

BASE PROSPECTUS DATED 24 JULY 2017

beazley

BEAZLEY PLC

£250 million Euro Medium Term Note Programme

Arranger and Dealer

Lloyds Bank

AN INVESTMENT IN NOTES ISSUED UNDER THE PROGRAMME INVOLVES CERTAIN RISKS. YOU SHOULD HAVE REGARD TO THE FACTORS DESCRIBED IN PART II (*RISK FACTORS*) OF THIS DOCUMENT. YOU SHOULD ALSO READ CAREFULLY PART XV (*IMPORTANT LEGAL INFORMATION*) OF THIS DOCUMENT.

ABOUT THIS DOCUMENT

What is this document?

This document constitutes a base prospectus prepared in accordance with the Prospectus Rules of the Financial Conduct Authority (the “FCA”) and relates to Beazley plc’s £250,000,000 Euro Medium Term Note Programme (the “Programme”), under which Beazley plc (the “Issuer”) may from time to time issue notes denominated in any currency agreed between it and the Dealers (the “Notes”). The nominal amount (being the amount which is used to calculate payments made on each Note) of all the Notes issued under the Programme will not exceed £250 million, subject to any increase that may be agreed between the Issuer and the permanent Dealer.

This document is valid for one year from the date of this document and may be supplemented or replaced from time to time to reflect any significant new factor, material mistake or inaccuracy relating to the information included in it.

What types of Notes does this document relate to?

This document relates to the issuance of three different types of Notes: Fixed Rate Notes, on which the Issuer will pay interest at a fixed rate; Floating Rate Notes, on which the Issuer will pay interest at a variable rate (referred to in this document as a “floating rate”); and Zero Coupon Notes, which do not bear interest. Notes may also be issued as a combination of these options.

What will be the contractual terms of any particular issuance of Notes?

The contractual terms of any particular issuance of Notes will be comprised of the terms and conditions set out in Part VIII (*Terms and Conditions of the Notes*) of this document (“Conditions”), as completed by a separate Final Terms document, which is specific to that issuance of Notes (the “Final Terms”). These documents will be scheduled to, or incorporated by reference in, the Notes. References in this document to the “applicable Final Terms” refers to:

- (a) in the case of an issue of Notes with a denomination of less than €100,000 (or its equivalent in another currency) each, the form of the Final Terms set out on pages 100 to 109 of this document; and
- (b) in the case of an issue of Notes with a denomination of more than €100,000 (or its equivalent in another currency) each, the form of the Final Terms set out on pages 110 to 116 of this document,

in each case as completed with the details of the provisions that apply to the particular Notes being issued.

The Conditions are comprised of numbered provisions (1 – 18) including generic provisions that are applicable to Notes generally and certain optional provisions that will only apply to certain issuances of Notes, if specified in the applicable Final Terms.

The following provisions within the Conditions (together with the introductory wording appearing before Condition 1) apply to Notes generally:

- Condition 1 (*Form, Denomination and Title*)
- Condition 2 (*No Exchange of Notes and Transfers of Registered Notes*)
- Condition 3 (*Status*)
- Condition 4 (*Negative Pledge*)
- Condition 8 (*Taxation*)
- Condition 9 (*Prescription*)
- Condition 10 (*Events of Default*)
- Condition 11 (*Meetings of Noteholders, Modification, Waiver and Substitution*)
- Condition 12 (*Enforcement*)

- Condition 13 (*Indemnification of the Trustee*)
- Condition 14 (*Replacement of Notes, Certificates, Coupons and Talons*)
- Condition 15 (*Further Issues*)
- Condition 16 (*Notices*)
- Condition 17 (*Contracts (Rights of Third Parties) Act 1999*)
- Condition 18 (*Governing Law and Jurisdiction*)

The following Conditions contain certain optional provisions that will only apply to certain issuances of Notes:

- Condition 5 (*Interest and Other Calculations*)
- Condition 6 (*Redemption, Purchase and Options*)
- Condition 7 (*Payments and Talons*)

The applicable Final Terms will specify which optional provisions apply to any particular issuance of Notes.

What other documents should I read?

This document contains all information which is necessary to enable investors to make an informed decision regarding the financial position and prospects of the Issuer and the rights attaching to the Notes. Some of this information (such as the latest publicly available financial information relating to the Issuer) is incorporated by reference into this document (see Part XIII (*Information Incorporated by Reference*) of this document for further details) and some of this information is completed in the Final Terms. **Before making any investment decision in respect of any Notes, you should read this document, together with the documents incorporated by reference, as well as the Final Terms relating to such Notes.**

This document and the Final Terms relating to any Notes will be made available at the registered office of the Issuer and will be published at: www.londonstockexchange.com/exchange/news/market-news/market-news-home.html.

What information will be included in the Final Terms?

While this document includes general information about all Notes, the Final Terms is the document that will set out the specific details of each particular issuance of Notes.

The Final Terms will contain the relevant economic terms applicable to any particular issuance of Notes. The Final Terms will contain, for example:

- the issue date;
- the interest basis (i.e. fixed rate, floating rate or zero coupon) and the interest rate;
- the interest payment dates (if any);
- the scheduled maturity date and redemption amount; and
- any other information needed to complete the Conditions (identified in the Conditions by the words “as specified hereon” or “as specified in the applicable Final Terms” or other equivalent wording).

Wherever the Conditions provide optional provisions, the Final Terms will specify which of those provisions apply to a specific issuance of Notes.

What if I have any questions relating to this document or the Programme?

If you are unclear in relation to any matter, or uncertain if the Notes issued under the Programme are a suitable investment, you should seek professional advice from your broker, solicitor, accountant, tax or other independent financial adviser before deciding whether to invest.

IMPORTANT INFORMATION

Beazley plc is responsible for the information contained in this document

The Issuer accepts responsibility for the information contained in this document and, in relation to each Tranche of Notes (i.e. a particular class of any Notes issued), the applicable Final Terms for such Tranche of Notes. To the best of the knowledge of the Issuer (having taken all reasonable care to ensure that such is the case) the information contained in this document is in accordance with the facts and does not omit anything likely to affect the import of such information. Where information has been sourced from a third party, this information has been accurately reproduced and that as far as the Issuer is aware and is able to ascertain from information published by that third party, no facts have been omitted which would render the reproduced information inaccurate or misleading. The source of third party information is identified where used.

Use of defined terms in this document

Certain terms or phrases in this document are defined in double quotation marks and references to those terms elsewhere in this document are designated with initial capital letters. The locations in this document where these terms are first defined are set out in Part XVI (*Defined Terms Index*) of this document.

In this document, references to the “**Issuer**” are to Beazley plc, which is the issuer of the Notes under the Programme.

On 13 April 2016, the Issuer became the parent company of Beazley Ireland Holdings plc (“**Beazley Ireland**”) and its subsidiaries (the “**Beazley Ireland Group**” and together with the Issuer, the “**Group**”) pursuant to a scheme of arrangement made under article 125 of the Companies (Jersey) Law 1991 between Beazley Ireland (which, prior to the scheme of arrangement, was named Beazley plc and was the parent company of the Beazley Ireland Group) and the holders of Beazley Ireland’s shares. As a result of the scheme of arrangement, Beazley Ireland became the direct wholly-owned subsidiary of the Issuer. Accordingly, all references to the “**Group**” in this document are to:

- in respect of any date or period prior to 13 April 2016, the Beazley Ireland Group; and
- in respect of any date or period on or after 13 April 2016, the Issuer and its subsidiaries taken as a whole.

See Part VI (*Description of the Issuer and the Group – Group structure*) of this document for details of the Issuer’s principal subsidiaries.

Information incorporated by reference in this document

This document must be read together with all information which is deemed to be incorporated in this document by reference (see Part XIII (*Information Incorporated by Reference*) of this document).

The Notes issued under the Programme are not protected by the Financial Services Compensation Scheme

The Notes issued under the Programme are not protected by the Financial Services Compensation Scheme (the “**FSCS**”). As a result, neither the FSCS nor anyone else will pay compensation to you upon the failure of the Issuer. If the Issuer goes out of business or becomes insolvent, you may lose all or part of your investment in the Notes.

No offer of Notes

This document does not constitute an offer to subscribe for any Notes. See Part XV (*Important Legal Information*) of this document for details on how any public offers of Notes will be made. The Notes have not been and will not be registered under the United States Securities Act of 1933 (the “**Securities Act**”) and include Notes in bearer form that are subject to US tax law requirements. Subject to certain exceptions, the Notes may not be offered, sold or delivered within the United States or to US persons (as each of those terms is defined in Regulation S under the Securities Act).

Credit Rating Agencies Regulation notice

The Issuer has been assigned an issuer default rating of ‘A’ by Fitch Ratings Limited (“**Fitch**”).

Lloyd's syndicates 623, 2623, 3622 and 3623, each of which are managed by Beazley Furlonge Limited, have been assigned a financial strength rating of 'A (Excellent)' and a long-term issuer credit rating of 'a+' by A.M. Best Europe – Rating Services Limited (“**A.M. Best**”).

Beazley Insurance Company, Inc. (“**BICI**”) has been assigned a financial strength rating of 'A (Excellent)' and a long-term issuer credit rating of 'a' by A.M. Best Company, Inc.

Beazley Insurance Designated Activity Company (“**Beazley Insurance**”) has been assigned a long-term issuer credit rating of 'a' by A.M. Best, an insurer financial strength rating of 'A+' by Fitch and an issuer default rating of 'A' by Fitch.

Lloyd's has been assigned a financial strength rating of 'A (Excellent)' by A.M. Best, a financial strength rating of 'A+ (Strong)' by Standard & Poor's Financial Services LLC (“**Standard & Poor's**”) and a financial strength rating of AA– (Very Strong) by Fitch.

Each of A.M. Best and Fitch is established in the European Union and is registered under Regulation (EU) No. 1060/2009 (as amended) (the “**CRA Regulation**”). Neither A.M. Best Company, Inc. nor Standard & Poor's is established in the European Union or is registered under the CRA Regulation. The Programme is not rated by a credit rating agency.

Key information document

Where the relevant Final Terms in respect of any Notes in respect of which there is no Public Offer (the “**Non-Retail Notes**”) includes a legend entitled “Prohibition of Sales to EEA Retail Investors”, such Non-Retail Notes are not intended, from 1 January 2018, to be offered, sold or otherwise made available to and, with effect from such date, should not be offered, sold or otherwise made available to any retail investor in the European Economic Area (the “**EEA**”). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (“**MiFID II**”); (ii) a customer within the meaning of Directive 2002/92/EC (the “**IMD**”), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or (iii) not a qualified investor as defined in Directive 2003/71/EC (as amended, the “**Prospectus Directive**”). Consequently no key information document required by Regulation (EU) No 1286/2014 (the “**PRIIPs Regulation**”) for offering or selling the Non-Retail Notes or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Non-Retail Notes or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPs Regulation.

HOW DO I USE THIS DOCUMENT?

You should read and understand fully the contents of this document and the applicable Final Terms before making any investment decisions relating to any Notes. This document contains important information about the Issuer, the Group and the terms of the Notes, as well as describing certain risks relevant to the Group and its business and also other risks relating to an investment in the Notes generally. An overview of the various parts comprising this document is set out below:

Part I (*Summary*) sets out in tabular format standard information which is arranged under standard headings and which the Issuer is required, for regulatory reasons, to include as a prospectus summary for a prospectus of this type. This part also provides the form of the “issue specific summary” information, which will be completed and attached to Final Terms relating to any Notes which are to be offered under the Programme.

Part II (*Risk Factors*) provides a description of the principal risks and uncertainties which may affect the Issuer’s ability to fulfil its obligations under the Notes.

Part III (*Information About the Programme*) provides a synopsis of the Programme in order to assist the reader.

Part IV (*How the Return on Your Investment is Calculated*) sets out worked examples of how the interest amounts are calculated under a variety of scenarios and how the redemption provisions will affect the Notes.

Part V (*Taxation*) provides a brief outline of certain taxation implications regarding Notes that may be issued under the Programme.

Part VI (*Description of the Issuer and the Group*) describes certain information relating to the Issuer and the Group, as well as the business that the Group conducts and its group structure.

Part VII (*Selected Financial Information*) sets out important historical financial information relating to the Group.

Part VIII (*Terms and Conditions of the Notes*) sets out the terms and conditions which apply to any Notes that may be issued under the Programme. The applicable Final Terms relating to any offer of Notes will complete the terms and conditions of those Notes.

Part IX (*Summary of Provisions Relating to the Notes While in Global Form in the Clearing Systems*) is a summary of certain parts of those provisions of the Global Notes and Global Certificates which apply to the Notes while they are held in global form by the clearing systems, some of which include minor and/or technical modifications to the terms and conditions of the Notes as set out in this document.

Part X (*Form of Final Terms*) sets out the respective forms of Final Terms that the Issuer will publish if it offers any Notes under the Programme. Any such completed Final Terms will detail the relevant information applicable to each respective offer of Notes, adjusted to be relevant only to the specific Notes being offered.

Part XI (*Clearing and Settlement*) is a summary of clearing and settlement when interests in the Notes are held and settled in CREST.

Part XII (*Subscription and Sale*) contains a description of the material provisions of the Dealer Agreement, which includes the selling restrictions applicable to any Notes that may be offered under the Programme.

Part XIII (*Information Incorporated by Reference*) contains a description of the information that is deemed to be incorporated by reference into this document.

Part XIV (*Additional Information*) sets out further information on the Issuer and the Programme which the Issuer is required to include under applicable rules. These include the availability of certain relevant documents for inspection, confirmations from the Issuer and details relating to the listing of the Notes.

Part XV (*Important Legal Information*) contains some important legal information regarding the basis on which this document may be used for the purposes of making any public offers of Notes issued under the Programme, forward-looking statements and other important matters.

A table of contents, with corresponding page references, is set out on the following page.

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PART I
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 might 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 the words “not applicable”.

