation to the progress of the Scheme, including upon the Scheme becoming effective.

6. Listing, dealings, share certificates and settlement

Applications will be made to the FCA for the New Beazley Shares to be admitted to the premium segment of the Official List and to the London Stock Exchange for the New Beazley Shares to be admitted to trading on the London Stock Exchange's main market for listed securities, subject in each case to the Scheme becoming effective. The last day of dealings in the Ordinary Shares is expected to be 12 April 2016. It is expected that Admission will become effective and that dealings in New Beazley Shares will commence at 8.00 a.m. on 13 April 2016, being the Effective Date. It is expected that the listing of the Ordinary Shares will be cancelled on that date.

These dates may be deferred if it is necessary to adjourn either or both of the Jersey Court Meeting and the Scheme General Meeting or if there is any delay in obtaining the Jersey Court's sanction of the Scheme. In the event of a delay, the application for the Ordinary Shares to be delisted will be deferred, so that the listing will not be cancelled until immediately before the Scheme becomes effective.

With effect from (and including) the Effective Date, all share certificates representing Scheme Shares will cease to be valid and binding in respect of such holdings and should be destroyed.

All documents, certificates or other communications sent by, to, from or on behalf of Scheme Shareholders, or as such persons shall direct, will be sent at their own risk and may be sent by post.

Application will be made for the New Beazley Shares to be admitted to CREST for settlement and transfer purposes. Euroclear requires the Company to confirm to it that certain conditions imposed by the CREST rules are satisfied before Euroclear will admit any security to CREST. It is expected that these conditions will be satisfied in respect of the New Beazley Shares on admission of the New Beazley Shares to the Official List. As soon as practicable after satisfaction of the conditions, the Company will confirm this to Euroclear.

Subject to the satisfaction of the conditions referred to in paragraph 4 of this Part II, to which the Scheme is subject, the New Beazley Shares to which Scheme Shareholders are entitled under the Scheme (as the case may be) will:

- (a) to the extent the entitlement arises as a result of a holding of Ordinary Shares in certificated form at the Scheme Record Time, be delivered in certificated form in the name of the relevant Scheme Shareholder with the relevant share certificate expected to be despatched by post, at the applicant's risk, no later than 28 April 2016; and
- (b) to the extent the entitlement arises as a result of a holding of Ordinary Shares in uncertificated form at the Scheme Record Time, be credited to the appropriate CREST accounts (under the same participant and account ID that applied to the Ordinary Shares), with corresponding entitlements to New Beazley Shares with effect from 13 April 2016.

Notwithstanding anything above or any other provision of this document or any other document relating to the New Beazley Shares, Beazley and New Beazley reserve the right to deliver any New Beazley Shares applied for through CREST in certificated form. In normal circumstances, this right is only likely to be exercised in the event of any interruption, failure or breakdown of CREST (or any part of CREST), or on the part of the facilities and/or systems operated by the Registrars in connection with CREST.

Beazley Shareholders who are CREST-sponsored members should refer to their CREST sponsor regarding the action to be taken in connection with this document.

7. Beazley Directors' and other interests

Dennis Holt, Martin Bride, Adrian Cox, Andrew Horton, Neil Maidment, Clive Washbourn, George Blunden, Angela Crawford-Ingle, Sir Andrew Likierman, Vincent Sheridan and Catherine Woods were appointed as New Beazley Directors on 5 February 2016. Conditional upon the Scheme becoming effective, the New Beazley Non-Executive Directors will enter into new letters of appointment with New Beazley in order to reflect the structure of the New Beazley Group and any revised duties once the Scheme becomes effective. On the Effective Date, the New Beazley Executive Directors' respective existing service contracts with Beazley Management Limited will automatically apply to their appointment as executive directors of New Beazley.

Details of the terms of these service contracts and new letters of appointment are set out in paragraph 7 of Part IV (*Additional Information*) of this document. The interests of the Beazley Directors in the existing share capital of Beazley as at the Latest Practicable Date and in New Beazley immediately after the Scheme becomes effective are set out in paragraph 5 of Part IV (*Additional Information*) of this document.

Any rights held by the Beazley Directors under the Beazley Employee Share Plans will, where permitted under the rules of the relevant Beazley Employee Share Plan, be preserved so that New Beazley Shares will ultimately be delivered in satisfaction of any of those rights under their terms, in the manner described in paragraph 10 of Part IV (*Additional Information*) of this document. The effect of the Scheme on the interests of Beazley Directors is set out in paragraph 5 of Part IV (*Additional Information*) of this document.

Save as described above, the effect of the Scheme on the interests of Beazley Directors does not differ from its effect on the same interests of Scheme Shareholders.

8. Delisting of Ordinary Shares

The London Stock Exchange and the UK Listing Authority will be requested to cancel trading in the Ordinary Shares on the London Stock Exchange's main market for listed securities with effect from the close of business on the business day immediately prior to the Effective Date and to delist the Ordinary Shares from the Official List, respectively, with effect from 8.00 a.m. on the Effective Date. The last day of dealings in the Ordinary Shares on the London Stock Exchange is expected to be 12 April 2016 (being the business day immediately prior to the Effective Date) and no transfers of Ordinary Shares will be registered after 6.00 p.m. on that date. On the Effective Date, share certificates in respect of the Scheme Shares in certificated form will cease to be valid and should be destroyed.

9. Taxation

It is intended that the Scheme should be generally neutral in tax terms for UK and US Beazley Shareholders. Beazley Shareholders are referred to the tax sections at paragraphs 11 to 13 (inclusive) of Part IV (*Additional Information*) of this document for further information about the taxation consequences of the Scheme and in relation to the UK, US and Jersey taxation consequences of holding and disposing of New Beazley Shares. Beazley Shareholders should note that any future purchaser of New Beazley Shares will be liable to SDRT at 0.5% (rounded up to the nearest multiple of £5) of the consideration paid.

10. Overseas Shareholders

10.1 General

The implications of the Scheme for, and the distribution of this document to, Overseas Persons may be affected by the laws of relevant jurisdictions. Such Overseas Persons should inform themselves about and observe all applicable legal requirements.

It is the responsibility of any person into whose possession this document comes to satisfy themselves as to their full observance of the laws of the relevant jurisdiction in connection with the Scheme and the distribution of this document, including the obtaining of any governmental, exchange control or other consents which may be required and/or compliance with other necessary formalities which are required to be observed and the payment of any issue, transfer or other taxes due in such jurisdiction.

If, in respect of any Overseas Person, Beazley is advised that the allotment and issue of New Beazley Shares would or might infringe the laws of any jurisdiction outside the United Kingdom, or would or might require New Beazley to obtain any governmental or other consent

or effect any registration, filing or other formality with which, in the opinion of New Beazley, it would be unable to comply or which it regards as unduly onerous, the Scheme provides that New Beazley may determine either: (a) that the Scheme Shareholder's entitlement to New Beazley Shares pursuant to the Scheme shall be issued to such Scheme Shareholder and then sold on his behalf as soon as reasonably practicable at the best price which can be reasonably obtained at the time of sale, with the net proceeds of sale being remitted to the Scheme Shareholder; or (b) that the Scheme Shareholder's entitlement to New Beazley Shares shall be issued to a nominee for such Scheme Shareholder appointed by New Beazley and then sold, with the net proceeds being remitted to the Scheme Shareholder concerned. Any remittance of the net proceeds of sale referred to in this paragraph shall be at the risk of the relevant holder.

Overseas Persons should consult their own legal and tax advisers with respect to the legal and tax consequences of the Scheme in their particular circumstances.

10.2 *United States*

Securities may not be offered or sold in the United States unless they are registered under the US Securities Act or are exempt from such registration requirements. The New Beazley Shares to be issued to Scheme Shareholders in connection with the Scheme have not been, and will not be, registered under the US Securities Act. The New Beazley Shares will be issued in reliance on the exemption provided by section 3(a)(10) of the US Securities Act.

For the purpose of qualifying for the exemption from the registration requirements of the US Securities Act provided by section 3(a)(10) thereof, Beazley and New Beazley will advise the Jersey Court before the Jersey Court Hearing that its sanctioning of the Scheme will be relied on by New Beazley as an approval of the Scheme following a hearing on its fairness to Beazley Shareholders, at which Jersey Court Hearing all Scheme Shareholders are entitled to attend in person or through counsel to support or oppose the sanctioning of the Scheme and with respect to which notification has been given to all Scheme Shareholders.

The New Beazley Shares may generally be immediately resold without restriction under the US Securities Act by Scheme Shareholders who are not affiliates of New Beazley and have not been affiliates of New Beazley within 90 days prior to the issuance of New Beazley Shares under the Scheme. Thereafter, a former holder of Beazley Shares may generally resell without restriction under the US Securities Act the New Beazley Shares issued under the Scheme, unless such person is an affiliate of New Beazley within 90 days prior to such resale.

Under United States federal securities laws, a New Beazley Shareholder who is an affiliate of New Beazley at the time or within 90 days prior to any resale of New Beazley Shares received under the Scheme will be subject to certain United States transfer restrictions relating to such shares. Such New Beazley Shares may not be sold without registration under the US Securities Act, except pursuant to any available exemptions from the registration requirements (including a transaction that satisfies the applicable requirements for resales outside of the United States pursuant to Regulation S under the US Securities Act) or in a transaction not subject to such requirements. Whether a person is an affiliate of New Beazley for such purposes depends on the circumstances, but affiliates could include certain Officers and Directors and significant New Beazley Shareholders. A New Beazley Shareholder who believes that he or she may be an affiliate of New Beazley should consult his or her own legal advisers prior to any sales of New Beazley Shares received pursuant to the Scheme.

Notice to United States investors: The Scheme relates to the shares of a Jersey company and is to be made by means of a scheme of arrangement provided for under the laws of Jersey. The Scheme is subject to the disclosure requirements and practices applicable in Jersey to schemes of arrangement, which differ from the disclosure and other requirements of United States securities laws.

Beazley is a company registered in Jersey. New Beazley is a company registered in England and Wales. Directors and officers of Beazley and New Beazley may be located outside the United States and, as a result, it may not be possible for New Beazley Shareholders in the United States to effect service of process within the United States upon Beazley or New Beazley or such other persons. A substantial portion of the assets of Beazley and New Beazley and such other persons may be located outside the United States and, as a result, it may not be possible to satisfy a judgment against Beazley or New Beazley or such other persons in the United States or to enforce a judgment obtained by United States courts against Beazley or New Beazley or such other persons outside the United States.

Neither the SEC nor any United States state securities commission has reviewed or approved this document, the Scheme or the New Beazley Shares. Any representation to the contrary is a criminal offence in the United States.

United States investors should refer to paragraph 12 of Part IV (*Additional Information*) of this document for a description of certain US federal tax consequences of the acquisition, ownership and disposition of New Beazley Shares.

11. The Meetings

11.1 General

Before the Jersey Court's approval can be sought to sanction the Scheme, the Scheme will require approval by Beazley Shareholders at the Jersey Court Meeting and the passing of special resolutions by Beazley Shareholders at the Scheme General Meeting.

Notices of the Jersey Court Meeting and the Scheme General Meeting are set out in Parts VI (*Notice of Jersey Court Meeting*) and VII (*Notice of General Meeting*) of this document, respectively. All Beazley Shareholders whose names appear on the register of members of Beazley at 6.00 p.m. on 22 March 2016 or, if either the Scheme General Meeting or the Jersey Court Meeting is adjourned, on the register of members at 6.00 p.m. on the date two days before the date set for the adjourned Meeting, shall be entitled to attend and vote at the relevant Meeting in respect of the number of Ordinary Shares registered in their name at the relevant time as further described below.

11.2 The Jersey Court Meeting

The Jersey Court Meeting, which has been convened for 12.45 p.m. on 24 March 2016, pursuant to an order of the Jersey Court at which Meeting, or at any adjournment thereof, Beazley Shareholders will consider and, if thought fit, approve the Scheme.

At the Jersey Court Meeting, voting will be by way of poll and each Beazley Shareholder present in person or by proxy will be entitled to one vote for each Ordinary Share held. The approval required at the Jersey Court Meeting is a majority in number of the Beazley Shareholders present and voting, either in person or by proxy, representing three-fourths or more in voting rights of all Ordinary Shares held by such Beazley Shareholders.

It is important that, for the Jersey Court Meeting in particular, as many votes as possible are cast so that the Jersey Court may be satisfied that there is a fair and reasonable representation of the opinion of Beazley Shareholders.

If the Scheme is approved and becomes effective, it will be binding on all Beazley Shareholders irrespective of whether they attended the Jersey Court Meeting or the way they voted.

11.3 The Scheme General Meeting

The Scheme General Meeting has been convened for 1.00 p.m. on 24 March 2016 (or as soon thereafter as the Jersey Court Meeting has been concluded or adjourned), to consider and, if thought fit, pass certain resolutions in connection with the implementation of the Scheme. Resolutions 1 to 3 set out in the notice of the Scheme General Meeting, will be proposed as special resolutions (which require votes in favour representing at least two-thirds of the votes cast by Beazley Shareholders) to approve the following matters:

- (a) the Scheme; the cancellation of the Scheme Shares; the creation of the Beazley New Ordinary Shares; the allotment of the Beazley New Ordinary Shares; and amendments to the Articles to deal with, *inter alia*, transitional matters arising from the Scheme;
- (b) conditional on the Scheme becoming effective, the New Beazley Reduction of Capital; and
- (c) authority for the directors of New Beazley to convene a general meeting of New Beazley, other than an annual general meeting, on not less than 14 clear days' notice.

In addition to the above matters that are the subject of the special resolutions numbered 1 to 3, resolutions 4(a), 4(b) and 4(c) (which will be proposed as ordinary resolutions) will, in relation to the Employee Share Plan Proposals, approve the adoption by New Beazley of the the New LTIP, the New SAYE Plan and the New US SAYE Plan as set out in the notice of the Scheme General Meeting. The majority required for the passing of an ordinary resolution is a simple majority of the votes cast at the Scheme General Meeting. Neither the New Retention Plan nor the New Deferred Share Plan are being submitted for shareholder approval.

This explanatory statement relates only to the Scheme. Please see the letter in Part I (*Letter from the Chairman*) of this document in respect of the New Beazley Reduction of Capital and the Employee Share Plan Proposals, together with the respective resolutions in Part VII (*Notice of General Meeting*) of this document.

12. Prospectus

A Prospectus relating to New Beazley, the Group and Admission is expected to be made available in electronic form on the Group's website (www.beazley.com) on or around the date of this document after it has been filed with the FCA in accordance with the Prospectus Rules.

A copy of the Prospectus may also be obtained from the date it is filed until Admission free of charge by writing to the registered office of New Beazley (Plantation Place South, 60 Great Tower Street, London EC3R 5AD) or the registered office of Beazley (22 Grenville Street, St Helier, Jersey JE4 8PX) or by calling the Shareholder Helpline, further details of which are included on page 6 of this document. A copy of the Prospectus may also be inspected from such date until Admission at the registered offices of both New Beazley (Plantation Place South, 60 Great Tower Street, London EC3R 5AD) and Beazley (22 Grenville Street, St Helier, Jersey JE4 8PX) and at the offices of Mayer Brown International LLP (201 Bishopsgate, London EC2M 3AF).

The information in the Prospectus includes financial information and an operating and financial review in relation to the Group, a business overview of the Group and a section of additional information, including details of the remuneration and interests of the Directors and material contracts of the Group, all of which is relevant to New Beazley as the new holding company of the Group. Certain of this information is incorporated into the Prospectus by reference from other sources.

13. Action to be taken

BLUE Forms of Proxy for the Jersey Court Meeting and PINK Forms of Proxy for the Scheme General Meeting should be returned to the Registrars, Equiniti (Jersey) Limited, c/o Equiniti Limited Aspect House, Spencer Road, Lancing, West Sussex, BN99 6DA, as soon as possible and, in any event, so as to be received at least 48 hours before the time appointed for the relevant meeting. If a BLUE Form of Proxy for use at the Jersey Court Meeting is not returned by the above time, it may be handed to the Chairman of the Jersey Court Meeting or the Registrars at the Jersey Court Meeting. However, in the case of the Scheme General Meeting, unless the PINK Form of Proxy is returned by the time mentioned in the instructions printed on it, it will be invalid. The completion and return of a Form of Proxy will not prevent a Beazley Shareholder from attending and voting in person at either the Jersey Court Meeting or the Scheme General Meeting, or at any adjournment thereof, if such Beazley Shareholder so wishes and is so entitled.

14. Further information

The terms of the Scheme are set out in full in Part III (*The Scheme of Arrangement*) of this document. Your attention is also drawn to the further information contained in this document and, in particular, the information set out in Part IV (*Additional Information*) of this document.

Yours faithfully,

Numis Securities Limited

PART III
THE SCHEME OF ARRANGEMENT

No. 061 of 2016

IN THE ROYAL COURT OF JERSEY
IN THE MATTER OF BEAZLEY PLC

and

IN THE MATTER OF THE COMPANIES (JERSEY) LAW 1991

SCHEME OF ARRANGEMENT
(under article 125 of the Companies (Jersey) Law 1991)

between

BEAZLEY PLC

and

THE HOLDERS OF THE SCHEME SHARES
(as hereinafter defined)

PRELIMINARY

(A) In this Scheme, unless inconsistent with the subject or context, the following expressions bear the following meanings:

“**£**”, “**pence**” or “**sterling**” means the lawful currency of the United Kingdom;

“**Beazley**” or the “**Company**” means Beazley plc, a public limited company incorporated in Jersey with registered number 102680;

“**Beazley New Ordinary Shares**” means ordinary shares of five pence each in the capital of Beazley created following the cancellation of the Scheme Shares;

“**Beazley Shareholders**” means holders of Ordinary Shares from time to time;

“**business day**” means a day (other than a Saturday, Sunday or public holiday) on which banks are generally open for business in the City of London and Jersey for the transaction of normal banking business;

“**certificated**” or “**in certificated form**” means in relation to a share or other security, a share or other security which is not in uncertificated form;

“**Clause**” means a clause of this Scheme;

“**CREST**” means the system for the paperless settlement of trades in securities and the holding of uncertificated securities operated by Euroclear UK & Ireland Limited in accordance with the CREST Regulations;

“**CREST Regulations**” means (as applicable) the Uncertificated Securities Regulations 2001 (SI 2001 No. 01/378), as amended, or the Companies (Uncertificated Securities) (Jersey) Order 1999, as amended;

“**Effective Date**” means the date on which this Scheme becomes effective in accordance with Clause 7 of this Scheme, expected to be 13 April 2016;

“**holder**” means a registered holder, including any person entitled by transmission;

“**Jersey Companies Law**” means the Companies (Jersey) Law 1991, as amended;

“**Jersey Court**” means the Royal Court of Jersey;

“**Jersey Court Hearing**” means the hearing by the Jersey Court of the Company’s representation to sanction the Scheme under article 125 of the Jersey Companies Law and to confirm the reduction of share capital of Beazley pursuant to the Scheme Reduction of Capital under article 61 of the Jersey Companies Law;

“**Jersey Court Meeting**” means the meeting of the Beazley Shareholders convened by order of the Jersey Court pursuant to article 125 of the Jersey Companies Law to be held at 2 Northwood Avenue, Northwood Park, Santry Demesne, Dublin 9, Ireland at 12.45 p.m. on 24 March 2016 to consider and, if thought fit, approve the Scheme, including any adjournment thereof;

“**Jersey Court Order**” means the Act of Court sanctioning the Scheme under article 125 of the Jersey Companies Law and confirming the Scheme Reduction of Capital under article 61 of the Jersey Companies Law, together with the approved minute attached thereto;

“**Jersey Registrar of Companies**” means the Registrar of Companies in Jersey;

“**member**” means a member of Beazley, on the register of members at any relevant date;

“**New Beazley**” means Beazley plc, a public company limited by shares and incorporated in England and Wales under the Companies Act 2006 with registered number 09763575;

“**New Beazley Deferred Shares**” means the deferred shares of £1.00 each in the capital of New Beazley;

“**New Beazley Redeemable Shares**” means the redeemable shares of £1.00 each in the capital of New Beazley;

“**New Beazley Reduction of Capital**” means the proposed reduction of the share capital of New Beazley shortly following the Effective Date;

“**New Beazley Shares**” means ordinary shares of 90 pence (or such other nominal value as New Beazley shall resolve prior to the date on which the Jersey Court is asked to sanction the Scheme) each in the capital of New Beazley;

“**Ordinary Shares**” means ordinary shares of five pence each in the capital of Beazley;

“**Scheme**” or “**Scheme of Arrangement**” means this scheme of arrangement proposed to be made under article 125 of the Jersey Companies Law between Beazley and the holders of the Scheme Shares with or subject to any modification, addition or condition approved or imposed by the Jersey Court and agreed to by Beazley and New Beazley;

“**Scheme General Meeting**” means the general meeting of Beazley Shareholders to be held at 2 Northwood Avenue, Northwood Park, Santry Demesne, Dublin 9, Ireland at 1.00 p.m. on 24 March 2016 (or as soon thereafter as the Jersey Court Meeting shall have been concluded or adjourned) and any adjournment thereof;

“**Scheme Record Time**” means 6.00 p.m. on the business day immediately preceding the Effective Date;

“**Scheme Reduction of Capital**” means the reduction of capital referred to in Clause 1(a) of this Scheme;

“**Scheme Shareholder**” means a holder of Scheme Shares as appearing in the register of members of Beazley;

“**Scheme Shares**” means:

- (a) all the Ordinary Shares in issue at the date of this Scheme;
- (b) all (if any) additional Ordinary Shares issued after the date of this document and before the Voting Record Time; and
- (c) all (if any) further Ordinary Shares which may be in issue at or after the Voting Record Time and immediately before the confirmation by the Jersey Court of the Scheme Reduction of Capital in respect of which the original or any subsequent holders shall be bound by the Scheme or in respect of which the original or any subsequent holders shall have agreed in writing to be so bound;

“**uncertificated**” or “**in uncertificated form**” means in relation to a share or other security, a share or other security title to which is recorded on the relevant register of the share or security concerned as being held in uncertificated form in CREST and title to which, by virtue of the CREST Regulations, may be transferred by means of CREST; and

“**Voting Record Time**” means 6.00 p.m. on 22 March 2016 or, if the Jersey Court Meeting or the Scheme General Meeting is adjourned, 6.00 p.m. on the day which is two days before the date appointed for any adjourned Jersey Court Meeting or Scheme General Meeting.

