

Final Terms dated 7 September 2012

Beazley plc
Issue of Sterling denominated 5.375 per cent. Notes due 2019
under the £250,000,000
Euro Medium Term Note Programme

Part A – CONTRACTUAL TERMS

Terms used herein shall be deemed to be defined as such for the purposes of the Conditions set forth in the Prospectus dated 31 August 2012 which constitutes a base prospectus for the purposes of the Prospectus Directive (the “**Base Prospectus**”). This document constitutes the Final Terms of the Notes described herein for the purposes of Article 5.4 of the Prospectus Directive and must be read in conjunction with the Base Prospectus. Full information on the Issuer and the offer of the Notes is only available on the basis of the combination of these Final Terms and the Base Prospectus. However, a summary of the issue of the Notes is annexed to these Final Terms. The Base Prospectus has been published at www.beazley.com.

1	Issuer:	Beazley plc
2	(i) Series Number:	1
	(ii) Tranche Number:	1
3	Specified Currency or Currencies:	Pounds Sterling (“£”)
4	Aggregate Nominal Amount:	
	(i) Series:	The aggregate nominal amount of the Notes to be issued (the “ Aggregate Nominal Amount ”) will depend, among other things, on the amount of Notes for which indicative offers to subscribe are received during the Offer Period (as defined in item 6 (viii) of Part B below) and will be specified in an announcement (the “ Final Terms Confirmation Announcement ”) by the Issuer after the Offer Period.
	(ii) Tranche:	As per item 4(i) above.
5	Issue Price:	The Issuer has offered the Notes to the Joint Lead Managers (as defined herein) at the initial issue price of 100 per cent. of the Aggregate Nominal Amount for distribution <i>via</i> the Authorised Distributors (as defined herein).
6	(i) Specified Denominations:	£100
	(ii) Calculation Amount:	£100
7	(i) Issue Date:	25 September 2012
	(ii) Interest Commencement Date:	Issue Date

8	Maturity Date:	25 September 2019
9	Interest Basis:	5.375 per cent. Fixed Rate (further particulars specified in item 14 below)
10	Redemption Basis:	Subject to any purchase and cancellation or early redemption, the Notes will be redeemed on the Maturity Date at 100 per cent. of the Aggregate Nominal Amount.
11	Change of Interest Basis:	Not Applicable
12	Put/call options:	Not Applicable
13	Date of Board approval for issuance of Notes obtained:	Board committee approval received on 30 August 2012

Provisions relating to Interest (if any) payable

14	Fixed Rate Note Provisions	Applicable
	(i) Rate of Interest:	5.375 per cent. per annum payable semi-annually in arrear in equal instalments
	(ii) Interest Payment Date(s):	25 March and 25 September in each year from and including 25 March 2013 up to and including the Maturity Date
	(iii) Fixed Coupon Amount(s):	£2.69 per Calculation Amount
	(iv) Broken Amount(s):	Not Applicable
	(v) Day Count Fraction in relation to Early Redemption:	Actual/Actual – ICMA
	(vi) Determination Dates:	25 March and 25 September in each year
15	Floating Rate Note Provisions	Not Applicable
16	Zero Coupon Note Provisions	Not Applicable

Provisions Relating to Redemption

17	Call Option	Not Applicable
18	Put Option	Not Applicable
19	Final Redemption Amount of each Note	£100 per Calculation Amount
20	Early Redemption Amount	£100 per Calculation Amount
	Early Redemption Amount(s) per Calculation Amount payable on Redemption for taxation reasons or on event of default or other early redemption	

General Provisions Applicable to the Notes

21	Form of Notes:	Bearer Notes:
		Permanent Global Note exchangeable for

Definitive Notes in the limited circumstances specified in the permanent Global Note

- 22** Financial Centre(s): Not Applicable
- 23** Talons for future Coupons to be attached to Definitive Notes (and dates on which such Talons mature): No

Signed on behalf of Beazley plc:

By: 
Duly authorised

Part B – OTHER INFORMATION

- 1 Listing and admission to trading** Application has been made by the Issuer (or on its behalf) for the Notes to be admitted to trading on London Stock Exchange plc's Regulated Market and through the London Stock Exchange's electronic order book for retail bonds ("ORB") with effect from 25 September 2012.
- Numis Securities Limited will be appointed as registered market maker through ORB (www.londonstockexchange.com/exchange/prices-and-markets/retail-bonds/retail-bonds-search.html) when the Notes are issued.
- 2 Ratings**
- Ratings: The Notes to be issued are not rated.
- 3 Interests of natural and legal persons involved in the issue**
- Save for any fees payable to the Joint Lead Managers and the Authorised Distributors, so far as the Issuer is aware, no person involved in the offer of the Notes has an interest material to the issue.
- 4 Reasons for the offer, estimated net proceeds and total expenses**
- Reasons for the offer: The reason for the offer of the Notes is in order for the Issuer to raise funds for general corporate purposes and to diversify the Issuer's funding base. All of the proceeds will be used for the Issuer's general corporate purposes.
- Estimated net proceeds: The estimated net proceeds will be specified in the Final Terms Confirmation Announcement.
- Estimated total expenses: The estimated total expenses will be specified in the Final Terms Confirmation Announcement.
- 5 Yield**
- Indication of yield: The yield in respect of this issue of Fixed Rate Notes is calculated on the basis of the Issue Price using the following formula:
- $$P = \frac{C}{r}(1 - (1 + r)^{-n}) + A(1 + r)^{-n}$$
- where:
- P is the Issue Price of the Notes;
- C is the Interest Amount;
- A is the principal amount of Notes due on redemption;
- n is time to maturity in years; and

r is the yield.

Calculated as 5.375 per cent. per annum on the Issue Date. Yield is not an indication of future price.

6 Operational information

ISIN Code:	XS0827693663
Common Code:	082769366
Any clearing system(s) other than Euroclear Bank S.A./N.V. and Clearstream Banking, <i>société anonyme</i> and the relevant identification number(s):	The Notes will settle in Euroclear Bank S.A./N.V. and Clearstream Banking, <i>société anonyme</i> . The Notes will also be made eligible for Euroclear UK & Ireland Limited <i>via</i> the issue of CREST Depository Interests representing the Notes.
Delivery:	Delivery versus payment
Names and addresses of additional Paying Agent(s) (if any):	Not Applicable

7 Distribution

(i) Names and addresses of underwriters and underwriting commitments:	Lloyds TSB Bank plc 10 Gresham Street London EC2V 7AE Numis Securities Limited The London Stock Exchange Building 10 Paternoster Square London EC4M 7LT (together, the “ Joint Lead Managers ”) The Notes will not be underwritten by the Joint Lead Managers
(ii) Date of underwriting agreement:	The Subscription Agreement is expected to be dated on or about 21 September 2012. For the avoidance of doubt, the issue of the Notes will not be underwritten.
(iii) Material features of underwriting agreement, including quotas:	Not Applicable
(iv) Portion of issue/offer not covered by underwriting commitments:	The issue of the Notes will not be underwritten by the Joint Lead Managers
(v) Stabilising Manager(s) if any:	Not Applicable
(vi) Indication of the overall amount of the underwriting commission and of the placing commission:	The Joint Lead Managers will receive a management fee of 0.50 per cent. of the Aggregate Nominal Amount and a selling fee of 0.50 per cent. of the Aggregate Nominal Amount (the “ Selling Fee ”). The Selling Fee will be allocated by the Joint Lead Managers

amongst the Authorised Distributors (as defined in item 9 of Part B below) and, from the Selling Fee, the Specified Authorised Distributors (as defined in item 9 of Part B below) will receive fees of 0.50 per cent. of the Aggregate Nominal Amount allotted to them and the Additional Authorised Distributors will receive fees of 0.25 per cent. of the Aggregate Nominal allotted to them.