Section A – Introduction and warnings		
A.1	Introduction	<p>This summary must be read as an introduction to this document. Any decision to invest in the securities should be based on consideration of this document as a whole by the investor. Where a claim relating to the information contained in this document is brought before a court, the plaintiff investor might, under the national legislation of the EU Member States, have to bear the costs of translating this document 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 this document or it does not provide, when read together with the other parts of this document, key information in order to aid investors when considering whether to invest in such securities.</p>
A.2	Any consents to and conditions regarding use of this document	<p>Programme summary:</p> <p>Notes with a denomination of less than €100,000 (or its equivalent in any other currency) may be offered in circumstances where there is no exemption from the obligation under Article 3.2 of Directive 2003/71/EC (as amended, including by Directive 2010/73/EU) (the “Prospectus Directive”) to publish a prospectus. Any such offer is referred to herein as a “Public Offer”. In relation to Notes issued under Beazley plc’s £250,000,000 Euro Medium Term Note Programme (the “Programme”) which are to be offered as part of a Public Offer, Beazley plc (the “Issuer”) may provide its consent to the use of this document for subsequent resale or final placement of notes issued under the Programme (“Notes”) by financial intermediaries, provided that such subsequent resale or final placement of Notes is made in the United Kingdom during the relevant offer period and subject to certain other conditions attached to the consent which are relevant for the use of this document.</p> <p>Issue specific summary:</p> <p>[Not Applicable; [the Notes are issued in denominations of at least €100,000 (or its equivalent in any other currency)] [the Notes are issued in denominations of less than €100,000 (or its equivalent in any other currency) but there will be no Public Offer of the Notes].]</p> <p>[Consent: The Issuer consents to the use of the Base Prospectus and the Final Terms with respect to the subsequent resale or final placement of the Notes subject to the following conditions:</p> <ul style="list-style-type: none"> (i) the Public Offer is only made in the United Kingdom; (ii) the Public Offer is only made during the period from, and including, [●] and ending on (and including) [●], or such earlier date as may be published by the Issuer (the “Offer Period”); (iii) the Public Offer is only made by the Dealer[s][, [●] [and] [each financial intermediary whose name is published on the Issuer's website (http://investor.relations.beazley.com/investor-relations) and identified as being appointed as an Authorised Offeror in respect of the Public Offer] [and] [any

		<p>financial intermediary which is authorised to make such offers under the Markets in Financial Instruments Directive (Directive 2004/39/EC)] ([each] an “Authorised Offeror”); and]</p> <p>(iv) [●].</p> <p>[Any financial intermediary who wishes to use the Base Prospectus in connection with a Public Offer is required, for the duration of the Offer Period, to publish on its website that it is using the Base Prospectus for such Public Offer in accordance with the consent of the Issuer and the conditions attached thereto.]</p> <p>A Public Offer may only be made, subject to the conditions set out above, during the Offer Period by the Issuer, the Dealer[s] and/or the other Authorised Offerors.</p> <p>Other than as set out above, neither the Issuer nor any Dealer has authorised the making of any Public Offer of Notes by any person in any circumstances and any such person is not permitted to use the Base Prospectus in connection with any offer of Notes. Any such offers are not made on behalf of the Issuer or by or on behalf of any Dealer or any other Authorised Offeror and neither the Issuer nor any Dealer nor any other Authorised Offeror has any responsibility or liability for the actions of any person making such unauthorised offers.</p> <p>An investor intending to acquire or acquiring any Notes from an Authorised Offeror will do so, and offers and sales of the Notes to an investor by an Authorised Offeror will be made, in accordance with any terms and other arrangements in place between such Authorised Offeror and such investor including as to price, allocations and settlement arrangements (the “Terms and Conditions of the Public Offer”). The Issuer will not be a party to any such arrangements with investors in connection with the offer or sale of the Notes and, accordingly, the Base Prospectus will not contain such information.</p> <p>INFORMATION ON THE TERMS AND CONDITIONS OF THE PUBLIC OFFER BY ANY AUTHORISED OFFEROR WILL BE PROVIDED BY THE AUTHORISED OFFEROR AT THE TIME OF SUCH PUBLIC OFFER.</p> <p>References in this Summary to “Dealers” are to all persons appointed as a dealer in respect of the whole Programme or in respect of one or more Tranches of Notes (i.e. a specific series of Notes) by the Issuer from time to time.]</p> <p>[The Notes are not intended, from 1 January 2018, to be offered, sold or otherwise made available to and, with effect from such date, should not be offered, sold or otherwise made available to any retail investor in the European Economic Area (the “EEA”). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (“MiFID II”); (ii) a customer within the meaning of Directive 2002/92/EC (the “IMD”), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or (iii) not a qualified investor as defined in Directive 2003/71/EC (as amended, the “Prospectus Directive”). Consequently no key information document required by Regulation (EU) No 1286/2014 (the “PRIIPs Regulation”) for offering or selling the Notes or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPs Regulation.]</p>
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Section B – Issuer		
B.1	Legal and commercial name	Beazley plc.
B.2	Domicile/legal form/legislation/country of incorporation	The Issuer is a public limited company, incorporated on 4 September 2015 under the Companies Act 2006 in England and Wales with its registered office situated at Plantation Place South, 60 Great Tower Street, London EC3R 5AD, United Kingdom.

B.4b	Known trends affecting the issuer and the industries in which it operates	As market conditions for large, catastrophe exposed risks have continued to deteriorate, the Group’s Specialty Lines division, which is less focused on such risks, has been growing as a proportion of the Group’s underwriting portfolio. Despite the Group’s continued strong underwriting profits, conditions for many of the Group’s underwriters remained difficult in the first half of 2017. Premium rates for the Group’s business as a whole decreased by 2% over this period, but the Group saw steep declines for war (8%), energy (9%) and terrorism (11%). Rates for these lines of business have been falling steadily for several years. For as long as current market conditions prevail, the Issuer expects growth opportunities for the Group’s London underwriters, who often specialise in catastrophe-exposed risks, to be limited. By contrast, the Issuer continues to see attractive growth opportunities across the Group’s specialty lines portfolio. Other growth markets for the Group in the first half of 2017, and areas in which the Issuer sees continuing strong potential, were cyber risks, healthcare risks, environmental risks and financial institutions business.
B.5	Description of the Issuer’s group	On 13 April 2016, the Issuer became the parent company of Beazley Ireland Holdings plc (“ Beazley Ireland ”) and its subsidiaries (the “ Beazley Ireland Group ” and together with the Issuer, the “ Group ”) pursuant to a scheme of arrangement made under article 125 of the Companies (Jersey) Law 1991 between Beazley Ireland (which, prior to the scheme of arrangement, was named Beazley plc and was the parent company of the Beazley Ireland Group) and the holders of Beazley Ireland’s shares. As a result of the scheme of arrangement, Beazley Ireland became the direct wholly-owned subsidiary of the Issuer.
B.9	Profit forecast/estimate	Not applicable: no profit forecasts or estimates have been made by the Issuer.
B.10	Audit report — qualifications	Not applicable: The audit reports on the historical financial information contained in, or incorporated by reference into, this document do not include any qualifications.
B.12	Selected historical key financial information	<p>The following tables set out the summary consolidated statement of profit or loss, summary statements of financial position and summary statements of cash flows of the Beazley Ireland Group as of and for the year ended 31 December 2015 and the summary consolidated statement of profit or loss, summary statements of financial position and summary statements of cash flows of the Group as of and for the year ended 31 December 2016 and as of and for the six months ended 30 June 2017 and 2016. Such information is extracted (without material adjustment) from the audited consolidated annual financial statements of Beazley Ireland for the year ended 31 December 2015, the audited consolidated annual financial statements of the Issuer for the year ended 31 December 2016 and the unaudited (but reviewed) consolidated financial statements of the Issuer for the six months ended 30 June 2017.</p> <p>On 13 April 2016, the Issuer became the parent company of the Group pursuant to a scheme of arrangement made under article 125 of the Companies (Jersey) Law 1991 between Beazley Ireland (which, prior to the scheme of arrangement, was named Beazley plc and was the parent company of the Beazley Ireland Group) and the holders of Beazley Ireland’s shares. As a result of the scheme of arrangement, Beazley Ireland became the direct wholly-owned subsidiary of the Issuer. Prior to 13 April 2016, the Issuer was not a member of the Beazley Ireland Group and, accordingly, its profits, losses, assets and liabilities were not consolidated with those of the Beazley Ireland Group. With effect from 13 April 2016, the Issuer’s profits, losses, assets and liabilities were consolidated into the Group’s consolidated financial statements. In order to appropriately reflect the substance of the scheme of arrangement, the insertion of the Issuer as the new holding company of the Group was accounted for in the audited consolidated financial statements of the Issuer for the year ended 31 December 2016 as a continuation of the Beazley Ireland Group using the principles of reverse acquisition accounting, with the Beazley Ireland Group being accounted for at its existing book values. The Issuer’s identifiable assets and liabilities were consolidated in such financial statements at fair value. Accordingly, the share capital and merger reserve balances as at 1 January 2015 and 31 December 2015 have been represented to reflect, on a continuation basis, the capital position of the Issuer after the scheme of arrangement.</p>

There has been no significant change in the financial or trading position of the Issuer or the Group since 30 June 2017 and there has been no material adverse change in the prospects of the Issuer or the Group since 31 December 2016.

Summary consolidated statement of profit or loss

	Six months ended 30 June		Year ended 31 December	
	2017 ¹	2016 ¹	2016 ¹	2015
	<i>(US\$ million, unaudited)</i>		<i>(US\$ million)</i>	
Gross premiums written	1,149.3	1,124.1	2,195.6	2,080.9
Net premiums written	936.4	930.4	1,854.0	1,713.1
Net earned premiums	886.7	861.4	1,768.2	1,698.7
Net investment income	79.4	62.7	93.1	57.6
Other income	17.0	15.8	32.7	30.9
Revenue	983.1	939.9	1,894.0	1,787.2
Net insurance claims	438.9	436.2	855.6	813.9
Operating expenses	374.7	346.4	729.8	673.5
Expenses	813.6	782.6	1,585.4	1,487.4
Share of loss in associates	0.1	0.2	(0.2)	(0.5)
Finance costs	(10.9)	(7.3)	(15.2)	(15.3)
Profit before income tax	158.7	150.2	293.2	284.0
Income tax expense	(27.0)	(21.4)	(42.2)	(35.0)
Profit for the year attributable to equity shareholders	131.7	128.8	251.0	249.0

1. Includes the Issuer.

Summary statements of financial position

	30 June 2017 ¹	31 December	
	<i>(US\$ million, unaudited)</i>	2016 ¹	2015
	<i>(US\$ million, unaudited)</i>		<i>(US\$ million)</i>
Assets			
Intangible assets	127.1	96.6	91.0
Deferred acquisition costs	274.1	242.8	226.2
Reinsurance assets	1,153.3	1,082.1	1,099.7
Financial assets at fair value	4,177.7	4,195.4	3,842.2
Insurance receivables	868.6	794.7	732.7
Cash and cash equivalents	461.4	507.2	676.9
Other assets	113.5	89.7	76.7
Total assets	7,175.7	7,008.5	6,745.4
Equity			
Share capital	37.8	37.7	41.6
Merger reserve (2017 and 2016)/Share premium (2015) ²	–	–	12.0
Foreign currency translation reserve	(97.5)	(96.7)	(87.3)
Other reserves	18.0	23.4	(8.7)
Retained earnings	1,547.8	1,519.3	1,483.8
Total equity	1,506.1	1,483.7	1,441.4
Liabilities			
Insurance liabilities	4,802.4	4,657.7	4,586.7
Financial liabilities	380.2	363.8	247.3
Retirement benefit liability	5.0	6.2	0.7
Deferred tax liabilities	7.0	12.8	6.0
Other payables	475.0	484.3	463.3
Total liabilities	5,669.6	5,524.8	5,304.0
Total equity and liabilities	7,175.7	7,008.5	6,745.4

1. Includes the Issuer.

2. Re-presented as "merger reserve" in the Issuer's consolidated financial statements for the year ended 31 December 2016 to reflect, on a continuation basis, the capital position of the Issuer after the scheme of arrangement.

Summary statements of cash flows

	Six months ended 30 June		Year ended 31 December	
	2017 ¹	2016 ¹	2016 ¹	2015
	<i>(US\$ million, unaudited)</i>		<i>(US\$ million)</i>	
Cash flow from operating activities				
Profit before income tax	158.7	150.2	293.2	284.0
Adjustments for:				
Increase/(decrease) in insurance and other liabilities	150.6	143.0	72.4	235.7
(Increase)/decrease in insurance, reinsurance	(181.8)	(194.1)	(59.3)	(203.5)

		<p>and other receivables.....</p> <p>Increase in deferred acquisition costs..... (31.3) (20.9) (16.6) (3.5)</p> <p>Financial income..... (37.4) (31.8) (71.5) (70.8)</p> <p>Other cash flow from/(used in) operating activities..... (31.4) (33.4) (118.9) (46.4)</p> <p>Net cash from/(used in) operating activities 27.4 13.0 193.9 195.5</p> <p>Cash flow from investing activities</p> <p>Purchase of investments..... (1,215.4) (3,573.4) (5,985.4) (3,659.7)</p> <p>Proceeds from sale of investments 1,272.8 3,501.6 5,666.0 3,892.2</p> <p>Interest and dividends received 37.4 31.8 71.5 70.8</p> <p>Other cash flow from investing activities..... (32.3) (3.0) (15.7) (7.5)</p> <p>Net cash used from/(used in) investing activities 62.5 (43.0) (263.6) 295.8</p> <p>Cash flow from financing activities</p> <p>Acquisition of own shares in trust..... (16.2) (9.7) (9.7) (3.9)</p> <p>Proceeds from issue of shares – 0.3 – –</p> <p>Proceeds from debt issue..... – – 248.7 –</p> <p>Repayment of borrowings – – (107.1) –</p> <p>Interest paid (10.9) (7.3) (15.2) (15.3)</p> <p>Dividends paid..... (110.8) (188.3) (212.2) (164.2)</p> <p>Net cash from/(used in) financing activities (137.9) (205.0) (95.5) (183.4)</p> <p>Net increase/(decrease) in cash and cash equivalents (48.0) (235.0) (165.2) 307.9</p> <p>Cash and cash equivalents at beginning of period..... 507.2 676.9 676.9 364.2</p> <p>Effect of exchange rate changes on cash and cash equivalents 2.2 (0.1) (4.5) 4.8</p> <p>Cash and cash equivalents at end of period 461.4 441.8 507.2 676.9</p> <p>1. Includes the Issuer.</p>
B.13	Recent events particular to the Issuer which are to a material extent relevant to the evaluation of the Issuer's solvency	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.
B.14	Dependence of the Issuer on other entities within the Group	The Issuer is dependent upon the performance of other members of the Group and the subsequent receipt of funds by way of distributions from such members of the Group to the Issuer for its principal sources of funds.
B.15	Description of the Issuer's principal activities	<p>The Group is a global specialist insurance and reinsurance group with underwriting platforms in the Lloyd's market, the United States and Ireland. The Group also operates out of an international network of offices in Australia, Brazil, Canada, Dubai, France, Germany, Norway and Singapore. As at 31 December 2016, the Group employed approximately 1,144 staff across its operations.</p> <p>The Group's principal business is conducted: (a) in the United Kingdom, through the Beazley Syndicates; (b) in the United States, through Beazley Insurance Company Inc. ("BICI"), an admitted carrier in all 50 states and the District of Columbia; and (c) in Ireland, through Beazley Insurance Designated Activity Company, which writes internal reinsurance business and which is authorised by the Central Bank of Ireland as a European insurance company.</p> <p>Through the Managed Syndicates (as defined below) and the Group's service companies, the Group is licensed in the US and, by virtue of its Lloyd's syndicates, is licensed to provide specialist insurance services to businesses in the US and over 200 other countries and territories. Beazley's regulated subsidiary, Beazley Furlonge Limited, acts as the managing agent for Lloyd's syndicates 623, 6107 and 6050 (together, the "Managed Syndicates") and for Lloyd's syndicates 2623, 3622 and 3623 (the "Beazley Syndicates"). The Beazley Syndicates, as well as being managed by Beazley Furlonge</p>

		<p>Limited, are fully backed by the Group (through the capital of Beazley Underwriting Limited) whilst the Managed Syndicates are solely backed by third party capital. Syndicate 6050 was established as a special purpose syndicate in cooperation with Korean Reinsurance Company.</p> <p>These businesses are integrated onto a single operating platform and managed on a product–line basis across five divisions: Specialty Lines, Property, Marine, Reinsurance, and Political Accident and Contingency.</p>
B.16	Control of the Issuer	The Issuer is not directly or indirectly owned or controlled.
B.17	Credit ratings	<p>The Programme has not been rated by a credit rating agency.</p> <p>Programme summary:</p> <p>A Series of Notes issued under the Programme may also be rated by a credit rating agency or unrated. Such ratings will not necessarily be the same as the rating assigned to the Issuer or to any other Series of Notes. 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.</p> <p>Issue specific summary:</p> <p>[The Notes to be issued [are not/have been/are expected to be] rated]/[The following ratings reflect ratings assigned to Notes of this type issued under the Programme generally]:</p> <p>[Name of rating agency: [●]]</p>

Section C – Securities

C.1	Type and class of securities	<p>Programme summary:</p> <p>The Notes described in this summary are debt securities which may be issued under the £250,000,000 Euro Medium Term Note programme of the Issuer arranged by Lloyds Bank plc. Lloyds Bank plc also acts as a dealer under the Programme.</p> <p>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.</p> <p>The Notes will be issued on a non-syndicated basis (i.e. sold through one Dealer) or a syndicated basis (i.e. sold through more than one Dealer). 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 (if any)), 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, the date and amount of the first payment of interest (if any) and/or 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”).</p> <p>The Notes may be Fixed Rate Notes, Floating Rate Notes or Zero Coupon Notes, as specified below. Notes may be issued at their nominal amount or at a discount or premium to their nominal amount. The Issue Price of the relevant Notes will be determined by the Issuer before filing of the applicable Final Terms of each Tranche based on the prevailing market conditions. Notes will be in such denominations as may be specified below.</p> <p>The Notes may be issued in bearer form (“Bearer Notes”) (i.e. where physical possession of the Note is the sole evidence of legal ownership) or in registered form (“Registered Notes”) (i.e. where legal ownership is evidenced by the name of the holder being registered on the register of Noteholders) 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</p>
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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 (a “**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 clearing 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, Elavon Financial Services Limited, UK Branch as 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 applicable Final Terms.