- (B) The authorised share capital of Beazley at the date of this Scheme is £35,000,000 divided into 700,000,000 Ordinary Shares. The issued share capital of Beazley at the date of this Scheme is £26,167,667 divided into 523,353,340 Ordinary Shares, all of which are issued and credited as fully paid.
- (C) New Beazley was incorporated in England and Wales on 4 September 2015, with registered number 09763575.
- (D) The issued share capital of New Beazley at the date of this Scheme is £50,002.90, divided into one New Beazley Share, 50,000 New Beazley Redeemable Shares and two New Beazley Deferred Shares.
- (E) The initial shareholders of New Beazley have passed a special resolution to (subject to, amongst other things, the Scheme becoming effective) reduce the share capital of New Beazley by reducing the nominal value of each New Beazley Share from 90 pence (or such other nominal value as New Beazley shall resolve prior to the date on which the Jersey Court is asked to sanction the Scheme) to five pence shortly following the Scheme becoming effective.
- (F) New Beazley has agreed to appear by Counsel at the Jersey Court Hearing, to consent to the Scheme and to undertake to be bound thereby and execute and do or procure to be executed and done all such documents, acts and things as may be necessary or desirable to be executed or done by it for the purpose of giving effect to this Scheme.

THE SCHEME

1. Cancellation of Scheme Shares

- (a) The issued share capital of Beazley shall be reduced by cancelling and extinguishing the Scheme Shares.
- (b) Forthwith and contingent upon the reduction of capital referred to in Clause 1(a) taking effect:
 - (i) the authorised share capital of Beazley shall be increased to its former amount by the creation of such number of Beazley New Ordinary Shares as shall be equal to the aggregate number of Scheme Shares cancelled pursuant to Clause 1(a); and
 - (ii) Beazley shall apply the credit arising in its books of account as a result of such reduction of capital in paying up, in full at par, the Beazley New Ordinary Shares created pursuant to Clause 1(b)(i) and shall allot and issue the same, credited as fully paid up, to New Beazley and/or its nominee or nominees.

2. Consideration for the cancellation of the Scheme Shares

In consideration of the cancellation of the Scheme Shares and the issue of the Beazley New Ordinary Shares to New Beazley and/or its nominee or nominees pursuant to Clause 1, New Beazley shall (subject to the provisions of Clauses 3, 4 and 5), allot and issue credited as fully paid New Beazley Shares to the Scheme Shareholders on the basis of one New Beazley Share for each Scheme Share held at the Scheme Record Time, save that one fewer New Beazley Share shall be allotted and issued to any relevant Beazley Shareholder for every one New Beazley Share already held by that Beazley Shareholder at the Scheme Record Time.

3. Allotment and issue of New Beazley Shares

- (a) The New Beazley Shares to be issued pursuant to Clause 2 shall rank in full for all dividends or distributions made, paid or declared after the Effective Date on the ordinary share capital of New Beazley.
- (b) The provisions of Clause 2 shall be subject to any prohibition or condition imposed by law. Without prejudice to the generality of the foregoing, if, in respect of any Scheme Shareholder who is a citizen, resident or national of any jurisdiction outside the United Kingdom or Jersey, New Beazley is advised that the allotment and issue of New Beazley Shares pursuant to Clause 2 would infringe the laws of any jurisdiction outside the United Kingdom or Jersey or would require New Beazley to observe any governmental or other consent or effect any registration,

filing or other formality with which, in the opinion of New Beazley, it would be unable to comply or which it regards as unduly onerous, then New Beazley may in its sole discretion either:

- (i) determine that such New Beazley Shares shall be sold, in which event the New Beazley Shares shall be issued to such Scheme Shareholder and New Beazley shall appoint a person to act pursuant to this Clause 3(b)(i) and such person shall be authorised on behalf of such Scheme Shareholder to procure that any shares in respect of which New Beazley has made such a determination shall, as soon as practicable following the Scheme Record Time, be sold at the best price which can reasonably be obtained at the time of sale and the net proceeds of such sale (after the deduction of all expenses and commissions, including any amount in respect of value added tax payable thereon) shall be paid to such Scheme Shareholder by sending a cheque to such Scheme Shareholder in accordance with the provisions of Clause 4. To give effect to any such sale, the person so appointed shall be authorised on behalf of such Scheme Shareholder to execute and deliver a form of transfer and to give such instructions and do all such things which he may consider necessary or expedient in connection with such sale. In the absence of fraud, none of Beazley, New Beazley or the person so appointed shall have any liability for any loss or damage arising as a result of the timing or terms of any such sale; or
- (ii) determine that no such New Beazley Shares shall be allotted and issued to such Scheme Shareholder under Clause 2 but instead such shares shall be allotted and issued to a nominee appointed by New Beazley as trustee for such Scheme Shareholder, on terms that they shall, as soon as practicable following the Scheme Record Time, be sold on behalf of such Scheme Shareholder at the best price which can reasonably be obtained at the time of sale and the net proceeds of such sale (after the deduction of all expenses and commissions, including any amount in respect of value added tax payable thereon) shall be paid to such Scheme Shareholder by sending a cheque to such Scheme Shareholder in accordance with the provisions of Clause 4. In the absence of fraud, none of Beazley, New Beazley or any broker or agent of either of them shall have any liability for any loss arising as a result of the timing or terms of any such sale.

4. Certificates and payments

- (a) On the Effective Date, New Beazley shall allot and issue all New Beazley Shares which it is required to allot and issue to give effect to this Scheme pursuant to Clause 2.
- (b) As soon as reasonably practicable after the New Beazley Reduction of Capital becoming effective, and, in any event, not later than 40 days after the Effective Date, New Beazley shall send by post to the allottees of the New Beazley Shares certificates in respect of such shares save that, where Scheme Shares are held in uncertificated form, New Beazley will procure that Euroclear UK & Ireland Limited is instructed to cancel the entitlement to Scheme Shares of each of the Scheme Shareholders concerned and to credit to the appropriate stock accounts in CREST of each such Scheme Shareholder the due entitlement to New Beazley Shares on the Effective Date.
- (c) Not later than 15 days following the sale of any relevant New Beazley Shares pursuant to Clause 3(b), New Beazley shall procure that such person appointed to act under Clause 3(b)(i) or the nominee referred to in Clause 3(b)(ii) shall account for the cash payable by despatching to the persons respectively entitled thereto cheques by post.
- (d) All certificates required to be sent by New Beazley pursuant to Clause 4(b) and all cheques required to be sent pursuant to Clause 4(c) shall be sent through the post in pre-paid envelopes addressed to the persons respectively entitled thereto at their respective addresses appearing in the register of members of Beazley at the Scheme Record Time (or, in the case of joint holders, to the address of that one of the joint holders whose name stands first in the register in respect of the joint holding) or in accordance with any special instructions regarding communications received at the registered office of Beazley before the Scheme Record Time. All documents, certificates or other communications sent by, to, from or on behalf of Scheme Shareholders, or as such persons shall direct, will be sent at their own risk and may be sent by post.
- (e) If the New Beazley Shares are consolidated or subdivided before the despatch of any certificates or the giving of any instructions in accordance with this Clause 4, the certificates or instructions shall relate to such New Beazley Shares as so consolidated or subdivided (as the case may be).

- (f) None of Beazley, New Beazley or such person appointed to act under Clause 3(b)(i) or any nominee referred to in Clause 3(b)(ii) or any agent of any of them shall be responsible for any loss or delay in transmission of certificates or cheques sent in accordance with this Clause 4.
- (g) All cheques shall be made payable to the Scheme Shareholder or, in the case of joint holders to all such Scheme Shareholders, in respect of the Scheme Shares concerned in sterling drawn on a UK clearing bank and the encashment of any such cheque shall be a complete discharge to New Beazley for the monies represented thereby.
- (h) This Clause 4 shall be subject to any prohibition or condition imposed by law.

5. Certificates representing Scheme Shares

With effect from and including the Effective Date, all certificates representing holdings of Scheme Shares shall cease to be valid in respect of such holdings. The Shareholders in respect of such shares shall be bound to destroy such certificates and, at the request of Beazley, to confirm to Beazley that such certificates have been destroyed.

6. Mandated payments and other instructions

Each mandate in force at the Scheme Record Time relating to the payment of dividends on Scheme Shares and each instruction then in force as to notices and other communications from Beazley shall, unless and until varied or revoked, be deemed as from the Effective Date to be a valid and effective mandate or instruction to New Beazley in relation to the corresponding New Beazley Shares to be allotted and issued pursuant to this Scheme.

7. Effective Date

- (a) This Scheme shall become effective as soon as the Jersey Court Order sanctioning the Scheme under article 125 of the Jersey Companies Law shall have been duly delivered to the Jersey Registrar of Companies and registered by him.
- (b) Unless this Scheme shall have become effective on or before 31 December 2016 or such later date, if any, as Beazley and New Beazley may agree and the Jersey Court may allow, it shall lapse.

8. Modification

Beazley and New Beazley may jointly consent on behalf of all persons concerned to any modification of or addition to this Scheme or to any condition which the Jersey Court may think fit to approve or impose.

9. Costs

Beazley is authorised and permitted to pay all the costs and expenses relating to the negotiation, preparation and implementation of the Scheme.

10. Governing law

The Scheme is governed by Jersey law and is subject to the jurisdiction of the courts of Jersey.

Dated: 25 February 2016

PART IV

ADDITIONAL INFORMATION

1. Responsibility

The Directors, whose names are set out in paragraph 4 of this Part IV, accept responsibility for the information contained in this document. To the best of the knowledge and belief of the Directors (who have taken all reasonable care to ensure that such is the case), the information contained in this document is in accordance with the facts and contains no omission likely to affect its import.

2. Information on Beazley

Beazley is a public limited company incorporated in, and operating under the legislation of, Jersey, and domiciled in Ireland. Beazley's registered office is 22 Grenville Street, St Helier, Jersey, JE4 8PX.

3. Information on New Beazley

3.1 *Incorporation and registered office*

New Beazley was incorporated under the name Swift No. 3 Limited on 4 September 2015 in England and Wales under the Companies Act as a private company limited by shares and with registered number 09763575. New Beazley changed its name to its current name and re-registered as a public company on 12 February 2016 pursuant to a special resolution passed on 11 February 2016. The principal legislation under which New Beazley operates and the New Beazley Shares were created is the Companies Act.

The registered office and principal place of business of New Beazley is at Plantation Place South, 60 Great Tower Street, London EC3R 5AD, United Kingdom (telephone number: +44 (0)20 7667 0623).

3.2 *Share capital*

New Beazley was incorporated with an issued share capital of £2.00, comprising two New Beazley Subscriber Shares of £1.00 each. The New Beazley Subscriber Shares were issued fully paid up to each of Christopher Jones and Edward McGivney (senior Group employees).

On 11 February 2016, New Beazley:

- (a) issued one New Beazley Share of 90 pence to Christopher Jones;
- (b) re-designated the New Beazley Subscriber Shares into New Beazley Deferred Shares of £1.00 each; and
- (c) issued 25,000 New Beazley Redeemable Shares to each of Christopher Jones and Edward McGivney. The New Beazley Redeemable Shares were issued with a nominal value of £1.00 each and were fully paid up.

The New Beazley Subscriber Shares were re-designated as the New Beazley Deferred Shares due to the different nominal value of the New Beazley Shares. The New Beazley Deferred Shares carry no right to receive notice of or to attend, speak or vote at any general meeting of New Beazley or (subject to the Companies Act) at any meeting of the holders of any class of shares in the capital of New Beazley or for the purposes of a written resolution of New Beazley. They do not entitle their holders to receive any dividend or distribution of profits. On any payment or return of capital on a winding-up or other return of assets, they only carry the right to receive, after all share capital (including premium) on the New Beazley Shares in issue has been paid, the nominal value of the New Beazley Deferred Shares.

The New Beazley Redeemable Shares were issued for the purpose of satisfying the Companies Act minimum share capital requirements for public companies. They carry no right to receive notice of or to attend, speak or vote at any general meeting of New Beazley or (subject to the Companies Act) at any meeting of the holders of any class of shares in the capital of New Beazley or for the purposes of a written resolution of New Beazley. They do not entitle their holders to receive any dividend or distribution of profits. They only carry the right to receive, on any payment or return of capital on a winding up or other return of assets, *pro rata* out of the assets of New Beazley available for distribution the nominal capital paid up or credited as paid up on the New Beazley Redeemable Shares but only after the holders of the New Beazley Shares have been paid the nominal capital paid up or credited as paid up on the New Beazley Shares (including any premium) held by them respectively together with the aggregate sum of

£100,000,000,000 to the holders of such New Beazley Shares. Subject to the Companies Act, the New Beazley Redeemable Shares are redeemable at their nominal value at the option of New Beazley. The New Beazley Directors intend that following the Scheme and the New Beazley Reduction of Capital becoming effective, the New Beazley Redeemable Shares will be redeemed by New Beazley at their nominal value and automatically cancelled.

The issued and fully paid share capital of New Beazley as at the date of publication of this document is as follows:

	<u>Nominal value</u>	<u>Number of shares issued</u>
New Beazley Shares	£0.90 each	1
New Beazley Deferred Shares	£1.00 each	2
New Beazley Redeemable Shares	£1.00 each	50,000

The proposed, issued and fully paid share capital of New Beazley as it is expected to be immediately following the New Beazley Reduction of Capital becoming effective, assuming no other shares are issued after the Latest Practicable Date is as follows:

	<u>Nominal value</u>	<u>Number of shares issued</u>
New Beazley Shares	£0.05 each	523,353,340
New Beazley Deferred Shares	£1.00 each	2
New Beazley Redeemable Shares	£1.00 each	50,000

3.3 *Authorities*

On 11 February 2016, it was resolved by the holder of the sole New Beazley Share in issue at that date that:

- (a) New Beazley re-register as a public company limited by shares;
- (b) New Beazley change its name from Swift No. 3 Limited to Beazley plc;
- (c) New Beazley adopt the New Beazley Articles;
- (d) the directors of New Beazley be authorised (in accordance with section 551 of the Companies Act) to exercise all the powers of New Beazley to allot shares (as defined in section 540 of the Companies Act) up to an aggregate nominal amount of £471,018,006 for the purposes of the Scheme, for a period commencing on 11 February 2016 and ending at the conclusion of New Beazley’s annual general meeting in 2017 or on 30 June 2017 (whichever is the earlier);
- (e) subject to and conditional upon:
 - (i) the Scheme having become effective; and
 - (ii) the ordinary shares of 90 pence each (or such other nominal value as New Beazley shall resolve) in the capital of New Beazley required to be allotted and issued by New Beazley pursuant to the Scheme having been allotted and issued and registered in the names of the persons entitled to such shares in New Beazley’s register of members,

the issued share capital of New Beazley be reduced by cancelling and extinguishing paid up share capital to the extent of 85 pence (or such other amount as New Beazley shall resolve) on each ordinary share of New Beazley, thereby reducing the nominal value of each such ordinary share from 90 pence (or such other nominal value as New Beazley shall resolve) to five pence;
- (f) subject to and conditional upon the Scheme becoming effective, the New Beazley Directors be generally and unconditionally authorised for the purposes of section 551 of the Companies Act to allot shares in New Beazley or to grant rights to subscribe for or to convert any security into shares in New Beazley (“**Rights**”):
 - (i) up to a maximum aggregate nominal amount of £157,006,002 (and, following the New Beazley Reduction of Capital, £8,722,556); and

(ii) comprising equity securities (as defined in section 560(1) of the Companies Act) up to an aggregate nominal amount of £314,012,004 (and, following the New Beazley Reduction of Capital, £17,445,112) (each of those amounts to be reduced by the aggregate nominal amount of shares allotted or Rights granted under the resolution set out in paragraph 3.3(f)(i)) in connection with an offer by way of a rights issue:

(A) to ordinary shareholders in proportion (as nearly as may be practicable) to their existing holdings; and

(B) to holders of other equity securities as required by the rights attaching to those securities, or subject to those rights, as the New Beazley Directors otherwise consider necessary,

and so that the New Beazley Directors may impose any limits or restrictions and make any arrangements which they consider necessary or appropriate to deal with treasury shares, fractional entitlements, record dates, legal, regulatory or practical problems in, or under the laws of, any territory or any other matter,

and those authorities shall expire (unless previously renewed, varied or revoked) at the end of the next annual general meeting of New Beazley after the resolution in this paragraph 3.3(f) is passed or, if earlier, at the close of business on 30 June 2017 but, in each case, so that New Beazley may make offers and enter into agreements before that expiry which would, or might, require shares to be allotted or Rights to be granted after that expiry and the New Beazley Directors may allot shares or grant Rights pursuant to any of those offers or agreements as if the authority had not expired;

(g) subject to and conditional upon the Scheme becoming effective and subject to the passing of the resolution in paragraph 3.3(f) above, the New Beazley Directors are generally empowered pursuant to section 570(1) of the Companies Act to allot equity securities for cash pursuant to the general authority granted by the resolution in paragraph 3.3(f) above as if section 561 of the Companies Act did not apply to that allotment. This power:

(i) shall be limited to the allotment of equity securities in connection with an offer of equity securities (but in the case of an allotment pursuant to the authority in the resolution in paragraph 3.3(f)(ii) by way of rights issue only):

(A) to ordinary shareholders in proportion (as nearly as may be practicable) to their existing holdings; and

(B) to holders of other equity securities as required by the rights attaching to those securities, or subject to those rights, as the New Beazley Directors otherwise consider necessary,

and so that the New Beazley Directors may impose any limits or restrictions and make any arrangements which they consider necessary or appropriate to deal with treasury shares, fractional entitlements, record dates, legal, regulatory or practical problems in, or under the laws of, any territory or any other matter;

(ii) shall be limited to the allotment of equity securities for cash pursuant to the authority in the resolution in paragraph 3.3(f)(i) (otherwise than in the circumstances set out in sub-paragraph (i) of this paragraph 3.3(g)) up to an aggregate nominal amount of £23,550,901 (and, following the New Beazley Reduction of Capital, £1,308,384);

(iii) expires (unless previously renewed, varied or revoked) at the end of the next annual general meeting of New Beazley after this resolution is passed or, if earlier, at the close of business on 30 June 2017 but so that New Beazley may make offers and enter into agreements before that expiry which would, or might, require equity securities to be allotted after that expiry and the New Beazley Directors may allot equity securities pursuant to any of those offers or agreements as if this power had not expired; and

(iv) applies in relation to a sale of shares which is an allotment of equity securities by virtue of section 560(3) of the Companies Act as if in the first paragraph of this paragraph 3.3(g) the words “pursuant to the general authority conferred on them by the resolution in paragraph 3.3(f) above” were omitted,

and for the purposes of this paragraph 3.3(g), the expression “equity securities” and references to “allotment of equity securities” respectively have the meanings given to them in section 560 of the Companies Act;

- (h) subject to and conditional upon the Scheme becoming effective and Admission taking place, New Beazley is generally and unconditionally authorised for the purposes of section 701 of the Companies Act to make one or more market purchases (within the meaning of section 693(4) of the Companies Act) of ordinary shares in its capital provided that:
 - (i) the maximum aggregate number of ordinary shares authorised to be purchased is 52,335,334;
 - (ii) the minimum price which may be paid for an ordinary share is not less than the nominal value of an ordinary share at the time of the purchase;
 - (iii) the maximum price which may be paid for an ordinary share is in respect of an ordinary share contracted to be purchased on any day, not more than the higher of:
 - (A) an amount (excluding expenses) equal to 105% of the average of the middle market quotations for an ordinary share as derived from the London Stock Exchange’s Daily Official List for the five business days immediately preceding the day on which the ordinary share is contracted to be purchased; and
 - (B) an amount (excluding expenses) equal to the higher of the price of the last independent trade of an ordinary share and the highest current independent bid for an ordinary share on the London Stock Exchange’s Daily Official List at the time that the purchase is carried out,

and this authority expires at the end of New Beazley’s next annual general meeting after the resolution in this paragraph 3.3(h) was passed or, if earlier, at the close of business on 30 June 2017 but New Beazley may make a contract of purchase of any ordinary shares which would, or might, be concluded wholly or partly after that expiry and may make a purchase of ordinary shares pursuant to such a contract as if this authority had not expired;

- (i) the remuneration policy in the form set out in pages 103 to 106 of the directors’ remuneration report in Beazley’s annual report for the year ended 31 December 2015 be approved as New Beazley’s remuneration policy;
- (j) the New Beazley Directors be authorised to adjust the nominal value of New Beazley’s ordinary shares to be issued pursuant to the Scheme to a lesser or greater amount than 90 pence each;
- (k) KPMG LLP appointment as auditors of New Beazley until the conclusion of New Beazley’s annual general meeting in 2017 be confirmed and that the New Beazley Directors be authorised to determine KPMG LLP’s remuneration as auditors;
- (l) the appointments of Dennis Holt, Martin Bride, Adrian Cox, Andrew Horton, Neil Maidment, Clive Washbourn, George Blunden, Angela Crawford-Ingle, Sir Andrew Likierman, Vincent Sheridan and Catherine Woods as directors of New Beazley be confirmed; and
- (m) for the purpose of section 307A of the Companies Act, the New Beazley Directors be authorised to call general meetings of New Beazley other than annual general meetings on not less than 14 clear days’ notice, provided that this authority shall expire at the conclusion of New Beazley’s 2017 annual general meeting.

The authorities granted in relation to allotment of shares and the ability for New Beazley to purchase its own shares referred to in (f), (g) and (h) above are substantially equivalent to corresponding authorities that are proposed to be granted to the Directors at the Beazley annual general meeting to be held on 24 March 2016.

It is expected that the directors of New Beazley will only be authorised to implement the New Beazley Reduction of Capital if the Beazley Shareholders pass Special Resolution 2 which will be proposed at the Scheme General Meeting (details of which are set out in the Notice of Scheme General Meeting). Accordingly, Beazley Shareholders will not be required separately to approve the New Beazley Reduction of Capital once they have become shareholders in New Beazley pursuant to the Scheme.

4. Beazley Directors and New Beazley Directors

4.1 The Directors and their functions are as follows:

<i>Name</i>	<i>Position</i>
Dennis Holt.....	Chairman
Andrew Horton.....	Chief Executive Officer
Martin Bride	Group Finance Director
Neil Maidment	Chief Underwriting Officer
Clive Washbourn.....	Head of Marine
Adrian Cox	Head of Specialty Lines
George Blunden	Senior Independent Non-Executive Director
Angela Crawford-Ingle.....	Non-Executive Director
Sir Andrew Likierman	Non-Executive Director
Padraic O'Connor ⁽¹⁾	Non-Executive Director
Vincent Sheridan	Non-Executive Director
Rolf Tolle ⁽²⁾	Non-Executive Director
Catherine Woods.....	Non-Executive Director

Notes:

(1) Padraic O'Connor has informed the Board that he does not intend to stand for re-election to the Board at the Company's Annual General Meeting on 24 March 2016.