(vii) US Selling Restrictions
(Categories of potential investors to which the Notes are offered):

Reg. S Compliance Category 2; TEFRA C

(viii) Public Offer:

An offer of the Notes may be made by the Joint Lead Managers, the Authorised Distributors (together with the Joint Lead Managers, the “**Financial Intermediaries**”) other than pursuant to Article 3(2) of the Prospectus Directive in the United Kingdom (“**Public Offer Jurisdiction**”) during the period from the time of publication of these Final Terms until 12 p.m. (London time) on 20 September 2012 (“**Offer Period**”). See further item 9 to Part B below.

8 Terms and conditions of the offer

Offer Price:

The Notes will be issued at the Issue Price. Any investor intending to acquire any Notes from a bank, financial intermediary or other entity (including an Authorised Distributor) will do so only at the Issue Price and in accordance with any terms and other arrangements in place between the relevant seller or distributor and such investor, including as to allocations and settlement arrangements. The Issuer is not party to such arrangements with investors and accordingly investors must obtain such information from the relevant seller or distributor. The Issuer does not have any responsibility to an investor for such information.

Conditions to which the offer is subject:

The issue of the Notes will be (i) conditional upon the Subscription Agreement being signed by the Issuer and the Joint Lead Managers and (ii) subject to the terms of the Subscription Agreement, which will in certain circumstances entitle the Joint Lead Managers to be released and discharged from their obligations under the Subscription Agreement prior to the issue of the Notes.

Description of the application process:	<p>Applications to purchase Notes cannot be made directly to the Issuer. Notes will be issued to the investors as per the arrangements in place between the relevant seller or distributor and an investor, including as to application process, allocations and settlement arrangements.</p> <p>Investors will be notified by the relevant Joint Lead Manager or Authorised Distributor of their allocations of Notes and the settlement arrangements in respect thereof as soon as practicable after the Final Terms Confirmation Announcement is made, which may be after the Offer Period has ended.</p> <p>After the closing time and date of the Offer Period no Notes will be offered for sale (i) by or on behalf of the Issuer or (ii) by the Joint Lead Managers and/or any Authorised Distributor (in their respective capacities as Joint Lead Managers or Authorised Distributors) except with the consent of the Issuer.</p> <p>Investors may not be allocated all (or any) of the Notes for which they apply.</p>
Description of possibility to reduce subscriptions and manner for refunding excess amount paid by applicants:	<p>There will be no refund as investors will not be required to pay for any Notes until any application for Notes has been accepted and the Notes allotted.</p>
Details of the minimum and/or maximum amount of application:	<p>The minimum subscription per investor is £2,000 in nominal amount of the Notes.</p>
Details of the method and time limits for paying up and delivering the Notes:	<p>The Notes will be issued on the Issue Date against payment to the Issuer by the Joint Lead Managers of the subscription moneys (less any amount of commission that the Issuer and the Joint Lead Managers agree should be deducted from such subscription moneys). Investors will be notified by the relevant Joint Lead Manager or relevant Authorised Distributor of their allocations of Notes (if any) and the settlement arrangements in respect thereof.</p>
Manner in and date on which results of the offer are to be made public:	<p>The results of the offer will be specified in the Final Terms Confirmation Announcement by the Issuer after the Offer Period and published by a Regulatory Information Service (expected to be the Regulatory News Service operated by the London Stock Exchange) prior to the Issue Date. The Final Terms Confirmation Announcement is currently expected to be</p>

made on or around 21 September 2012.

Procedure for exercise of any right of pre-emption, negotiability of subscription rights and treatment of subscription rights not exercised:

Not Applicable.

Categories of potential investors to which the Notes are offered and whether tranche(s) have been reserved for certain countries:

Notes will be offered by the Joint Lead Managers and the Authorised Distributors to the public in the United Kingdom, Jersey, Guernsey and the Isle of Man in accordance with all prevailing regulatory requirements during the Offer Period.

Process for notification to applicants of the amount allotted and the indication whether dealing may begin before notification is made:

Investors will be notified by the relevant Joint Lead Manager or Authorised Distributor of their allocations of Notes (if any). No arrangements have been put in place by the Issuer as to whether dealings may begin before such notification is made. Accordingly, whether investors can commence dealing before such notification will be as arranged between the relevant investor and the relevant Joint Lead Manager or Authorised Distributor.

Amount of any expenses and taxes specifically charged to the subscriber or purchaser:

No such expenses or taxes upon issue will be allocated by the Issuer to any investor. Any investor intending to acquire any Notes from a bank, financial intermediary or other entity (including an Authorised Distributor) other than a Joint Lead Manager in its capacity as such will do so in accordance with any terms and other arrangements in place between the relevant seller or distributor and such investor, including as to price, allocations and settlement arrangements. None of the Issuer and any of the Joint Lead Managers is party to such arrangements with investors and accordingly investors must obtain such information from the relevant seller or distributor. None of the Issuer and the Joint Lead Managers has any responsibility to an investor for such information.

Name(s) and address(es), to the extent known to the Issuer, of the placers in the various countries where the offer takes place:

Barclays Stockbrokers Limited
1 Churchill Place
London E14 5HP
Brewin Dolphin Limited (trading as Stocktrade)
12 Smithfield Street
London EC1A 9BD
Halifax Share Dealing Limited
Lovell Park Road

Leeds LS1 1NS

Killik & Co LLP
46 Grosvenor Street
London W1K 3HN

Redmayne-Bentley LLP
9 Bond Court
Leeds LS1 2JZ

Talos Securities Limited (trading as Selftrade)
Boatman's House
2 Selsdon Way
London E14 9LA

who, as at the date of these Final Terms, are the authorised distributors who have each been appointed by the Issuer and the Joint Lead Managers to offer and distribute the Notes purchased from the Joint Lead Managers to the public in the United Kingdom, Jersey, Guernsey and the Isle of Man in accordance with all prevailing regulatory requirements during the Offer Period (together, the “**Specified Authorised Distributors**”).

Further Specified Authorised Distributors may be appointed with the prior written consent of the Issuer during the Offer Period.

In addition to the Specified Authorised Distributors, the Joint Lead Managers may appoint additional distributors to offer and distribute the Notes purchased from the Joint Lead Managers to the public in the United Kingdom, Jersey, Guernsey and the Isle of Man in accordance with all prevailing regulatory requirements during the Offer Period (the “**Additional Authorised Distributors**” and, together with the Specified Authorised Distributors, the “**Authorised Distributors**”).