On or before the issue date for each Tranche, the Global Note representing Bearer Notes or the Global 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.

In addition, in certain circumstances, investors may also hold interests in the Notes indirectly through Euroclear UK & Ireland Limited through the issuance of dematerialised depository interests issued (i.e. securities without any physical document of title which are distinct from the Notes), held, settled and transferred through CREST (“**CDIs**”). CDIs represent interests in the relevant Notes underlying the CDIs; the CDIs are not themselves Notes. CDIs are independent securities distinct from the Notes, are constituted under English law and transferred through CREST and will be issued by CREST Depository Limited pursuant to the global deed poll dated 25 June 2001 (as subsequently modified, supplemented and/or restated). CDI holders will not be entitled to deal directly in the Notes.

Issue specific summary:

- Series Number: [●]
- Tranche Number: [●]
- Aggregate Nominal Amount: [●]
- (i) Series: [●]
- (ii) Tranche: [●]
- Issue Price: [●] per cent. of the Aggregate Nominal Amount [plus accrued interest from [●]]
- Specified Denomination: [●]

Form of Notes: [Bearer Notes:]

[Temporary Global Note exchangeable for a permanent Global Note which is exchangeable for Definitive Notes in the limited circumstances specified in the permanent Global Note]/[Temporary Global Note exchangeable for Definitive Notes on [●] days’ notice]/[Permanent Global Note exchangeable for Definitive Notes in the limited circumstances specified in the permanent Global Note]

		<p>[Registered Notes:]</p> <p>[Global Certificate exchangeable for definitive Certificate only upon an Exchange Event.]</p> <p>ISIN: [•]</p> <p>Common Code: [•]</p> <p>Any clearing system(s) other than Euroclear Bank SA/NV and Clearstream Banking SA and the relevant identification number(s): [Not Applicable/[•]]</p>
C.2	Currency of issue	<p>Programme summary:</p> <p>Subject to compliance with all relevant laws, regulations and directives, Notes may be issued in any currency agreed between the Issuer and the relevant Dealer or Dealers.</p> <p>Issue specific summary:</p> <p>The Specified Currency or Currencies of the Notes to be issued [is/are] [•].</p>
C.5	Restrictions on transfer	<p>Programme summary:</p> <p>The Notes will be freely transferable. However, the primary offering of any Notes will be subject to offer restrictions in the United States, the European Economic Area (including the United Kingdom), Jersey, Guernsey and the Isle of Man and to any applicable offer restrictions in any other jurisdiction in which such Notes are offered. With respect to the United States, the Issuer is Category 2 for the purposes of Regulation S under the Securities Act 1933, as amended. The Bearer Notes will be issued in compliance with rules identical to the rules in effect prior to the repeal of section 163(f)(2)(B) of the U.S. Internal Revenue Code of 1986, as amended (the “Code”) pursuant to the Hiring Incentives to Restore Employment Act of 2010 (“Pre-HIRE Rules”) provided in U.S. Treasury Regulations §1.163-5(c)(2)(i)(D) (the “D Rules”) unless (i) the applicable Final Terms states that Notes are issued in compliance with Pre-HIRE Rules identical to those provided in 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 section 5701(b) of the Code (an “Excluded Note”), which circumstances will be referred to in the applicable Final Terms as an Excluded Note.</p> <p>Issue specific summary:</p> <p>US selling restrictions (Categories of potential investors to which the Notes are offered):</p> <p>Regulation S Compliance Category [2]; [C Rules/D Rules/Excluded Note]</p>
C.8	Rights attaching to the securities	<p>Programme summary:</p> <p><i>Status of the Notes</i></p> <p>The Notes constitute unsecured debt obligations of the Issuer (i.e. they are not backed by an underlying asset) and therefore do not benefit from any security. The Notes will rank <i>pari passu</i> (i.e. equally in right of payment), without any preference among themselves with all other outstanding unsecured and unsubordinated debt obligations (unsubordinated debt obligations being those obligations that do not rank below other debt obligations on a statutory hierarchy or “order of priority” that an insolvency practitioner would be expected to apply on an insolvent winding-up procedure) and monetary obligations of the Issuer present and future but, in the event of insolvency of the Issuer, only to the extent permitted by applicable laws of mandatory application relating to the rights of creditors and subject in all cases to the “negative pledge”.</p> <p><i>Negative pledge</i></p>

		<p>The Terms and Conditions of the Notes contain a negative pledge provision. In general terms, a negative pledge provision provides the Noteholders with the right to benefit from equivalent or similar security rights granted to the holders of any future issues of Notes or other debt securities which are issued by the Issuer or its subsidiaries. Under the negative pledge provision set out in the Terms and Conditions of the Notes, neither the Issuer nor any of its Subsidiaries may create or have outstanding any security interest over any of their present or future undertakings, 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.</p> <p><i>Events of default</i></p> <p>An event of default is a breach by the Issuer of certain provisions in the Terms and Conditions of the Notes. Events of default under the Notes include, subject to certain exceptions: (a) non-payment of principal for seven days and of interest for 14 days, (b) breach of other obligations under the Notes or the Trust Deed (which breach is not remedied within 30 days), (c) defaults under other debt agreements for borrowed money of the Issuer or any of its Subsidiaries subject to an aggregate threshold of £20,000,000, (d) enforcement proceedings against the Issuer or its Subsidiaries and (e) certain events related to insolvency or winding-up of the Issuer or any of its Subsidiaries. In addition, Trustee certification that certain of the events described above would be materially prejudicial to the interests of the Noteholders is required before such events will be deemed to constitute Events of Default.</p> <p><i>Withholding tax</i></p> <p>All payments of interest and principal in respect of Notes will be made free and clear of withholding taxes of the United Kingdom unless the withholding or deduction of tax is required by law. In such event, the Issuer will, save in certain limited circumstances, be required to pay additional amounts as shall result in receipt by the Noteholders of such amount as would have been received by them had such withholding or deduction not been required.</p> <p><i>Meetings of Noteholders</i></p> <p>The Terms and Conditions of the Notes contain provisions for calling meetings of Noteholders to consider matters affecting the interests of the Noteholders. These provisions permit certain majorities to bind all Noteholders including Noteholders who did not vote on the relevant resolution and Noteholders who did not vote in the same way as the majority did on the relevant resolution.</p> <p><i>Modification, waiver and substitution</i></p> <p>The Terms and Conditions of the Notes provide that the Trustee may, without the consent of Noteholders or Couponholders, agree to: (a) any modification of any of the provisions of the Trust Deed that is, in the opinion of the Trustee in each following case, of a formal, minor or technical nature or is made to correct a manifest error; (b) waive, modify or authorise any other modification of the Trust Deed or any proposed breach or breach by the Issuer of a provision of the Trust Deed if, in the opinion of the Trustee, such modification, proposed breach or breach is not prejudicial to the interests of the Noteholders; or (c) the substitution of another company as principal debtor under the Notes in place of the Issuer, in certain circumstances, and subject to the satisfaction of certain conditions.</p> <p><i>Governing law</i></p> <p>The Notes will be governed by, and construed in accordance with, English law.</p>
C.9	Rights attaching to the securities	<p>Interest</p> <p><i>Interest rates, interest accrual and payment dates</i></p> <p>Notes may or may not bear interest. Interest-bearing Notes will either bear interest payable at a fixed rate or a floating rate. Interest will be payable on such date or dates as may be specified below.</p>

Fixed Rate Notes

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

Issue specific summary:

[The Notes to be issued are not Fixed Rate Notes.]

[Rate(s) of Interest: [●] per cent. per annum payable [●] [in equal instalments] in arrear on each Interest Payment Date

Interest Payment Date(s): [●] in each year

Fixed Coupon Amount(s): [●] 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, all as specified below. Applicable accrual periods will be as specified below.

Issue specific summary:

[The Notes to be issued are not Floating Rate Notes.]

[Interest Period(s): [●]

[Specified Interest Payment Dates: [●] in each year, subject to adjustment in accordance with the Business Day Convention set out below]

First Interest Payment Date: [●]

Interest Period Date: [●]

Business Day Convention: [Floating Rate Convention/Following Business Day Convention/ Modified Following Business Day Convention/ Preceding Business Day Convention]

Manner in which the Rate(s) of Interest is/are to be determined: [Screen Rate Determination/ ISDA Determination]

Margin(s): [[+/-][●] per cent. per annum/Not Applicable]

Minimum Rate of Interest: [[●] per cent. per annum/Not Applicable]

Maximum Rate of Interest: [[●] per cent. per annum/Not Applicable]

Zero Coupon Notes:

Zero Coupon Notes may be issued at their nominal amount or at a discount to it and will not bear interest.

Issue specific summary:

[The Notes to be issued are not Zero Coupon Notes.]

[Amortisation Yield: [●] per cent. per annum]

Redemption

Maturity

The relevant Maturity Date for a Tranche of Notes is specified below. Unless repaid or purchased and cancelled earlier, the Issuer will repay the Notes on the Maturity Date at 100

		<p>per cent. of their nominal amount.</p> <p><i>Issue specific summary:</i></p> <p>The Maturity Date for the Notes shall be [[●]/the Interest Payment Date falling in or nearest to [●]].</p> <p>Early redemption and optional redemption</p> <p>The Issuer may elect to repay the Notes prior to their maturity date in certain circumstances for tax reasons. In addition, if so specified below, the Notes (or some only of them) may be redeemed prior to their maturity date in certain circumstances, including pursuant to an Issuer call option and/or an investor put option.</p> <p><i>Issue specific summary:</i></p> <p><i>Call Option</i> [Applicable/Not Applicable]</p> <p>Optional Redemption Date(s): [●]</p> <p>Optional Redemption Amount(s) of each Note: [●] per Calculation Amount</p> <p>If redeemable in part:</p> <p>(a) Minimum Redemption Amount: [●] per Calculation Amount</p> <p>(b) Maximum Redemption Amount: [●] per Calculation Amount</p> <p>Notice period: [●]</p> <p><i>Put Option</i> [Applicable/Not Applicable]</p> <p>Optional Redemption Date(s): [●]</p> <p>Optional Redemption Amount(s) of each Note: [●] per Calculation Amount</p> <p>Notice period: [●]</p> <p>Final Redemption Amount of each Note: [●] per Calculation Amount</p> <p>Early Redemption Amount: [[●] per Calculation Amount]</p> <p>Indication of yield</p> <p>The yield in respect of each issue of Fixed Rate Notes will be calculated on the basis of the Issue Price and is set out below.</p> <p><i>Issue specific summary:</i></p> <p>Yield: [●]</p> <p>Trustee</p> <p>The Issue has appointed U.S. Bank Trustees Limited to act as trustee for the holders of Notes.</p>
C.10	Description of derivative component in interest payments	Not applicable; there is no derivative component in the interest payments made in respect of any Notes issued under the Programme.
C.11	Application for admission to trading	<p>Programme summary:</p> <p>Application has been made to admit Notes issued during the period of 12 months from the date of this document to the Official List of the UK Listing Authority and to admit them to trading on London Stock Exchange plc's regulated market.</p> <p>Issue specific summary:</p>

		[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 [through its order book for retail bonds] with effect from [●].] [Application is expected to be made by the Issuer (or on its behalf) for the Notes to be admitted to trading on London Stock Exchange plc’s regulated market [through its order book for retail bonds] with effect from [●].]
C.21	Market where the securities will be traded	<p>Programme summary:</p> <p>Application has been made to admit Notes issued during the period of 12 months from the date of this document to the Official List of the UK Listing Authority and to admit them to trading on London Stock Exchange plc’s regulated market.</p> <p>Issue specific summary:</p> <p>[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 [through its order book for retail bonds] with effect from [●].] [Application is expected to be made by the Issuer (or on its behalf) for the Notes to be admitted to trading on London Stock Exchange plc’s regulated market [through its order book for retail bonds] with effect from [●].]</p>

Section D – Risks

Section D – Risks		
D.2	Key information on the key risks that are specific to the Issuer or its industry	<ul style="list-style-type: none"> • The Group’s underwriting results depend on whether the actual claims paid by it are consistent with the assumptions and pricing models it uses in underwriting and setting prices for its insurance covers. Failure by the Group to manage the underwriting risk that it undertakes could have a material adverse effect on the Group’s financial condition and results of operations. • The Group’s underwriting exposes it to claims arising out of unpredictable natural or “man-made” catastrophic events. The incidence and severity of catastrophes are inherently unpredictable and the Group’s losses from catastrophes could be material. • The insurance and reinsurance businesses historically have been cyclical, with significant fluctuations in rates and operating results. This cyclicity has produced periods characterised by intense price competition due to excess underwriting capacity, with each business line having its own cycle. Where a business line experiences these market conditions, the Group may fail to obtain new insurance business in that business line at the desired rates. • A catastrophic or systemic event may cause losses to accumulate across one or more Group divisions and from different insureds. It is possible that the accumulated claims from catastrophic or systemic events could together exceed the Group’s expected claims activity and could have a material adverse effect on the Group’s financial condition and results of operations. • Ultimate losses may differ materially from the provisions established by the Group for unpaid claims and related expenses to cover its underwriting liability in respect of both reported claims and incurred but unreported claims. Any such material adverse differences could have a material adverse effect on the Group’s financial condition and results of operations. • Failure to obtain reinsurance on attractive terms, or to recover under reinsurance arrangements, may have a material adverse effect on the Group’s financial condition and results of operations. • The Group holds significant investments to support its liabilities. Therefore, any fall in the value of the Group’s investments may result in a reduction in the capital of the Group, which may reduce the amount of business that the Group’s insurance operations are able to underwrite and could result in a material adverse effect on the Group’s reputation, financial condition and results of operations. The effect of changes in interest rates, bond yields and equity returns, credit spreads, credit ratings and other economic variables on the Group’s investments could therefore substantially affect the profitability of the Group. In addition, a decrease in the value of the Group’s investments may result in a reduction in overall capital, which may have a material