(2) Rolf Tolle has informed the Board that he does not intend to stand for re-election to the Board at the Company's Annual General Meeting on 24 March 2016.

4.2 The business address of each of the Directors is 2 Northwood Avenue, Northwood Park, Santry Demesne, Dublin 9, Ireland.

4.3 Dennis Holt, Martin Bride, Adrian Cox, Andrew Horton, Neil Maidment, Clive Washbourn, George Blunden, Angela Crawford-Ingle, Sir Andrew Likierman, Vincent Sheridan and Catherine Woods were appointed as New Beazley Directors on 5 February 2016.

4.4 The business address of each of the New Beazley Directors is Plantation Place South, 60 Great Tower Street, London EC3R 5AD, United Kingdom.

5. Directors' interests in Beazley and New Beazley

5.1 Assuming no further Ordinary Shares have been purchased or issued after the Latest Practicable Date, the Directors and their immediate families have the following interests in the share capital of Beazley (all of which are beneficial unless otherwise stated) and, in the event that the Scheme becomes effective, the Directors and their immediate families will have the following interests in New Beazley by virtue of the effect of the Scheme on their existing holdings in Ordinary Shares:

<i>Name</i>	<i>Number of Ordinary Shares before the Scheme becomes effective</i>	<i>Percentage of Ordinary Shares before the Scheme becomes effective</i>	<i>Number of New Beazley Shares after the Scheme becomes effective</i>	<i>Percentage of New Beazley Shares after the Scheme becomes effective</i>
Dennis Holt.....	50,000	0.010%	50,000	0.010%
Andrew Horton.....	1,708,612	0.326%	1,708,612	0.326%
Martin Bride	321,400	0.061%	321,400	0.061%
Neil Maidment	2,907,523	0.556%	2,907,523	0.556%
Clive Washbourn.....	461,346	0.088%	461,346	0.088%
Adrian Cox	758,047	0.145%	758,047	0.145%
George Blunden	50,000	0.010%	50,000	0.010%
Angela Crawford-Ingle.....	20,850	0.004%	20,850	0.004%
Sir Andrew Likierman	10,000	0.002%	10,000	0.002%
Padraic O'Connor	30,000	0.006%	30,000	0.006%
Vincent Sheridan	20,000	0.004%	20,000	0.004%
Rolf Tolle.....	60,000	0.011%	60,000	0.011%
Catherine Woods.....	—	—	—	—

5.2 The interests of the Directors together represent approximately 1.2% of the issued share capital of Beazley and are expected to represent approximately 1.2% of the issued share capital of New Beazley upon the Scheme becoming effective.

5.3 As at the Latest Practicable Date, the following Beazley Directors held the following interests in Ordinary Shares under the Beazley Employee Share Plans:

(a) *Awards under the 2012 LTIP*

<i>Name</i>	<i>Grant date</i>	<i>Number of outstanding awards</i>	<i>Earliest exercise date</i>	<i>Expiry date</i>
Andrew Horton.....	30/03/12	292,825	30/03/17	30/03/22
	13/02/13	210,823	13/02/18	13/02/23
	11/02/14	160,769	11/02/17	11/02/24
	11/02/14	160,770	11/02/19	11/02/24
	10/02/15	149,967	10/02/18	10/02/25
	10/02/15	149,968	10/02/20	10/02/25
	09/02/16	125,199	09/02/19	09/02/26
	09/02/16	125,199	09/02/21	09/02/26
Martin Bride	30/03/12	141,183	30/03/17	30/03/22
	13/02/13	110,186	13/02/18	13/02/23
	11/02/14	84,025	11/02/17	11/02/24
	11/02/14	84,026	11/02/19	11/02/24
	10/02/15	78,619	10/02/18	10/02/25
	10/02/15	78,619	10/02/20	10/02/25
	09/02/16	65,625	09/02/19	09/02/26
	09/02/16	65,624	09/02/21	09/02/26
Neil Maidment.....	30/03/12	164,714	30/03/17	30/03/22
	13/02/13	118,634	13/02/18	13/02/23
	11/02/14	90,478	11/02/17	11/02/24
	11/02/14	90,479	11/02/19	11/02/24
	10/02/15	84,401	10/02/18	10/02/25
	10/02/15	84,401	10/02/20	10/02/25
	09/02/16	70,466	09/02/19	09/02/26
	09/02/16	70,466	09/02/21	09/02/26
Clive Washbourn.....	30/03/12	164,714	30/03/17	30/03/22
	13/02/13	118,634	13/02/18	13/02/23
	11/02/14	90,478	11/02/17	11/02/24
	11/02/14	90,479	11/02/19	11/02/24
	10/02/15	84,401	10/02/18	10/02/25
	10/02/15	84,401	10/02/20	10/02/25
	09/02/16	70,466	09/02/19	09/02/26
	09/02/16	70,466	09/02/21	09/02/26
Adrian Cox	30/03/12	141,183	30/03/17	30/03/22
	13/02/13	117,532	13/02/18	13/02/23
	11/02/14	90,478	11/02/17	11/02/24
	11/02/14	90,479	11/02/19	11/02/24
	10/02/15	84,401	10/02/18	10/02/25
	10/02/15	84,401	10/02/20	10/02/25
	09/02/16	70,466	09/02/19	09/02/26
	09/02/16	70,466	09/02/21	09/02/26

(b) *Awards under the Deferred Share Plan*

<u>Name</u>	<u>Grant date</u>	<u>Number of outstanding awards</u>	<u>Earliest vesting date</u>	<u>Expiry date</u>
Andrew Horton.....	11/02/14	191,758	11/02/17	11/03/17
	10/02/15	131,877	10/02/18	10/03/18
	09/02/16	108,990	09/02/19	09/03/19
Martin Bride	11/02/14	97,755	11/02/17	11/03/17
	10/02/15	81,155	10/02/18	10/03/18
	09/02/16	67,070	09/02/19	09/03/19
Neil Maidment	11/02/14	146,450	11/02/17	11/03/17
	10/02/15	101,443	10/02/18	10/03/18
	09/02/16	83,838	09/02/19	09/03/19
Clive Washbourn.....	11/02/14	146,450	11/02/17	11/03/17
	10/02/15	101,443	10/02/18	10/03/18
	09/02/16	83,838	09/02/19	09/03/19
Adrian Cox	11/02/14	109,837	11/02/17	11/03/17
	10/02/15	101,443	10/02/18	10/03/18
	09/02/16	83,838	09/02/19	09/03/19

(c) *Awards under the 2012 SAYE Plan*

<u>Name</u>	<u>Grant date</u>	<u>Number of outstanding awards</u>	<u>Earliest exercise date</u>	<u>Expiry date</u>
Andrew Horton.....	09/05/14	4,354	01/07/17	01/01/18
	07/05/15	3,800	01/07/18	01/01/19
Martin Bride	10/04/13	5,311	01/07/16	01/01/17
	09/05/14	4,354	01/07/17	01/01/18
Neil Maidment	10/04/13	5,311	01/07/16	01/01/17
	09/05/14	4,354	01/07/17	01/01/18
Clive Washbourn.....	09/05/14	4,354	01/07/17	01/01/18

(d) *Individual awards*

<u>Name</u>	<u>Grant date</u>	<u>Number of outstanding awards</u>	<u>Earliest vesting date</u>	<u>Expiry date</u>
Clive Washbourn.....	05/04/13	500,000	05/04/16	05/04/23
	05/04/13	500,000	05/04/18	05/04/23

5.4 Save as described in paragraph 5.5 of this Part IV, none of the Directors has any potential conflicts of interest between their duties to Beazley and their private interests and/or other duties.

5.5 Rolf Tolle was appointed as a non-executive director of Beazley in December 2010. With his considerable market experience, the Directors believe that Mr. Tolle has performed a valuable role in bringing challenge to the boardroom based on his in depth understanding of the key drivers and challenges faced by the Group. Rolf Tolle's son, Christian Tolle, joined the Group in 2009, and is head of the Life, Accident and Health division. Christian reports to the Chief Underwriting Officer and does not currently sit on the Group's executive committee. The Beazley Board values the independence of its Non-executive Directors and considered carefully the appointment of Rolf Tolle, acknowledging that his relationship with his son could call his independence into question. The Beazley Board believes that the position that his son holds within the Group does not impact Rolf's independence of judgement. The Beazley Board meets the independence criteria for Rolf Tolle by ensuring that when the Life, Accident & Health division is a specific board matter, Rolf Tolle excuses himself from the discussion and any Board or Board committee decision. This occurs less than 5% of the time set aside for meetings of the Beazley Board. The Beazley Board believes that this practice is consistent with the spirit of the UK Corporate Governance Code and the principle of independence. The chairman oversees this potential conflict of interest and ensures that the matter is revisited annually as

part of the board effectiveness review. Rolf Tolle has informed the Board that he does not intend to stand for re-election to the Board at the Company's Annual General Meeting on 24 March 2016.

- 5.6 There are no outstanding loans or guarantees granted or provided by Beazley to any of its subsidiaries for the benefit of any of the Directors.

6. Principal shareholders

- 6.1 Insofar as is known to Beazley as at the Latest Practicable Date the following persons were interested, directly or indirectly, in 3% or more of Beazley's voting share capital (on the basis of their disclosed existing holdings of Ordinary Shares as at the Latest Practicable Date), and the amount of such persons' holdings of the total voting rights in respect of the New Beazley Shares following the Scheme becoming effective is expected to be as follows:

<i>Name</i>	<i>Number of shares</i>	<i>Percentage held</i>
Invesco Perpetual	101,400,652	19.4%
MFS Investment Management	49,623,657	9.5%
Woodford Investment Management	29,269,717	5.6%
Dimensional Fund Advisors	23,111,889	4.4%
Standard Life Investments	19,612,425	3.7%
BlackRock	19,164,524	3.7%
Legal & General Investment Management	15,729,547	3.0%

The interests disclosed above refer to the respective combined holdings of those entities and to interests associated with them.

- 6.2 Save as disclosed in this paragraph 6, the Directors are not aware of any holdings of voting rights (within the meaning of Chapter 5 of the Disclosure and Transparency Rules) which will represent 3% or more of the total voting rights in respect of the issued ordinary share capital of New Beazley once the Scheme becomes effective.
- 6.3 So far as Beazley is aware, immediately following implementation of the Scheme, no person or persons directly or indirectly, jointly or severally, will exercise or could exercise control over New Beazley.
- 6.4 Except in respect of the Scheme, neither Beazley nor the Directors are aware of any arrangements, the operation of which may at a subsequent date result in a change of control of Beazley.
- 6.5 There are no differences between the voting rights enjoyed by the principal Beazley Shareholders described in paragraph 6.1 above and those enjoyed by any other holder of Ordinary Shares and expected to be enjoyed by holders of New Beazley Shares.

7. Remuneration and benefits

- 7.1 The Executive Directors have service contracts with Beazley Management Limited as set out below:

<i>Name</i>	<i>Date of appointment as a Director⁽¹⁾</i>	<i>Date of current contract</i>	<i>Notice period from the employer</i>	<i>Notice period from the employee</i>	<i>Salary for FY 2015</i>
Andrew Horton	12 June 2003	2 November 2015	12 months	12 months	£443,500
Martin Bride	5 May 2009	2 November 2015	12 months	12 months	£310,000
Neil Maidment	15 March 2001	22 February 2016	12 months	12 months	£332,800
Clive Washbourn	4 December 2006	2 November 2015	12 months	12 months	£332,800
Adrian Cox	6 December 2010	2 November 2015	12 months	12 months	£332,800

Note:

- (1) Where the appointment date of a Director pre-dates 9 June 2009 (being the date that the Company became the ultimate parent company of the Group) the appointment date refers to their appointment to the board of directors of Beazley Group Limited (formerly known as Beazley Group plc).

The Beazley Executive Directors have service contracts with Beazley Management Limited which shall continue until terminated by either party giving to the other not less than 12 months' prior written notice. The service contracts of Beazley Executive Directors contain provisions for payment in lieu of notice such that, in certain instances, Beazley Management Limited may at its absolute discretion elect to terminate the employment of the Beazley Executive Director with immediate effect by paying to the Beazley Executive Director, in lieu of notice, the salary to which the Executive Director would otherwise have been entitled for the period of such notice, less such deductions as are required by law.

On the Effective Date, each such service contract will automatically apply to the relevant Executive Director's appointment as an executive director of New Beazley.

In addition to such service contracts, the terms of appointment of the Executive Directors as directors of Beazley are set out in letters of appointment between Beazley and the Executive Directors. Each Executive Director is entitled to a fee of £50,000 per annum, or the equivalent in euros, in respect of his appointment as a director of Beazley. The salary details of each of the Executive Directors set out in paragraph 7.1 of this Part IV are inclusive of these fees. On the Effective Date, these letters of appointment will be terminated and the fees previously payable under such letters will be payable in sterling under the Executive Directors' service contracts.

There is no provision in the Executive Directors' service contracts or letters of appointment for compensation to be payable on early termination of the service contract or letter of appointment.

- 7.2 Each of the Non-Executive Directors who is to become a New Beazley Director has terms of appointment with Beazley as follows:

<i>Name</i>	<i>Date of appointment as a Director</i>	<i>Date of current letter of appointment</i>	<i>Fee for FY 2015</i>
Dennis Holt.....	21 July 2011	16 February 2015	£164,730
George Blunden	1 January 2010	25 February 2013	£79,250
Angela Crawford-Ingle	27 March 2013	28 March 2013	£88,750
Sir Andrew Likierman	25 March 2015	10 April 2015	£42,885
Vincent Sheridan.....	9 June 2009	21 December 2011	£55,474
Catherine Woods	1 January 2016	31 December 2015	N/A

The fees set out above are inclusive of all memberships of board committees held during FY 2015. Each Non-Executive's appointment expires at the Company's annual general meeting following the end of the three-year term, notwithstanding the fact that each Director is subject to annual re-election at each annual general meeting of the Company. Each Non-Executive Director's appointment may be terminated by either party giving not less than six months' written notice.

On the Effective Date, each of the New Beazley Non-Executive Directors will enter into letters of appointment with New Beazley, which will be on substantially the same terms as the letters of appointments that each of the relevant Beazley Non-Executive Directors has with Beazley.

8. New Beazley Articles

Copies of the New Beazley Articles are available for inspection as detailed in paragraph 15 of this Part IV. The following is a summary of certain provisions of the New Beazley Articles that were adopted pursuant to a written resolution of New Beazley passed on 11 February 2016. This summary does not purport to be complete and is qualified in its entirety by the full terms of the New Beazley Articles. The New Beazley Articles, which do not contain an objects clause (and therefore New Beazley's objects are unrestricted), include provisions to the following effect:

8.1 *Shares and rights attaching to them*

(a) *Voting rights*

Subject to any other provisions of the New Beazley Articles and without prejudice to any special rights, privileges or restrictions as to voting attached to any shares forming part of New Beazley's share capital, on a show of hands, every member present in person, any

corporation represented by a duly authorised representative present in person, or any proxy present in person who has been duly appointed by one or more members entitled to vote on a resolution, has one vote.

On a poll, every member present in person or by proxy or a corporation represented by a duly authorised representative has one vote for every share of which he is the holder. New Beazley itself is prohibited (to the extent specified by the Statutes) from exercising any rights to attend or vote at meetings in respect of any shares held by it as treasury shares.

A member can appoint more than one proxy in relation to a meeting, provided that each proxy is appointed to exercise the rights attached to different shares held by the member.

(b) *Restrictions on voting where sums overdue on shares*

Unless the New Beazley Directors determine otherwise, no member of New Beazley shall be entitled to vote at any general meeting of New Beazley or at any separate class meeting of New Beazley in respect of any share held by him unless all calls or other sums payable by him in respect of that share have been paid.

(c) *Dividends*

Subject to the Statutes and the provisions of all other relevant legislation, New Beazley may by ordinary resolution declare dividends in accordance with the respective rights of members but no such dividend shall exceed the amount recommended by the New Beazley Directors. No dividend shall be payable to New Beazley itself in respect of any shares held by it as treasury shares (except to the extent permitted by the Statutes). If, in the opinion of the New Beazley Directors, the profits of New Beazley available for distribution justify such payments, the New Beazley Directors may pay fixed dividends payable on any shares of New Beazley with preferential rights, half-yearly or otherwise, on fixed dates and from time to time pay interim dividends to the holders of any class of shares. Subject to any special rights attaching to or terms of issue of any shares, all dividends shall be declared and paid according to the amounts paid up on the shares on which the dividend is paid.

New Beazley may, upon the recommendation of the New Beazley Directors, by ordinary resolution, direct payment of a dividend wholly or partly by the distribution of specific assets.

All dividends, interest or other moneys payable in cash in respect of registered shares may, at the New Beazley Directors' discretion, be invested for the benefit of New Beazley until claimed and, if unclaimed after a period of 12 years from the date when they became due for payment, they shall be forfeited and shall revert to New Beazley.

The New Beazley Directors may, if so authorised by ordinary resolution passed at any general meeting of New Beazley, offer any holders of New Beazley Shares (excluding New Beazley itself to the extent that it is a holder by virtue only of its holding any shares as treasury shares) the right to elect to receive in lieu of that dividend (or part of any of that dividend) an allotment of ordinary shares credited as fully paid.

If any cheque is returned undelivered or remains uncashed or any other means of transfer permitted by the New Beazley Articles has failed either (i) in respect of at least two consecutive dividends, interest payments or other moneys payable in cash in respect of registered shares; or (ii) in respect of one dividend, interest payment or other moneys payable in cash in respect of registered shares, if reasonable enquiries by New Beazley have failed to establish any new details necessary to make the payment, then New Beazley may stop any means of payment made pursuant to the New Beazley Articles in relation to dividends, interest or moneys payable in respect of the relevant shares.

New Beazley or the New Beazley Directors may specify a "record date" on which persons registered as the holders of shares shall be entitled to receipt of any dividend.

Any dividend or distribution by New Beazley shall, at any point prior to its payment, be cancelled or deferred (a "Cancellation", with similar terms construed accordingly) by the New Beazley Directors if the New Beazley Directors consider, in their sole discretion, that such Cancellation is or may be necessary or appropriate:

- (i) as a result of any applicable law or regulation; or
- (ii) in order otherwise to meet any applicable capital or solvency requirement.

Accordingly, notwithstanding the terms of any ordinary resolution of New Beazley or resolution of the New Beazley Board, any dividend or other distribution declared by such ordinary resolution or resolved to be paid by such New Beazley Board resolution shall be payable subject in each case to the condition that it shall not have been Cancelled by the New Beazley Directors prior to its payment (whether or not such conditionality is expressly provided for in the relevant resolution). If the New Beazley Directors act in good faith, they shall not incur any liability to the members of New Beazley or any of them in respect of any decision by the New Beazley Board to Cancel a dividend or distribution in accordance with the New Beazley Articles.

(d) *Distribution of assets on winding-up*

On any winding-up of New Beazley (whether the liquidation is voluntary, under supervision or by the Court), the liquidator may with the authority of a special resolution of New Beazley passed in accordance with the Statutes and any other sanction required by the Statutes, divide among New Beazley's members (excluding New Beazley itself to the extent that it is a member by virtue only of its holding any shares as treasury shares) *in specie* or in kind the whole or any part of the assets of New Beazley (subject to any special rights attached to any shares issued by New Beazley in the future) and may for that purpose set such value as he deems fair upon any one or more class or classes of property and may determine how that division shall be carried out as between the members or different classes of members. The liquidator may, with that sanction, vest the whole or any part of the assets in trustees upon such trusts for the benefit of the members as he with the relevant authority determines, and the liquidation of New Beazley may be closed and New Beazley dissolved, but so that no members shall be compelled to accept any shares or other property in respect of which there is a liability.

(e) *Liability of members*

The liability of New Beazley's members is limited to the amount, if any, unpaid on the shares held by them.

(f) *Variation of rights*

The rights or privileges attached to any class of shares may (unless otherwise provided by the terms of the issue of the shares of that class) be varied or abrogated with the consent in writing of the holders of three-fourths in nominal value of the issued shares of that class (excluding any shares of that class held as treasury shares) or with the sanction of a special resolution passed in accordance with the Statutes at a separate general meeting of the holders of the shares of that class, but not otherwise. These conditions are not more stringent than is required by law.

(g) *Transfer of shares*

All shares in New Beazley may be transferred by a transfer in any usual or common form or any form acceptable to the New Beazley Directors and permitted by the Statutes and the UK Listing Authority. All transfers of uncertificated shares shall be made in accordance with and subject to the provisions of the CREST Regulations and the facilities and requirements of a Relevant System.

The New Beazley Directors may decline to register a transfer of a share which is:

- (i) not fully paid or on which New Beazley has a lien provided that, where any such share is listed on the Official List that discretion may not be exercised in such a way as to prevent dealings in shares of that class from taking place on an open and proper basis; or
- (ii) not lodged duly stamped (if it is required to be stamped) at the registered office of New Beazley or at such other place as the New Beazley Directors may appoint; or
- (iii) (except in the case of a transfer by a financial institution or where a certificate has not been issued) not accompanied by the certificate of the share to which it relates or such other evidence reasonably required by the New Beazley Directors to show the right of the transferor to make the transfer; or
- (iv) in respect of more than one class of share; or
- (v) in the case of a transfer to joint holders of a share, the number of joint holders to whom the share is to be transferred exceeds four.

(h) *Section 793 of the Companies Act*

New Beazley may give a disclosure notice under section 793 of the Companies Act to any person whom it knows or has reasonable cause to believe is either interested in New Beazley's shares or has been so interested at any time during the three years immediately preceding the date on which the disclosure notice is issued.

The disclosure notice may require the person to confirm that fact or (as the case may be) to state whether or not it is the case and if he holds, or has during that time held, any such interest, to give such further information as may be required.

The notice may require the person to whom it is addressed, where either his interest is a present interest and another interest in the same shares subsists or another interest in the shares subsisted during the three-year period in which his interest subsisted, to give, so far as lies within his knowledge, such particulars with respect to that other interest as may be required by the notice, including: (i) the identity of persons interested in the shares in question and (ii) whether persons interested in the same shares are or were parties to an agreement to acquire interests in a particular company or an agreement or arrangement relating to the exercise of any rights conferring the holding of the shares.

The notice may require the person to whom it is addressed, where his interest is a past interest, to give (so far as lies within his knowledge) particulars of the identity of the person who held that interest immediately upon his ceasing to hold it.