Additional Authorised Distributors will be appointed upon the execution by the relevant Additional Authorised Distributor of a distribution agreement with the Joint Lead Managers (such distribution agreement containing, *inter alia*, an indemnity provided to the Issuer in relation to breach by the relevant Additional Authorised Distributor of its terms).

The Issuer will publish on its website a list of all Authorised Distributors relating to the issue of the Notes.

None of the Issuer and any Joint Lead Manager

has authorised, nor will any of them authorise, the making of any other offer of the Notes in any other circumstances.

Annex – Issue Specific Summary

Summaries are made up of disclosure requirements known as ‘Elements’. These elements are numbered in Sections A - E (A.1 - E.7). This summary contains all the Elements required to be included in a summary for this type of securities and issuer. Because some Elements are not required to be addressed, there may be gaps in the numbering sequence of the Elements. Even though an Element may be required to be inserted in the summary because of the type of securities and issuer, it is possible that no relevant information can be given regarding the Element. In this case a short description of the Element is included in the summary with the mention of ‘not applicable’.

SECTION A - INTRODUCTION AND WARNINGS

A.1 This summary must be read as an introduction to the Prospectus. Any decision to invest in the securities should be based on consideration of the Prospectus as a whole by the investor. Where a claim relating to the information contained in the Prospectus is brought before a court, the plaintiff investor might, under the national legislation of the Member States, have to bear the costs of translating the Prospectus before the legal proceedings are initiated. Civil liability attaches only to those persons who have tabled the summary including any translation thereof, but only if the summary is misleading, inaccurate or inconsistent when read together with the other parts of the Prospectus or it does not provide, when read together with the other parts of the Prospectus, key information in order to aid investors when considering whether to invest in such securities.

A.2 ***Issue specific summary***

An offer of the Notes may be made by the Lloyds TSB Bank plc and Numis Securities Limited (the “**Joint Lead Managers**”) and the Authorised Distributors (as defined in item 9 of Part B of the Final Terms) (together with the Joint Lead Managers, the “**Financial Intermediaries**”) other than pursuant to Article 3(2) of the Prospectus Directive in the United Kingdom (“**Public Offer Jurisdiction**”) during the period from the time of publication of the Final Terms until 12 p.m. (London time) on 20 September 2012 (“**Offer Period**”).

SECTION B - ISSUER

B.1 **Legal and Commercial Name:** The Issuer’s legal and commercial name is Beazley plc.

B.2 **The domicile and legal form of the issuer, the legislation under which the issuer operates and** The Issuer is a public limited company incorporated in Jersey under the Companies (Jersey) Law 1991 with registered number 102680. The Issuer is tax domiciled in Ireland.

	its country of incorporation:	
B.4b	A description of any known trends affecting the issuer and the industries in which it operates:	<p>During the six months to 30 June 2012, rates (premiums expressed as a percentage of the sum insured or limit of indemnity) rose by an average of three per cent. across the Group's portfolio. Rate rises were highest on the Group's catastrophe exposed lines of business, averaging an increase of five per cent. This rise was due to the heavy catastrophe losses during 2012. For the first time since 2006, rates rose by three per cent. on the Specialty Lines division's professional and management liability book. Beazley expects the remainder of 2012 to show a continuation of the modestly rising premium rates across the Group's portfolio. However, Beazley expects that there will be a reduction in rate rises relating to catastrophe-exposed lines of business.</p> <p>Claims during the first half of 2012 has been relatively benign, with claims notifications lower than normal and loss development in line with the Group's expectations.</p> <p>Due to the ongoing eurozone crisis, the Group's investment strategy has sought to avoid risks arising from the banking sector and has focused the Group's sovereign holdings in the most strongly rated countries.</p>
B.5	If the issuer is part of a group, a description of the group and the issuer's position within the group:	<p>The Issuer is the parent company of the group of which it is a member.</p> <p>The Group's principal business is conducted through Lloyd's syndicates 2623, 3622, 3623, 623 and 6107 in the United Kingdom and Beazley Insurance Company, Inc., an admitted carrier in all 50 states, in the United States. Beazley's FSA-regulated subsidiary, Beazley Furlonge Limited, acts as the managing agent for the Managed Syndicates, with the Beazley Syndicates being fully backed by the Group (through the capital of Beazley Underwriting Limited) and Syndicate 623 and Syndicate 6107 being backed by third party Lloyd's names. The Group also operates through Beazley Re Limited, which writes reinsurance business for the Group.</p>
B.9	Where a profit forecast or estimate is made, state the figure:	Not applicable; Beazley has not made any public profit forecast or profit estimate.
B.10	A description of the nature of any qualifications in the audit report on the historical financial information:	Not applicable; none of the audit reports on the Issuer's audited consolidated financial statements for the years ended 31 December 2010 and 2011 included any qualifications.
B.12	Selected historical key financial	The following summary financial data as of, and for each of the years ended, 31 December 2010 and 2011 and as of, and for the six month

information regarding the issuer, presented for each financial year of the period covered by the historical financial information, and any subsequent interim financial period accompanied by comparative data from the same period in the prior financial year except that the requirement for comparative balance sheet information is satisfied by presenting the year end balance sheet information:

A statement that there has been no material adverse change in the prospects of the issuer since the date of its last published audited financial statements or a description of any material adverse change:

A description of significant changes in the financial or trading position subsequent to the period covered by the historical financial information:

periods ended 31 March 2011 and 2012 has been extracted, without any adjustment, from the Issuer's consolidated financial statements in respect of those dates and periods.

There has been no significant change in the financial or trading position of the Issuer or the Group since 30 June 2012 and there has been no material adverse change in the prospects of the Issuer or the Group since 31 December 2011.

Income Statement

	Six months ended 30 June 2012	Six months ended 30 June 2011	Year ended 31 December 2011	Year ended 31 December 2010
	<i>Unaudited</i>	<i>Unaudited</i>	<i>Audited</i>	<i>Audited</i>
	U.S.\$m			
Net premiums written....	650.8	635.5	1,374.0	1,402.1
Net earned premiums ...	703.3	670.5	1,385.0	1,405.2
Revenue	750.5	707.0	1,452.4	1,470.8
Net insurance claims	377.2	477.3	850.5	738.2
Operating expenses	262.6	245.6	521.4	466.0
Expenses	639.8	722.9	1,371.9	1,204.2
Results of operating activities	110.4	(16.3)	79.5	265.7
Profit/(loss) before income tax	112.9	(24.2)	62.7	250.8
Profit/(loss) for the year attributable to equity shareholders ...	100.1	(14.1)	65.8	217.0
Earnings/(loss) per share (cents per share):				
Basic	19.8	(2.8)	13.0	42.1
Diluted.....	18.7	(2.8)	12.4	40.2
Earnings/(loss) per share (pence per share):				
Basic	12.5	(1.7)	8.1	27.4
Diluted.....	11.8	(1.7)	7.7	26.1

Statement of changes in equity

	As at 30 June 2012	As at 31 December 2011	As at 31 December 2010
	<i>Unaudited</i>	<i>Audited</i>	<i>Audited</i>
	U.S.\$m		
Intangible assets	127.6	130.7	117.0