		<p>adverse effect on the Group's results of operations and its financial condition.</p> <ul style="list-style-type: none"> • The Group is exposed to credit risk with respect to reinsurers. Any provisions established by the Group for the potential failure of such reinsurers to cover their share of the Group's anticipated reinsurance liability may not be adequate to cover the future failure of a reinsurer. If a reinsurer were to fail to make payment, the relevant members of the Group would retain the primary liability to the insured party and such primary liability could have a material adverse effect on the Group's financial condition and operating results. • If BICI, Beazley Insurance, certain of the Lloyd's syndicates managed by Beazley Furlonge Limited or Lloyd's were to suffer a credit rating downgrade in the future, there could be a number of material adverse effects on the Group's ability to write business, resulting in the potential loss of new business and increase in policy cancellations and non-renewals. • The Group's future success is dependent on the continued services and continuing contributions of its directors, senior management, underwriters and other key personnel and its ability to continue to recruit, motivate and retain the services of such personnel. The loss of the services of any of the Group's key personnel could have a material adverse effect on the Group's reputation, financial condition and results of operations. • If the Group's risk management and loss limitation methods fail to adequately manage its exposure to losses, the losses it incurs could be materially higher than its expectations and its financial condition and results of operations could be materially adversely affected. • The Group's businesses and earnings can be affected by the fiscal or other policies and other actions of various governmental and regulatory authorities in the European Union (in particular, the United Kingdom and Ireland), the United States and elsewhere both because the Group writes business covering political risks and because the Group itself may be impacted by such policies. Any regulatory changes may potentially restrict the Group's operations, mandate certain risks to be covered and impose other compliance costs. • The Council of Lloyd's has wide discretionary powers to manage and supervise the Lloyd's market. It may, for instance, vary the method by which the solvency capital requirements are calculated or the investment criteria applicable to funds at Lloyd's and/or syndicate investments are determined. Either might affect the Group's overall premium limit and consequently the returns from an investment in the Group. The Lloyd's Franchise Board also has wide discretionary powers in relation to the business of Lloyd's managing agents including requiring compliance with the franchise performance criteria and underwriting guidelines. In the event that the Lloyd's 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, which could result in a material adverse effect on the Group's reputation, financial condition and results of operations. • As members 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 Lloyd's Central Fund which, as a result, may cause the Group to incur a material increase in its operating expenses and, as a result, a material adverse impact on its financial results. • The Group writes a significant proportion of its business through Lloyd's. As such, any significant problem with the Lloyd's market, such as damage to its reputation or a loss of any of its international licences, may result in a material adverse effect on the Group's business. Lloyd's currently benefits from EU Single Market passporting
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		<p>arrangements, which allow Lloyd’s syndicates to write business in European Economic Area (the “EEA”) member states. Lloyd’s might not be able to maintain such passporting rights or equivalent rights following the withdrawal of the UK from the EU, which could restrict the Managed Syndicates’ ability to write business in the EEA and therefore have a material adverse effect on the Group’s business, financial condition and results of operations.</p>
D.3	<p>Key information on the key risks that are specific to the securities</p>	<p><i>Programme summary:</i></p> <ul style="list-style-type: none"> • The Notes are not protected by the Financial Services Compensation Scheme. As a result, neither the FSCS nor anyone else will pay compensation to you upon the failure of the Issuer. If the Issuer goes out of business or becomes insolvent, you may lose all or part of your investment in the Notes. • 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 (a) any modification of, or to the waiver or authorisation of any breach or proposed breach of, any of the provisions of Notes or (b) the substitution of another company as principal debtor under any Notes in place of the Issuer. • 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 Notes in respect of which the CDIs are issued. • 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, you may not be able to sell your Notes easily or at prices that will provide you 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. <p><i>Issue specific summary:</i></p> <ul style="list-style-type: none"> • The Notes are subject to optional redemption by the Issuer. The Issuer may be expected to repay Notes when its cost of borrowing is lower than the interest rate on the Notes. At those times, you generally would not be able to reinvest the redemption proceeds at an effective interest rate as high as the interest rate on the Notes being repaid and may only be able to do so at a significantly lower rate.] • [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 market price of Notes issued at a substantial [discount/premium] may experience greater fluctuations in certain circumstances.] • [Inverse Floating Rate Notes have an interest rate equal to a fixed rate minus a rate based upon a reference rate such as LIBOR. The market values of such Notes typically are more volatile than market values of other conventional floating rate debt securities based on the same reference rate (and with otherwise comparable terms).] • [If the Issuer converts from a fixed rate to a floating rate, the difference between the interest rates on the Fixed/Floating Rate Notes may be less favourable than then prevailing interest rates on comparable Floating Rate Notes tied to the same reference rate. In addition, the new floating rate at any time may be lower than the rates on other Notes. If the Issuer converts from a floating rate to a fixed rate, the fixed rate may be lower than then prevailing rates on its Notes.]

Section E – Offer		
E.2b	Reasons for the offer and use of proceeds	<p><i>Programme summary:</i></p> <p>The net proceeds from each issue of Notes will be applied by the Issuer for its general corporate purposes. If, in respect of any particular issue there is a particular identified use of proceeds, this will be stated below.</p> <p><i>Issue specific summary:</i></p> <p>Reasons for the offer: [●]</p> <p>Use of proceeds: [●]</p>
E.3	Terms and conditions of the offer	<p><i>Programme summary:</i></p> <p>The terms and conditions of each offer of Notes will be determined by agreement between the Issuer and the relevant Dealers at the time of issue and specified in the applicable Final Terms. If you intend to acquire or acquiring any Notes in a Public Offer from an offeror other than the Issuer, you will do so and offers and sales of such Notes to you by such offeror will be made in accordance with any terms and other arrangements in place between such offeror and you including as to price, allocations, expenses, payment and delivery arrangements. You must look to the relevant Authorised Offeror for the provision of such information and the Authorised Offeror will be responsible for such information. The Issuer has no responsibility or liability to you in respect of such information.</p> <p><i>Issue specific summary:</i></p> <p>[(a) Offer Price: [●]; (b) Conditions to which the offer is subject: [●]; (c) Description of the application process: [●]; (d) Details of the minimum and/or maximum amount of application: [●]; (e) Description of the possibility to reduce subscriptions and manner for refunding excess amount paid by applicants: [●]; (f) Details of the method and time limits for paying up and delivering the Notes: [●]; (g) Manner in and date on which results of the offer are to be made public: [●]; (h) Procedure for exercise of any right of pre-emption, negotiability of subscription rights and treatment of subscription rights not exercised: [●]; (i) Categories of potential investors to which the Notes are offered and whether tranches(s) have been reserved for certain countries: [●]; (j) Process for notification to applicants of the amount allotted and the indication whether dealing may begin before notification is made: [●]; (k) Amount of any expenses and taxes specifically charged to the subscriber or purchaser: [●]; (l) Name(s) and address(es), to the extent known to the Issuer, of the placers in the various countries where the offer takes place: [●]; and (m) Name(s) and address(es) of the entities which have a firm commitment to act as intermediaries in the secondary market trading, providing liquidity through bid and offer rates and description of the main terms of its/their commitment: [●].]</p>
E.4	Material interests	<p><i>Programme summary:</i></p> <p>The relevant Dealer(s) may be paid fees in relation to any issue of Notes under the Programme. Dealer(s) and their affiliates may have engaged, and may in the future engage, in investment banking and/or commercial banking transactions with, and may perform services for, the Issuer and its affiliates in the ordinary course of business.</p> <p><i>Issue specific summary:</i></p> <p>[Save for [●],] so far as the Issuer is aware, no person involved in the offer of the Notes has an interest material to the offer. [There are no conflicts of interest which are material to the offer of the Notes.]</p>
E.7	Estimated expenses charged to investor	<p><i>Programme summary:</i></p> <p>If you intend to acquire or acquiring any Notes in a Public Offer from an offeror other than the Issuer or a Dealer in its capacity as an Authorised Offeror, you will do so and offers and sales of such Notes to you by such offeror will be made in accordance with any terms and other arrangements in place between such offeror and you including as to price, allocations, expenses, payment and delivery arrangements. Neither the Issuer nor any Dealer is party to such terms or other arrangements.</p>

		<p><i>Issue specific summary:</i></p> <p>[The Issuer will not charge you any expenses relating to an application for or purchase of any Notes./The following expenses are to be charged to you by the Issuer: [●]]</p>
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PART II

RISK FACTORS

You should carefully consider the risks described below and all other information contained in this document and reach your own view before making an investment decision. Beazley plc (the “**Issuer**”) believes that the factors described below represent the principal risks and uncertainties which may affect its ability to fulfil its obligations under the Notes, but the Group may face other risks that may not be considered significant risks by the Issuer based upon information available to it at the date of this document or that it may not be able to anticipate. Factors which the Issuer believes may be material for the purpose of assessing the market risks associated with the Notes are also described below. If any of the following risks, as well as other risks and uncertainties that are not yet identified or that the Issuer thinks are immaterial at the date of this document, actually occur, then these could have a material adverse effect on the Issuer’s ability to fulfil its obligations to pay interest, principal or other amounts in connection with the Notes.

You should note that the risks relating to the Group, its industry and the Notes summarised in Part I (*Summary*) of this document are the risks that the Issuer believes to be the most essential to an assessment by a prospective investor of whether to consider an investment in the Notes. However, as the risks which the Group faces relate to events and depend on circumstances that may or may not occur in the future, you should consider not only the information on the key risks summarised in Part I (*Summary*) of this document but also, among other things, the risks and uncertainties described below.

References below to the “**Group**” are to the Issuer, its subsidiaries and its subsidiary undertakings taken as a whole.

Factors that may affect the Issuer’s ability to fulfil its obligations under or in connection with the Notes

Risks relating to the Group’s business

The underwriting of insurance risks to which the Group is exposed is, by its very nature, a high-risk business

The underwriting of insurance risks is, by its very nature, a high-risk business. The Group’s insurance business assumes the risk of loss from persons or organisations that are directly exposed to an underlying loss. Insurance risk arises from this risk transfer due to inherent uncertainties about the occurrence, amount and timing of insurance liabilities. Underwriting risk comprises four elements that apply to all insurance products offered by the Group:

- (a) Event risk – the risk that individual risk losses or catastrophes lead to claims that are higher than anticipated in plans and pricing;
- (b) Cycle risk – the risk that business is written without full knowledge as to the (in)adequacy of rates, terms and conditions;
- (c) Pricing risk – the risk that the level of expected loss is understated in the pricing process; and
- (d) Expense risk – the risk that the allowance for expenses and inflation in pricing is inadequate.

As part of its overall risk mitigation and capital management strategy, the Group purchases reinsurance from a number of reinsurance providers to seek to mitigate its gross insurance risk. The Group’s reinsurance programmes complement the Group’s gross underwriting business plans and seek to protect the Group’s capital from an adverse volume or value of claims on both a per risk and per event basis. However, the Group’s reinsurance may not fully mitigate these underwriting risks. See “*Reinsurance may not be available, affordable or adequate to protect the Group against losses*” below.

If any of these risks were to crystallise, they could have a material adverse effect on the Group’s reputation, financial condition, results of operations and the Issuer’s ability to fulfil its obligations under the Notes.

The Group may not manage the risks it undertakes in its underwriting business

The Group’s underwriting results depend on whether the actual claims paid by it are consistent with the assumptions and pricing models it uses in underwriting and setting rates for its insurance covers. It is not possible to predict with certainty whether a single risk or a portfolio of risks underwritten by the Group will result in a loss, or the timing and severity of any loss that does occur. If the Group’s underwriters fail to assess accurately the risks underwritten or fail to comply with internal guidelines on underwriting or, if events or circumstances cause the underwriters’ risk assessment to be incorrect,

the Group's premiums may prove to be inadequate to cover the losses associated with such risks. Failure by the Group to manage the risks that it undertakes could have a material adverse effect on the Group's financial condition and results of operations.

Underwriting results in the Group's reinsurance business are dependent in part on the policies, procedures and expertise of its ceding companies in making their underwriting decisions. The Group is exposed to the risk that ceding companies might not have adequately evaluated the risks to be reinsured, that the premiums ceded might not adequately compensate it for the risks that it assumes or that claims (including the costs of claims handling) may not have been adequately reserved or notified by the policyholder. Failure to manage risk appropriately could have a material adverse effect on the Group's financial condition and results of operations.

Through the underwriting of specific catastrophic and political risk, the Group is exposed to the adverse impact of catastrophic and political events

The Group's operations expose it to claims arising out of unpredictable natural and other catastrophic events, such as hurricanes, windstorms, tsunamis, severe winter weather, earthquakes, floods, fires and explosions, as well as "man-made" disasters, such as acts of war, terrorism, piracy and political instability, the emergence of latent risks, changes in law and the interpretation of law or precedent (including in relation to the measurement of damages), as well as social and political changes, and fluctuations in the global investment markets and the capacity of the global insurance market.

The incidence and severity of catastrophes are inherently unpredictable and the Group's losses from such catastrophes could be substantial. For example, 2011 was the worst year on record for insured natural catastrophes, with catastrophes in that year including the Queensland floods in Australia, floods in Thailand, the Christchurch earthquake in New Zealand, the Tohoku earthquake in Japan and a succession of tornadoes in the US. In total, catastrophe events in 2011 cost the Group an estimated US\$215 million (unaudited), more than twice the cost of catastrophe events in 2010. The extent of losses from such catastrophes is a function of both the number and severity of the insured events and the total amount of insured exposure in the areas affected. The frequency or severity of claims from future catastrophic events may increase through increases in the value and concentrations of insured property and demographic changes more broadly and the effects of inflation and changes in weather patterns. Moreover, the Group may from time to time issue preliminary estimates of the impact of catastrophic events that, because of uncertainties in estimating certain losses, need to be updated as more information becomes available.

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. Although the Group's risk management programme attempts to manage its exposure to such events, a single event could affect multiple geographic zones or the frequency or severity of such events could exceed the Group's estimates. In such scenarios, the Group may be faced with a shortfall where it is required to settle claims arising under insurance contracts or where it is required to increase the amount of resources required to be held as funds at Lloyd's, but where it has not yet received monies due under any outwards reinsurance taken out to mitigate such events. In such scenarios, the Group may be required to (a) draw down on its Facility (as defined in Part VI (*Description of the Issuer and the Group – Material Contracts – Facilities Agreement*) of this document), which would increase its finance costs, (b) liquidate investments (including some of its less liquid investments), which option may be restricted or give lower returns than expected as a consequence of macroeconomic conditions beyond the Group's control or (c) delay or vary the implementation of its strategic plans so as to maintain appropriate liquidity. Any of the foregoing may affect the amount of business that the Group can write, its financial condition and results of operations.

The Group's business is affected by the cyclicity of the insurance industry

The insurance and reinsurance industry historically has been cyclical, with significant fluctuations in rates and operating results due to competition, frequency or severity of catastrophic events, levels of capacity, general economic and social conditions and other factors. This cyclicity has produced periods characterised by intense price competition due to excess underwriting capacity (a so-called "soft market"), with each business line experiencing its own cycle. Where a business line experiences soft market conditions, the Group may fail to obtain new insurance business in that business line at the desired rates.

The Group writes insurance in a variety of lines of business and geographic markets. Different lines of business and different geographic markets can experience their own cycles and, therefore, the impact of various cycles will depend in part on the sectors of the insurance and reinsurance industry, as well as the geographic markets that the Group chooses to focus on. In addition, increases in the frequency and severity of losses suffered by insurers can significantly affect these cycles. The Group can be expected to continue to experience the effects of such cyclicity, which could have a material adverse effect on its financial condition, results of operations or cash flows.

Interest rate movements can contribute to cyclicalities in insurers' financial performance. In a high interest rate environment, increased investment returns may reduce the required contribution from the underwriting performance to achieve an attractive overall return. In a low interest rate environment, reduced investment returns may increase the required underwriting returns, which may result in a less disciplined approach to underwriting in the market generally as some underwriters would be inclined to offer lower premium rates to generate more business. Other factors may also reduce investments returns, as described in "*–The Group's investments are exposed to fluctuations in the financial markets and economic conditions*".

In addition, in a low interest rate environment or where central banks intervene in the financial markets through "quantitative easing" or similar monetary policies, reduced investment returns may lead to the Group facing increased competition from pension funds, mutual funds, hedge funds and other sources of alternative underwriting capacity as those parties seek returns on their capital. Some of these parties offering additional underwriting capacity may have a lower target return on capital, allowing them to offer lower rates. The provision of excess underwriting capacity by these parties may therefore increase price competition and contribute to the creation of soft market conditions.

In soft market conditions, intermediaries placing business into the Lloyd's market on behalf of their clients through forms of facility (e.g. panels and quota share agreements) may seek to maintain their margins on such business by reducing the margins of the syndicates writing such business. These pricing pressures may adversely affect the profitability of the Group's underwriting activities, which may, in turn, adversely affect its financial condition and results of operations.