If New Beazley gives notice under section 793 of the Companies Act in relation to any shares to a member or another person appearing to be interested in such shares and the recipient fails to give New Beazley the information required within 14 days afterwards, the holder of such shares is not entitled to vote either personally or by proxy at a general meeting or exercise any other rights in respect of them in relation to a general meeting. Where such shares represent at least 0.25% of the issued shares of their class:

- (i) New Beazley may withhold payment of any dividend or other distribution or amount payable in respect of them;
- (ii) the member is not entitled to elect to receive shares instead of a dividend;
- (iii) the New Beazley Board may refuse to register the transfer of any such shares unless:
 - (A) the member is not himself in default in supplying the information required; and
 - (B) the transfer is of part only of the member's holding and when presented for registration is accompanied by a certificate from the member, in a form satisfactory to the New Beazley Board, to the effect that after due and careful enquiry the member is satisfied that none of the shares the subject of the transfer are default shares; and
- (iv) any shares held by such member in uncertificated form shall forthwith be converted into certificated form and that member shall not after that be entitled to convert all or any shares held by him into uncertificated form (except with the authority of the New Beazley Board) unless:
 - (A) the member is not himself in default in supplying the information required; and
 - (B) the conversion relates to part only of the member's holding and the members has issued a certificate, in a form satisfactory to the New Beazley Board, to the effect that after due and careful enquiry the member is satisfied that none of the shares he is proposing to convert are default shares.

These sanctions will cease to apply seven days (or such shorter period as the New Beazley Directors may resolve) after the earlier of: (i) New Beazley being satisfied that the default in respect of which the disclosure notice was issued has been rectified; and (ii) notification being received by New Beazley that the default shares have been transferred to a third party by means of an approved transfer (as described in the New Beazley Articles).

(i) *Limitations on New Beazley Shareholders and disenfranchisement in connection with Lloyd's requirements*

The New Beazley Directors may at any time serve a notice upon any member requiring him to furnish them with information for the purposes of determining: (i) whether such member is, or is likely to be, a party to an agreement or arrangement whereby any of the

shares held by him are to be voted in accordance with some other person's instructions; or (ii) whether such member and/or any other person who has an interest in any shares held by such member is a Controller (as defined below); (iii) whether such member and/or any other person who has an interest in any shares held by such member has an interest in any shares or any characteristics which might cause the Council to determine, suspend or revoke the membership of Lloyd's of any subsidiary of New Beazley, or to refuse to permit any subsidiary of New Beazley to become a member of Lloyd's, or to restrict in any way the ability of any subsidiary of New Beazley to carry on business as a member of Lloyd's; or (iv) whether such member and/or other person who has an interest in any shares held by such member is (or is a connected person of) a members' agent, managing agent, Lloyd's broker or Lloyd's adviser (all as defined in bye-laws promulgated by Lloyd's). If such information and evidence is not furnished within a reasonable period (not being less than 14 days), or the information and evidence is, in the New Beazley Directors' opinion, unsatisfactory, the New Beazley Directors may serve upon such member a further notice calling upon him to furnish information and evidence within 14 days of the notice to enable the New Beazley Directors so to determine. If such information or evidence is not furnished the New Beazley Directors may withhold, to the extent lawful, the payment of any amounts to which the holder of the relevant shares is entitled.

If the New Beazley Directors, following consultation with the Council, determine that there are reasonable grounds for apprehending that the Council may revoke, suspend or determine the membership of Lloyd's of any subsidiary of New Beazley, or refuse to permit any subsidiary of New Beazley to become a member of Lloyd's, or to restrict in any way the ability of any subsidiary of New Beazley to carry on business as a member of Lloyd's by reason of the interest of a person in shares, the New Beazley Directors may, if they elect, serve a written notice on the person. Such notice may call for a disposal to be made of all of the shares in which such person is interested or of such lesser number as may be specified and may also specify that, *inter alia*, if it is not complied with to the satisfaction of the New Beazley Directors, then the New Beazley Directors will, so far as they are able, dispose of such shares on the New Beazley Shareholder's behalf at the best price reasonably obtainable. The holder of the relevant shares will cease to be entitled to receive notice of, or to attend and vote at, any general meeting of New Beazley or any meeting of the holders of shares of the relevant class unless the notice is withdrawn.

If any person (to the knowledge of the New Beazley Directors and without the consent of the Council) becomes or is deemed to be a Controller (as defined below), the New Beazley Directors will be entitled, but will not be obliged, to serve a written notice (a "**Disposal Notice**") on all those who have interests in, and, if different, on the holder(s) of, the shares in which the Controller is interested. The Disposal Notice will state the number of shares ("**Excess Ordinary Shares**") which are required to be disposed of. Where a Disposal Notice has been served, the holder(s) of the shares will not, in respect of the number of Excess Ordinary Shares held, be entitled, with effect from the date of service, to receive notice of, or to attend or vote at, any general meeting of New Beazley or any meeting of the holders of shares of the relevant class.

If a Disposal Notice is not complied with to the satisfaction of the New Beazley Directors and has not been withdrawn, the New Beazley Directors will, so far as they are able, dispose of the Excess Ordinary Shares at the best price reasonably obtainable in all the circumstances and will give written notice of any such disposal to those persons on whom the Disposal Notice was served. Such a disposal will usually be completed as soon as reasonably practicable after expiry of the Disposal Notice. Neither New Beazley nor the New Beazley Directors will be liable to any holder, or to any person having an interest in any share, or any other person, for failing to obtain the best price so long as the New Beazley Directors act in good faith.

For the purposes of this paragraph (i), a "**Controller**" means any person: (i) who either alone or with any connected person is entitled to exercise, or to control the exercise of, 10% or more of the voting power at any general meeting of New Beazley, or of another body corporate by which it is controlled; or (ii) in accordance with whose directions or instructions (either alone or with those of any connected person) the New Beazley Directors are accustomed to act.

(j) *Issue of shares and pre-emption rights*

Subject to the provisions of the New Beazley Articles and of the Statutes, and to any direction given by New Beazley in a general meeting, the New Beazley Directors may allot, grant options over or otherwise dispose of shares to such persons, at such times and on such terms as they think proper.

There are no rights of pre-emption under the New Beazley Articles in respect of transfers of issued shares. In certain circumstances, the New Beazley Shareholders may have statutory pre-emption rights under the Companies Act in respect of the allotment of new shares in New Beazley. These statutory pre-emption rights would require New Beazley to offer new shares for cash for allotment to New Beazley Shareholders on a *pro rata* basis before allotting them to other persons. In such circumstances, the procedure for the exercise of such statutory pre-emption rights would be set out in the documentation by which such shares would be offered to the New Beazley Shareholders.

(k) *Capitalisation of reserves*

New Beazley may pass an ordinary resolution to capitalise all or any part of any amount standing to the credit of any reserve or fund (including the profit and loss account or income statement) whether or not available for distribution and accordingly the amount to be capitalised would be distributed among New Beazley's members in the same proportions as if it would be distributed by way of dividend. Any capitalised sum shall be applied either in or towards: (i) paying up the amounts unpaid on any shares in New Beazley held by those members; or (ii) in paying up in full shares, debentures or other obligations of New Beazley to be allotted and distributed credited as fully paid up among those members. However, for the purposes of these provisions in the New Beazley Articles, a share premium account and a capital redemption reserve, and any reserve or fund representing unrealised profits, may be applied only in paying up unissued shares of New Beazley as fully paid.

(l) *Forfeiture*

To the extent permitted by the Statutes, New Beazley shall have a first and paramount lien on every share which is not fully paid for all amounts payable (whether or not currently payable) in respect of that share.

For any share over which New Beazley has a lien, the New Beazley Directors may serve a lien enforcement notice on the relevant member requiring him to pay the sum payable. If the person upon whom the notice is served fails to comply with the notice within seven clear days, New Beazley may sell the share in such manner as the New Beazley Directors think fit. The written notice must state and demand payment of the sum due and give notice of New Beazley's intention to sell in default.

Separately, the New Beazley Directors may send a call notice to a member of New Beazley requiring him to pay a sum due to New Beazley in respect of shares held by him. If the member fails to pay any part or instalment of any call by the due date for payment, the New Beazley Directors may serve a notice of intended forfeiture to that person. If this notice is not complied with before the date by which payment of the call is required under the notice (being not less than 14 clear days from the date of the notice), any shares in respect of which the notice was given may be forfeited by a New Beazley Directors' resolution. The forfeiture shall include all dividends declared and other monies payable in respect of the forfeited share and not actually paid before the forfeiture.

Every share which is forfeited shall become the property of New Beazley and may be sold, re-allotted or otherwise disposed of upon such terms and in such manner as the New Beazley Directors will decide. A person whose shares have been forfeited ceases to be a member in respect of those shares, remains liable for all sums payable by that person at the date of forfeiture and must surrender the certificate for the shares to New Beazley for cancellation.

(m) *Uncertificated shares*

Subject to the Statutes and the rules of the UK Listing Authority, the New Beazley Directors may resolve that any class of shares may be in uncertificated form and be transferred by means of a Relevant System. Nothing in the New Beazley Articles requires title to any shares or other securities of New Beazley to be evidenced by a certificate if the Statutes and the UK Listing Authority permit otherwise.

8.2 *Directors*

(a) *Number*

Unless and until New Beazley in general meeting shall otherwise determine, the number of New Beazley Directors shall not be subject to any maximum but shall not be less than two.

(b) *Share qualification*

A New Beazley Director need not hold any share qualification but is entitled to receive notice of and to attend and speak at any general meeting of New Beazley or at any separate meeting of the holders of any class of shares of New Beazley.

(c) *Borrowing powers*

The New Beazley Directors shall restrict the borrowings of New Beazley and exercise all voting and other rights or powers of control exercisable by New Beazley in relation to its subsidiaries so as to secure that the aggregate principal amount for the time being outstanding of all moneys borrowed by the Group shall not at any time without the previous sanction of an ordinary resolution of New Beazley, exceed an amount equal to three times the Adjusted Share Capital and Reserves (as such term is defined in the New Beazley Articles).

Subject to the restrictions described above and to the provisions of the Statutes, the New Beazley Directors may exercise all the powers of New Beazley to borrow money and to mortgage or charge its undertaking, property and uncalled capital or any part thereof and to issue debentures and other securities whether outright or as collateral security for any debt, liability or obligation of New Beazley or of any third party.

(d) *Directors' interests and restrictions*

The New Beazley Board may, in accordance with the New Beazley Articles, authorise a matter proposed to it which would, if not authorised, involve a breach by a New Beazley Director of his duty under section 175 of the Companies Act to avoid a situation in which he has, or can have, a direct or indirect interest that conflicts, or possibly may conflict with New Beazley's interests. Such matters are proposed to the New Beazley Board by being submitted in writing for consideration at a meeting of the New Beazley Board or for the authorisation of the New Beazley Board by written resolution and in accordance with the New Beazley Board's normal procedures or in such other manner as the New Beazley Board may approve. An authorisation is only effective if it is given in accordance with the requirements of the Companies Act. The New Beazley Board may authorise a matter on such terms and for such duration, or impose limits or conditions on it as it may decide and vary the terms or duration of such an authorisation or revoke it.

Any terms, limits or conditions imposed by the New Beazley Board in respect of its authorisation of a New Beazley Director's conflict of interest or possible conflict of interest may provide that:

- (i) if the relevant New Beazley Director has (other than through his position as New Beazley Director) information in relation to the relevant matter in respect of which he owes a duty of confidentiality to another person, he is not obliged to disclose that information to New Beazley or to use or apply it in performing his duties as a New Beazley Director;
- (ii) the New Beazley Director is to be excluded from discussions in relation to the relevant matter whether at a meeting of the New Beazley Board or any committee or sub-committee of the New Beazley Board or otherwise;
- (iii) the New Beazley Director is not to be given any documents or other information in relation to the relevant matter; and

- (iv) the New Beazley Director may or may not vote (or may or may not be counted in the quorum) at a meeting of the New Beazley Board or any committee or sub-committee of the New Beazley Board in relation to any resolution relating to the relevant matter.

A New Beazley Director will not infringe any duty he owes to New Beazley by virtue of sections 171 to 177 of the Companies Act if he acts in accordance with any terms, limits and conditions imposed by the New Beazley Board in respect of its authorisation of the New Beazley Director's conflict of interest or possible conflict of interest.

A New Beazley Director is not required, by reason of being a New Beazley Director (or because of the fiduciary relationship established by reason of his being a New Beazley Director), to account to New Beazley for any remuneration or other benefit which he derives from or in connection with a relationship involving a conflict of interest or possible conflict of interest which has been authorised by the New Beazley Board, by New Beazley in general meeting, or otherwise (subject to any terms, limits or conditions attaching to that authorisation).

If a New Beazley Director has disclosed to the New Beazley Board the nature and extent of his interest to the extent required by the Companies Act, a New Beazley Director is not required, by reason of being a New Beazley Director (or because of the fiduciary relationship established by reason of his being a New Beazley Director), to account to New Beazley for any remuneration or other benefit which he derives from or in connection with: (i) being a party to, or otherwise interested in, any transaction or arrangement with New Beazley or in which New Beazley is interested or a body corporate in which New Beazley is interested; (ii) acting (otherwise than as auditor) alone or through his organisation in a professional capacity for New Beazley (and he or that organisation is entitled to remuneration for professional services as if he were not a New Beazley Director); or (iii) being a director or other officer of, or employed by, or otherwise interested in New Beazley's subsidiaries or any other body corporate in which New Beazley is interested. Any such transaction or arrangement is not liable to be avoided on the ground of any such remuneration, benefit or interest.

Except as provided by the terms of any authorisation of a conflict of interest or proposed conflict of interest, whether given by the New Beazley Directors or otherwise if a meeting of the New Beazley Board is concerned with an actual or proposed transaction or arrangement with New Beazley in which a New Beazley Director is interested, that New Beazley Director may not vote or be counted in the quorum at that meeting or part of a meeting. However, a New Beazley Director who is interested in an actual or proposed transaction or arrangement with New Beazley may vote and count in the quorum at that meeting or part of the meeting if:

- (i) the New Beazley Director's interest arises solely through an interest in shares, debentures or other securities of or otherwise in or through New Beazley;
- (ii) New Beazley by ordinary resolution disapplies the provision of the New Beazley Articles which would otherwise prevent a New Beazley Director from being counted as participating in, or voting at, a meeting of the New Beazley Board;
- (iii) the New Beazley Director's interest cannot reasonably be regarded as likely to give rise to a material conflict of interest; or
- (iv) the New Beazley Director's conflict of interest arises from a permitted cause (as described in the New Beazley Articles).

If it is proposed to appoint two or more New Beazley Directors to offices or employments with New Beazley or with a company in which New Beazley is interested, or to fix or vary the terms of those appointments, the proposals may be divided and considered in relation to each New Beazley Director separately and in such case each of those New Beazley Directors (if not debarred from voting for another reason) may vote (and be counted in the quorum) in respect of each resolution except that which relates to him.

If a question arises at any meeting of the New Beazley Board or committee or sub-committee of the New Beazley Board as to the materiality of a New Beazley Director's interest or as to the entitlement of a New Beazley Director to vote or count in the quorum and the question is not resolved by his agreeing voluntarily to abstain from voting, the

question must be referred to the chairman of the meeting (or where the interest concerns the chairman to the deputy chairman of the meeting) and his ruling in relation to any New Beazley Director is final and conclusive except in a case where the nature or extent of the interests of the New Beazley Director concerned have not been disclosed fairly.

(e) *Remuneration*

Each of the New Beazley Directors may (in addition to any amounts payable under any other provision of the New Beazley Articles) be paid out of the funds of New Beazley such sum by way of remuneration for their services as New Beazley Directors such fees not exceeding in aggregate £2,000,000 per annum (or such larger sum as New Beazley may, by ordinary resolution, determine) to be divided in such proportion and manner as the New Beazley Directors agree or, failing agreement, equally.

Any New Beazley Director who is appointed to hold any employment or executive office with New Beazley or who, by request of New Beazley, goes or resides abroad for any purposes of New Beazley or who otherwise performs services which in the opinion of the New Beazley Directors are outside the scope of his ordinary duties may be paid such additional remuneration (whether by way of salary, commission, participation in profits or otherwise) as the New Beazley Directors (or any duly authorised committee of the New Beazley Directors) may determine and either in addition to or in lieu of any remuneration provided for by or pursuant to any other provision in the New Beazley Articles.

Each New Beazley Director may be paid his reasonable travelling expenses (including hotel and incidental expenses) of attending and returning from meetings of the New Beazley Directors or committees of the New Beazley Directors or general meetings or any separate meeting of the holders of any class of shares in New Beazley or any other meeting which as a New Beazley Director he is entitled to attend and shall be paid all expenses properly and reasonably incurred by him in the conduct of New Beazley's business or in the discharge of his duties as a New Beazley Director. Subject to the Statutes, a New Beazley Director may also be paid expenses incurred by him in obtaining professional advice in connection with the affairs of New Beazley or the discharge of his duties as a New Beazley Director out of New Beazley's funds.

(f) *Pensions and other benefits*

The New Beazley Directors may exercise all the powers of New Beazley to provide benefits, either by the payment of gratuities or pensions or by insurance or in any other manner whether similar to the foregoing or not, for any New Beazley Director or former New Beazley Director, or any person who is or was at any time employed by, or held an executive or other office or place of profit in, New Beazley or any body corporate which is or has been a subsidiary of New Beazley or a predecessor of the business of New Beazley or of any such subsidiary and for the families and persons who are or was a dependant of any such persons and for the purpose of providing any such benefits contribute to any scheme, trust or fund or pay any premiums.

(g) *Appointment and retirement of New Beazley Directors*

The New Beazley Directors may appoint any person who is permitted by the Statutes and willing to act to be a New Beazley Director, either to fill a casual vacancy or as an additional New Beazley Director but so that the total number of New Beazley Directors does not exceed any maximum number fixed by or in accordance with the New Beazley Articles. Any New Beazley Director so appointed shall retire from office at the annual general meeting of New Beazley next following such appointment. Any New Beazley Director so retiring is eligible for election by New Beazley.

Subject as provided in the New Beazley Articles, New Beazley may by ordinary resolution elect any person who is willing to act as a New Beazley Director either to fill a casual vacancy or as an addition to the existing New Beazley Directors or to replace a New Beazley Director removed from office under the New Beazley Articles but so that the total number of New Beazley Directors does not exceed any maximum number fixed by or in accordance with the New Beazley Articles.

Each New Beazley Director shall retire and (unless his terms of appointment with New Beazley specify otherwise) is eligible for election or re-election at each annual general meeting. The retirement of a New Beazley Director under this provision shall not have

effect until the conclusion of the relevant meeting except where a resolution is passed to elect another person in the place of the retiring New Beazley Director or a resolution for his election or re-election is put to the meeting and not passed and accordingly a retiring New Beazley Director who is elected or re-elected or deemed to have been elected or re-elected will continue in office without break.

If at the annual general meeting in any year, any resolution(s) for the election or re-election of the persons eligible for election or re-election as New Beazley Directors are put to the meeting and lost, and at the end of that meeting, the number of New Beazley Directors is fewer than any minimum number of New Beazley Directors fixed by or in accordance with the New Beazley Articles, all retiring New Beazley Directors who stood for election or re-election at that meeting shall be deemed to have been elected or re-elected as New Beazley Directors with effect from the conclusion of the meeting and these New Beazley Directors may only act for the purpose of convening general meetings of New Beazley and performing duties which are essential to maintain New Beazley as a going concern. As soon as reasonably practicable after that general meeting, the New Beazley Directors shall convene another general meeting at which they shall retire from office.

At the meeting at which a New Beazley Director retires, New Beazley may by ordinary resolution fill the vacated office by electing or re-electing a person to it, and in default the retiring New Beazley Director is deemed to have been elected or re-appointed except where:

- (i) that New Beazley Director has given notice to New Beazley that he is unwilling to be elected or re-elected; or
- (ii) at the meeting it is expressly resolved not to fill the vacated office or a resolution for the election or re-election of the New Beazley Director has been put to the meeting and not passed.

In the event of the vacancy not being filled at the meeting, it may be filled by the New Beazley Directors as a casual vacancy.

(h) *Indemnity*

Subject to the provisions of the Statutes, New Beazley may, at the New Beazley Board's discretion and on such terms as the New Beazley Board may decide from time-to-time, indemnify any director or other officer of New Beazley (or of a subsidiary of New Beazley) against any liability and indemnify a director or other officer of a company that is a trustee of an occupational pension scheme for employees (or former employees) of New Beazley (or of an associated body corporate) against liability incurred in connection with New Beazley's activities as trustee of the scheme. Subject to the provisions of the Statutes, New Beazley may provide such a director or officer with funds to meet expenditure incurred or to be incurred by him in defending any criminal, regulatory or civil proceeding, in connection with an application for relief or in defending himself in an investigation by a regulatory authority.

8.3 *Shareholder meetings*

(a) *Annual general meetings*

New Beazley shall hold a general meeting as its annual general meeting in each period of six months beginning with the day following its accounting reference date in addition to any other meetings. The annual general meeting shall be held at such time and place as the New Beazley Directors may appoint.

(b) *General meetings*

The New Beazley Directors may call a general meeting. The New Beazley Directors must call a general meeting if the members and the Companies Act require them to do so.

(c) *Length of notice*

An annual general meeting must be called by at least 21 clear days' notice. All other general meetings must be called by at least 14 clear days' notice. In each case, this is subject to any longer notice period required by the Statutes. Notice of general meetings must be sent or supplied in accordance with the New Beazley Articles.

- (d) *Contents of notice*
- Every notice of meeting of New Beazley shall:
- (i) specify the time, date and place of the meeting;
 - (ii) state the general nature of the business to be dealt with at the meeting;
 - (iii) include the statements required by section 311(3) of the Companies Act;
 - (iv) with reasonable prominence state that a member may appoint proxies to attend, speak and vote instead of that member;
 - (v) in the case of an annual general meeting, specify the meeting as such and include any statements required by section 337(3) of the Companies Act; and
 - (vi) if the meeting is called to consider a special resolution, include the text of the resolution and the intention to propose the resolution as a special resolution.
- (e) *Quorum of meetings*
- No business shall be transacted at any general meeting unless a quorum is present when the meeting proceeds to business but the absence of a quorum shall not preclude the appointment of a chairman which shall not be treated as part of the business of a meeting. Two qualifying persons present at a meeting are a quorum unless each person is a qualifying person only because he is authorised to act as the representative of a corporation in relation to the meeting, and they are representatives of the same corporation; or he is appointed as proxy of a member in relation to the meeting, and they are proxies of the same member.