	As at 30 June 2012	As at 31 December 2011	As at 31 December 2010
	<i>Unaudited</i>	<i>Audited</i>	<i>Audited</i>
		U.S.\$m	
Deferred acquisition costs.....	172.5	159.7	164.0
Reinsurance assets.....	1,411.4	1,197.9	1,034.9
Financial investments ...	3,420.8	3,356.8	3,097.3
Insurance receivables...	553.0	558.7	527.1
Cash and cash equivalents.....	<u>596.5</u>	<u>650.1</u>	<u>745.0</u>
Total assets	<u>6,354.5</u>	<u>6,118.7</u>	<u>5,774.3</u>
Share capital	41.5	42.8	42.7
Share premium.....	1.2	1.1	0.7
Foreign currency translation reserve.....	(88.1)	(88.5)	(91.0)
Other reserves.....	(19.2)	(50.1)	(52.2)
Retained earnings	<u>1,193.8</u>	<u>1,165.7</u>	<u>1,182.7</u>
Total equity	<u>1,129.2</u>	<u>1,071.0</u>	<u>1,082.9</u>
Insurance liabilities	4,493.3	4,334.6	4,046.8
Borrowings	217.6	266.9	268.2
Other payables.....	431.7	366.0	285.4
Deferred tax liabilities ...	<u>77.3</u>	<u>80.2</u>	<u>91.0</u>
Total liabilities	<u>5,225.3</u>	<u>5,047.7</u>	<u>4,691.4</u>
Total equity and liabilities	<u>6,354.5</u>	<u>6,118.7</u>	<u>5,774.3</u>

Statement of cash flows

	Six months ended 30 June 2012	Six months ended 30 June 2011	Year ended 31 December 2011	Year ended 31 December 2010
	<i>Unaudited</i>	<i>Unaudited</i>	<i>Audited</i>	<i>Audited</i>
		U.S.\$m		
Profit/(loss) before tax	112.9	(24.2)	62.7	250.8
Adjustments for:				
Increase in insurance and other liabilities.....	227.7	657.3	367.1	19.2

	Six months ended 30 June 2012 <i>Unaudited</i>	Six months ended 30 June 2011 <i>Unaudited</i>	Year ended 31 December 2011 <i>Audited</i>	Year ended 31 December 2010 <i>Audited</i>
	U.S.\$m			
(Decrease)/increase in insurance, reinsurance and other receivables	(223.3)	(433.9)	(182.6)	83.8
(Decrease)/increase in deferred acquisition costs	(12.8)	7.7	4.3	(8.5)
Financial income.....	(33.7)	(29.7)	(64.8)	(60.2)
Net cash from operating activities	<u>71.0</u>	<u>196.8</u>	<u>226.7</u>	<u>284.1</u>
Purchase of investments	(2,159.1)	(2,721.5)	(3,912.4)	(5,042.7)
Proceeds from sale of investments	2,104.3	2,617.6	3,649.2	4,799.9
Interest and dividends received....	33.7	29.7	64.8	60.2
Net cash used in investing activities .	<u>(27.5)</u>	<u>(84.5)</u>	<u>(214.1)</u>	<u>(198.7)</u>
Repayment of borrowings.....	(41.9)	-	-	-
Dividends paid.....	(43.3)	(62.1)	(82.8)	(55.5)
Net cash used in financing activities .	<u>(97.0)</u>	<u>(73.6)</u>	<u>(106.3)</u>	<u>(105.5)</u>
Net increase in cash and cash equivalents.....	<u>(53.5)</u>	<u>38.7</u>	<u>(93.7)</u>	<u>(20.1)</u>
Cash and cash equivalents at end of period	<u>596.5</u>	<u>786.4</u>	<u>650.1</u>	<u>745.0</u>

B.13 A description of any recent events particular to the issuer which are to a material extent relevant to the evaluation of

Not applicable; there have been no recent events particular to the Issuer which are to a material extent relevant to the evaluation of the Issuer's solvency.

	the issuer's solvency:	
B.14	If the issuer is part of a group, a description of the group and the issuer's position within the group. If the issuer is dependent upon other entities within the group, this must be clearly stated:	Please see Element B.5 above. As the Group's business is conducted through the members of the Group referenced in that Element, the Issuer is, accordingly, dependent upon those members of the Group.
B.15	A description of the issuer's principal activities:	<p>Beazley is the parent company of a global specialist insurance and reinsurance group, with underwriting platforms in Lloyd's and in the United States. It also operates out of an international network of offices in France, Germany, Singapore, Hong Kong, Norway and Australia. The Group's underwriters in the United States focus on writing a range of specialist insurance products. In the admitted market, coverage is provided by Beazley Insurance Company, Inc., a carrier licensed in all 50 states. In the surplus lines market, coverage is provided by the Managed Syndicates at Lloyd's.</p> <p>The Group currently operates across six insurance and reinsurance divisions:</p> <ul style="list-style-type: none"> • The Specialty Lines division comprises professional liability and management liability risks underwritten for clients on both a primary and excess basis in North America, Europe and around the world. • The Property division's business focuses on commercial property, jewellers, construction risks, and select homeowners business. • The Marine division writes business in all major marine classes. • The Reinsurance division specialises in writing property catastrophe and per risk excess of loss and pro rata business. • The Political Risks & Contingency division focuses on performance, payment, terrorism and political risks, together with event cancellations and other loss triggers. • The Life, Accident & Health division specialises in life, sports and personal accident insurance.
B.16	To the extent known to the issuer, state whether the issuer is directly or indirectly owned or	Beazley is not directly or indirectly owned or controlled.

controlled and by whom and describe the nature of such control:

- B.17** **Credit ratings assigned to an issuer or its debt securities at the request or with the co-operation of the issuer in the rating process:**
- The Issuer has been rated BBB+ by Standard & Poor's. The Issuer's Fixed/Floating Rate Subordinated Notes due 17 October 2026 have been rated BBB- by Standard & Poor's and bbb by AM Best. The Issuer's Junior Subordinated Floating Rate Notes due 26 November 2034 have been rated bbb by AM Best. The Managed Syndicates (as defined herein) have each been rated A by AM Best and A+ by Standard & Poor's and Beazley Insurance Company, Inc. has been rated A by AM Best. Standard and Poor's and AM Best are each established in the European Union and are registered under the CRA Regulation.
- A Series of Notes issued under the Programme may also be rated or unrated. Such ratings will not necessarily be the same as the rating assigned to the Issuer. A credit rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, reduction or withdrawal at any time by the assigning rating agency.

SECTION C - SECURITIES

- C.1** **A description of the type and the class of the securities being offered and/or admitted to trading, including any security identification number:**
- Up to £250,000,000 (or the equivalent in other currencies at the date of issue) aggregate nominal amount of Notes outstanding at any one time pursuant to the Euro Medium Term Note Programme arranged by Lloyds TSB Bank plc and Numis Securities Limited.
- The Dealers are:
- Lloyds TSB Bank plc
10 Gresham Street
London EC2V 7AE
- Numis Securities Limited
10 Paternoster Square
London EC4M 7LT
- The Issuer may from time to time terminate the appointment of any dealer under the Programme or appoint additional dealers either in respect of one or more Tranches or in respect of the whole Programme. References in the Prospectus to "**Permanent Dealers**" are to the persons listed above as Dealers and to such additional persons that are appointed as dealers in respect of the whole Programme (and whose appointment has not been terminated) and references to "**Dealers**" are to all Permanent Dealers and all persons appointed as a dealer in respect of one or more Tranches.
- The Notes will be issued on a syndicated or non-syndicated basis. The Notes will be issued in series (each a "**Series**") having one or more issue dates and on terms otherwise identical (or identical other than in respect of the first payment of interest), the Notes of each Series being intended to be interchangeable with all other Notes of that Series. Each Series may be issued in tranches (each a "**Tranche**") on the same or different issue dates.