The Group may therefore have to accept lower rates or broader coverage terms to remain competitive in the market, with the result that the Group's premiums may be inadequate to cover the losses associated with such risks.

See "*–The Group competes for clients in a highly competitive industry, which may reduce its market share and decrease its profitability*".

The Group is exposed to losses that could accumulate from different insureds arising from a generic or catastrophic event

A catastrophic or systemic event may cause losses to accumulate across one or more of the Group's divisions and from different insureds. For example, a recession may cause the Group's Specialty Lines division to experience accumulated losses in its professional lines class, its errors or omissions class and its directors' or officers' liability class. Through its Specialty Lines division, the Group is a leading provider of data breach insurance, which has grown in recent years to be one of its largest products and has the potential for loss accumulation where a single event, or a series of similar events, generates data breach claims across multiple policies. The Specialty Lines division is also a provider of cyber insurance, which also has the potential for loss accumulation across multiple policies. In addition, in a natural catastrophe, the Group may for example experience accumulated losses across a number of divisions including the Political, Accident and Contingency division, Marine division, and Reinsurance division. It is possible that the accumulated claims from catastrophic or systemic events could together exceed the Group's expected claims activity and could have a material adverse effect on the Group's financial condition and results of operations.

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

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 punitive damages claims. These risks can occur at any stage of the claims life cycle.

Estimating insurance reserves is inherently uncertain and, if the Group's claims reserves are insufficient, it will have a negative impact on the Group's results

The underwriting and/or management of insurance risks is, by its nature, subject to uncertainty and the Group's estimation techniques, assumptions or loss mitigation actions may not result in provisions being sufficient. Among other issues, the uncertainties under insurance contracts include:

- uncertainty whether an event has occurred which would give rise to a policyholder suffering an insured loss;
- uncertainty about the extent of policy coverage and limits applicable;

- uncertainty about the amount of insured loss suffered by a policyholder as a result of the event occurring;
- uncertainty over the timing of a settlement to a customer for a loss suffered; and
- uncertainty over the level of claims expenses to be incurred.

In addition to the inherent uncertainty of having to make provision for unreported claims, there is also uncertainty regarding the eventual outcome of the claims that have been reported as at the end of the accounting period, but remain unsettled. This includes claims that may have occurred but have not yet been reported to the Group (either in full or at all) and those that are not yet apparent to the customer (either in full or at all). Claims provisions do not therefore represent an exact calculation of liability, but rather are estimates of the expected cost of the ultimate settlement of claims. As a consequence of these uncertainties, the eventual cost of settlement of outstanding claims and unexpired risks can vary substantially from initial estimates.

The Group has established provisions for unpaid claims and related expenses to cover its underwriting liability in respect of both reported claims and incurred but unreported claims. As a consequence of the uncertainties inherent in estimating and providing for insurance liabilities which are described in this risk factor, such provisions take into account both the Group's and the industry's experience of similar businesses, historical trends and patterns for similar claims and awards and customary payments for the types of loss covered, together with pending levels of unpaid claims and awards. Estimates are reviewed at prudent intervals and adjustments made to take into account the view of the Group's management team on the probable ultimate liability of the Group based on the claims made and data available. For further details on this process, see note 24 to the Group's consolidated financial statements for the year ended 31 December 2016, which are incorporated by reference in this document. Ultimate losses may differ materially from the provisions established by the Group. In particular, the Group's Specialty Lines division, 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. To the extent claims provisions are insufficient to cover actual losses or loss adjustment expenses, the Group may have to add to these claims provisions and may incur a charge to the Group's earnings. Conversely, if the Group's premiums and claims provisions are too high as a result of an over-estimation of risk, the Group may become uncompetitive, leading to the Group losing market share.

Reinsurance may not be available, affordable or adequate to protect the Group against losses

As part of its overall risk mitigation and capital management strategy, the Group purchases reinsurance from a number of reinsurance providers to seek to mitigate its gross insurance risk. The Group's reinsurance programmes complement the Group's gross underwriting business plans and seek to protect the Group's capital from an adverse volume or value of claims on both a per risk and per event basis. However, this reinsurance may not fully mitigate these underwriting risks.

Market conditions beyond the Group's control determine the availability and cost of appropriate reinsurance and the receipt of future reinsurance recoveries. The market for reinsurance can be cyclical and exposed to substantial losses, which may adversely affect reinsurance pricing and availability, or its terms and conditions. For example, following Hurricanes Katrina, Rita and Wilma in the United States, terms and conditions in the reinsurance markets generally became less attractive to buyers of such coverage. Similarly, risk appetite among reinsurers may change, resulting in changes in price or their willingness to reinsure certain risks in the future. Additionally, a change in regulation could affect the availability or price of reinsurance. Any significant changes in reinsurance pricing may result in the Group being forced to incur additional expenses for reinsurance, writing less business, having to obtain reinsurance on less favourable terms or not being able to or choosing not to obtain reinsurance thereby exposing the Group to increased retained risk and capital requirements. Any of these could have a material adverse effect on the Group's financial condition and results of operations.

In circumstances where the Group has obtained reinsurance cover in respect of a particular risk, such reinsurance cover may not be sufficient to cover the Group's exposure to the relevant risk were that risk to crystallise and the relevant members of the Group may retain the primary liability to the insured party in respect of risk not covered by reinsurance. Any such coverage inadequacy may therefore have a material adverse effect on the Group's financial condition and results of operations.

The Group's reinsurance cover will normally contain a retention of risk provision that the relevant Group entity must pay before the reinsurers become liable and may 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 and that this aggregation of retentions could have a material adverse effect on the financial condition of the Group.

In addition, the Group may be subject to liability for events against which it does not (re)insure or which it may elect not to (re)insure against because of unacceptable commercial rates or other reasons. For example, in some cases the Group deems it more economic to hold capital than to purchase reinsurance. Moreover, the Group may not be able to maintain adequate (re)insurance in the future at rates it considers reasonable or appropriate. The occurrence of an event that is not covered or not fully covered by (re)insurance, or which exceeds the amount of any capital held, could have a material adverse effect on the Group's business, financial condition and results of operations.

The Group's investments are exposed to fluctuations in the financial markets and economic conditions

The Group holds significant investments to support its liabilities, including to meet its solvency capital requirements. Therefore, any fall in the value of the Group's investments may result in a reduction in the capital of the Group, which may reduce the amount of business that the Group's insurance operations are able to underwrite and could result in a material adverse effect on the Group's reputation, financial condition and results of operations. In addition, the profits of the Group depend in part upon the returns achieved on its investment portfolio. In the year ended 31 December 2016, the Group's net investment income was US\$93.1 million, which was an increase from the US\$57.6 million of net investment income achieved in the year ended 31 December 2015. The Group is exposed to market risk from investments in bonds and alternative assets, all of which are exposed to market movements. The Group aims for the majority of investment assets (80–90%) to be held in a core portfolio of cash and sovereign and corporate bonds. The balance (10–20%) is allocated to a portfolio of capital growth and other assets.

The Group's investments are valued using fair value accounting methods and the foregoing risks may apply in the event that the fair value of the Group's investments declined. See "*The Group uses fair value accounting methods and the use of estimates in the preparation of its financial statements*" below.

The Group's invested assets contain a substantial portion of interest rate and credit-sensitive instruments such as corporate debt securities. Fluctuations in interest rates may affect the Group's future returns on such investments, as well as the market values of, and corresponding levels of capital gains or losses on, such investments. Interest rates are highly sensitive to many factors, including governmental monetary policies, domestic and international economic and political conditions and other factors beyond the Group's control. A decline in interest rates improves the market value of existing instruments but reduces returns available on new investments, thereby negatively impacting the Group's future investment returns. Conversely, rising interest rates reduce the market value of existing investments but should positively impact the Group's future investment returns. During periods of declining market interest rates, the Group could be forced to reinvest the cash it receives as interest or return of principal on its investment in lower-yielding instruments. Issuers of fixed income securities could also decide to redeem such securities early in order to borrow at lower market rates, which would increase the percentage of the Group's investment portfolio that it would have to reinvest in lower-yielding investments of comparable credit quality or in lower credit quality investments offering similar yields. Given current low interest rate levels, the Group is likely to be subject to the effects of potentially increasing rates. The Group might not be able to mitigate interest rate sensitivity completely, and a significant or prolonged increase or decrease in interest rates could have a material adverse effect on its results of operations or financial condition.

Furthermore, as a result of holding debt securities, the Group is exposed to changes in credit spreads. Widening credit spreads could result in a reduction in the value of fixed income securities that the Group holds but increase investment income related to purchases of new fixed income securities, whereas tightening of credit spreads will generally increase the value of fixed income securities that it holds but decrease investment income related to purchases of any new fixed income securities.

The Group is exposed to counterparty risk in relation to its investments, including holdings of debt instruments. In particular, the Group's business could suffer significant losses due to defaults on corporate bond and loan investments and ratings downgrades. The value of the Group's fixed income securities may also be affected by changes in the credit rating of the issuer of such securities. When the credit rating of the issuer of a debt security falls, the value of that debt security may also decline. In addition, changes in the credit rating of an issuer may affect the yield on such debt securities. If the credit rating of the issuer falls to a level that would prevent the Group from holding securities issued by that issuer, pursuant to regulatory guidelines or internal investment policies, the resulting disposal may lead to a significant loss on the Group's investment.

Moreover, a major loss, series of losses or reduction in premium income could result in a sustained cash outflow requiring realisation of the Group investment assets on terms or market conditions that are detrimental to the position of the Group.

Equity and other capital growth investments are subject to volatility in prices based on market movements and general economic conditions, which can impact the gains that can be achieved. Investment returns are consequently volatile. The

trading price of equities and other capital growth investments may go down as well as up as a result of a variety of factors over which the Group has no control, including pricing transparency, market liquidity, general market conditions and macroeconomic factors. Accordingly, it is possible that the Group may not recover its original investment in its equity and other capital growth investments.

Market volatility, changes in interest rates, changes in credit spreads and defaults, a lack of pricing transparency, market liquidity, declines in equity prices, and foreign currency movements, alone or in combination, could have a material adverse effect on the Group's results of operations and financial condition through realised losses, impairments or changes in unrealised positions. In addition, a decrease in the value of the Group's investments may result in a reduction in overall capital, which may have a material adverse effect on the Group's results of operations and its financial condition.

Certain classes of assets may be less liquid and challenging market conditions are likely to render assets less liquid or may cause them to experience significant market valuation fluctuations

Certain classes of assets held by the Group are by their nature inherently less liquid than other classes of assets. In addition, challenging market conditions are likely to make certain classes of the Group's assets less liquid, including those assets which are by their nature already inherently less liquid. If, in such conditions, the Group requires significant amounts of cash on short notice in excess of normal cash requirements (for example, to meet higher than anticipated claims) or is required to post or return collateral in connection with certain of its reinsurance contracts, credit agreements, derivative transactions or its invested portfolio, it may have difficulty selling any of its less liquid investments in a timely manner, or may be forced to sell them for less than it otherwise would have been able to realise if sold in other circumstances.

The Group competes for clients in a highly competitive industry, which may reduce its market share and decrease its profitability

The insurance market is highly competitive and fragmented. See Part II (*Business Description of the Group – Competition*) of this document for a description of the Group's principal competitors. The Group operates in highly competitive markets. Customers may evaluate the Group and its competitors on a number of factors, including financial strength, underwriting capacity, expertise, local presence, reputation, experience and qualifications of employees, client relationships, geographic scope of business, products and services offered, premiums charged, contract terms and conditions, and speed of claims payment.

The Group competes with numerous insurance and reinsurance companies and underwriting syndicates, some of which may have more established positions in the market and/or greater financial resources available to them. Its competitors vary by product line and territory, and include other Lloyd's syndicates, including syndicates of larger insurance groups, other local or global insurance providers, and in certain product lines certain specialist players, as well as global reinsurance groups and niche players such as reinsurance providers based in Bermuda. In addition, recently the insurance industry has faced increased competition from pension funds, mutual funds, hedge funds and other sources of alternative capital into natural catastrophe insurance/reinsurance.

Increased competition can result in less business written, lower premiums for the business that is written (over and above reductions due to favourable loss experience), increased expenses associated with acquiring and retaining business, and policy terms and conditions that are less advantageous to the Group than it was able to obtain historically or that may be available to the Group's competitors. In particular, some of the parties offering additional underwriting capacity may have a lower target return on capital, allowing them to offer lower rates to customers.

A failure to compete effectively may result in the loss of existing business, and of opportunities to capture new business, which could have a material adverse effect on the Group's results of operations, financial condition, growth and prospects.

The Group is exposed to the impact of terrorist activity on certain of its businesses and cannot rely upon local government regimes to underwrite its exposure

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 (which are jurisdictions in which the Group operates) provides for a governmental backstop by way of reinsurance protection for certain insured risks.

For example, the US Terrorism Risk Insurance Act of 2002, as amended, established the Terrorism Risk Insurance Program (“**TRIP**”). TRIP became effective in 2002 and was extended on various occasions, most recently to 31 December 2020. The legislation is intended to ensure the availability of commercial insurance coverage for certain terrorist acts in the United States and, in particular, requires covered insurers to make coverage available for certified acts of terrorism. There can be no assurance that TRIP will be extended beyond 2020.

The expiration or a significant change in the terms of any governmental backstop programme could have an adverse effect on the Group, its clients or the insurance industry, for example if significant insurance losses are not covered by such programmes or the Group’s clients expect the Group to continue to offer coverage without the benefit of such programmes.

The Group may not be able to obtain additional financing on favourable terms, or at all

The Group needs liquidity to pay operating expenses, interest on debt and dividends, and to meet its liabilities (including insurance claims). In addition, the Group has a number of requirements for capital at a Group and subsidiary level. Capital is primarily required to support underwriting in the Lloyd’s market and in the United States and is subject to prudential regulation by local regulators (the Central Bank of Ireland (the “**CBI**”), the Prudential Regulation Authority (the “**PRA**”), Lloyd’s and United States state-level supervisors). Further capital requirements come from rating agencies, the Beazley Syndicates and the Lloyd’s syndicates managed by Beazley Furlonge Limited. Certain members of the Group, such as Beazley Insurance, underwrite reinsurance business and such underwriting activities may require significant liquidity in the event that claims are made against them under reinsurance business which they have underwritten.

The Group’s principal sources of liquidity are premiums received and cash flow from its investment portfolio and assets. Unplanned realisation of the Group investment assets to pay unexpected liabilities may be on terms that are detrimental to the Group’s financial position. In the event that its current sources of liquidity do not satisfy the Group’s needs, it may have to seek additional financing. The availability of additional financing will depend on a variety of factors such as market conditions, the general availability of credit, the Group’s credit ratings and credit capacity, as well as the possibility that customers or lenders could develop a negative perception of the Group’s long- or short-term financial prospects if it incurs large investment losses or if the level of business activity decreased due to a market downturn. Similarly, access to funds may be impaired if regulatory authorities or rating agencies take negative actions against the Group. Internal sources of liquidity may prove to be insufficient, and, in such case, the Group may not be able to successfully obtain additional financing on favourable terms, or at all. Any failure by the Group to obtain required financing successfully may have a material adverse effect on the Group’s reputation, financial condition and results of operations.

The Group is subject to credit risk

The Group is exposed to credit risk in a number of aspects of its business. The Group’s brokers, coverholders and other intermediaries may not pass on premiums or claims collected or paid on behalf of the Group. Any crystallisation of a credit risk may have a material adverse effect on the Group’s reputation, financial condition and results of operations.

In addition, while reinsurance counterparties are chosen carefully by reference to, amongst other things, size, rating, trading performance and reputation, the relevant members of the Group are exposed to credit risk with respect to such reinsurers. The collectability of reinsurance is largely a function of the solvency and willingness to pay of reinsurers. The Group assesses the financial strength of individual reinsurers using market and financial information. Despite these measures, a reinsurer’s insolvency, inability or unwillingness to make payments under the terms of a reinsurance arrangement could have a material effect on the Group’s financial condition or results of operations. Recoveries can often occur many years after the contract was placed and the delays increase the credit risk attaching to these reinsurances.