9. Summary of the principal differences between the New Beazley Articles and the Beazley Articles

9.1 The principal differences between the New Beazley Articles and the Beazley Articles are set out in this paragraph 9.1 and in paragraphs 9.2, 9.3 and 9.4 of this Part IV:

- (a) The New Beazley Articles do not include certain provisions that were included in the Beazley Articles, including provisions relating to:
- (i) the Dividend Access Plan;
 - (ii) the requirement for board and committee meetings to be held outside the United Kingdom;
 - (iii) the requirement for the board to contain a minimum of two directors who are resident in Ireland for tax purposes;
 - (iv) the requirement for board and committee meetings to have one director resident in Ireland for tax purposes present in order for such meetings to be quorate;
 - (v) the requirement for general meetings to be held in Ireland; and
 - (vi) the requirement for executors or administrators of Beazley Shareholders to indemnify Beazley in certain circumstances in connection with a transmission of Ordinary Shares.
- (b) The New Beazley Articles include provisions that were not included in the Beazley Articles, including:
- (i) the power to issue share warrants;
 - (ii) the power for the New Beazley Directors to call for a New Beazley Shareholder to dispose of Excess Ordinary Shares and for such Excess Ordinary Shares to be disenfranchised, in each case in certain limited circumstances, as further described in paragraph 8.1(i) of this Part IV;
 - (iii) a requirement for each New Beazley Director to retire at each annual general meeting of New Beazley, with such New Beazley Directors being eligible for re-election at that annual general meeting. This reflects Beazley's recent practice at its annual general meetings in compliance with the UK Corporate Governance Code;
 - (iv) a cap of 15% per annum on the interest payable by a person whose shares in New Beazley have been forfeited;

- (v) the power for a New Beazley Director to direct New Beazley to pay part of his remuneration to a person who has been appointed as his alternate director in accordance with the New Beazley Articles; and
 - (vi) a requirement for the New Beazley Directors to give reasons for any refusal to register a transfer of shares in New Beazley.
- 9.2 The article restricting the power of New Beazley to borrow monies in the New Beazley Articles (as described in paragraph 8.2(c) of this Part IV) differs in some respects from the equivalent article in the Beazley Articles:
- (a) the following items are not deemed to be “moneys borrowed” for the purpose of this restriction in the New Beazley Articles: (i) the principal amount of any preference share capital of a subsidiary undertaking owned otherwise than a member of the New Beazley Group; (ii) any fixed or minimum premium payable on final repayment of any borrowing or deemed borrowing (except for any final repayment); and (iii) fixed amounts in respect of certain hire-purchase agreements and finance leases; and
 - (b) certain exclusions from the definition of “moneys borrowed” have been removed in the New Beazley Articles, including: (i) immediately after a company becomes a member of New Beazley’s group of companies, an amount equal to its outstanding borrowed moneys; and (ii) immediately after an asset is acquired by a member of the New Beazley’s group of companies, an amount equal to the amount secured on the asset.
- 9.3 In order for the New Beazley Shares to be counted towards the capital and solvency requirements under Solvency II, any dividends or other distributions declared by New Beazley (and other distributions) must be capable of being cancelled or deferred at any time before payment if the relevant capital or solvency requirements have been breached or payment of the dividend (or other distribution) would lead to such breach. Accordingly, as further described in paragraph 8.1(c) of this Part IV, the New Beazley Articles include a provision stating that any dividend or other distribution declared by New Beazley may be cancelled or deferred by the New Beazley Directors before payment in certain circumstances. In order to ensure that the New Beazley Directors have sufficient flexibility to allow New Beazley to comply with the Solvency II regime, the circumstances in which a dividend or other distribution may be cancelled or deferred have been drafted widely.
- 9.4 There are also a number of differences between the Beazley Articles and the New Beazley Articles that arise by reason of New Beazley being a company incorporated in England and Wales and not in Jersey. In particular, certain provisions were incorporated into the Beazley Articles to enshrine rights that were not covered by the Jersey Companies Law but which shareholders in a company listed on the London Stock Exchange would normally expect. Given that the New Beazley Shareholders will have the benefit of protection on these matters under the Statutes, these provisions have not been included in the New Beazley Articles.
- 9.5 The provisions of the New Beazley Articles are further described in paragraph 8 of this Part IV. Copies of the New Beazley Articles and the Beazley Articles are also available for inspection as described in paragraph 15 of this Part IV.

10. Employee Share Plan Proposals

10.1 *New Beazley Employee Share Plans*

New Beazley has confirmed to Beazley that, following the Scheme becoming effective, it proposes to continue to use employee share plans to incentivise employees of the Group. Accordingly, New Beazley has confirmed to Beazley that the New Beazley Directors have adopted the New Beazley Employee Share Plans subject to the approval of Beazley Shareholders (where required) at the Scheme General Meeting and conditional on the Scheme becoming effective.

The New Beazley Employee Share Plans are replacements for, and are essentially similar to, the 2012 SAYE Plan, the US SAYE Plan, the 2012 LTIP, the Retention Plan and the Deferred Share Plan. The principal provisions of the New Beazley Employee Share Plans are set out below and are reproduced with the permission of New Beazley.

10.1 *New SAYE Plan*

(a) *Operation of the New SAYE Plan*

The Board or a duly authorised Board committee (which is assumed for the purpose of this summary to be the New Beazley Remuneration Committee) will be responsible for administering and issuing invitations and granting options under the Beazley plc Save As You Earn Share Option Plan 2016 (the “**New SAYE Plan**”). The New SAYE Plan is intended to comply with the provisions of Schedule 3 to the UK Income Tax (Earnings and Pensions) Act 2003 (“**Schedule 3**”).

(b) *Eligibility*

All employees (including New Beazley Executive Directors) of New Beazley and other companies in the New Beazley Group which the New Beazley Remuneration Committee has determined shall participate in the New SAYE Plan who have been in employment for a minimum period determined by the New Beazley Remuneration Committee (not exceeding five years) and who are resident in the UK for tax purposes, and any other employee of any such company nominated by the New Beazley Remuneration Committee, may apply for an option on any occasion on which invitations are issued.

(c) *Form of awards*

The New SAYE Plan will give employees the opportunity to save up to £500 per month (or such other amount permitted under the relevant legislation from time to time) in a savings contract for three or five years (a “**Sharesave Contract**”). The proceeds of the Sharesave Contract may be used to exercise an option to acquire New Beazley Shares at the exercise price set at the time of invitation by the New Beazley Remuneration Committee.

(d) *Determination of exercise price*

The New Beazley Remuneration Committee will determine the exercise price applicable to an invitation, which will not be manifestly less than 80% (or such other percentage as may from time to time be specified by the relevant legislation) of the market value of a New Beazley Share on the date of the invitation (or such other date, not earlier than the day preceding the date of the invitation or later than the date of grant of the options, as may be specified in the invitation). The market value on any day for these purposes, when New Beazley Shares are quoted on SEDOL, is the middle market quotation (as derived from that list) of such a share on the immediately preceding dealing day, or, if the New Beazley Remuneration Committee so determines, the average of that quotation for the three immediately preceding dealing days or such other dealing days as may be permitted in accordance with Schedule 3 for the purposes of the New SAYE Plan.

The exercise price may only be determined by reference to dealing days which fall within the period of 42 days commencing on:

- (i) the day on which New Beazley Shares are admitted to the Official List and to trading on the London Stock Exchange’s market for listed securities;
- (ii) the dealing day immediately following the day on which New Beazley makes an announcement of its results for any period;
- (iii) the day on which changes are announced, effected or made to the legislation or regulations affecting share option plans which are subject to the provisions of Schedule 3;
- (iv) any day on which a new Sharesave Contract prospectus is announced or takes effect;
or
- (v) any day on which the New Beazley Remuneration Committee resolves that exceptional circumstances exist which justify the issue of invitations,

unless New Beazley is restricted from issuing invitations under the Plan during the periods specified above as a result of any dealing restrictions, in which case the relevant period will be 42 days commencing on the dealing day after those dealing restrictions are lifted.

(e) *Terms of options*

Options may be granted over newly issued New Beazley Shares, New Beazley Shares purchased in the market or New Beazley Shares held in treasury. Options will not be transferable (except on death). No payment will be required for the grant of an option. Options will not form part of pensionable earnings.

(f) *Overall limits*

Options cannot be granted under the New SAYE Plan if they would cause the total of the number of Ordinary Shares and New Beazley Shares which have been or may be issued pursuant to options granted during the preceding 10 years under the New SAYE Plan and under any other employee share plan adopted by New Beazley or Beazley to exceed 10% of New Beazley's issued ordinary share capital at that time. New Beazley Shares transferred from treasury will be treated as newly issued for the purpose of these limits, provided that the New Beazley Remuneration Committee may determine otherwise if guidelines published by institutional investor representative bodies no longer require this.

(g) *Exercise of options*

Ordinarily, an option may be exercised within six months of the maturity of the Sharesave Contract. Earlier exercise will be permitted if an employee leaves employment by reason of death, injury, disability, redundancy or retirement. Options may be exercised early in the event of a takeover or winding-up of New Beazley or if the entity which employs a participant is transferred out of the New Beazley Group. Alternatively, options may, by agreement with the acquiring company, be rolled over into equivalent options over shares in the acquiring company.

(h) *Adjustments*

In the event of a variation of New Beazley's share capital, the number of New Beazley Shares subject to an option and/or the exercise price may be adjusted in such manner as the New Beazley Remuneration Committee determines, provided that the adjustment complies with the requirements of Schedule 3.

(i) *Rights attaching to the New Beazley Shares*

New Beazley Shares issued or transferred from treasury under the New SAYE Plan will rank equally with all other New Beazley Shares for the time being in issue (except for rights attaching to such New Beazley Shares by reference to a record date prior to the date of issue or transfer from treasury).

(j) *Amendment and termination*

The New Beazley Remuneration Committee may amend the New SAYE Plan at any time, provided that prior approval of New Beazley in general meeting will be required for amendments to the provisions relating to eligibility, limits, the determination of the exercise price, the basis for determining a participant's entitlement to and the terms of and the rights of participants in the event of a variation of share capital, where such amendment is to the advantage of participants.

However, any minor amendment to benefit administration, to take account of legislative changes, or to obtain or maintain favourable tax treatment, exchange control or regulatory treatment may be made by the New Beazley Remuneration Committee without shareholder approval.

The New SAYE Plan will terminate on 27 March 2022, or any earlier time by the passing of a resolution by the New Beazley Remuneration Committee or the shareholders of New Beazley but the rights of existing participants will not be affected by any termination. In the event of termination, no further options will be granted under the New SAYE Plan.

(k) *Governing law*

The New SAYE Plan will be governed in accordance with the laws of England and Wales.

10.2 **New US SAYE Plan**

(a) *Introduction*

It is intended that the Beazley plc Savings-related Share Option Plan for U.S. Employees 2016 (the "**New US SAYE Plan**") will be established to award tax-favourable options to all eligible US-based employees. The New US SAYE Plan will allow participants to save a

fixed amount of money over a period and use those savings to buy New Beazley Shares at the end of that fixed period, at a pre-determined discount price. Interest will be earned on the savings. At the end of the savings period, a participant may choose whether to use their savings and interest to buy New Beazley Shares or withdraw the savings for their own use.

The New US SAYE Plan is designed to comply with section 423 of the Code.

(b) *Eligibility*

Participation in the New US SAYE Plan will be offered on similar terms to all US-resident employees of New Beazley's participating subsidiaries who have been employed for a continuous period of service of at least one month, including part-time employment (as long as the participant works for at least 20 hours per week) and temporary employment (as long as the participant's temporary contract is for at least five months in a calendar year). Employees who own 5% or more of the aggregate shares of New Beazley and its participating subsidiaries are not eligible to join.

Participation may also be offered to other New Beazley Group employees on a discretionary basis.

(c) *Option invitations and limitations on grant*

Option invitations will generally only be issued in the period of six weeks commencing on the day following:

- (i) an announcement by New Beazley of its results for any period, or the issue by New Beazley of a prospectus, listing particulars or other document containing equivalent information relating to the New Beazley Shares; or
- (ii) the commencement of an invitation period under the New SAYE Plan.

Invitations may also be issued at other times determined by the New Beazley Remuneration Committee.

Employees may only be granted options under the New US SAYE Plan if the options together with any other options granted under all employee stock purchase plans (as defined in section 423 of the Code) of the New Beazley Group do not permit the employee to purchase New Beazley Shares or shares in New Beazley's subsidiaries in excess of US\$25,000 in fair market value of such shares in each year in which options are outstanding. Furthermore, options may not be granted to employees where the grant would cause the amount of securities sold by New Beazley during the 12-month period ending on the date of grant to exceed US\$5 million.

(d) *Savings contract*

The New US SAYE Plan will be linked to a two-year savings contract entered into by each participant with a nominated bank. Participants will contribute between US\$10 and the dollar equivalent of £500 per month as determined by the New Beazley Remuneration Committee (subject to scaling down if aggregate applications exceed the number of New Beazley Shares to be made available). The number of New Beazley Shares over which a participant is granted an option will be the number which can be acquired at the exercise price with the accumulated savings plus interest. To ensure that all employees around the world receive the same number of options for the same savings, New Beazley will use a nominal rate of interest (equal to one month's savings) to calculate total savings and interest. The actual interest rate paid will be determined and paid by the nominated bank.

(e) *Overall limits*

Options cannot be granted under the New US SAYE Plan if they would cause the total of the number of Ordinary Shares and New Beazley Shares which have been or may be issued pursuant to options granted during the preceding 10 years under the New US SAYE Plan and under any other employee share plan adopted by New Beazley or Beazley to exceed 10% of New Beazley's issued ordinary share capital at that time.

(f) *Exercise price*

The exercise price for each New Beazley Share will be determined by the New Beazley Remuneration Committee and will not be less than 85% of the market value of a New Beazley Share on the date of grant of the option. Whilst New Beazley Shares are admitted

to trading on the London Stock Exchange's main market for listed securities the market value of a New Beazley Share on any day shall be taken to be the average middle market quotation of a New Beazley Share for the dealing day immediately preceding that day.

(g) *Exercise of options*

It is expected that options will normally only be exercised during the period following the end of the relevant savings period (i.e. the second anniversary from the date of grant) and 27 months from the date of grant of the option. Options may also be exercised for a period of six months on the death of a participant, or on the participant ceasing to be an eligible employee by reason of disability. Options will also become exercisable for a period of three months on ceasing to be an eligible employee by reason of injury, redundancy, or retirement, on the sale of the employing subsidiary or business or certain changes in the control of New Beazley.

A participant may exercise his options within three months in the event of a takeover, a court-sanctioned arrangement for the purposes of reconstruction, amalgamation or a change of control of New Beazley. Alternatively, options may, by agreement with the acquiring company, be rolled over into equivalent options over shares in the acquiring company.

However, where such events are part of an arrangement whereby an acquiring company obtains control of New Beazley, and the persons who will own shares in the acquiring company immediately after the arrangement are substantially the same as the persons who owned shares in New Beazley immediately before the arrangement, then, if a roll over of options is offered the options will not become exercisable, and will be exchanged for the roll over options.

(h) *Amendment and termination*

The New Beazley Remuneration Committee may amend the New US SAYE Plan at any time, provided that the prior approval of New Beazley in general meeting will be required for any amendments to the advantage of participants.

However, any minor amendment to benefit administration, to take account of legislative changes, or to obtain or maintain favourable tax treatment, exchange control or regulatory treatment may be made by the New Beazley Remuneration Committee without shareholder approval.

The New US SAYE Plan will terminate on 1 October 2025, or any earlier time by the passing of a resolution by the New Beazley Remuneration Committee or the New Beazley Shareholders, but the rights of existing participants will not be affected by any termination. In the event of termination, no further options will be granted under the New US SAYE Plan.

10.3 *New LTIP*

(a) *Operation of the New LTIP*

The Board or a duly authorised Board committee (which is assumed for the purpose of this summary to be the New Beazley Remuneration Committee) will be responsible for granting awards and administering the Beazley plc Long Term Incentive Plan 2016 (the "**New LTIP**").

(b) *Eligibility*

Any employee (including a New Beazley Executive Director) of the New Beazley Group will be eligible to participate in the New LTIP at the discretion of the New Beazley Remuneration Committee.

(c) *Form of awards*

Awards under the New LTIP may be in the form of:

- (i) a conditional right to acquire New Beazley Shares on vesting, at no cost to the participant (a "**Conditional Award**"); or
- (ii) an option to acquire New Beazley Shares at any point during an exercise period, at no cost to the participant (a "**Nil-Cost Option**").

The New Beazley Remuneration Committee may alternatively decide, at any time before a Conditional Award vests or a Nil-Cost Option is exercised, that the award will be settled in cash.

(d) *Performance conditions*

The vesting of awards will be subject to the satisfaction of a performance condition which will determine the proportion (if any) of the award which will vest at the end of a performance period of at least three years.

The performance condition may be varied if one or more events occur which cause the New Beazley Remuneration Committee to consider that a varied performance condition would be more appropriate and it would not be materially more or less difficult to satisfy.

The New Beazley Remuneration Committee may decide that the vesting of awards will also be subject to meeting shareholder requirements set by New Beazley.

(e) *Individual limits*

Awards to a participant in any one financial year will not exceed a market value on date of grant(s) of more than 200% of salary.

(f) *Timing of grant*

Awards may only be granted within the six-week period following Admission, the announcement of New Beazley's results for any period or any day on which the New Beazley Remuneration Committee determines that exceptional circumstances justify the grant of awards. If awards cannot be granted during any of these periods due to a dealing restriction, awards can be granted within the six-week period following the day on which the restriction is lifted.

(g) *Terms of awards*

Awards may be granted over newly issued New Beazley Shares, New Beazley Shares purchased in the market or New Beazley Shares held in treasury. Awards are not transferable (except on death). No payment will be required for the grant of an award. Awards will not form part of pensionable earnings.

(h) *Overall limits*

Awards cannot be granted under the New LTIP if they would cause the total of the number of Ordinary Shares and New Beazley Shares which have been or may be issued pursuant to awards granted during the preceding 10 years under the New LTIP and under any other employee share plan adopted by New Beazley or Beazley to exceed 10% of New Beazley's issued ordinary share capital at that time.

In addition, awards cannot be granted under the New LTIP if they would cause the total of the number of Ordinary Shares and New Beazley Shares which have been or may be issued pursuant to awards granted during the preceding 10 years under the New LTIP and under any other discretionary employee share plan adopted by New Beazley or Beazley to exceed 5% of New Beazley's issued ordinary share capital at that time.

New Beazley Shares transferred from treasury will be treated as newly issued for the purpose of these limits, provided that the New Beazley Remuneration Committee may determine otherwise if guidelines published by institutional investor representative bodies no longer require this.

(i) *Reduction for malus*

The New Beazley Remuneration Committee may determine, at any time prior to the vesting of an award, that all or part of an award is forfeited or reduced if the New Beazley Remuneration Committee considers that:

- (i) the participant has engaged in conduct which justifies dismissal without notice or payment in lieu of notice or a final written warning;
- (ii) an exceptional development has taken place which has a material adverse impact on New Beazley or any holding company (whether specific to the circumstances of New Beazley or such holding company or as a result of the economy or the financial sector generally); or

(iii) forfeiture of all or part of the award is required to comply with any law or regulatory requirement (existing or new) of any company in the Group.

(j) *Clawback*

For awards granted to New Beazley Directors, if the following circumstances apply, the New Beazley Remuneration Committee may reduce the number of New Beazley Shares subject to a vested Nil-Cost Option, require a participant to make a cash payment to New Beazley in respect of some or all of the New Beazley Shares or cash delivered to him under an award or require the participant to transfer for nil consideration some or all of the New Beazley Shares delivered to him under an award:

- (i) a material misstatement of the consolidated financial results of New Beazley or any member of the New Beazley Group in respect of a financial year in the performance period to which the award related;
- (ii) gross misconduct on the part of the participant; or
- (iii) an error in assessing a performance condition applicable to an award, or in the information on which an award was granted or vests, which has resulted in a material overpayment to a participant.

The clawback must normally be effected within two years of the normal vesting date of the award, but this period may be extended if the participant's actions or conduct is under investigation. The amount of New Beazley Shares or cash will be calculated net of any income tax and social security liabilities.

(k) *Vesting and exercise*

Awards will normally vest at the end of any performance period (or on such later date as the New Beazley Remuneration Committee determines) to the extent that any performance condition has been satisfied and where applicable the extent to which any shareholding requirement has been satisfied (unless the New Beazley Remuneration Committee determines otherwise). Nil-Cost Options will then normally be exercisable until the tenth anniversary of the grant date. No retesting of the performance condition will be permitted.

The New Beazley Shares (or cash equivalent) will be delivered shortly after a Conditional Award has vested or a Nil-Cost Option has been exercised.

(l) *Income and National Insurance*

When a participant acquires shares pursuant to an award, generally income tax and social security contributions will be payable, which will be recovered from the participant. Generally any employer National Insurance contributions arising in the UK are the liability of the relevant company employing the participant, but awards may be granted on terms that this cost is borne by the participant.

(m) *Cessation of employment*

If a participant dies, an unvested award will, unless the New Beazley Remuneration Committee decides otherwise, vest as soon as practicable after the participant's death to the extent that the New Beazley Remuneration Committee determines, taking into account the satisfaction of any performance condition and the period of time that has elapsed since the award was granted. A Nil-Cost Option will be normally exercisable for 12 months following the date of death.

If a participant leaves the Group by reason of ill-health, injury, disability, sale of the employing company or business out of the Group or for any other reason at the New Beazley Remuneration Committee's discretion (except for gross misconduct), a participant's unvested award will usually continue until the normal vesting date unless the New Beazley Remuneration Committee determines that the award will vest on the date of cessation or such later date as the New Beazley Remuneration Committee determines.

The New Beazley Remuneration Committee will decide the extent to which unvested awards vest in these circumstances, taking into account the extent to which any performance condition is satisfied at the end of any performance period or, as appropriate, at the earlier relevant date and also the period of time that has elapsed since the award was granted. In these circumstances, vested and unvested Nil-Cost Options will normally be exercisable for six months after vesting.

If a participant ceases employment in any other circumstances, an award shall lapse when the participant ceases employment. In the case of a participant giving notice of termination, unvested awards will normally lapse on giving notice.

(n) *Corporate events*

In the event of a change of control of New Beazley, the New Beazley Remuneration Committee may determine the extent to which awards will vest, taking into account the extent that any performance condition has been satisfied, the period of time that has elapsed since the award was granted and such other factors the New Beazley Remuneration Committee deems relevant. Alternatively, the New Beazley Remuneration Committee may permit or require awards to be exchanged for equivalent awards which relate to shares in the acquiring company. Nil-Cost Options will be exercisable for one month following the relevant event.