The specific terms of each Tranche (which will be completed, where necessary, with the relevant terms and conditions and, save in respect of the issue date, issue price, first payment of interest and nominal amount of the Tranche, will be identical to the terms of other Tranches of the same Series) will be completed in the final terms (the “**Final Terms**”).

The Notes may be issued in bearer form (“**Bearer Notes**”) or in registered form (“**Registered Notes**”) only. Each Tranche of Bearer Notes will be represented on issue by a temporary Global Note if (i) definitive Notes are to be made available to Noteholders following the expiry of 40 days after their issue date or (ii) such Notes have an initial maturity of more than one year and are being issued in compliance with the D Rules, otherwise such Tranche will be represented by a permanent Global Note. Registered Notes will be represented by Certificates, one Certificate being issued in respect of each Noteholder’s entire holding of Registered Notes of one Series. Certificates representing Registered Notes that are registered in the name of a nominee for one or more clearing systems are referred to as “**Global Certificates**”.

Notes have been accepted for clearance through the Euroclear and Clearstream, Luxembourg systems (which are the entities in charge of keeping the records) and, in relation to any Tranche, such other clearing system as may be agreed between the Issuer, the Issuing and Paying Agent, the Trustee and the relevant Dealer. The Common Code, the International Securities Identification Number (“**ISIN**”) and (where applicable) the identification number for any other relevant clearing system for each Series of Notes will be set out in the relevant Final Terms.

On or before the issue date for each Tranche, the Global Note representing Bearer Notes or the Certificate representing Registered Notes may be deposited with a common depository for Euroclear and Clearstream, Luxembourg. Global Notes or Certificates may also be deposited with any other clearing system or may be delivered outside any clearing system provided that the method of such delivery has been agreed in advance by the Issuer, the Issuing and Paying Agent, the Trustee and the relevant Dealer. Registered Notes that are to be credited to one or more clearing systems on issue will be registered in the name of nominees or a common nominee for such clearing systems.

Issue specific summary:

Series Number: 1

Tranche Number: 1

Aggregate Nominal Amount:

(i) Series: The aggregate nominal amount of the Notes to be issued (the “**Aggregate Nominal Amount**”) will depend, among other things, on the amount of Notes for which indicative offers to subscribe are received during the Offer Period (as defined in A2 above) and will be

specified in an announcement (the
**“Final Terms Confirmation
Announcement”**)

(ii) Tranche: As per (i) above

Bearer Notes:

Permanent Global Note exchangeable for Definitive Notes in the limited circumstances specified in the permanent Global Note

ISIN Code: XS0827693663

Common Code: 082769366

Any clearing system(s) other than Euroclear Bank S.A./N.V. and Clearstream Banking, *société anonyme* and the relevant identification number(s): The Notes will also be made eligible for Euroclear UK & Ireland Limited via the issue of CREST Depository Interests representing the Notes

C.2 **Currency of the securities issue:** Subject to compliance with all relevant laws, regulations and directives, Notes may be issued in any currency agreed between the Issuer and the relevant Dealers.

Issue specific summary:

The Specified Currency or Currencies of the Notes is Pounds Sterling (“£”).

C.5 **A description of any restrictions on the free transferability of the securities:** The United States, the Public Offer Selling Restriction under the Prospectus Directive, the United Kingdom, Jersey, Guernsey, Japan and Isle of Man.

The Issuer is Category 2 for the purposes of Regulation S under the Securities Act, as amended.

The Notes will be issued in compliance with U.S. Treasury Regulations §1.163-5(c)(2)(i)(D) (the “**D Rules**”) unless (i) the relevant Final Terms states that Notes are issued in compliance with U.S. Treasury Regulations §1.163-5(c)(2)(i)(C) (the “**C Rules**”) or (ii) the Notes are issued other than in compliance with the D Rules or the C Rules but in circumstances in which the Notes will not constitute “registration required obligations” under the United States Tax Equity and Fiscal Responsibility Act of 1982 (“**TEFRA**”), which circumstances will be referred to in the relevant Final Terms as a transaction to which TEFRA is not applicable.

Issue specific summary:

Regulation S Compliance Category 2; TEFRA C

C.8, C.9 **A description of the rights attached to the securities including:**

- ranking
- limitations to those rights

Issue Price

Notes may be issued at their nominal amount or at a discount or premium to their nominal amount. The issue price will be determined by the Issuer prior to the offering of each Tranche after taking into account certain factors including market conditions.

Issue specific summary:

100% of the Aggregate Nominal Amount

- the nominal interest rate
- the date from which interest becomes payable and the due dates for interest
- where the rate is not fixed, description of the underlying on which it is based
- maturity date and arrangements for the amortisation of the loan, including the repayment procedures
- an indication of yield
- name of representative of debt security holders

Specified Denomination

Definitive Notes will be in such denominations as may be specified in the relevant Final Terms save that (i) the minimum denomination of each Note admitted to trading on a European Economic Area exchange and/or offered to the public in an EEA State in circumstances which require the publication of a prospectus under the Prospectus Directive will be €1,000 (or, if the Notes are denominated in a currency other than euro, the equivalent amount in such currency) or such other higher amount as may be allowed or required from time to time by the relevant central bank (or equivalent body) or any laws or regulations applicable to the relevant Specified Currency and (ii) unless otherwise permitted by then current laws and regulations, Notes (including Notes denominated in sterling) which have a maturity of less than one year and in respect of which the issue proceeds are to be accepted by the Issuer in the United Kingdom or whose issue otherwise constitutes a contravention of section 19 of the FSMA will have a minimum denomination of £100,000 (or its equivalent in other currencies).

Issue specific summary:

Specified Denomination: £100.

Ranking

The Notes will constitute unsubordinated and unsecured obligations of the Issuer.

Negative pledge

The Notes contain a negative pledge provision pursuant to which neither the Issuer nor any of its subsidiaries may create or have outstanding any security interest over its present or future undertaking, assets or revenues to secure any guarantee or indemnity in respect of certain types of indebtedness without securing the Notes equally and rateably, subject to certain exceptions.

Interest rates and interest periods

The length of the interest periods for the Notes and the applicable interest

rate or its method of calculation may differ from time to time or be constant for any Series. Notes may have a maximum interest rate, a minimum interest rate, or both. The use of interest accrual periods permits the Notes to bear interest at different rates in the same interest period. All such information will be set out in the relevant Final Terms.

Fixed Rate Notes

Fixed interest will be payable in arrear on the date or dates in each year specified in the relevant Final Terms.