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 such provisions may not be adequate to cover the future failure of a reinsurer. Beazley Insurance reinsures a proportion of the Group’s business and therefore the Group is exposed to the risk of a future failure of Beazley Insurance to the extent that Beazley Insurance’s reinsurance liabilities are not themselves recoverable from other reinsurers. If a reinsurer, including Beazley Insurance, 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 and such exposure could have a material adverse effect on the Group’s reputation, financial condition and results of operations.

The ability of the Group to underwrite risk depends on its credit rating

The ability of the Group's insurance operations to write certain classes of business, including reinsurance business, may be affected by a change in any ratings issued by an accredited credit rating agency to any member of the Group, to the Beazley Syndicates and/or to Lloyd's. See "Important Information – Credit Rating Agencies Regulation notice" for a description of these credit ratings. If any member of the Group, any of the Beazley Syndicates or Lloyd's were to suffer a credit rating downgrade in the future, there could be a number of material adverse effects on the Group's ability to write business, resulting in the potential loss of new business and increase in policy cancellations and non-renewals.

Currency exchange rate fluctuations could adversely affect the Group's consolidated results

The reporting currency of the Group is US dollars. However, the Group does receive some premiums in pounds sterling, euro and Canadian dollars and pays certain staff costs in sterling. The Group's business is exposed, therefore, to fluctuations in currency exchange rates and the impact that such fluctuations may have on the Group's results of operations, financial condition or the amount of capital that the Group is required to maintain deposited (in sterling) with Lloyd's in order to maintain its underwriting coverage.

Hedging arrangements or other initiatives in respect of foreign exchange risk mitigation may not be successful in preventing any losses due to such changes in exchange rates or the potential opportunity cost for the maintenance of additional capital at Lloyd's. The investment income of the Group forms an important part of the backing provided to the Beazley Syndicates and this investment income may also be affected by adverse fluctuations in exchange rates, interest rates, taxation changes and other economic events beyond the Group's control. Accordingly, any investment losses incurred by the Group could have a material adverse effect on the Group's reputation, financial condition and results of operations.

The Group is subject to litigation exposure, coverage disputes and uninsured risks in the operation of its business

In the ordinary course of its business, the Group is involved in lawsuits, arbitrations and other formal and informal dispute resolution procedures in a variety of jurisdictions, the outcomes of which will determine its rights and obligations under insurance, reinsurance and other contractual agreements or under tort laws or other legal obligations. From time to time, the Group may institute, or be named as a defendant in, legal proceedings, and it may be a claimant or respondent in arbitration proceedings. These proceedings have in the past involved, and may in the future involve, coverage or other disputes with ceding companies, disputes with parties to which the Group transfers risk under reinsurance arrangements, disputes with other counterparties or other matters. Provisions such as limitations on, or exclusions from coverage contained within, insurance policies and reinsurance contracts held by the Group may not be enforceable in the manner intended. Disputes relating to coverage and the choice of legal forum have arisen and may in the future 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, (re)insurance may not cover or be adequate to cover liabilities incurred by a Group member.

The Group is also involved, from time to time, in investigations and regulatory proceedings, certain of which could result in adverse judgments, settlements, fines and other outcomes. The Group could also be subject to litigation risks arising from potential employee misconduct, including non-compliance with internal policies and procedures. In addition, the Group may become involved in, or be affected by, legal proceedings involving Lloyd's.

An assessment of all such claims and proceedings is taken into account by the Group's management team (following any necessary legal advice) before making an informed decision on the likely outcome of such events. However, if the ultimate outcome of proceedings is not in accordance with the Group's expectations, this could have a material adverse effect on its reputation, financial condition and results of operations.

Political uncertainty in the United Kingdom may lead to volatility in the price of the Notes

On 23 June 2016, the United Kingdom voted in a national referendum to withdraw from the European Union. On 29 March 2017, the United Kingdom's Prime Minister officially notified the European Union that the United Kingdom is leaving the European Union. A two-year period of negotiation will determine the new terms of the United Kingdom's relationship with the European Union after which period its European Union membership is expected to cease. These negotiations are expected to run in parallel to standalone bilateral negotiations with the numerous individual countries and multilateral counterparties with which the United Kingdom currently has trading arrangements by virtue of its membership of the European Union.

Regardless of any eventual timing or terms of the United Kingdom's exit from the European Union, the June referendum has created significant political, social and macroeconomic uncertainty. For example, leaders in Scotland have announced that they may seek European Union membership in the event of the United Kingdom's exit, raising the possibility of a referendum on Scottish independence.

The exit of the United Kingdom (or any other country) from the European Union or prolonged periods of related uncertainty, could result in significant macroeconomic deterioration, including, but not limited to decreases in global stock exchange indices, increased foreign exchange volatility, decreased gross domestic product in the United Kingdom and a downgrade of the United Kingdom's sovereign credit rating. Furthermore, the United Kingdom's exit from the European Union could lead to legal uncertainty and potentially divergent national laws and regulations as the United Kingdom determines which EU laws to replace or replicate. Any of these factors, were they to occur, may further destabilise the global financial markets and may have a material adverse effect on the Group's business, prospects, financial condition and results of operations.

See "*The Group is reliant upon the maintenance by Lloyd's of its local jurisdictional licences and approvals, as well as its own compliance with local regulation*" below.

All of the Group's activities are subject to operational risk from the imperfect nature of the people, processes and systems necessary to run the Group's business and the influence of external events on the Group's operations

The Group's business activities involve coordination of processes across a large number of people, functions, geographies, and IT systems. This level of complexity brings a number of operational risks. Any of the Group's processes or activities may fail due to human error, cyber attack, IT malfunctions, non-performance of third parties, business interruption, or any other event. The occurrence of any of these operational risk events may have a material adverse effect on the Group's reputation, financial condition and results of operations.

This risk factor should not be taken as implying that either the Company or the Group will be unable to comply with its obligations as a company with securities admitted to the Official List, or as a supervised firm regulated by the FCA and the PRA.

The Group is dependent on certain key individuals to maintain its financial performance

The Group's future success is dependent on the continued services and continuing contributions of its directors, senior management, underwriters and other key personnel and its ability to continue to recruit, motivate and retain the services of such personnel. Whilst the relevant members of the Group have entered into employment contracts or letters of appointment with such key personnel, the Group may not be able to retain their services. The loss of the services of any of the Group's key personnel could have a material adverse effect on the Group's reputation, financial condition and results of operations.

The Group uses fair value accounting methods and the use of estimates in the preparation of its financial statements

Certain of the financial instruments held in the Group are carried at fair value in its consolidated statements of financial position. To establish the fair value of these instruments, the Group relies on quoted market prices in active markets or, where the market for a financial instrument is not sufficiently active, valuation techniques that utilise, wherever possible, observable market inputs. However, if there is a lack of liquidity in the financial markets in recent months, observable market inputs for such valuation models may not be available for certain instruments.

To the extent that valuation is based on models or inputs that are not observable in the market, the determination of fair value can be subjective, dependent on the significance of the unobservable input to the overall valuation. Unobservable inputs are determined by the Group's management on the best information available, for example by reference to similar assets, similar maturities, appropriate proxies, or other analytical techniques. The effect of changing the assumptions for those financial instruments for which the fair values are measured, using valuation techniques that are determined in full or in part on assumptions that are not supported by observable inputs, could have a material adverse effect on the Group's financial condition and results of operations.

It should be noted that in determining the fair value of financial instruments, different financial institutions may use different valuation techniques, assumptions, judgements and estimates, which may result in lower or higher fair values for such financial instruments, depending on the underlying intentions of the financial institutions for those assets.

The Managed Syndicates may not continue with the same members

Syndicate 623, Syndicate 6107 and Syndicate 6050 (the “**Managed Syndicates**”) are each annual underwriting ventures between a number of third party underwriting members at Lloyd’s. Beazley Furlonge Limited is currently the managing agent of each of the Managed Syndicates. Unlike the Beazley Syndicates, the Group does not provide capital to the Managed Syndicates. Beazley Furlonge Limited receives management fees and profit commissions for providing a range of management services to the Managed Syndicates.

As each Lloyd’s syndicate is a stand-alone annual venture in any given year, the Managed Syndicates may not comprise the same members as the previous (or any other) underwriting year of account. As each member provides underwriting capacity to the relevant Managed Syndicate, the final makeup of the membership of that Managed Syndicate for any given underwriting year of account may have a material impact on that Managed Syndicate’s ability to underwrite particular risks and the scale of that underwriting.

Any limitations on the underwriting capacity of a Managed Syndicate or the ability of any of the Managed Syndicates to underwrite risks of a particular type may reduce the management fees or profit commissions paid to Beazley Furlonge Limited and may therefore have an adverse effect on the Group’s reputation, financial condition and results of operations.

Risk management policies and procedures relating to underwriting and other risks may leave the Group exposed to unidentified or unanticipated risk

The Group historically has sought and will in the future seek to manage its exposure to insurance and reinsurance losses through a number of loss limitation methods, including internal risk management procedures, oversight of its underwriting processes and outwards reinsurance protection. See Part II (*Business Description of the Group – Risk management*) of this document for a general discussion of the Group’s risk management framework and policies.

Many of the Group’s methods of managing risk and exposures are based upon observed historical market behaviour and statistic-based historical models. As a result, these methods may not predict future exposures, which could be significantly greater than historical measures indicate. Other risk management methods depend on the evaluation of information regarding markets, policyholders or other matters that are publicly available or otherwise accessible to the Group. This information may not always be accurate, complete, up-to-date or properly evaluated. If the estimates and assumptions that the Group enters into its risk models are incorrect, or if such models prove to be an inaccurate forecasting tool, the losses the Group might incur from an actual loss event could be materially higher than its expectation of losses generated from modelled scenarios, and its financial condition and results of operations could be materially adversely affected.

The Group also seeks to manage its loss exposure through loss limitation provisions in the policies it issues, such as limitations on the amount of losses that can be claimed under a policy, limitations or exclusions from coverage and provisions relating to choice of forum. These contractual provisions may not be enforceable in the manner that the Group expects or disputes relating to coverage may not be resolved in its favour. If the loss limitation provisions in its policies are not enforceable or disputes arise concerning the application of such provisions, the losses the Group might incur from a loss event could be materially higher than its expectations, and its financial condition and results of operations could be adversely affected.

One or more catastrophic or other loss events or a greater frequency of losses than expected could result in claims that substantially exceed the expectations of the Group, which could have a material adverse effect on its financial condition and results of operations.

The Group may be exposed to the underperformance of the Group’s pension scheme

The Group currently operates a defined benefit pension plan, the Beazley Furlonge Limited Pension Scheme, which is now closed to future service accruals. The pension scheme is generally funded by payments from two participating employers, Beazley Management Limited and Beazley Furlonge Limited, taking account of the recommendations of an independent qualified actuary.

As at 31 December 2016, the Group had a retirement benefit liability in its statement of financial position of US\$6.2 million (31 December 2015: US\$0.7 million). The value of the Group’s pension liabilities will differ depending on the valuation basis used and from time to time. Any deficit in the Group’s defined benefit pension plan may increase or fall depending on market conditions (e.g. by reason of poor investment returns, movements in the market values of scheme assets, interest rates and the requirements of pension regulation from time to time) and the actuarial assumptions made

(e.g. actuarially assessed increases in the life expectancy of members). Accordingly, the contributions required in relation to the Group's defined benefit pension plan may increase or fall. Any increase in its cash contributions could materially adversely affect the financial condition of the Group in the future.

Liabilities may also arise upon the happening of an event, such as the cessation of participation of a participating employer in the defined benefit pension plan or the defined benefit pension plan being wound up. The liability triggered in these circumstances will be the value of the relevant employer's share of the deficit at the time calculated on the most conservative basis (namely the cost of buying out benefits on the annuity market).

Risks related to the Lloyd's insurance market and other regulatory matters

As a business operating in the insurance industry and as a member of the Lloyd's insurance market, members of the Group are exposed to a number of risks that could adversely impact the Group's reputation, financial condition and/or operational results. Set out below is a description of such risks:

The Group is subject to extensive regulatory supervision and may, from time to time, be subject to enquiries or investigations that could result in fines, sanctions, variation or revocation of permissions and authorisations, reputational damage or loss of goodwill

The conduct of insurance and reinsurance business is subject to significant legal and regulatory requirements as well as governmental and quasi-governmental supervision in the various jurisdictions in which the Group operates.

In the United Kingdom, the Group is subject to the regulation of Lloyd's, the FCA and the PRA. In addition, in the United States, the Group is subject to federal regulations as well as regulations in each of the 50 states and the District of Columbia. In Ireland, Beazley Insurance is subject to the regulation of the CBI. Certain members of the Group are also subject to regulation by other regulatory authorities.

Among other things, the insurance laws and regulations applicable to relevant members of the Group:

- require the maintenance of certain solvency levels;
- regulate transactions, including transactions with affiliates and intra-group guarantees;
- in certain jurisdictions, restrict the payment of dividends or other distributions;
- require the disclosure of financial and other information to regulators;
- regulate the admissibility of assets and capital; and
- establish certain minimum operational requirements.

For example, as part of regular, mandated risk assessments, regulators may take steps that have the effect of restricting the business activities of the Group, which may in turn have a material impact on the ability of the Group to achieve growth objectives and earnings targets. For example, each regulated insurance business in the Group is subject to a number of restrictions on assets it may hold under relevant regulations and tax rules, and regulators may, as has happened in the past, alter such restrictions, thus potentially affecting the Group's investment policy and any associated projected income or growth return from its investments. In addition, based on perceived risk profile of the Group, regulators may require additional regulatory capital to be held by the Group (including as part of guidance on a confidential basis), which, among other things, may affect the business the Group can write.

If any member of the Group were to be found to be in breach of any existing or new laws or regulations now or in the future, that member would be exposed to the risk of intervention by regulatory authorities, including investigation and surveillance, and judicial or administrative proceedings. In addition, the Group's reputation could suffer and the Group could be fined or prohibited from engaging in some or all of its business activities or could be sued by counterparties, as well as forced to devote significant resources to cooperate with regulatory investigations, any of which could have a material adverse effect on the Group's results of operations.

The Group's businesses are subject to regulatory risk, including adverse changes in the laws, regulations, policies and interpretations in the markets in which it operates

The Group's businesses and earnings can be affected by the fiscal or other policies and other actions of various governmental and regulatory authorities in the European Union (in particular, the United Kingdom and Ireland), the United States and elsewhere both because the Group writes business covering political risks and because the Group itself may be impacted by such policies.

All these are subject to change, particularly in the current market environment where recent developments in the global financial markets have led to an increase in the involvement of various governmental and regulatory authorities in the financial sector and in the operations of financial institutions. As a result of recent regulatory initiatives, the level of regulatory oversight over financial institutions, including the Group, may increase. Any future regulatory changes may potentially restrict the Group's operations, mandate certain risks that need to be additionally covered and impose other compliance costs. It is uncertain how a more rigorous regulatory climate will impact financial institutions, including the Group.

Although the Issuer expects the CBI to remain as the Group's supervisor under Solvency II, the application of Solvency II and related regulations in the United Kingdom following any withdrawal of the United Kingdom from the European Union is uncertain. See "*–Political uncertainty in the United Kingdom may lead to volatility in the price of the Notes*".