If other corporate events occur such as a demerger, delisting, special dividend or other event which, in the opinion of the New Beazley Remuneration Committee may affect the current or future value of New Beazley Shares, the New Beazley Remuneration Committee may determine that awards will vest and the extent to which they will vest, taking into account the extent that any performance condition has been satisfied, the period of time that has elapsed since the award was granted and such other relevant factors the New Beazley Remuneration Committee deems relevant. Alternatively, the New Beazley Remuneration Committee may adjust the number of shares subject to an award following such an event.

(o) *Adjustments*

In the event of a variation of New Beazley's share capital or a demerger, delisting, special dividend, rights issue or other similar event, which may, in the New Beazley Remuneration Committee's opinion, affect the current or future value of New Beazley Shares, the number of New Beazley Shares subject to an award and/or any performance condition attached to awards, may be adjusted.

(p) *Rights attaching to the New Beazley Shares*

New Beazley Shares allotted or transferred under the New LTIP will rank equally with all other New Beazley Shares for the time being in issue (except for rights attaching to such New Beazley Shares by reference to a record date prior to the date of issue).

The New Beazley Remuneration Committee may determine that on the vesting of a Conditional Award or on the exercise of a Nil-Cost Option, a participant shall receive an amount in cash and/or New Beazley Shares equivalent to the dividends (and special dividends at the discretion of the New Beazley Remuneration Committee) that would have been paid on the vested New Beazley Shares between the date of grant and the date of vesting (or, in relation to Nil-Cost Options, until such other date as the New Beazley Remuneration Committee may determine up to the date of exercise). Unless the New Beazley Remuneration Committee decides otherwise, leavers will not receive dividend equivalents on any vested awards.

(q) *Amendment and termination*

The New Beazley Remuneration Committee may amend the New LTIP at any time, provided that prior approval of New Beazley in general meeting will be required for amendments to the provisions relating to eligibility, limits and the basis for determining a participant's entitlement to, and the terms of, the New Beazley Shares comprised in an award and the impact of any variation of capital, where such amendment is to the advantage of participants.

However, any minor amendment to benefit administration, to take into account legislative changes, or to obtain or maintain favourable tax treatment, exchange control or regulatory treatment may be made by the New Beazley Remuneration Committee without shareholder approval.

The New LTIP will terminate on 27 March 2022, but the rights of existing participants will not be affected by any termination. In the event of termination, no further awards will be made under the New LTIP.

(r) *Governing law*

The New LTIP will be governed in accordance with the laws of England and Wales.

10.4 *New Retention Plan*

(a) *Introduction*

The Beazley plc Retention Plan (the “**New Retention Plan**”) is to allow the grant of conditional awards of New Beazley Shares to employees (including New Beazley Executive Directors) of the New Beazley Group selected by the New Beazley Remuneration Committee. Awards may only be made to a New Beazley Executive Director where that New Beazley Executive Director is eligible to receive a bonus and part of that bonus is deferred in the form of the award. Under New Beazley’s remuneration policy, awards under the New Retention Plan may not be made to New Beazley Executive Directors.

(b) *Grant of awards*

Awards granted under the New Retention Plan are in the form of a conditional right to acquire New Beazley Shares on vesting, at no cost to the participant. Awards are non-transferable and non-pensionable.

(c) *Receipt of New Beazley Shares*

New Beazley Shares subject to awards under the New Retention Plan are transferred to the participant in four equal tranches following the third, fourth, fifth and sixth anniversaries of the grant date, subject to the participant remaining in employment in the New Beazley Group.

Early receipt of all of the New Beazley Shares subject to an award will occur if a participant dies. If the participant ceases to be employed by reason of injury, ill-health, permanent disability, retirement, redundancy, the transfer of the undertaking or part-undertaking in which the participant is employed to a person outside the New Beazley Group, or the company by which the participant is employed ceasing to be under the control of New Beazley or any other reason at the New Beazley Remuneration Committee’s discretion, any New Beazley Shares under an award may be transferred to the participant, to the extent and on the terms determined by the New Beazley Remuneration Committee. The number of New Beazley Shares transferred is subject to time-based pro-rating unless the New Beazley Remuneration Committee decides otherwise.

If a participant ceases to be employed by the New Beazley Group for any other reason, the participant’s awards lapse unless the New Beazley Remuneration Committee determines otherwise.

Early receipt of New Beazley Shares subject to an award is also permitted in the event of a takeover unless the New Beazley Remuneration Committee determines otherwise. These provisions do not apply where a company that acquires control of New Beazley is owned by substantially the same persons that owned New Beazley before the change of control, and that company offers substitute awards of equivalent value. In those circumstances, the awards will be exchanged for the substitute awards.

Early receipt of shares subject to an award is permitted on a voluntary winding-up of New Beazley.

(d) *Dividend equivalents*

The amount of any dividends paid in relation to any New Beazley Shares subject to an award since the award date are paid to the participant following the third anniversary of the award date (provided the award has not been forfeited) or the date of transfer of the New Beazley Shares to the participant, if earlier. Thereafter, an amount equal to any dividends paid in relation to New Beazley Shares subject to an award is paid to participants. Any such amounts are subject to the deduction of any tax and social security contributions required to be withheld by any company in the Group.

(e) *Income tax and National Insurance*

When a participant acquires shares pursuant to an award, generally income tax and social security contributions will be payable, which will be recovered from the participant. Generally any employer National Insurance contributions arising in the UK are the liability of the relevant company employing the participant, but awards may be granted on terms that this cost is borne by the participant.

(f) *Variation of capital*

In the event of a rights or capitalisation issue, or any sub-division, consolidation, reduction or other variation of New Beazley's share capital, the number of New Beazley Shares over which an option subsisting/comprised in awards may be adjusted in such manner as the New Beazley Remuneration Committee may determine.

(h) *Amendments*

The New Retention Plan may be amended by the New Beazley Board. Any amendments which adversely affect participants are subject to the consent of participants.

10.5 *New Deferred Share Plan*

(a) *Introduction*

The Beazley plc Deferred Share Plan (the "**New Deferred Share Plan**") is to allow the grant of conditional awards of New Beazley Shares to employees (including New Beazley Executive Directors) of the New Beazley Group selected by the New Beazley Remuneration Committee. Awards may only be made to a New Beazley Executive Director where that director is eligible to receive a bonus and part of that bonus is deferred in the form of the award. Awards are non-transferable and non-pensionable.

(b) *Performance conditions*

Awards made other than to New Beazley Executive Directors may be made subject to performance or other conditions.

(c) *Receipt of New Beazley Shares*

New Beazley Shares subject to awards under the New Deferred Share Plan are transferred to the participant following the third anniversary of the date of grant of the award (or other relevant vesting date), provided the participant remains employed by the New Beazley Group at that time, subject to the satisfaction of any performance or other condition imposed on the award.

Early receipt of all of the New Beazley Shares subject to an award will occur if a participant dies. If the participant ceases to be employed by reason of injury, ill-health, permanent disability, retirement, redundancy, the transfer of the undertaking or part-undertaking in which the participant is employed to a person outside the New Beazley Group, or the company by which the participant is employed ceasing to be under the control of New Beazley or any other reason at the New Beazley Remuneration Committee's discretion, any New Beazley Shares under an award may be transferred to the participant, to the extent and on the terms determined by the New Beazley Remuneration Committee. The number of New Beazley Shares transferred is subject to time-based pro-rating unless the New Beazley Remuneration Committee decides otherwise.

If a participant ceases to be employed by the New Beazley Group for any other reason, the participant's awards will lapse unless the New Beazley Remuneration Committee determines otherwise.

Early receipt of the outstanding New Beazley Shares is also permitted in the event of a takeover, a compromise or arrangement for the purposes of a change of control of New Beazley or a voluntary winding-up of New Beazley to the extent any performance condition has been satisfied. These provisions do not apply where a company that acquires control of New Beazley is owned by substantially the same people that owned New Beazley before the change of control, and that company offers substitute awards of equivalent value. In those circumstances the awards will be exchanged for the substitute awards.

(d) *Dividend equivalents*

Dividends and any other distributions on the New Beazley Shares subject to an award are rolled up and paid to the participant when the New Beazley Shares are transferred to the participant.

(e) *Reduction for malus*

The New Beazley Remuneration Committee may determine, at any time prior to the transfer of any New Beazley Shares subject to an award, that all or part of an award is forfeited or reduced if the New Beazley Remuneration Committee considers that:

- (i) the participant has engaged in conduct which justifies dismissal without notice or payment in lieu of notice or a final written warning;
- (ii) an exceptional development has taken place which has a material adverse impact on New Beazley or any holding company (whether specific to the circumstances of New Beazley or such holding company or as a result of the economy or the financial sector generally); or
- (iii) forfeiture of all or part of the award is required to comply with any law or regulatory requirement (existing or new) for any company in the New Beazley Group.

(f) *Clawback*

For awards granted to New Beazley Directors, if the following circumstances apply, the New Beazley Remuneration Committee may require a participant to make a cash payment to New Beazley in respect of some or all of the New Beazley Shares or cash delivered to him under an award or require the participant to transfer for nil consideration some or all of the New Beazley Shares delivered to him under an award:

- (i) a material misstatement of the consolidated financial results of any member of the Group;
- (ii) gross misconduct on the part of the participant; or
- (iii) an error in assessing a performance condition applicable to an award, or in the information on which an award or bonus was granted, vests or paid, which has resulted in a material overpayment to a participant.

The clawback must normally be effected within three years of the date of payment of the part of the bonus that is not deferred into the award, but this period may be extended if the participant's actions or conduct is under investigation. The amount of New Beazley Shares or cash will be calculated net of any income tax and social security liabilities.

(g) *Income tax and National Insurance*

When a participant acquires shares pursuant to an award, generally income tax and social security contributions will be payable, which will be recovered from the participant. Generally any employer National Insurance contributions arising in the UK are the liability of the relevant company employing the participant, but awards may be granted on terms that this cost is borne by the participant.

(h) *Variation of capital*

In the event of a rights or capitalisation issue, or any sub-division, consolidation, reduction or other variation of New Beazley's share capital, the number of New Beazley Shares over which an option subsisting/comprised in awards may be adjusted in such manner as the New Beazley Remuneration Committee may determine.

(i) *Amendments*

The New Deferred Share Plan may be amended by the New Beazley Board. Any amendments which adversely affect participants are subject to the consent of participants.

11. UK taxation

11.1 General

The statements below summarise the UK tax treatment for New Beazley Shareholders of holding or disposing of New Beazley Shares. They are based on current UK legislation and an understanding of current HMRC published practice as at the date of this document both of which may change, possibly with retroactive effect. The statements are intended as a general guide, should not be construed to be legal or taxation advice and, except where express reference is made to the position of non-UK-residents, apply only to New Beazley Shareholders who are resident and, if individuals, domiciled in the UK for tax purposes. They relate only to such New Beazley Shareholders who hold their New Beazley Shares directly as an investment (other than under an Individual Savings Account) and who are absolute beneficial owners thereof and any dividends paid on them. These statements do not deal with certain types of Shareholders, such as persons holding or acquiring New Beazley Shares in the course of trade or by reason of their, or another's, employment, collective investment schemes and insurance companies.

Any person who is in any doubt as to their taxation position or who is subject to taxation in any jurisdiction other than the UK should consult an appropriate professional adviser immediately.

11.2 *Acquisition of shares in New Bezley*

(a) *Taxation of income*

The Scheme should not be treated as involving a distribution subject to UK tax as income.

(b) *Taxation of chargeable gains*

It is expected that for CGT purposes the Scheme will be a scheme of reconstruction. Accordingly, an Ordinary Shareholder owning less than 5% of the share capital of Bezley will not be treated as making a disposal of all or part of his or her holding of Bezley Shares. Instead, “roll-over” treatment should apply which means that the New Bezley Shares should be treated as the same asset as the Ordinary Shares and as having been acquired at the same time as those Ordinary Shares.

If an Ordinary Shareholder alone or together with persons connected with him, holds more than 5% of the Ordinary Shares, such an Ordinary Shareholder will be eligible for the “roll-over” treatment described above only if the Scheme is effected for *bona fide* commercial reasons and does not form part of a scheme or arrangement of which the main purpose, or one of the main purposes, is avoidance of liability to CGT or corporation tax on chargeable gains. Clearance has been given by HMRC under section 138 of the Taxation of Chargeable Gains Act 1992 that HMRC is satisfied that the Scheme will be effected for *bona fide* commercial reasons and will not form part of such a scheme or arrangement.

(c) *New Bezley Reduction of Capital*

The New Bezley Reduction of Capital should not have any UK tax consequences for New Bezley Shareholders. It should be treated as a reorganisation of the share capital of New Bezley and, accordingly, should not result in a disposal by any New Bezley Shareholders of any of their New Bezley Shares.

(d) *Transaction in securities*

Shareholders should note that clearances have been given under section 748 of the Corporation Tax Act 2010 and section 701 of the Income Tax Act 2007 that HMRC will not issue a counter-acting tax assessment under the transactions in securities rules in sections 731 *et seq.* of the Corporation Tax Act 2010 and sections 682 *et seq.* of the Income Tax Act 2007 in respect of the Scheme.

(e) *Stamp duty and stamp duty reserve tax*

No stamp duty or stamp duty reserve tax (“SDRT”) will be payable by Bezley Shareholders as a result of the cancellation of Ordinary Shares and the issue of New Bezley Shares under the Scheme.

11.3 *Income from New Bezley Shares*

Under current UK tax law, New Bezley will not be required to withhold tax at source from dividend payments it makes.

(a) *Dividends received from New Bezley*

An individual New Bezley Shareholder who:

- (i) is resident in the UK; or
- (ii) carries on a trade, profession or vocation in the UK through a UK branch or agency through which their New Bezley Shares are held, used or acquired,

will generally be subject to United Kingdom income tax (at the rate of 10% in the case of those who are not higher rate taxpayers and 32.5% in the case of a higher rate taxpayer) on the gross amount of any dividends paid by New Bezley. An individual New Bezley Shareholder will be entitled to a tax credit which may be set off against the shareholder’s total UK income tax liability on the dividend. The tax credit will be equal to one-ninth of the cash dividend received. The sum of the actual cash dividend and the tax credit is referred to as the “gross dividend”. Such an individual UK resident New Bezley Shareholder who is liable to UK income tax at a rate not exceeding the basic rate will be subject to tax on the dividend at the rate of 10% of the gross dividend, so that the tax

credit will satisfy in full such New Beazley Shareholder's liability to UK income tax on the dividend. In the case of such an individual New Beazley Shareholder who is liable to UK income tax at the higher rate, the tax credit will be set against but not fully match the New Beazley Shareholder's UK income tax liability on the gross dividend and such New Beazley Shareholder will have to account for additional UK income tax equal to 22.5% of the gross dividend (which is also equal to 25% of the cash dividend received) to the extent that the gross dividend when treated as the top slice of the New Beazley Shareholder's income falls above the threshold for higher rate income tax.

A tax rate of 45% applies for taxable non-savings and savings income above £150,000. Dividends which would otherwise be taxable at the 45% rate will be liable to UK income tax at a rate of 37.5%. Taxpayers subject to this rate still receive the tax credit equal to one-ninth of the cash dividend received, and pay income tax on the dividend at a rate of 30.6% of the cash dividend received.

A UK resident individual New Beazley Shareholder who is not liable to UK income tax in respect of the gross dividend and other UK resident taxpayers who are not liable to UK tax on dividends, including pension funds and charities, will not be entitled to claim repayment of the tax credit attaching to dividends paid by New Beazley.

A corporate New Beazley Shareholder resident in the UK and within an exemption from tax for corporate dividends will generally not (subject to a number of anti-avoidance provisions and any election otherwise) be subject to UK corporation tax on dividends paid by New Beazley.

In the UK Summer Budget 2015 (as delivered by the Chancellor of the Exchequer on 8 July 2015), wide-ranging reforms on the taxation of dividends received by UK resident individuals were announced. From 6 April 2016, the dividend tax credit will be replaced by a new tax-free dividend allowance. This allowance will exempt the first £5,000 of dividend income from UK income tax regardless of the individual's other taxable income. The Chancellor has announced new special dividend tax rates of 7.5% for basic rate taxpayers, 32.5% for higher rate taxpayers and 38.1% for additional rate taxpayers. Legislation in respect of these proposals has not yet been enacted and as such could be subject to change.

11.4 *Disposal of New Beazley Shares*

Liability to UK tax on chargeable gains will depend on the individual circumstances of New Beazley Shareholders.

(a) *Disposal of New Beazley Shares by UK resident New Beazley Shareholders*

A disposal of New Beazley Shares by a New Beazley Shareholder who is resident in the UK may, depending on individual circumstances (including the availability of exemptions and reliefs), be liable to CGT. A New Beazley Shareholder who is an individual and who is temporarily non-resident in the UK may, under anti-avoidance legislation, still be liable to CGT on the gain realised (subject to any available exemption or relief). CGT is charged at a flat rate of 18% for individuals, trustees and personal representatives where the gains fall within the basic rate band when treated as the top slice of income. Gains falling within the higher rate band are taxed at 28%. The tax rates are applied irrespective of how long an asset has been held and taper relief and indexation allowance have been withdrawn. The principal factors which will determine the amount of CGT payable are the level of the annual allowance of tax-free capital gains in the tax year in which the disposal takes place (the allowance for 2015/16 is £11,100), the extent to which the New Beazley Shareholder realises any other capital gains in that year and the extent to which the New Beazley Shareholder has incurred capital losses in that or any earlier tax year.

UK resident companies are within the charge to UK corporation tax in respect of their chargeable gains. The current rate of corporation tax is 20% (scheduled to reduce to 19% from 1 April 2017 and to 18% from 1 April 2020). For the purposes of calculating a chargeable gain but not an allowable loss arising on any disposal or part disposal of New Beazley Shares by a corporate New Beazley Shareholder, indexation allowance on the relevant proportion of the original allowable cost will continue to be available. Broadly speaking, indexation allowance increases the acquisition cost of an asset for tax purposes in line with the rise in the retail prices index and will be calculated by reference to the date of disposal of the New Beazley Shares.

(b) *Disposal of New Beazley Shares by non-UK resident New Beazley Shareholders*

New Beazley Shareholders who are not resident for tax purposes in the UK and who do not carry on a trade, profession or vocation in the UK through a UK branch or agency through which their New Beazley Shares are held, used or acquired will not be liable for CGT on a subsequent disposal of their New Beazley Shares.

A non UK resident corporate New Beazley Shareholder that does not carry on a trade in the UK through a UK permanent establishment through which its New Beazley Shares are held, used or acquired will not be subject to UK corporation tax on chargeable gains on a subsequent disposal of its New Beazley Shares.

11.5 *Stamp duty and stamp duty reserve tax on transfers of New Beazley Shares*

(a) *UK stamp duty and SDRT on dealings in New Beazley Shares*

Any dealings in New Beazley Shares will be subject to UK stamp duty or SDRT. An instrument effecting the transfer on sale will generally be subject to *ad valorem* stamp duty, at the rate of 0.5% thereof (rounded up to the nearest multiple of £5) of the consideration paid. An exemption from stamp duty is available for an instrument transferring shares where the amount or value of the consideration is £1,000 or less and it is certified on the instrument that the transaction effected by it does not form part of a larger transaction or series of transactions in respect of which the aggregate amount or value of the consideration exceeds £1,000. An unconditional agreement to transfer such shares will be liable to SDRT, generally at the rate of 0.5% of the consideration paid, but such liability will be cancelled or a right to a repayment in respect of the SDRT liability will arise if the agreement is completed by a duly stamped transfer within six years of the agreement having become unconditional. SDRT is normally the liability of the purchaser.

(b) *SDRT under the CREST system*

Under the CREST system for paperless share transfers, no additional stamp duty or SDRT will arise on a transfer of New Beazley Shares into the system provided, in the case of SDRT, the transfer is not for money or money's worth. Transfers of New Beazley Shares within CREST are liable to SDRT (at a rate of 0.5% of the amount or value of the consideration payable) rather than stamp duty, and SDRT on relevant transactions settled within the system or reported through it for regulatory purposes will be collected by CREST.

The statements in this paragraph summarise the current position on stamp duty and SDRT and are intended as a general guide only. Special rules apply to agreements made by, amongst others, intermediaries and certain categories of person may be liable to stamp duty or SDRT at higher rates.

12. **Certain United States federal income tax considerations**

12.1 *General*

The following is a discussion of certain US federal income tax consequences of the acquisition, ownership and disposition of New Beazley Shares that are applicable to a US Holder (as defined below) that acquires New Beazley Shares pursuant to the Scheme. This discussion is not a complete analysis or listing of all the possible tax consequences of the matters or transactions described herein and does not address all aspects of US federal income taxation that might be relevant to particular holders in light of their personal circumstances or to persons that are subject to special tax rules. In particular, the information set forth below deals only with US Holders that will hold New Beazley Shares as capital assets (generally property held for investment) for US federal income tax purposes and that do not own, and are not treated as owning, at any time, 5% or more of the total combined voting power of all classes of New Beazley stock entitled to vote. In addition, this description of certain US federal income tax consequences does not address the tax treatment of special classes of US Holders, such as:

- (a) banks and financial institutions;
- (b) regulated investment companies;
- (c) real estate investment trusts;
- (d) individual retirement accounts and other tax-deferred accounts;
- (e) tax-exempt entities;

- (f) insurance companies;
- (g) persons holding the New Beazley Shares as part of a hedging, conversion, constructive sale, 'straddle', or other integrated transaction;
- (h) persons who acquired the New Beazley Shares through the exercise or cancellation of compensatory stock options or otherwise as compensation;
- (i) US expatriates;
- (j) persons subject to the alternative minimum tax;
- (k) dealers or traders in securities or currencies; and
- (l) holders whose functional currency is not the US dollar.

This summary does not address any other tax consequences under any state, local or foreign laws. For purposes of this section, a “**US Holder**” for US federal income tax purposes is: (a) an individual citizen or a resident alien of the United States; (b) a corporation (or other entity treated as a corporation created or organised under the laws of the United States or any state thereof or the District of Columbia); (c) an estate the income of which is subject to US federal income taxation regardless of its source; or (d) a trust (i) if a court within the United States is able to exercise primary jurisdiction over its administration and one or more US persons have authority to control all substantial decisions of the trust or (ii) that has a valid election in effect under applicable US Treasury regulations to be treated as a US person.

An individual may be treated as a resident alien of the United States, as opposed to a non-resident alien, for US federal income tax purposes if the individual is a lawful permanent resident in the United States or is present in the United States for at least 31 days in a calendar year and for an aggregate of at least 183 days during a three-year period ending in such calendar year. For the purposes of this calculation, an individual would count all of the days that the individual was present in the then-current year, one-third of the days that the individual was present in the immediately preceding year and one-sixth of the days that the individual was present in the second preceding year. Resident aliens are subject to United States federal income tax as if they were US citizens, and thus would constitute “US Holders” for purposes of the discussion below. Other rules may apply to determine whether an individual is a resident alien for US federal income tax purposes if the individual is a citizen or tax resident of a country with which the United States has a tax treaty.