Issue specific summary:

Rate of Interest:	5.375 % per annum payable semi-annually in arrear in equal instalments
Interest Payment Date(s):	25 March and 25 September in each year from and including 25 March 2013 up to and including the Maturity Date
Fixed Coupon Amount:	£2.69 per Calculation Amount

Floating Rate Notes

Floating Rate Notes will bear interest determined separately for each Series as follows:

- (i) on the same basis as the floating rate under a notional interest rate swap transaction in the relevant Specified Currency governed by an agreement incorporating the 2006 ISDA Definitions, as published by the International Swaps and Derivatives Association, Inc. or
- (ii) by reference to LIBOR or EURIBOR as adjusted for any applicable margin.

Interest periods will be specified in the relevant Final Terms.

Issue specific summary:

Floating Rate Notes are not being issued pursuant to these Final Terms.

Zero Coupon Notes

Zero Coupon Notes (as defined in "Terms and Conditions of the Notes") may be issued at their nominal amount or at a discount to it and will not bear interest.

Issue specific summary:

Zero Coupon Notes are not being issued pursuant to these Final Terms.

Maturities

Subject to compliance with all relevant laws, regulations and directives, each Series of Notes may have a maturity between one month and 30 years.

Issue specific summary:

25 September 2019

Redemption

The relevant Final Terms will specify the basis for calculating the redemption amounts payable. Unless permitted by then current laws and

regulations, Notes (including Notes denominated in sterling) which have a maturity of less than one year and in respect of which the issue proceeds are to be accepted by the Issuer in the United Kingdom or whose issue otherwise constitutes a contravention of section 19 of the FSMA must have a minimum redemption amount of £100,000 (or its equivalent in other currencies).

Issue specific summary:

Subject to any purchase and cancellation or early redemption, the Notes will be redeemed on the Maturity Date (see above) at 100% of the Aggregate Nominal Amount.

Optional Redemption

The Final Terms issued in respect of each issue of Notes will state whether such Notes may be redeemed prior to their stated maturity at the option of the Issuer (either in whole or in part) and/or the holders, and if so the terms applicable to such redemption.

Issue specific summary:

Call Option	Not Applicable
Final Redemption Amount of Each Note:	£100 per Calculation Amount

Early Redemption

Except as provided in “Optional Redemption” above, Notes will be redeemable at the option of the Issuer prior to maturity only for tax reasons.

Issue specific summary:

Early Redemption Amount:	£100 per Calculation Amount
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Indication of yield

The yield in respect of each issue of Fixed Rate Notes will be calculated on the basis of the Issue Price using the following formula:

$$P = \frac{C}{r} (1 - (1 + r)^{-x}) + A(1 + r)^{-x}$$

Where:

- P is the Issue Price of the Notes;
- C is the Interest Amount;
- A is the principal amount of Notes due on redemption;
- n is time to maturity in years; and
- r is the yield.

Yield is not an indication of future price.

Issue specific summary:

Yield: 5.375 per cent. per annum.

Events of Default

Events of default under the Notes include non-payment of interest for 14 days, non-payment of principal for seven days, breach of other obligations

under the Notes or Trust Deed (which breach is not remedied within 30 days), cross-default relating to indebtedness for borrowed money of the Issuer or any subsidiary of the Issuer subject to an aggregate threshold of £20,000,000, enforcement proceeding against the Issuer or any of its subsidiaries and certain events related to insolvency or winding up of the Issuer or any of its subsidiaries.

Withholding tax

All payments of principal and interest in respect of the Notes will be made free and clear of withholding taxes of the United Kingdom, Jersey or the Republic of Ireland, as the case may be, unless the withholding is required by law. In such event, the Issuer shall, subject to customary exceptions (including the ICMA standard EU tax exemption tax language), pay such additional amounts as shall result in receipt by the Noteholder of such amounts as would have been received by it had no such withholding been required.

Trustee

U.S. Bank Trustees Limited.

Governing law

English law.

C.10 If the security has a derivative component in the interest payment, provide a clear and comprehensive explanation to help investors understand how the value of their investment is affected by the value of the underlying instrument(s), especially under the circumstances when the risks are most evident:

Not applicable; there is no derivative component in the interest payments made in respect of any Notes issued under the Programme.

C.11 An indication as to whether the securities offered are or will be the

Application has been made to list Notes issued under the Programme on the Official List and to admit them to trading on London Stock Exchange plc's Regulated Market. As specified in the relevant Final Terms, a Series of Notes may be unlisted.

object of an application for admission to trading, with a view to their distribution in a regulated market or other equivalent markets with indication of the markets in question:

Issue specific summary:

Application has been made by the Issuer (or on its behalf) for the Notes to be admitted to trading on London Stock Exchange plc's Regulated Market and through the London Stock Exchange's electronic order book for retail bonds ("ORB") with effect from 25 September 2012.

SECTION D - RISKS

D.2 Key information on the key risks that are specific to the issuer:

- The underwriting of insurance risks to which the Group is exposed is, by its very nature, a high-risk business. Underwriting risk comprises four elements that apply to all insurance products offered by the Group: event risk, cycle risk, pricing risk and expense risk.
- Through the underwriting of specific catastrophic and political risk, the Group is exposed to the adverse impact of catastrophic and political events. The incidence and severity of such events are inherently unpredictable and the losses incurred by the Group from such events could be substantial. The occurrence of large claims from such events could result in substantial volatility in the Group's financial results and could impact on its ability to write new business.
- Following the terror attacks on the United States on 11 September 2001, the implementation of legislation in jurisdictions such as the United Kingdom, Australia and the United States provides for a governmental backstop by way of reinsurance protection for certain insured risks. There is no guarantee, however, that this protection will be extended to provide the Group with coverage for any exposure to such events.
- The Group is exposed to losses that could accumulate from different insureds arising from a generic or catastrophic event. It is possible that the accumulated claims could exceed the expected claims activity.
- Claims management risk may arise within the Group in the event of inaccurate or incomplete case reserves and claims settlements, poor service quality or excessive claims handling costs. These risks may damage the Group's reputation and undermine its ability to win and retain business. These risks may also lead to the Group being exposed to putative damages claims.
- Certain members of the Group have established provisions for unpaid claims and related expenses to cover its underwriting liability in respect of both reported claims and incurred but unreported claims. However, there can be no assurance that ultimate losses will not differ

materially from the provisions established by the Group. In particular, the Group's Specialty Lines business, by its nature, is susceptible to the potential mismatch between ultimate losses and provisions due to the longer tail-risks involved, which make accurate provisioning more difficult.