Areas where changes could have an impact include:

- the monetary, interest rate and other policies of central banks and regulatory authorities or changes in direct or indirect taxes applicable to the Group;
- changes in government or regulatory policy that may significantly influence investor decisions in particular markets in which the Group operates;
- changes in the regulatory requirements, for example relating to the capital adequacy framework and rules designed to promote financial stability;
- changes in competition and pricing environments;
- developments in financial reporting;
- expropriation, nationalisation, confiscation of assets and changes in legislation relating to foreign ownership, any of which may impact either, or both, of: (a) the assets and operations of the Group in the jurisdictions in which it operates and (b) the performance of the business lines of the Group which underwrite political risks and other classes of business; and
- other unfavourable political, military or diplomatic developments producing social instability or legal uncertainty which in turn may affect demand for the Group's products and services.

The Group's Solvency II model may not provide an accurate projection of the capital that the Group will in fact need

Directive 2009/138/EC (the "**Solvency II Directive**" or "**Solvency II**") was implemented on 1 January 2016. Solvency II introduces a harmonised EU-wide insurance regulatory regime. In particular, it imposes a risk-based capital regime, sets out requirements for the governance, risk management and regulatory supervision of insurers and introduces certain disclosure and transparency requirements.

The Group's Solvency Capital Requirement ("**SCR**") under Solvency II is determined in accordance with the Group's internal model, which has been approved by the CBI as the Group's supervisor under Solvency II. This model has been developed internally, using external software, to suit the particular circumstances and risks within the Group's business. The SCR is set at a level that ensures that the Group can meet their respective obligations over the following 12 months with a 99.5% probability. It is a regulatory requirement that the model captures all material risks that have been identified. However, it is subject to the limitations common to all complex models and is subject to the accuracy, completeness and integrity of the data that is inputted into the model. It is also necessary for certain estimates, assumptions and judgements to be made by management where data are incomplete or ambiguous. Accordingly the SCR, as modelled by the Group's internal model, may not provide an accurate projection of the capital that the Group will, in fact, need in the future.

Any significant problem with the Lloyd's market may result in a material adverse effect on the Group's business

The Group relies on the efficient functioning of the Lloyd's market. If, for whatever reason, members were to be restricted or otherwise unable to write insurance through the Lloyd's market, it could have a material adverse effect on the Group's business and results of operations.

Any damage to the brand or reputation of Lloyd's (whether such damage is caused by financial mismanagement, fraudulent activity or otherwise), any loss by Lloyd's of any international licences in relation to insurance or reinsurance business, a reduction in the market's capital efficiency, or any other factor that reduces the attractiveness of Lloyd's as an underwriting platform, may have a material adverse effect on the Group's ability to write new business and/or its reputation.

On 23 June 2016, the UK held a referendum, the result of which was a vote in favour of withdrawal from the European Union. The result of the referendum has raised concerns regarding the terms for future UK access to the EU Single Market, which is made up of the EEA member states. The UK government has stated that it will not seek to remain a member of the Single Market but will instead seek to maximise the UK's access. The rules governing the EU Single Market require local risks to be underwritten by a local authorised insurer, an EEA authorised insurer or a non-local insurer with the benefit of an EU "passport". The Group is able to underwrite risks from the UK into EEA member states via "passporting" arrangements through Lloyd's. In the event that, following the UK's withdrawal from the EU, the Group was unable to access the EU Single Market via a passporting arrangement (including through Lloyd's), a regulatory equivalence regime or other similar arrangement, the Group may not be able to underwrite risks from the UK into EEA member states except through alternative arrangements that might require local authorisation, regulatory and prudential supervision and capital to be deposited locally in such EEA member states. Any change to the terms of the Group's access to the EU Single Market following the withdrawal of the UK from the EU could have a material adverse effect on the Group's business, financial condition and results of operations and the Issuer's ability to fulfil its obligations under the Notes.

In addition, any increase in tax levies imposed on Lloyd's participants in the relevant jurisdictions around the world in which they offer insurance or reinsurance or any challenge to the amount of tax paid by such Lloyd's participants may result in the Group incurring a higher tax charge.

The Group's ability to underwrite business in the Lloyd's market is, in part, dependent upon its relationships with intermediaries and its willingness to participate in any initiatives the intermediaries may establish to facilitate the efficient placement of business in the Lloyd's market

Lloyd's market underwriters, including the Beazley Syndicates, do not generally deal directly with policyholders. Instead, business is normally accepted by Lloyd's market underwriters through intermediaries, including registered brokers, coverholders and registered open market correspondents. Accordingly, the ability of each of the Beazley Syndicates to write business is, in part, dependent upon those syndicates' ability to maintain strong relationships with such intermediaries. Any failure to maintain such relationships may have a material adverse impact on the Group's reputation, financial condition and results of operations.

The larger intermediaries placing business into the Lloyd's market on behalf of their clients may from time to time set up various forms of facility (e.g. panels and quota share agreements). The Group's ability to underwrite in the Lloyd's market is affected by its willingness to allow the Beazley Syndicates to underwrite business via these facilities.

The Lloyd's market is subject to the solvency and capital adequacy requirements of the PRA, as a result of which members of Lloyd's, including the Beazley Syndicates, may be adversely affected

The PRA is the prudential regulator for Lloyd's and has responsibility for promoting the financial security and soundness of Lloyd's and its members. The FCA regulates the conduct of Lloyd's, managing agents and the members' agents and advisers and Lloyd's market brokers. Lloyd's is required by the PRA to establish and maintain appropriate controls over the risks affecting the funds of members which it holds centrally and to assess the capital needs of each member operating on its market, in order to satisfy an annual solvency test for the PRA. The criteria used by the PRA to determine the solvency requirement is, in essence, the aggregate funds comprising syndicate level assets and members' funds at Lloyd's (each being held in trust for the benefit of policyholders) to meet all outstanding liabilities of Lloyd's members (including both current liabilities and the liabilities of membership syndicates subject to run-off), together with a capital buffer maintained from a combination of cash calls, subordinated loans and capital of syndicate members which is deposited into a central Lloyd's fund to serve as the Lloyd's fund of last resort if a Lloyd's member fails to meet its insurance liabilities in full and has insufficient assets to meet those liabilities (the "Central Fund"). However, the PRA 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 the Beazley Syndicates. If Lloyd's fails to satisfy its solvency test in any year, the PRA may require Lloyd's to cease trading and/or its members to cease or reduce their underwriting exposure, which may result in a material adverse effect to the Group's reputation, financial condition and results of operations. The PRA can also impose more stringent requirements directly on the Group without applying similar requirements to Lloyd's more generally or to other Lloyd's members.

In the event of Lloyd's failing to meet any regulatory solvency requirement, either Lloyd's or the PRA (or both) may apply to the High Court of England and Wales for a "Lloyd's Market Reorganisation Order" to appoint a "reorganisation controller" for Lloyd's. For the duration of the reorganisation controller's appointment, a moratorium will be imposed preventing any proceedings or legal process from being commenced or continued against any party against whom the order has been made. It is intended that such an order, if made, would apply to the market as a whole, including current and former members of Lloyd's, their agents and managing agents, Lloyd's brokers, approved run-off companies and coverholders, unless individual parties are specifically excluded. The making of such an order could have a material impact on the ability of the Beazley Syndicates to write business on the Lloyd's market and elsewhere, resulting in a material adverse effect to the Group's reputation, financial condition and results of operations.

The Group's operations in the Lloyd's market are subject to regulation by the Council of Lloyd's and the Lloyd's Franchise Board

The Council of Lloyd's has wide discretionary powers to manage and supervise the Lloyd's market. It may, for instance, vary the method by which the solvency capital requirements are calculated or the investment criteria applicable to funds at Lloyd's and/or syndicate investments are determined. Either might affect the Group's overall premium limit and consequently the returns from an investment in the Group.

The Lloyd's Franchise Board (the "**Franchise Board**") also has wide discretionary powers in relation to the business of Lloyd's managing agents including requiring compliance with the franchise performance criteria and underwriting guidelines. The Franchise Board's primary role is to protect the Lloyd's franchise. The Franchise Board may, for example, impose certain restrictions on underwriting and/or on reinsurance arrangements for any syndicate. Those members of the Group which are members of Lloyd's must comply with Lloyd's "franchise principles" which include, amongst others, ensuring that there is outstanding risk management capability throughout the franchise and that the Lloyd's market provides a competitive international trading platform. Each such member must also submit its annual business plan for each year of account to the Franchise Board (and any subsequent changes to such plan) 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, which could result in a material adverse effect on the Group's reputation, financial condition and results of operations.

The Beazley Syndicates are committed to certain financial and operational obligations

The Beazley Syndicates 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. One such commitment is the requirement from time to time as required by Lloyd's to contribute funds of an approved form that are lodged and held in trust at Lloyd's as security for a member's underwriting activities, known as "**funds at Lloyd's**". A member's funds at Lloyd's may contain only those assets that Lloyd's prescribes as acceptable assets under its Membership & Underwriting Conditions & Requirements. Currently, these acceptable assets consist of debt securities, bonds and other money and capital market instruments, shares and other variable yield participations, holdings in collective investment schemes, cash and cash equivalents, forward currency contracts, letters of credit, guarantees and life assurance policies, in each case subject to certain conditions. In addition, the Group is also required to contribute funds to the Central Fund. In respect of the Group's funds at Lloyd's, as at 31 December 2016, £656.9 million, £447.6 million and £513.9 million of debt securities and other fixed income securities were subject to a deed of charge in favour of Lloyd's to secure underwriting commitments for the 2017, 2016 and 2015 underwriting years, respectively. 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 which, as a result, may cause the Group to incur a material increase in its operating expenses and, as a result, a material adverse impact on its financial results.

Changes implemented to the list of acceptable assets for purposes of funds at Lloyd's (either voluntarily by Lloyd's or in response to regulatory requirements) may adversely impact the Group. If assets that the Group uses to fund the Beazley

Syndicates' funds at Lloyd's requirement were to no longer constitute acceptable assets for the purposes of funds at Lloyd's, different assets would need to be posted, which may be more expensive to obtain and maintain or which may place an undue restriction on the Group's capital resources.

Lloyd's also has the power to reduce the Beazley Syndicates' underwriting capacity or to prohibit the Beazley Syndicates from underwriting if at any time the value of the Beazley Syndicates' total funds at Lloyd's falls by more than 10% from the funds required at the last "coming into line" exercise and such shortfall is not made good by the Group, which might not always be possible ("coming into line" refers to a bi-annual procedure currently undertaken in June and November each year which requires members of Lloyd's to demonstrate that they have sufficient eligible assets to meet their current underwriting liabilities and to support future underwriting before they may underwrite for the next following year of account). A fall in the equity or fixed interest markets or a devaluation in the currency compromising the funds at Lloyd's could trigger such an event.

Any such event is likely to have a material adverse effect on the Group's reputation, financial condition and results of operations.

The ability of the Managed Syndicates 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

Each of the Managed Syndicates and the Beazley Syndicates benefits from the ability to write business based on the Lloyd's financial rating, which allows the Group to write more business as part of the Lloyd's platform than its individual capital level would otherwise support. The ability of Lloyd's syndicates to continue to trade in certain classes of business at current levels may be dependent on the maintenance by Lloyd's of a satisfactory financial strength rating issued by an accredited rating agency. At present, the financial security of the Lloyd's market is regularly assessed by three independent rating agencies, A.M. Best, Standard & Poor's and Fitch Ratings Limited. See "*Important Information – Credit Rating Agencies Regulation notice*".

Ratings are an important factor in establishing the competitive positions of insurance and reinsurance companies. Third party rating agencies assess and rate the financial strength of insurers and reinsurers. These ratings are based upon criteria established by the rating agencies.

The objective of these ratings systems is to provide an opinion of an insurer's financial strength and ability to meet ongoing obligations to its policyholders.

One or more rating agencies may downgrade or withdraw their ratings in the future. As financial strength ratings are a key factor in establishing the competitive position of insurers, a decline in ratings alone could make insurance less attractive to clients relative to insurance from its competitors with similar or stronger ratings. A ratings downgrade could also result in a substantial loss of business, including the loss of clients who are required by either policy or regulation to purchase insurance only from reinsurers with certain ratings. Any of the foregoing could have an adverse effect on the Beazley Syndicates and/or the Managed Syndicates, which could have a material adverse effect on the Group's business, results of operations and financial condition.

The Managed Syndicates and/or the Beazley 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

If a Lloyd's managing agent determines that funds are required to meet a cash deficiency prior to the closure of a relevant year of account, it may call on the members of a syndicate for further funds. This is known as a "cash call".

In the event that a managing agent, such as Beazley Furlonge Limited, concludes, in respect of a particular year of account of a syndicate, that an equitable reinsurance to close premium cannot be established, it must determine that the year of account will remain open and be placed into "run-off". During a run-off, there can be no release of a member's funds at Lloyd's in respect of that syndicate without the consent of the Council of Lloyd's. Any year of account of the Beazley Syndicates may go into run-off at some future time, which could have a material adverse effect to the Group's reputation, financial condition and results of operations.

The Group is reliant upon the maintenance by Lloyd's of its local jurisdictional licences and approvals, as well as its own compliance with local regulation

A significant portion of the Group's gross written premiums is derived from the US. Compliance with US regulations by Lloyd's is therefore of significant importance to the Group.

US regulators require Lloyd's syndicates writing certain business in the United States to maintain trust funds in the United States (the "US trust funds") as protection for US policyholders. With respect to business classified as "surplus lines", syndicates must currently maintain a surplus lines trust fund, funded at 30% of gross liabilities. With respect to reinsurance business, syndicates must maintain a separate "Credit for Reinsurance" trust fund which is currently required to be funded at 100% of gross liabilities assumed from US insurers. It is possible that regulators could further alter the US trust fund deposit requirements for the Lloyd's market generally or any individual Lloyd's syndicate specifically. No credit against the required deposits is allowed for potential reinsurance recoveries by the syndicates.

The funds contained within the deposits are not ordinarily available to meet trading expenses or to pay claims. Accordingly, in the event of a large claim arising in the US, for example from a major catastrophe, syndicates participating in such US business may be required to make cash calls to meet claims payment and deposit funding obligations. There is a limited ability for managing agents to withdraw funds from the US trust funds other than at the normal quarterly revision periods.

The obligation to fund the US trust funds in the event of a large claim is likely to arise before the Group can earn premiums from the related insurance or receive proceeds from the relevant reinsurance, requiring the Group to procure the upfront funding from other sources.

In addition, Lloyd's maintains certain licences and approvals in various jurisdictions. The Group is reliant on the maintenance by Lloyd's of those trading licences and approvals. A variation or removal of such licences and/or approvals may have a material adverse effect on the Group's business and results of operations.

Lloyd's currently benefits from EU Single Market passporting arrangements, which allow Lloyd's syndicates to write business in EEA member states. Lloyd's might not be able to maintain such passporting rights or equivalent rights following the withdrawal of the UK from the EU, which could restrict the Beazley Syndicates' ability to write business in the EEA and therefore have a material adverse effect on the Group's business, financial condition and results of operations.

Lloyd's market risks relating to 1992 and prior business

No corporate members, including members of the Group, participated in the Lloyd's market in 1992 and prior years' business. Equitas was established to reinsure and run-off the 1992 and prior years' non-life liabilities of Lloyd's names or Lloyd's underwriters. National Indemnity Company, a member of the Berkshire Hathaway group of companies, has reinsured Equitas Insurance Limited's liabilities and another member of the Berkshire Hathaway group, Resolute Management Services Limited, has taken over responsibility for the run-off. However, in the event that Equitas Insurance Limited and National Indemnity Company were to fail or were unable to meet their respective liabilities by a proportionate cover plan and then pay claims at the appropriate reduced rate, the Group, and other insurance businesses which the Group may acquire in the future, could still be adversely affected. This is because, in those circumstances, Lloyd's would be required to consider whether it wished to make good any shortfall or replenish the regulatory deposits that may have been used to meet policyholder claims. This could require the use of the Central Fund following prior approval of Lloyd's members in an extraordinary general meeting. If the Central Fund is used for these purposes, an additional Central Fund levy could be imposed, subject to approval by vote, on all Lloyd's members underwriting on the relevant years of account.