If a partnership or other pass-through entity (including any entity or arrangement treated as a partnership or pass-through entity for US federal income tax purposes) is a beneficial owner of the New Beazley Shares, the tax treatment of a partner or other owner in the partnership or pass-through entity will generally depend upon the status of the partner or other owner and the activities of the partnership or pass-through entity. A partner or other owner of a pass-through entity that acquires the New Beazley Shares should consult an independent tax adviser regarding the tax consequences of acquiring, owning and disposing of the New Beazley Shares.

The following discussion is based upon the Internal Revenue Code of 1986 (the “**Code**”), US judicial decisions, administrative pronouncements and existing and proposed Treasury regulations, as well as on the income tax treaty between the US and UK (the “**Treaty**”), all as in effect as of the date hereof. All of the preceding authorities are subject to change, possibly with retroactive effect, so as to result in US federal income tax consequences different from those discussed below. New Beazley has not requested, and will not request, a ruling from the US Internal Revenue Service (the “**IRS**”) with respect to any of the US federal income tax consequences described below, and as a result there can be no assurance that the IRS will not disagree with or challenge any of the conclusions New Beazley has reached and described herein.

The following discussion is for general information only and is not intended to be, nor should it be construed to be, legal or tax advice to any holder or prospective holder of the New Beazley Shares and no opinion or representation with respect to the US federal income tax consequences to any such holder or prospective holder is made. Prospective purchasers should consult their tax advisers as to the particular consequences to them under US federal, state, local and applicable foreign tax laws of the acquisition, ownership and disposition of the New Beazley Shares.

12.2 *New Beazley expects not to be a PFIC*

In general terms, a non-US corporation is a passive foreign investment company (“**PFIC**”) if for any taxable year either 75% or more of its gross income is passive income (such as dividends, interest, rents, royalties, or gains on the disposition of certain minority interests) or 50% or more of its assets (on average) generate (or are held to generate) passive income. New Beazley does not believe it is currently a PFIC nor does it expect to become a PFIC for US federal income tax purposes in the future because it expects that for the purposes of the PFIC rules, it will be predominantly engaged in an insurance business and is unlikely to have financial reserves in excess of the reasonable needs of its insurance business in any year of operations. However, New Beazley cannot determine with certainty whether it will be treated as a PFIC in the current or subsequent taxable years. PFIC status is fundamentally factual in nature and therefore generally cannot be determined until the close of the taxable year in question.

If New Beazley were to be treated as a PFIC and US Holders did not make the mark-to-market election described below, US Holders of New Beazley Shares would be required: (a) to pay a special US addition to tax on certain distributions and gains on sale and (b) to pay tax on any gain from the sale of New Beazley Shares at ordinary income (rather than capital gains) rates in addition to paying the special addition to tax on this gain. Additionally, dividends paid by New Beazley would not be eligible for the special reduced rate of tax described below under “Taxation in Respect of New Beazley Shares – Dividends”. If New Beazley were to be treated as a PFIC, the PFIC rules would apply to a US Holder of New Beazley Shares’ indirect interest in any subsidiary of New Beazley that is also a PFIC.

The adverse results under the PFIC rules can be avoided if the US Holders were able to make a “Qualified Electing Fund” election or mark-to-market election with respect to the New Beazley Shares. However, New Beazley is not obligated, and does not expect, to provide US Holders of New Beazley Shares with the information necessary for a New Beazley Shareholder to make a “Qualified Electing Fund election” in the event New Beazley is determined to be a PFIC so such election would not be available to US Holders. A US Holder may make an election to include gain or loss on the New Beazley Shares as ordinary income or loss under a mark-to-market method, provided that the New Beazley Shares are regularly traded on a qualified exchange. However, no assurance can be given that the New Beazley Shares will be regularly traded for purposes of the mark-to-market election.

12.3 *Taxation in respect of New Beazley Shares*

(a) *Acquisition of New Beazley Shares*

New Beazley intends to take the position that the cancellation of the Beazley Shares and issuance of New Beazley Shares to Beazley Shareholders pursuant to the Scheme (the “**Exchange**”) should qualify as a non-taxable exchange by US Holders of Beazley Shares for New Beazley Shares under section 351 of the Code and intends to report it as such in any tax return it may file with the IRS. Assuming that the Exchange so qualifies, the following are the principal US federal income tax consequences of the Exchange to a US Holder:

- (i) no gain or loss should be recognised by a US Holder upon the receipt of New Beazley Shares;
- (ii) a US Holder’s aggregate tax basis in the New Beazley Shares received should be equal to its aggregate basis in the Beazley Shares cancelled; and
- (iii) a US Holder’s holding period for the New Beazley Shares received should include the period during which the US Holder held the Beazley Shares cancelled.

(b) *New Beazley Reduction of Capital*

New Beazley intends to take the position that the New Beazley Reduction of Capital should qualify as a non-taxable transaction to US Holders and intends to report it as such in any tax return it may file with the IRS. If it so qualifies, for US federal income tax purposes a US Holder will not recognise any gain or loss as a result. In such a case, a US Holder’s aggregate tax basis in the New Beazley Shares held after the New Beazley Reduction of Capital will be equal to its aggregate basis in such shares before the New Beazley Reduction of Capital, and its holding period for the New Beazley Shares held after the New Beazley Reduction of Capital will include the period during which the US Holder held, or is deemed to have held, such shares before the New Beazley Reduction of Capital.

(c) *Dividends*

The gross amount of any distribution paid by New Beazley will generally be subject to United States federal income tax as foreign source dividend income to the extent paid out of New Beazley's current or accumulated earnings and profits, as determined under US federal income tax principles. Such amount will be includable in gross income by a US Holder as ordinary income on the date that the US Holder actually or constructively receives the distribution in accordance with the US Holder's regular method of accounting for US federal income tax purposes. The amount of any distribution made by New Beazley in property other than cash will be the fair market value of such property on the date of the distribution.

Dividends paid by New Beazley will not be eligible for the dividends received deduction allowed to corporations. Distributions in excess of current and accumulated earnings and profits will be treated as a non-taxable return of capital to the extent of the US Holder's basis in the New Beazley Shares and thereafter as capital gain. However, New Beazley will not maintain calculations of its earnings and profits in accordance with US federal income tax accounting principles. Thus, while US Holders generally should assume that any distribution by New Beazley with respect to New Beazley Shares will likely constitute ordinary dividend income, there can be no assurance that this will always be the case. US Holders should consult their tax advisers with respect to the appropriate US federal income tax treatment of any distribution received from New Beazley.

Subject to applicable limitations, dividends paid by New Beazley will generally be taxable to a non-corporate US Holder at the special reduced rate normally applicable to long-term capital gains, provided New Beazley qualifies for the benefits of the Treaty, which New Beazley currently believes it will. A US Holder will be eligible for this reduced rate only if it has held the New Beazley Shares for more than 60 days during the 121-day period beginning 60 days before the ex-dividend date.

(d) *Foreign currency dividends*

Dividends paid in foreign currency will be included in income in a US dollar amount calculated by reference to the exchange rate in effect on the day the dividends are received by the US Holder, regardless of whether the foreign currency is converted into US dollars at that time. If dividends received in foreign currency are converted into US dollars on the day they are received, the US Holder generally will not be required to recognise foreign currency gain or loss in respect of the dividend income. Any gain or loss recognised on a sale or other disposition of a foreign currency will be US source ordinary income or loss.

(e) *Sale or other disposition*

A US Holder generally will recognise gain or loss upon the sale, exchange or other disposition of the New Beazley Shares in an amount equal to the difference, if any, between: (a) the amount realised upon the sale, exchange or other taxable disposition and (b) the US Holder's adjusted tax basis in the New Beazley Shares. Such gain or loss will be capital gain or loss and will be long-term capital gain or loss if, on the date of the sale, exchange or other disposition, the US Holder has held the New Beazley Shares for more than one year. Capital gains are taxed at a reduced rate to non-corporate holders. The deductibility of capital losses is subject to limitations.

The amount realised on a sale or other disposition of New Beazley Shares for an amount in foreign currency will be the US dollar value of this amount on the date of sale or disposition. On the settlement date, the US Holder will recognise US-source foreign currency gain or loss (taxable as ordinary income or loss) equal to the difference (if any) between the US dollar value of the amount received based on the exchange rates in effect on the date of sale or other disposition and the settlement date. However, in the case of New Beazley Shares traded on an established securities market that are sold by a cash basis US Holder (or an accrual basis US Holder that so elects), the amount realised will be based on the exchange rate in effect on the settlement date for the sale, and no exchange gain or loss will be recognised at that time.

(f) *Medicare tax*

US Holders who are individuals, estates or trusts with modified adjusted gross income that exceeds certain thresholds will be subject to a Medicare tax of 3.8% on their investment income, net of deductions properly allocable to such income, above such thresholds. This tax will be in addition to any US federal income tax imposed on US Holders with respect to amounts received that constitute investment income for this purpose, including dividends and gain from the sale of shares. US Holders should consult their tax advisers regarding the application of this tax.

(g) *Disposition of foreign currency*

Foreign currency received on the sale or other disposition of a New Beazley Share will have a tax basis equal to its US dollar value on the settlement date. Foreign currency that is purchased will generally have a tax basis equal to the US dollar value of the foreign currency on the date of purchase. Any gain or loss recognised on a sale or other disposition of a foreign currency (including its use to purchase New Beazley Shares or upon exchange for US dollars) will be US source ordinary income or loss.

(h) *Backup withholding and information reporting*

Payments of dividends and other proceeds with respect to New Beazley Shares, by a US paying agent or other US intermediary, will be reported to the IRS and to the US Holder as may be required under applicable regulations. Backup withholding may apply to these payments if the US Holder fails to provide an accurate taxpayer identification number or certification of exempt status or fails to report all interest and dividends required to be shown on its US federal income tax returns. Certain US Holders (including, among others, corporations) are not subject to backup withholding. US Holders should consult their tax advisers as to their qualification for exemption from backup withholding and the procedure for obtaining an exemption. Backup withholding is not an additional tax. Any amounts withheld under the backup withholding rules will be allowed as a refund or credit against the US Holder's US federal income tax liability, provided that the required information is furnished to the IRS.

(i) *Foreign financial asset reporting*

Certain US Holders who are individuals (and under proposed regulations, certain entities controlled by individuals) may be required to report information relating to their ownership of the New Beazley Shares, unless the New Beazley Shares are held in accounts at financial institutions (in which case the accounts may be reportable if maintained by non-US financial institutions). US Holders should consult their tax advisers regarding their reporting obligations with respect to the New Beazley Shares.

13. Jersey taxation

Based on Jersey taxation law as it is understood to apply at the date of this document to holders of Ordinary Shares (other than holders of Ordinary Shares who are residents of Jersey, if any), no taxation or stamp duty will be payable in Jersey by holders of Ordinary Shares as a result of the cancellation of the Scheme Shares or the implementation of the Scheme.

This summary does not constitute legal or tax advice. Beazley Shareholders should consult their professional advisers on the implications of the Scheme under the laws of the jurisdiction(s) in which they may be liable to taxation. Beazley Shareholders should also be aware that tax laws, rules and practice and their interpretation may change.

14. Consent

Numis has given and has not withdrawn its written consent to the inclusion in this document of its name in the form and context in which it appears.

15. Documents available for inspection

Copies of the following documents are available for inspection at the offices of Mayer Brown International LLP, 201 Bishopsgate, London EC2M 3AF and at the registered office of Beazley, during normal business hours on any business day from the date of this document until close of business on the day of the Meetings:

- (a) the Beazley Articles and memorandum of association and the Amended Beazley Articles;

- (b) the New Beazley Articles;
- (c) the rules of each of the New Beazley Employee Share Plans;
- (d) the consolidated audited accounts of the Group for FY 2013, FY 2014 and FY 2015;
- (e) the consent letter referred to in paragraph 14 of this Part IV; and
- (f) this document.

The Prospectus and any supplementary prospectus will be available for inspection alongside the above documents after such documents have been filed with the FCA in accordance with the Prospectus Rules (expected to be on or about the date of this document).

PART V

DEFINITIONS

The following definitions apply throughout this document, unless the context requires otherwise. Certain terms which are defined in other parts of this document and which are only used within discrete sections are not set out below.

2009 LTIP	the Beazley Long Term Incentive Plan 2009, as amended
2012 LTIP	the Beazley Long Term Incentive Plan 2012, as amended
2012 SAYE Plan	the Beazley Save As You Earn Share Option Plan 2012, as amended
Admission	admission of the New Beazley Shares to the premium listing segment of the Official List and to trading on the London Stock Exchange's main market for listed securities, and "Admission becoming effective" means it becoming effective in accordance with paragraph 3.2.7 of the Listing Rules and the Admission and Disclosure Standards published by the London Stock Exchange
Admission and Disclosure Standards	the "Admission and Disclosure Standards" of the London Stock Exchange containing, among other things, the admission requirements to be observed by companies seeking admission to trading on the London Stock Exchange's main market for listed securities
Amended Beazley Articles	the Beazley Articles, as they are proposed to be amended at the Scheme General Meeting
Beazley or Company	Beazley plc, a public limited company incorporated in Jersey with registered number 102680
Beazley Articles	the articles of association of Beazley
Beazley Directors	the Directors of Beazley
Beazley Employee Share Plans	the 2009 SAYE Plan, the 2012 SAYE Plan, the US SAYE Plan, the 2012 LTIP, the Retention Plan and the Deferred Share Plan
Beazley Executive Directors	the executive directors of Beazley
Beazley New Ordinary Shares	ordinary shares of five pence each in the capital of Beazley created following the cancellation of the Scheme Shares, which shall be issued credited as fully paid to New Beazley pursuant to the Scheme
Beazley Non-Executive Directors	the Non-Executive Directors of Beazley
Board or Beazley Board	the Board of Directors of Beazley
business day	a day (excluding Saturdays and Sundays or public holidays) in England and Wales and Jersey on which banks generally are open for the transaction of normal business
CBI	the Central Bank of Ireland
Central Fund	a fund established pursuant to the New Central Fund Byelaw (No. 23 of 1996) by Lloyd's primarily as a policyholder's protection fund in the event of a member being unable to meet his underwriting liabilities
certificated or in certificated form	where a share or other security is not in uncertificated form
CGT	UK tax on chargeable gains
Code	the US Internal Revenue Code of 1986
Companies Act	the Companies Act 2006, as amended
Council of Lloyd's or Council	the governing body of Lloyd's constituted by the Lloyd's Act 1982
CRA Regulation	Regulation (EU) No. 1060/2009 (as amended)

CREST	the relevant system (as defined in the CREST Regulations) operated by Euroclear in accordance with which securities may be held or transferred in uncertificated form
CREST member	a person who has been admitted by CREST as a system member (as defined in the CREST Regulations)
CREST participant	a person who is, in relation to CREST, a system participant (as defined in the CREST Regulations)
CREST Regulations	the Uncertificated Securities Regulations 2001 (SI 2001 No. 3755), as amended or the Companies (Uncertificated Securities) (Jersey) Order 1999, as amended (as the context requires)
CREST sponsor	a CREST participant admitted to CREST as a CREST sponsor
CREST sponsored member	a CREST member admitted to CREST as a sponsored member
Deferred Share Plan	the Beazley Deferred Share Plan, as amended
Disclosure and Transparency Rules	the rules and regulations made by the FCA in its capacity as the UK Listing Authority under Part VI of FSMA, and contained in the UK Listing Authority's publication of the same name
Dividend Access Plan	the dividend access plan of Beazley, which is proposed to be terminated as described in paragraph 4 of Part I (<i>Letter from the Chairman</i>) of this document
Effective Date	the date on which the Scheme becomes effective in accordance with the Scheme, expected to be 13 April 2016
Employee Share Plan Proposals	the proposals in relation to the New Beazley Employee Share Plans
English Court	the High Court of Justice in England and Wales
EU	the European Union
Euroclear	Euroclear UK & Ireland Limited, the operator of CREST
Executive Director	an Executive Director of Beazley
FCA	the Financial Conduct Authority
Forms of Proxy	the BLUE Form of Proxy (for use at the Court Meeting) and the PINK Form of Proxy (for use at the General Meeting)
FSMA	the Financial Services and Markets Act 2000, as amended
FY 2013	the financial year ended 31 December 2013
FY 2014	the financial year ended 31 December 2014
FY 2015	the financial year ended 31 December 2015
Group	before the Effective Date, Beazley and its subsidiaries and subsidiary undertakings and, after the Effective Date, New Beazley and its subsidiaries and subsidiary undertakings
HMRC	HM Revenue & Customs
holder	a registered holder, including any person entitled by transmission
IRS	US Internal Revenue Service
ISA	individual savings account
Jersey Companies Law	the Companies (Jersey) Law 1991, as amended
Jersey Court	The Royal Court of Jersey
Jersey Court Hearing	the hearing under article 125 of the Jersey Companies Law by the Jersey Court of Beazley's representation to sanction the Scheme and to confirm the Scheme Reduction of Capital under Article 61 of the Jersey Companies Law

Jersey Court Order	the Act of the Jersey Court sanctioning the Scheme under article 125 of the Jersey Companies Law and confirming the Scheme Reduction of Capital under article 61 of the Jersey Companies Law, together with the approved minute attached thereto
Jersey Court Meeting	the meeting of the Beazley Shareholders convened by order of the Jersey Court pursuant to article 125 of the Jersey Companies Law to be held at 2 Northwood Avenue, Santry Demesne, Santry, Dublin 9, Ireland at 12.45 p.m. on 24 March 2016 to consider and, if thought fit, approve the Scheme, notice of which is set out in Part VI of this document, and any adjournment thereof
Jersey Registrar of Companies	the Registrar of Companies in Jersey
Latest Practicable Date	23 February 2016 (being the latest practicable date prior to publication of this document)
Listing Rules	the rules and regulations made by the FCA under Part VI of FSMA, and contained in the UK Listing Authority's publication of the same name
Lloyd's	The Society and Corporation of Lloyd's created and governed by the Lloyd's Acts 1871-1982, including the Council of Lloyd's and its delegates and other persons through whom the Council may act, as the context may require
London Stock Exchange	London Stock Exchange plc
Meetings	the Jersey Court Meeting and the Scheme General Meeting and Meeting means either of them
member	a member of Beazley, on the register of members at any relevant date
New Beazley	Beazley plc, a public limited company incorporated in England and Wales under the Companies Act with registered number 09763575
New Beazley Articles	the articles of association of New Beazley
New Beazley Board	the Board of Directors of New Beazley
New Beazley Deferred Shares	the non-redeemable deferred shares of £1.00 each in the capital of New Beazley
New Beazley Directors or Directors	the Directors of New Beazley, whose names appear on in paragraph 4.3 of Part IV (<i>Additional Information</i>) of this document
New Beazley Employee Share Plans	the New Deferred Share Plan, the New LTIP, the New Retention Plan, the New SAYE plan and the New US SAYE Plan proposed to be adopted by New Beazley and summarised in paragraph 10 of Part IV of this document
New Beazley Executive Directors	the Executive Directors of New Beazley
New Beazley Group	before the Effective Date, New Beazley and, after the Effective Date, New Beazley and its subsidiaries and subsidiary undertakings (including Beazley)
New Beazley Non-Executive Directors	the Non-Executive Directors of New Beazley
New Beazley Redeemable Shares	50,000 redeemable deferred shares of £1.00 each in the capital of New Beazley
New Beazley Reduction of Capital	the proposed reduction of capital of New Beazley, after the Scheme becomes effective, under the Companies Act, as described in paragraph 2.2 of Part I (<i>The Scheme of Arrangement and Related Proposals</i>) of this document
New Beazley Shareholder	a holder of New Beazley Shares
New Beazley Shares	ordinary shares of 90 pence (or such other nominal amount as New Beazley shall resolve prior to the date on which the Jersey Court is

	asked to sanction the Scheme) each in the capital of New Beazley to be issued credited as fully paid pursuant to the Scheme
New Beazley Subscriber Shares	the two ordinary shares of £1.00 each in the capital of New Beazley issued on incorporation of New Beazley
New Deferred Share Plan	the Beazley plc Deferred Share Plan
New LTIP	the Beazley plc Long Term Incentive Plan 2016
New Retention Plan	the Beazley plc Retention Plan
New SAYE Plan	the Beazley plc Save As You Earn Share Option Plan 2016
New US SAYE Plan	the Beazley plc Savings-related Share Option Plan for U.S. Employees 2016
Non-CREST Shareholder	an Ordinary Shareholder who does not hold their Ordinary Shares in CREST
Non-Executive Director	a Non-Executive Director of Beazley
Numis	Numis Securities Limited
Official List	the official list of the UK Listing Authority
Ordinary Shareholders or Beazley Shareholders	the holders of Ordinary Shares
Ordinary Shares or Beazley Shares	ordinary shares of five pence each in the capital of Beazley
Overseas Persons	Beazley Shareholders who are resident in, ordinarily resident in, or citizens of, jurisdictions outside the United Kingdom
Participant ID	the identification code or membership number used in CREST to identify a particular CREST member or other CREST participant
PRA	the Prudential Regulation Authority of the Bank of England
Proposals	collectively the Scheme, the New Beazley Reduction of Capital and the Employee Share Plan Proposals
Prospectus	the prospectus relating to New Beazley and the New Beazley Shares prepared in accordance with the Prospectus Rules
Prospectus Rules	the rules and regulations made by the FCA in its capacity as the UK Listing Authority under Part VI of the FSMA, and contained in the UKLA's publication of the same name
Registrar of Companies	the Registrar of Companies in England and Wales
Registrars	Equiniti (Jersey) Limited, 26 New Street, St Helier JE2 3RA, Jersey
Regulatory Information Service	one of the regulatory information services authorised by the UK Listing Authority to receive, process and disseminate regulatory information in respect of listed companies
Retention Plan	the Beazley Retention Plan, as amended
Scheme or Scheme of Arrangement	the scheme of arrangement proposed to be made under Article 125 of the Jersey Companies Law between Beazley and the holders of Scheme Shares as set out in Part III of this document, with or subject to any modification, addition or condition approved or imposed by the Jersey Court and agreed to by Beazley and New Beazley
Scheme General Meeting	the general meeting of Beazley Shareholders to be held at 2 Northwood Avenue, Santry Demesne, Santry, Dublin 9, Ireland at 1.00 p.m. on 24 March 2016 (or as soon thereafter as the Court Meeting shall be concluded or adjourned), notice of which is set out in Part VII of this document, and any adjournment thereof
Scheme Record Time	6.00 p.m. on the business day immediately preceding the Effective Date