- Members of the Group have entered into a significant number of reinsurance contracts to seek to limit their exposure to particular risks. While reinsurance counterparties are chosen carefully by reference to, *inter alia*, size, rating, trading performance and reputation, the relevant members of the Group are exposed to credit risk with respect to such reinsurers. As such, the Group makes provisions for the potential failure of such reinsurers to cover their share of the Group's anticipated reinsurance liability, but there can be no guarantee that such provisions will be adequate to cover the future failure of a reinsurer. If a reinsurer were to fail to make payment, whether through an insolvency, dispute or otherwise, the relevant members of the Group would retain the primary liability to the insured party. The Group purchases different reinsurance cover for different classes of business and for each Group carrier. Such cover will normally contain a retention of risk provision that the relevant Group entity must pay before the reinsurers become liable and would have a limit of indemnity for a single event or series of losses. As such, it is possible that, in a complex loss scenario, more than one retention may be payable by the relevant members of the Group. Additionally, there can be no assurance that appropriate levels of reinsurance cover will be available in the future or at acceptable rates.
- The Group is subject to credit risk. There can be no assurance that the Group's brokers and coverholders will pass on premiums or claims collected or paid on behalf of the Group. In addition, the Group is exposed to credit risk on its investments such that an issuer default may lead to the Group losing all or part of the value of a financial instrument and/or derivative financial instrument.
- The ability of the Group's insurance operations to write certain classes of business, including reinsurance business, may be affected by a change in the rating issued by an accredited rating agency to the Group's rated carrier Beazley Insurance Company, Inc., to the Managed Syndicates (as defined herein) and to Lloyd's.
- The Group holds significant investments to support its liabilities and the profits of the Group depend in part upon the returns achieved on its investment portfolio. Therefore, changes in interest rates, equity returns and other economic variables may substantially affect the Group's financial performance. A fall in the capital value of the Group's investments may result in a reduction in the capital of the Group, which would reduce the amount of business that the Group's insurance operations are able to underwrite.
- The insurance market is highly competitive and fragmented. Increased competition could result in lower premium rates or less favourable policy terms and conditions which could materially adversely affect the Group's growth and profitability. Premium levels may be adversely affected by increases in insurance industry capacity, increases in

reinsurance capacity, reduction of prices in response to favourable loss experience, the pricing of underlying direct coverages and other adverse factors.

- There can be no assurance that provisions such as limitations on, or exclusions from coverage contained within, insurance policies and reinsurance contracts held by the Group will be enforceable in the manner intended. Disputes relating to coverage and the choice of legal forum can be expected to arise, as a result of which the Group may become exposed to losses beyond the expectations of the Group at the time of underwriting a particular insurance policy or reinsurance contract. In such circumstances, insurance may not cover or be adequate to cover liabilities incurred by a Group member. In addition, the Group may be subject to liability for events against which it does not insure or which it may elect not to insure against because of unacceptable commercial rates or other reasons.
- In each of the jurisdictions in which the Group operates, the insurance industry is highly regulated. Regulatory agencies have broad administrative power over many aspects of the insurance business, which may include premium rates, marketing and selling practices, advertising, licensing agents, policy forms, capital adequacy and permitted investments. Government regulators are concerned primarily with the protection of policyholders rather than shareholders or creditors. In particular, the Council of Lloyd's and the FSA each have wide regulatory powers. In addition, the relevant members of the Group may not be able to comply fully with, or obtain appropriate exemptions from, any amendments to a regulatory regime. Failure to comply with or to obtain appropriate exemptions under any applicable laws could result in restrictions on the Group's ability to conduct business in one or more of the jurisdictions in which it operates and could result in the imposition of fines and other sanctions.
- Changes in government policy, legislation, regulatory frameworks or regulatory interpretation applying to companies in the financial services and insurance industries in any of the markets in which the Group operates, which may be applied retrospectively, may adversely affect the Group's product range, distribution channels, capital requirements and, consequently, operating results and financing requirements. In addition, the Group may face increased compliance costs due to the need to set up additional compliance controls or the direct cost of such compliance as a result of changes to financial services legislation or regulation.
- Each member of Lloyd's must submit its annual business plan for each year of account (and any subsequent changes to such plan) to the Franchise Board of Lloyd's for approval. In the event that the Franchise Board determines that changes are required to such business plan prior to its approval, any such changes could lead to a significant change in the Group's stated business strategy and objectives.
- The Group's ability to underwrite business at Lloyd's is, in part, dependent upon its relationships with intermediaries.

- Since 1 January 2006, Lloyd's managing agents, such as those within the Group, have been required to comply with the FSA's prudential rules for individual capital assessment. The process and the method by which the solvency ratio is calculated may alter from year to year and the Group's future underwriting capacity may be reduced as a result of any change. In addition, there can be no assurance that the implementation of Solvency II will not result in the Group having to hold an increased amount of capital than it is presently required to hold.
- The Lloyd's market is subject to the solvency and capital adequacy requirements of the FSA. However, the FSA may impose more stringent requirements on Lloyd's which may result in higher capital requirements or a restriction on trading activities for its members, including entities within the Group. If Lloyd's fails to satisfy this solvency test in any year, the FSA may require Lloyd's to cease trading and/or its members to cease or reduce their underwriting exposure.
- As a member of Lloyd's, relevant members of the Group are committed to certain financial and operational obligations, including the annual fees and levies imposed by Lloyd's on its membership syndicates for operating on its platform. To the extent that Lloyd's suffers a material exposure in its asset base when compared with its liabilities, whether as a result of unexpected events, non-claims litigation, the increased costs of compliance in overseas jurisdictions for insurance and reinsurance business, increased fees and levies, currency devaluation, stamp capacity, cash calls or otherwise, members may at any such time as required by Lloyd's be called upon to invest further capital into Lloyd's portfolio of funds, including both the funds at Lloyd's and the Central Fund. Lloyd's also has the power to reduce the underwriting capacity of a syndicate and/or to prohibit a corporate member from underwriting if at any time the value of the funds at Lloyd's portfolio for that syndicate falls by more than 10% of the last annual valuation.
- The ability of the Syndicate 623, Syndicate 6107 and the Beazley Syndicates to trade in certain classes of business at current levels may be dependent on the maintenance by Lloyd's of a satisfactory credit rating issued by an accredited rating agency.
- The Managed Syndicates may be placed into a year-end run-off by the Council of Lloyd's resulting in members' funds, including those of relevant members of the Group, being blocked.
- The Group is reliant upon Lloyd's maintenance of its local jurisdictional licences and approvals, as well as its own compliance with local regulation, especially in the United States where regulators have the power to increase the level of funding required, or impose requirements as to the nature of funding in certain circumstances.
- The Notes are subject to optional redemption by the Issuer. The Issuer may be expected to redeem Notes when its cost of borrowing is lower than the interest rate on the Notes. At those times, an investor generally would not be able to reinvest the redemption proceeds at an

D.3 Key information on the key risks that are specific to the

securities:

effective interest rate as high as the interest rate on the Notes being redeemed and may only be able to do so at a significantly lower rate. Potential investors should consider reinvestment risk in light of other investments available at that time.

- The Terms and Conditions of the Notes contain provisions for calling meetings of Noteholders to consider matters affecting their interests generally. These provisions permit defined majorities to bind all Noteholders including Noteholders who did not attend and vote at the relevant meeting and Noteholders who voted in a manner contrary to the majority.
- The Terms and Conditions of the Notes provide that the Trustee may, without the consent of Noteholders, agree to (i) any modification of, or to the waiver or authorisation of any breach or proposed breach of, any of the provisions of Notes or (ii) the substitution of another company as principal debtor under any Notes in place of the Issuer.
- The EU Directive on the taxation of savings income may result in the imposition of withholding taxes in certain jurisdictions.
- The implementation of U.S. Foreign Account Tax Compliance Act may lead to the imposition of U.S. withholding taxes at a rate of 30% on all, or a portion of, payments made after 31 December 2016 in respect of (i) any Notes issued or materially modified on or after 1 January 2013 (and (ii) any Notes which are treated as equity for U.S. federal tax purposes, whenever issued) pursuant to the foreign account provisions of the Hiring Incentives to Restore Employment Act of 2010.
- Holders of CREST depository interests will hold or have an interest in a separate legal instrument and will not be the legal owners of the Underlying Notes.
- Notes may have no established trading market when issued, and one may never develop. If a market does develop, it may not be liquid. Therefore, investors may not be able to sell their Notes easily or at prices that will provide them with a yield comparable to similar investments that have a developed secondary market. This is particularly the case for Notes that are especially sensitive to interest rate, currency or market risks, are designed for specific investment objectives or strategies or have been structured to meet the investment requirements of limited categories of investors.
- One or more independent credit rating agencies may assign credit ratings to an issue of Notes. The ratings may not reflect the potential impact of all risks related to structure, market, additional factors discussed above, and other factors that may affect the value of the Notes.