Scheme Reduction of Capital	the reduction of capital forming part of the Scheme as referred to in Clause 1(a) of Part III (<i>The Scheme of Arrangement</i>) of this document
Scheme Shareholder	a holder of Scheme Shares as appearing in the register of members of Beazley at the Scheme Record Time
Scheme Shares	<ul style="list-style-type: none"> (a) the Ordinary Shares in issue at the date of this document; (b) all (if any) additional Ordinary Shares issued after the date of this document and before the Voting Record Time; and (c) all (if any) further Ordinary Shares which may be in issue at or after the Voting Record Time and immediately before the Scheme Record Time in respect of which the original or any subsequent holders shall be bound by the Scheme or in respect of which the original or any subsequent holders shall have agreed in writing to be so bound
SDRT	stamp duty reserve tax
SEC	the US Securities and Exchange Commission
Solvency II Directive or Solvency II	Directive 2009/138/EC
Statutes	every statute (including any statutory instrument, order, regulation or subordinate legislation made under it) concerning companies that are incorporated in England and Wales to the extent that it is for the time being in force or (where the context requires) was in force at a particular time, including the Companies Act and the CREST Regulations
stock account	an account within a member account in CREST to which a holding of a particular share or other security in CREST is credited
subsidiary	as defined in section 1159 of the Companies Act
subsidiary undertaking	as defined in section 1162 of the Companies Act
Takeover Code	the City Code on Takeovers and Mergers
UK Corporate Governance Code	the UK Corporate Governance Code 2014 published by the Financial Reporting Council
UK Listing Authority	the FCA acting in its capacity as competent authority pursuant to the purposes of Part VI of FSMA
uncertificated or in uncertificated form	in relation to a share or other security, a share or other security title to which is recorded on the relevant register of the share or security concerned as being held in uncertificated form in CREST and the title to which, by virtue of the CREST Regulations, may be transferred by means of CREST
United Kingdom or UK	the United Kingdom of Great Britain and Northern Ireland
United States or US	the United States of America, its territories and possessions, any state of the United States and the District of Columbia
US SAYE Plan	the Beazley Savings-Related Share Option Plan for US Employees
US Securities Act	the United States Securities Act of 1933, as amended
Voting Record Time	6.00 p.m. on 22 March 2016, or if the Jersey Court Meeting or the Scheme General Meeting is adjourned, 48 hours before the time appointed for any adjourned Jersey Court Meeting or Scheme General Meeting

PART VI

NOTICE OF JERSEY COURT MEETING

IN THE ROYAL COURT OF JERSEY
Deputy Baliff

No. 2016/061

IN THE MATTER OF BEAZLEY PLC

and

IN THE MATTER OF THE COMPANIES (JERSEY) LAW 1991

NOTICE IS HEREBY GIVEN that by an Order dated 22 February 2016 made in the above matters the Court has directed a meeting to be convened of the holders of the ordinary shares of £0.05 each in the capital of Beazley plc (the “**Company**”) (the “**Ordinary Shares**”) for the purpose of considering and, if thought fit, approving (with or without modification) a scheme of arrangement (the “**Scheme of Arrangement**”) proposed to be made between the Company and the holders of the Scheme Shares (as defined in the Scheme of Arrangement) and that such meeting will be held at 2 Northwood Avenue, Santry Demesne, Santry, Dublin 9, Ireland, at 12.45 p.m. on 24 March 2016, at which place and time all holders of the said shares are requested to attend.

A copy of the Scheme of Arrangement and a copy of the explanatory statement required to be furnished pursuant to article 125 of the Companies (Jersey) Law 1991 are incorporated in the document of which this notice forms part.

Shareholders may vote in person at the said meeting or they may appoint another person, whether a member of the Company or not, as their proxy to attend and vote in their stead. A BLUE Form of Proxy for use at the said meeting is enclosed with this notice. Completion of the BLUE Form of Proxy will not prevent a holder of Ordinary Shares from attending and voting at the said meeting.

It is requested that the BLUE Form of Proxy (together with any power of attorney or other authority under which it is signed, or a notarially certified copy of such power or authority) be lodged with the Registrars, Equiniti (Jersey) Limited, c/o Equiniti Limited Aspect House, Spencer Road, Lancing, West Sussex, BN99 6DA, not less than 48 hours before the time appointed for the said meeting but if forms are not so lodged they may be handed to the Chairman of the Court Meeting or the Registrars before the start of the Court Meeting.

In the case of joint holders, the vote of the senior who tenders a vote, whether in person or by proxy, will be accepted to the exclusion of the vote(s) of the other joint holder(s) and for this purpose, seniority will be determined by the order in which the names stand in the register of members of the Company in respect of the joint holding.

The Company, pursuant to article 40 of the Companies (Uncertified Securities) (Jersey) Order 1999, specifies that only those shareholders registered in the register of members of the Company as at 6.00 p.m. on 22 March 2016 or, in the event that the Court Meeting is adjourned, 6.00 p.m. on the day two days prior to the day fixed for the adjourned meeting, shall be entitled to attend or vote in respect of the number of shares registered in their name at the relevant time. Changes to entries in the relevant register of members after 6.00 p.m. on 22 March 2016 or, in the event that the Court Meeting is adjourned, 6.00 p.m. on the day which is two days before the date appointed for any adjourned meeting, shall be disregarded in determining the rights of any person to attend or vote at the Court Meeting.

By the said Order, the Court has appointed Dennis Holt or, failing him, any other director of the Company to act as Chairman of the said meeting and has directed the Chairman to report the result thereof to the Court.

The Scheme of Arrangement will be subject to the subsequent sanction of the Court.

NOTICE FOR CREST MEMBERS

Electronic proxy appointment through CREST

CREST members who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service may do so for the Court Meeting and any adjournment(s) thereof by using the

procedures described in the CREST manual. CREST personal members or other CREST sponsored members, and those CREST members who have appointed (a) voting service provider(s), should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf.

In order for a proxy appointment or instruction made using the CREST service to be valid, the appropriate CREST message (a CREST proxy instruction) must be properly authenticated in accordance with Euroclear's specifications and must contain the information required for such instructions, as described in the CREST manual.

The message, regardless of whether it constitutes the appointment of a proxy or to an amendment to the instruction given to a previously appointed proxy must, in order to be valid, be transmitted so as to be received by the Company's registrars, Equiniti (Jersey) Limited (CREST Participant ID 7RA01), by 12.45 p.m. on 22 March 2016 (or 48 hours preceding the date and time for any adjourned meeting). For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the message by the CREST Applications Host) from which the Company's agent is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. After this time any change of instructions to proxies appointed through CREST should be communicated to the appointee through other means.

CREST members and, where applicable, their CREST sponsors or voting service providers should note that Euroclear does not make available special procedures in CREST for any particular messages. Normal system timings and limitations will therefore apply in relation to the input of CREST proxy instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member or sponsored member or has appointed a voting service provider(s), to procure that his CREST sponsor or voting service provider(s) take(s) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members and, where applicable, their CREST sponsors or voting service providers are referred, in particular, to those sections of the CREST manual concerning practical limitations of the CREST system and timings.

The Company may treat as invalid a CREST proxy instruction in the circumstances set out in article 34 of the Companies (Uncertificated Securities) (Jersey) Order 1999.

Dated 25 February 2016

Mourant Ozannes
22 Grenville Street
St Helier
Jersey JE4 8PX
Channel Islands

Solicitors and Advocates for the Company in relation to Jersey law

PART VII

NOTICE OF GENERAL MEETING

BEAZLEY PLC

(Incorporated in Jersey under the Companies (Jersey) Law 1991 with registered number 102680)

NOTICE IS HEREBY GIVEN that a GENERAL MEETING (the “**Scheme General Meeting**”) of Beazley plc (the “**Company**”) will be held at 2 Northwood Avenue, Santry Demesne, Santry, Dublin 9, Ireland on 24 March 2016 at 1.00 p.m. (or as soon thereafter as the Court Meeting (as defined in the document of which this notice forms part) shall have been concluded or adjourned), for the purpose of considering and, if thought fit, passing the following resolutions, of which numbers 1, 2 and 3 will be proposed as Special Resolutions and numbers 4(a), 4(b) and 4(c) will be proposed as Ordinary Resolutions:

SPECIAL RESOLUTIONS

1. THAT, subject to and conditional upon the passing of Special Resolution 2 set out in this Notice, for the purpose of giving effect to the scheme of arrangement dated 25 February 2016 between the Company and the holders of the Scheme Shares (as such term is defined in the said scheme), a print of which has been produced to this meeting and for the purposes of identification signed by the Chairman, in its original form or subject to any modification, addition or condition approved or imposed by the Jersey Court (the “**Scheme**”):
 - (a) the directors of the Company be authorised to take all such action as they may consider necessary or appropriate for carrying the Scheme into effect;
 - (b) in connection with the Scheme:
 - (i) the share capital of the Company be reduced by cancelling and extinguishing the Scheme Shares; and
 - (ii) forthwith and contingently upon such reduction of capital taking effect:
 - (A) the authorised share capital of the Company be increased to its former amount by the creation of such number of ordinary shares of five pence each in the capital of the Company (“**Beazley New Ordinary Shares**”) as is equal to the aggregate number of Scheme Shares cancelled pursuant to paragraph 1(b)(i) of this resolution;
 - (B) the Company shall apply the credit arising in its books of account on such reduction of capital in paying up, in full at par, the Beazley New Ordinary Shares, which shall be allotted and issued, credited as fully paid, to Beazley plc (“**New Beazley**”) and/or its nominee or nominees; and
 - (C) the directors of the Company be and they are hereby generally and unconditionally authorised, for the purposes of Article 6 of the Company’s articles of association (the “**Articles**”), to allot the Beazley New Ordinary Shares provided that:
 - I. the maximum nominal amount of share capital which may be allotted hereunder shall be £35,000,000;
 - II. this authority shall expire on the first anniversary of this resolution; and
 - III. this authority shall be in addition to any subsisting authority conferred on the directors of the Company pursuant to Article 6 of the Articles;
 - (c) with effect from the passing of this resolution, the Articles be amended as follows:
 - (i) the adoption and inclusion of the following new Article 148:

“**148. Scheme of Arrangement**

 - (1) For the purpose of this article 148, references to the Scheme are to the scheme of arrangement between the Company and the holders of the Scheme Shares dated 25 February 2016 under Article 125 of the Law in its original form or

with or subject to any modification, addition or condition approved or imposed by the Jersey Court and (save as defined in this article) expressions defined in the Scheme shall have the same meaning in this article.

- (2) Notwithstanding any other provision of these articles, if any ordinary shares in the capital of the Company are allotted and issued to any person (a **New Member**) other than New Beazley and/or its nominee or nominees after the time at which this article becomes effective and before 6.00 p.m. on the business day before the Effective Date (as defined in the Scheme), such ordinary shares in the share capital of the Company shall be allotted and issued subject to the terms of the Scheme and shall be Scheme Shares for the purposes thereof and the New Member, and any subsequent holder other than New Beazley and/or its nominee or nominees, shall be bound by the terms of the Scheme.
- (3) Subject to the Scheme becoming effective, if any ordinary shares in the share capital of the Company are allotted and issued to a New Member at or after 6.00 p.m. on the business day before the Effective Date (the **Post-Scheme Shares**), they will, on receipt by the Company of an election in writing from New Beazley, be immediately transferred to New Beazley and/or its nominee or nominees in consideration of and conditional upon the issue or transfer to the New Member of one New Beazley Share for each Post-Scheme Share, so transferred. Any New Beazley Shares issued pursuant to this article 148 to the New Member will be credited as fully paid and will rank equally in all respects with all New Beazley Shares in issue at the time (other than as regards any dividend or other distribution payable, or return of capital made, by reference to a record time preceding the date of exchange) and will be subject to the Memorandum and Articles of Association of New Beazley.
- (4) The number of New Beazley Shares to be issued or transferred to the New Member under this article 148 may be adjusted by the directors of the Company in such manner as the Company's auditors may determine on any reorganisation or material alteration of the share capital of either the Company or of New Beazley or any other return of value to holders of New Beazley Shares, provided always that any fractions of New Beazley Shares shall be disregarded and shall be aggregated and sold for the benefit of New Beazley.
- (5) In order to give effect to any such transfer required by this article 148, the Company may appoint any person to execute and deliver a form of transfer on behalf of the New Member in favour of New Beazley and/or its nominee or nominees and to agree for and on behalf of the New Member to become a member of New Beazley. Pending the registration of New Beazley as a holder of any Post-Scheme Shares to be transferred pursuant to this article 148, New Beazley shall be empowered to appoint a person nominated by the directors of the Company to act as attorney on behalf of the holder of the Post-Scheme Shares in accordance with such directions as New Beazley may give in relation to any dealings with or disposal of the Post-Scheme Shares (or any interest therein), exercising any rights attached thereto or receiving any distribution or other benefit accruing or payable in respect thereof and any holder of Post-Scheme Shares shall exercise all rights attached thereto in accordance with the directions of New Beazley but not otherwise. The Company shall not be obliged to issue a certificate to the New Member for the Post-Scheme Shares.
- (6) If the Scheme shall not have become effective by the applicable date referred to in Clause 7(b) of the Scheme, this article 148 shall cease to be of any effect."

2. THAT, subject to and conditional upon: (i) the passing of Special Resolution 1 set out in this Notice; (ii) the ordinary shares of 90 pence each (or such other nominal value as New Beazley shall resolve) in the capital of New Beazley ("**New Beazley Shares**") required to be allotted and issued by New Beazley pursuant to the Scheme having been allotted and issued and registered in the names of the persons entitled to such New Beazley Shares in New Beazley's register of members; and (iii) the Scheme becoming effective:

the share capital of New Beazley be reduced by reducing the nominal value of such New Beazley Shares to five pence each.

3. THAT, subject to and conditional upon the passing of Special Resolutions 1 and 2 set out in this Notice, a general meeting of New Beazley, other than an annual general meeting, may be called on not less than 14 clear days' notice.

ORDINARY RESOLUTIONS

- 4(a). THAT subject to and conditional upon the Scheme becoming effective, the rules of the Beazley plc Long Term Incentive Plan 2016 (the “**New LTIP**”), the main features of which are summarised in paragraph 10 of Part IV of the Circular and produced in draft to this meeting and, for the purposes of identification initialled by the Chairman, be and are hereby approved and the directors of New Beazley, or a duly authorised committee of them, be authorised to:
- (i) make sure modifications to the New LTIP as they may consider appropriate to take account of the requirements of best practice and for the implementation of the New LTIP and to adopt the New LTIP as so modified and to do all such other acts and things as they may consider appropriate to implement the New LTIP; and
 - (ii) establish further plans based on the New LTIP but modified to take account of local tax, exchange control or securities laws in overseas territories, provided that any shares made available under such further plans are treated as counting against the limits on individual or overall participation in the New LTIP;
- 4(b). THAT subject to and conditional upon the Scheme becoming effective, the rules of the Beazley plc 2016 UK Sharesave Plan (the “**New SAYE Plan**”), the main features of which are summarised in paragraph 10 of Part IV of the Circular and produced in draft to this meeting and, for the purposes of identification initialled by the Chairman, be and are hereby approved and the directors of New Beazley, or a duly authorised committee of them, be authorised to:
- (i) make sure modifications to the New SAYE Plan as they may consider appropriate to take account of the requirements of best practice and for the implementation of the New SAYE Plan and to adopt the New SAYE Plan as so modified and to do all such other acts and things as they may consider appropriate to implement the New SAYE Plan; and
 - (ii) establish further plans based on the New SAYE Plan but modified to take account of local tax, exchange control or securities laws in overseas territories, provided that any shares made available under such further plans are treated as counting against the limits on individual or overall participation in the New SAYE Plan; and
- 4(c). THAT subject to and conditional upon the Scheme becoming effective, the rules of the Beazley plc Savings-related Share Option Plan for U.S. Employees 2016 (the “**New US SAYE Plan**”), the main features of which are summarised in paragraph 10 of Part IV of the Circular and produced in draft to this meeting and, for the purposes of identification initialled by the Chairman, be and are hereby approved and the directors of New Beazley, or a duly authorised committee of them, be authorised to:
- (i) make sure modifications to the New US SAYE Plan as they may consider appropriate to take account of the requirements of best practice and for the implementation of the New US SAYE Plan and to adopt the New US SAYE Plan as so modified and to do all such other acts and things as they may consider appropriate to implement the New US SAYE Plan; and
 - (ii) establish further plans based on the New US SAYE Plan but modified to take account of local tax, exchange control or securities laws in overseas territories, provided that any shares made available under such further plans are treated as counting against the limits on individual or overall participation in the New US SAYE Plan.

By order of the Board
Sian Coope
Company Secretary
Beazley plc

25 February 2016

Registered office
22 Grenville Street
St Helier
Jersey JE4 8PX

Notes:

1. Shareholders entitled to attend and vote at this meeting may appoint one or more proxies to attend and, on a poll, vote in their place. A proxy need not be a shareholder of the Company. If a shareholder appoints more than one proxy to attend this meeting, each proxy must be appointed to exercise the rights attached to a different share or shares held by the shareholder. If a shareholder wishes to appoint more than one proxy, he/she may photocopy the PINK Form of Proxy or (an) additional PINK Form(s) of Proxy may be obtained by contacting the Company's Registrars' Shareholders' Helpline on 0333 207 6369 (for calls from within the United Kingdom). Lines are open from 8.30 a.m. to 5.30 p.m., Monday to Friday (excluding public holidays in England and Wales), or +44 121 415 0941 (for calls from outside the United Kingdom. Calls to this number will be charged depending on where the call is made from, at international rates).
2. Any person receiving a copy of this notice as a person nominated by a shareholder to enjoy information rights under article 134 of the Articles of Association of the Company (a "**Nominated Person**") should note that the provisions in this notice concerning the appointment of a proxy or proxies to attend the meeting in place of the shareholder do not apply to a Nominated Person as only shareholders have the right to appoint a proxy. However, a Nominated Person may have a right under an agreement between the Nominated Person and the shareholder by whom he or she was nominated to be appointed or to have someone else appointed as a proxy for the meeting. If a Nominated Person has no such right or does not wish to exercise it, he/she may have a right under such an agreement to give instructions to the shareholder as to the exercise of voting rights at the meeting.
3. Pursuant to the Companies (Uncertificated Securities) (Jersey) Order 1999, the Company specifies that only those shareholders registered in the register of members of the Company by 6.00 p.m. on 22 March 2016 (or, in the event that the Annual General Meeting is adjourned, in the register of members of the Company as at 6.00 p.m. on the date two days before the date of any adjourned meeting) shall be entitled to attend or vote at the aforesaid meeting in respect of the number of shares registered in their name at that time. Changes to entries on the register of members after that time shall be disregarded in determining the rights of any person to attend or vote at the meeting.
4. A PINK Form of Proxy is enclosed with this notice. In order to be valid, a PINK Form of Proxy must be returned duly completed (together with the original or a duly certified copy of the power of attorney or other authority, if applicable, under which it is signed) by one of the following methods by no later than 48 hours before the time fixed for the meeting or any adjournment thereof:
 - (a) in hard copy form by post, by courier or by hand to the Company's Registrars, Equiniti (Jersey) Limited, c/o Equiniti Limited, Aspect House, Spencer Road, Lancing, West Sussex, BN99 6DA; or
 - (b) in electronic form by visiting www.sharevote.co.uk where you will be asked to enter your unique Reference Number, Card ID and Account Number as printed on your PINK Form of Proxy;
 - (c) alternatively if you have already registered with Equiniti (Jersey) Limited's online portfolio service, Shareview, you can submit your Form of Proxy at www.shareview.co.uk/myportfolio. Full instructions are given on both websites. The use by members of the electronic proxy appointment service will be governed by the terms and conditions of use which appear on the website; and
 - (d) in the case of CREST members, by utilising the CREST electronic proxy appointment service in accordance with the procedures set out below.
5. Completing and returning the Form of Proxy will not preclude shareholders from attending and voting in person at the meeting should they wish to do so.
6. As at 23 February 2016 (being the latest practicable date prior to the publication of this notice) the Company's issued share capital consisted of 523,353,340 Ordinary Shares, none of which were held in treasury. The total voting rights in the Company as at 23 February 2016 were 523,353,340.
7. Copies of the Company's existing Articles and the Company's Articles as proposed to be amended by Special Resolution 1 (set out in the Notice of General Meeting) will be available for inspection at the registered office of the Company, 22 Grenville Street, St Helier, Jersey JE4 8PX and at the offices of Mayer Brown International LLP, 201 Bishopsgate, London EC2M 3AF during usual business hours on any weekday (Saturdays, Sundays and Bank Holidays excluded) from the date of this notice until the date of the Scheme General Meeting and also on the date and at the place of the Scheme General Meeting until the conclusion of the Scheme General Meeting.

NOTICE FOR CREST MEMBERS

Electronic proxy appointment through CREST

CREST members who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service may do so for the Scheme General Meeting and any adjournment(s) thereof by using the procedures described in the CREST manual. CREST personal members or other CREST sponsored members, and those CREST members who have appointed (a) voting service provider(s), should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf.

In order for a proxy appointment or instruction made using the CREST service to be valid, the appropriate CREST message (a CREST proxy instruction) must be properly authenticated in accordance with Euroclear's specifications and must contain the information required for such instructions, as described in the CREST manual.

The message, regardless of whether it constitutes the appointment of a proxy or to an amendment to the instruction given to a previously appointed proxy must, in order to be valid, be transmitted so as to be received by the Company's registrars, Equiniti (Jersey) Limited (CREST Participant ID 7RA01), by 1.00 p.m. on 22 March 2016 (or 48 hours preceding the date and time for any adjourned meeting). For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the message by the CREST Applications Host) from which the Company's agent is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. After this time any change of instructions to proxies appointed through CREST should be communicated to the appointee through other means.

CREST members and, where applicable, their CREST sponsors or voting service providers should note that Euroclear does not make available special procedures in CREST for any particular messages. Normal system timings and limitations will therefore apply in relation to the input of CREST proxy instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member or sponsored member or has appointed a voting service provider(s), to procure that his CREST sponsor or voting service provider(s) take(s) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members and, where applicable, their CREST sponsors or voting service providers are referred, in particular, to those sections of the CREST manual concerning practical limitations of the CREST system and timings.

The Company may treat as invalid a CREST proxy instruction in the circumstances set out in article 34 of the Companies (Uncertificated Securities) (Jersey) Order 1999.