Issue specific summary:

- Investment in Fixed Rate Notes involves the risk that subsequent changes in market interest rates may adversely affect the value of Fixed Rate Notes.
- The Issuer will pay principal and interest on the Notes in Pounds Sterling. This presents certain risks relating to currency conversions if

an investor's financial activities are denominated principally in a currency or currency unit (the "Investor's Currency") other than the Specified Currency. These include the risk that exchange rates may significantly change (including changes due to devaluation of the Specified Currency or revaluation of the Investor's Currency) and the risk that authorities with jurisdiction over the Investor's Currency may impose or modify exchange controls.

- If definitive Notes are issued, such Notes may be illiquid and difficult to trade.

SECTION E - OFFER

E.2b **Reasons for the offer and use of proceeds when different from making profit and/or hedging certain risks:** The net proceeds from each issue of Notes will be applied by the Issuer for its general corporate purposes.

Issue specific summary:

Reasons for the offer: The reason for the offer of the Notes is in order for the Issuer to raise funds for general corporate purposes and to diversify the Issuer's funding base.

Use of proceeds: All of the proceeds will be used for the Issuer's general corporate purposes.

E.3 **A description of the terms and conditions of the offer:** ***Issue specific summary:***

Offer Price: Issue Price

Conditions to which the offer is subject: The issue of the Notes will be (i) conditional upon the Subscription Agreement being signed by the Issuer and the Joint Lead Managers and (ii) subject to the terms of the Subscription Agreement, which will in certain circumstances entitle the Joint Lead Managers to be released and discharged from their obligations under the Subscription Agreement prior to the issue of the Notes.

Description of the application process: Applications to purchase Notes cannot be made directly to the Issuer. Notes will be issued to the investors as per the arrangements in place between the relevant seller or

distributor and an investor, including as to application process, allocations and settlement arrangements.

Investors will be notified by the relevant Joint Lead Manager or Authorised Distributor of their allocations of Notes and the settlement arrangements in respect thereof as soon as practicable after the Final Terms Confirmation Announcement is made, which may be after the Offer Period has ended.

After the closing time and date of the Offer Period no Notes will be offered for sale (i) by or on behalf of the Issuer or (ii) by the Joint Lead Managers and/or any Authorised Distributor

(in their respective capacities as Joint Lead Managers or Authorised Distributors) except with the consent of the Issuer.

Investors may not be allocated all (or any) of the Notes for which they apply.

Description of possibility to reduce subscriptions and manner for refunding excess amount paid by applicants:

There will be no refund as investors will not be required to pay for any Notes until any application for Notes has been accepted and the Notes allotted.

Details of the minimum and/or maximum amount of application:

The minimum subscription per investor is £2,000 in nominal amount of the Notes.

Details of the method and time limits for paying up and delivering the Notes:

The Notes will be issued on the Issue Date against payment to the Issuer by the Joint Lead Managers of the subscription moneys (less any amount of commission that the Issuer and the Joint Lead Managers agree should be deducted from such subscription moneys). Investors will be notified by the relevant Joint Lead Manager or relevant Authorised Distributor of their allocations of Notes (if any) and the settlement arrangements in respect thereof.

Manner in and date on which results of the offer are to be made public:

The results of the offer will be specified in the Final Terms Confirmation Announcement by the Issuer after the Offer Period and published by a Regulatory Information Service (expected to be the Regulatory News Service operated by the London Stock Exchange) prior to the Issue Date. The Final Terms Confirmation Announcement is currently expected to be made on or around 21 September 2012.

Whether tranche(s) have been reserved for certain countries:

Notes will be offered by the Joint Lead Managers and the Authorised Distributors to the public in the United Kingdom, Jersey, Guernsey and the Isle of Man in accordance with all prevailing regulatory requirements during the Offer Period.

Procedure for exercise of any right of pre-emption, negotiability of subscription rights and treatment of subscription rights not exercised:

Not Applicable

Process for notification to applicants of the amount allotted and the indication whether dealing may begin before notification is made:

Investors will be notified by the relevant Joint Lead Manager or Authorised Distributor of their allocations of Notes (if any). No arrangements have been put in place by the Issuer as to whether dealings may begin before such notification is made. Accordingly, whether investors can commence dealing before such notification will be as arranged between the relevant investor and the relevant Joint Lead Manager or Authorised Distributor.

Amount of any expenses and taxes specifically charged to the subscriber or purchaser:

No such expenses or taxes upon issue will be allocated by the Issuer to any investor. Any investor intending to acquire any Notes from a bank, financial intermediary or other entity (including an Authorised Distributor) other than a Joint Lead Manager in its capacity as such will do so in accordance with any terms and other

arrangements in place between the relevant seller or distributor and such investor, including as to price, allocations and settlement arrangements. None of the Issuer, and any of the Joint Lead Managers is party to such arrangements with investors and accordingly investors must obtain such information from the relevant seller or distributor. None of the Issuer and the Joint Lead Managers has any responsibility to an investor for such information.

Name(s) and address(es), to the extent known to the Issuer, of the placers in the various countries where the offer takes place:

Barclays Stockbrokers Limited
1 Churchill Place
London E14 5HP

Brewin Dolphin Limited (trading as Stocktrade)
12 Smithfield Street
London EC1A 9BD

Halifax Share Dealing Limited
Lovell Park Road
Leeds LS1 1NS

Killik & Co LLP
46 Grosvenor Street
London W1K 3HN

Redmayne-Bentley LLP
9 Bond Court
Leeds LS1 2JZ

Talos Securities Limited (trading as Selftrade)
Boatman's House
2 Selsdon Way
London E14 9LA

E.4 A description of any interest that is material to the issue/offer including conflicting interests:

Issuer specific summary:

Save for any fees payable to the Joint lead Managers and the Authorised Distributions, so far as the Issuer is aware, no person involved in the offer of the Notes has an interest material to the offer, including conflicting interests.

E.7 Estimated expenses charged to the investor by the issuer or the offeror:

Issue specific summary:

Not applicable; there are no expenses charged to the investor by the Issuer. Any investor intending to acquire any Notes from a bank, financial intermediary or other entity (including an Authorised Distributor) other than a Joint Lead Manager in its capacity as such will do so in accordance with any terms and other arrangements in place between the relevant seller or distributor and such investor, including as to price, allocation and settlement arrangements.