From time to time changes in the interpretation of existing tax laws, amendments to existing tax rates, or the introduction of new tax legislation may adversely impact the Group's business, financial condition and results of operations

The Group operates in several tax jurisdictions around the world. Tax risk is the risk associated with changes in tax law or in the interpretation of tax law. It also includes the risk of changes in tax rates and the risk of failure to comply with procedures required by tax authorities. Failure to manage tax risks could lead to an additional tax charge. It could also lead to a financial penalty for failure to comply with required tax procedures or other aspects of tax law. If, as a result of a particular tax risk materialising, the tax costs associated with particular transactions are greater than anticipated, it could affect the profitability of those transactions.

There are also specific rules governing the taxation of policyholders. The Group will be unable accurately to predict the impact of future changes in tax law on the taxation of insurance policies in the hands of policyholders. Amendments to existing legislation (particularly if there is the withdrawal of any tax relief or an increase in tax rates) or the introduction of new rules may affect the future long-term business and the decisions of policyholders. The impact of such changes could have a material adverse effect on the Group's business, financial condition and results of operations.

The UK government introduced the Diverted Profits Tax ("DPT") with effect from 1 April 2015. The DPT is designed to apply to multinational enterprises with significant business activities in the UK that enter into arrangements to artificially divert profits from the UK – either by avoiding a UK permanent establishment or through other contrived arrangements involving limited economic substance. The DPT is charged at a 25% rate on "taxable diverted profits" arising from UK activity. This is a relatively new tax and its scope and the basis upon which it will be applied by HMRC remain uncertain. Whilst the Issuer believes that the Group is not within the scope of the DPT, if HMRC successfully asserted that the Group is within the scope of the DPT then this could have a material adverse effect on the Group's results of operations by increasing the Group's effective rate of tax.

The Group is subject to various laws, regulations and rules relating to sanctions, money laundering and bribery

The Group must comply with laws and regulations relating to sanctions, money laundering and bribery. While it is the policy of the Group not to write any business directly in countries or for entities subject to international sanctions of the US, EU and UK, the Group does, from time to time, underwrite risks in relation to entities which come into contact with such countries. For example, the Group, through its Marine insurance business line (which in 2016 represented 11% of the Group's gross written premiums), from time to time underwrites marine hull risks in relation to vessels which call in to or pass through the waters of such countries (such as a vessel delivering food or medical supplies to a port in a sanctioned country). While the Group has policies and procedures in place designed to ensure that the Group does not insure any activity that breaches international sanctions, there remains the risk of an inadvertent breach which may result in lengthy and costly investigations followed by the imposition of fines or other penalties or, in the case of the United States, imposition of a range of significant secondary sanctions (including restrictions on the ability to effect transactions in US dollars), any of which might have a material adverse effect on the financial condition and results of operations of the Group.

In relation to bribery and money laundering, the global breadth of the Group's operations and the range of brokers and policyholders with which the Group conducts business present risks of violating applicable anti-bribery and anti-money laundering laws or regulations. While the Group's specific policies and periodic training programmes in place are designed to prevent breaches of rules and regulations relating to bribery and money laundering, any inadvertent breach may trigger an intervention, including investigation, surveillance and judicial and administrative proceedings by the relevant regulatory authority, which may result in a loss of reputation, a fine and/or other disciplinary action, any of which may have a material adverse effect on the financial condition and results of operations of the Group.

The Group's international business is subject to applicable laws and regulations relating to data privacy, the changes or the violation of which could affect the Group's operations

Regulatory authorities around the world are considering a number of legislative and regulatory proposals concerning data protection. In addition, the interpretation and application of data protection laws in the US, Europe and elsewhere are often uncertain and in flux. It is possible that these laws may be interpreted and applied in a manner that is inconsistent with the Group's data practices. If so, in addition to the possibility of fines, this could result in an order requiring that the Group change its data practices, which could have an adverse effect on the Group's business and results of operations. Complying with these various laws could cause the Group to incur substantial costs or require the Group to change its business practices in a manner adverse to its business.

In particular, the ruling by the Court of Justice of the European Union on 6 October 2015, to invalidate the EU-US Safe Harbor Framework, which included a safe harbour agreement that protected EU citizens' data if transferred by American companies to the US, has created uncertainty for companies that relied on this legal framework for commercial data transfers between the EU and the US. On 1 August 2016, the privacy shield agreement between the European Commission and the US Department of Commerce (the "**Privacy Shield**") came into effect. This Privacy Shield provides a framework for protecting personal data transferred from the European Union to the US companies can certify their agreement to the Privacy Shield with the US Department of Commerce. Alternative methods of data transfer protection (e.g. standard contractual clauses, corporate binding rules) may also be used, although there is a risk that the Privacy Shield and/or the alternative forms of data transfer may be challenged and struck down, jeopardising data transfer between the EU and the US and impacting the Group's operations.

As a group operating worldwide, the Group strives to comply with all applicable data protection laws and regulations. It is however possible that the Group may fail to comply with applicable laws and regulations. The failure or perceived failure to comply may result in inquiries and other proceedings or actions against the Group by government entities or others, or could cause the Group to lose clients, any of which could potentially have an adverse effect on the Group's business, results of operations and financial condition.

Risks relating to the Group's structure

Participation by the Issuer in a distribution of a subsidiary's assets will generally be subject to prior claims of creditors

The Issuer's rights to participate in a distribution of its subsidiaries' assets upon their liquidation, re-organisation or insolvency is generally subject to any claims made against the subsidiaries, including secured creditors (if any) such as any lending bank and trade creditors.

The obligations of the Issuer under the Notes are therefore structurally subordinated to any liabilities of the Issuer's subsidiaries (including Beazley Ireland Holdings plc, which was previously known as Beazley plc). For example, certain of the Issuer's subsidiaries have outstanding debt securities (see note 9 to the Issuer's consolidated financial statements for the six months ended 30 June 2017 for a summary of the nominal amounts outstanding as at 30 June 2017 in respect of such debt securities). Structural subordination in this context means that, in the event of a winding up or insolvency of the Issuer's subsidiaries, any creditors of that subsidiary would have preferential claims to the assets of that subsidiary ahead of any creditors of the Issuer (i.e. including Noteholders). In the event that members of the Group are unable to remit funds to the Issuer, the Issuer's ability to fulfil its commitments to Noteholders to make payments of interest and principal under the Notes may be adversely affected.

The Group's holding company structure means that the Issuer's ability to pay interest is dependent on distributions received from the Issuer's subsidiaries

The Issuer's operations are generally conducted through direct and indirect subsidiaries and the Managed Syndicates. As a holding company, the Issuer's principal sources of funding are dividends from subsidiaries and any amounts which may be raised through the issuance of equity, debt and commercial paper. Certain of the Issuer's subsidiaries may be restricted by applicable insurance, foreign exchange and tax laws, rules and regulations which can limit the payment of dividends, and which in some circumstances could limit the ability to pay dividends to shareholders or to make available funds held in certain subsidiaries to cover operating expenses of other members of the Group.

In addition, if any of the Issuer's subsidiaries' cash flows are applied to meeting their respective obligations (for example, coupon or redemption payments under Beazley Group Limited's subordinated fixed rate notes due 2034, Beazley Ireland Holdings plc's retail bonds due 2019 or Beazley Insurance's subordinated tier 2 notes due 2026) this may limit such subsidiaries' ability to pay dividends, or otherwise make available funds, to other members of the Group, including the Issuer.

Factors which are material for the purpose of assessing the market risks associated with Notes issued under the Programme

Risks related to the structure of a particular issue of Notes

A wide range of Notes may be issued under the Programme. A number of these Notes may have features which contain particular risks for potential investors. Set out below is a description of certain such features:

The Notes are subject to optional repayment by the Issuer

An optional repayment feature is likely to limit the market value of Notes. During any period when the Issuer may elect to repay Notes, the market value of those Notes generally will not rise substantially above the price at which they can be repaid. This also may be true prior to any repayment period.

The Issuer may be expected to repay Notes when its cost of borrowing is lower than the interest rate on the Notes. Upon repayment of the Notes, you may not be able to reinvest the repayment proceeds at an effective interest rate as high as the interest rate on the Notes being repaid and may only be able to do so at a significantly lower rate. You should consider investment risk in light of other investments available at that time.

The market value of Inverse Floating Rate Notes can be particularly volatile

Inverse Floating Rate Notes have an interest rate equal to a fixed rate minus a rate based upon a reference rate such as LIBOR (the London Interbank Offered Rate). The market values of such Notes typically are more volatile than market values of other conventional floating rate debt securities based on the same reference rate (and with otherwise comparable terms). Inverse Floating Rate Notes are more volatile because an increase in the reference rate not only decreases the interest rate of the Notes, but may also reflect an increase in prevailing interest rates, which further adversely affects the market value of these Notes.

Fixed/Floating Rate Notes may bear interest at a rate that the Issuer may elect to convert from a fixed rate to a floating rate or from a floating rate to a fixed rate

Fixed/Floating Rate Notes may bear interest at a rate that the Issuer may elect to convert from a fixed rate to a floating rate, or from a floating rate to a fixed rate. The Issuer's ability to convert the interest rate will affect the secondary market and the market value of such Notes since the Issuer may be expected to convert the rate when it is likely to produce a lower overall cost of borrowing. If the Issuer converts from a fixed rate to a floating rate, the difference in the interest rates on the Fixed/Floating Rate Notes may be less favourable than then prevailing interest rates on comparable Floating Rate Notes tied to the same reference rate. In addition, the new floating rate at any time may be lower than the rates on other Notes. If the Issuer converts from a floating rate to a fixed rate, the fixed rate may be lower than then prevailing rates on its Notes.

The market price of Notes issued at a substantial discount or premium may experience greater fluctuations in certain circumstances

The market values of securities issued at a substantial discount or premium to their nominal amount tend to fluctuate more in relation to general changes in interest rates than do prices for conventional interest-bearing securities. Generally, the longer the remaining term of the securities, the greater the price volatility as compared to conventional interest-bearing securities with comparable maturities.

Risks related to Notes generally

Set out below is a brief description of certain risks relating to the Notes generally:

The Notes are not protected by the Financial Services Compensation Scheme (FSCS)

Unlike a bank deposit, Notes issued under the Programme are not protected by the FSCS. As a result, neither the FSCS nor anyone else will pay compensation to you upon the failure of the Issuer. If the Issuer goes out of business or becomes insolvent, you may lose all or part of your investment in Notes issued under the Programme.

Defined voting majorities bind all Noteholders

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 contrary to the decision of the deciding group. As a result, decisions may be taken by the holders of such defined percentages of the Notes that are contrary to the preferences of any particular Noteholder.

The Trustee may agree to certain modifications, waivers and substitutions without the consent of Noteholders

The Terms and Conditions of the Notes provide that the Trustee may, without the consent of Noteholders, agree to (a) any modification of, or to the waiver or authorisation of any breach or proposed breach of, any of the provisions of Notes or (b) the substitution of another company as principal debtor under any Notes in place of the Issuer, in the circumstances described in Condition 11 of the Terms and Conditions of the Notes.

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

In relation to any issue of Notes in bearer form which have denominations consisting of a minimum Specified Denomination plus one or more higher integral multiples of another smaller amount, it is possible that the Notes may be traded in amounts that are not integral multiples of such minimum Specified Denominations (as defined in the Conditions). In such a case, if you, as a result of trading such amounts, hold a nominal amount of less than the minimum

Specified Denomination in your account with the relevant clearing system at the relevant time, you will not receive a definitive Note in respect of such holding (should definitive Notes be printed) and you would need to purchase a nominal amount of Notes such that you hold an amount equal to one or more Specified Denominations.

If definitive Notes are issued, you should be aware that definitive Notes which have a denomination that is not an integral multiple of the minimum Specified Denomination may be illiquid and difficult to trade.

Holding CREST depository interests

You may hold interests in the Notes through Euroclear UK & Ireland Limited (formerly known as CREST Co Limited) (“**CREST**”) through the issuance of dematerialised depository interests (i.e. securities without any physical document of title which are distinct from the Notes), held, settled and transferred through CREST (“**CDIs**”), representing the interests in the relevant Notes underlying the CDIs (the “**Underlying Notes**”). Holders of CDIs (the “**CDI Holders**”) will hold or have an interest in a separate legal instrument and not be the legal owners of the Underlying Notes. The rights of CDI Holders to the Underlying Notes are represented by the relevant entitlements against CREST Depository Limited (the “**CREST Depository**”) which through CREST International Nominees Limited (the “**CREST Nominee**”) holds interests in the Underlying Notes. Accordingly, rights under the Underlying Notes cannot be enforced by CDI Holders except indirectly through the intermediary depositories and custodians. The enforcement of rights under the Underlying Notes will be subject to the local law of the relevant intermediaries. This could result in an elimination or reduction in the payments that otherwise would have been made in respect of the Underlying Notes in the event of any insolvency or liquidation of any of the relevant intermediaries, in particular where the Underlying Notes held in clearing systems are not held in special purpose accounts and are fungible with other securities held in the same accounts on behalf of other customers of the relevant intermediaries.

The rights of the CDI Holders will be governed by the arrangements between CREST, Clearstream, Luxembourg, Euroclear and the Issuer, including the global deed poll dated 25 June 2001 (as subsequently modified, supplemented and/or restated) (“**CREST Deed Poll**”). You should note that the provisions of the CREST Deed Poll, the CREST International Manual dated 14 April 2008 as amended, modified, varied or supplemented from time to time (the “**CREST Manual**”) and the CREST Rules contained in the CREST Manual applicable to the CREST International Settlement Links Service (the “**CREST Rules**”) contain indemnities, warranties, representations and undertakings to be given by CDI Holders and limitations on the liability of the CREST Depository. CDI Holders are bound by such provisions and may incur liabilities resulting from a breach of any such indemnities, warranties, representations and undertakings in excess of the amounts originally invested by them. As a result, the rights of and returns received by CDI Holders may differ from those of holders of Notes which are not represented by CDIs.

In addition, CDI Holders may be required to pay fees, charges, costs and expenses to the CREST Depository in connection with the use of the CREST International Settlement Links Service (the “**CREST International Settlement Links Service**”). These will include the fees and expenses charged by the CREST Depository in respect of the provision of services by it under the CREST Deed Poll and any taxes, duties, charges, costs or expenses which may be or become payable in connection with the holding of the Notes through the CREST International Settlement Links Service.

You should note that none of the Issuer, the Dealers, the Trustee or the Issuing and Paying Agent will have any responsibility for the performance by any intermediaries or their respective direct or indirect participants or accountholders of their respective obligations under the rules and procedures governing their operations.

You should note that the CDIs are the result of the CREST settlement mechanics and are not the subject of this document.

Risks related to the market generally

Set out below is a brief description of the principal market risks, including liquidity risk, exchange rate risk, interest rate risk and credit risk:

There may not be a liquid secondary market for the Notes and their market price may be volatile

The Notes may have no established trading market when issued, and one may never develop. If a market does develop, neither the Dealers nor any other person is under an obligation to maintain such a market for the life of the Notes and the market may not be liquid. Therefore, you may not be able to sell your Notes easily or at prices that will provide you with a yield comparable to similar investments that have a developed secondary (i.e. after the Issue Date) market. The Notes are sensitive to interest rate, currency or market risks and are designed to meet the investment requirements of limited

categories of investors. For these reasons, the Notes generally will have a limited secondary market. This lack of liquidity may have a severely adverse effect on the market value of Notes.

In the case of Notes issued under the Programme which are tradable on London Stock Exchange plc's order book for retail bonds, a registered market-maker on the order book for retail bonds will be appointed in respect of the relevant Notes from the date of admission of those Notes to trading. Market-making means that a person will quote prices for buying and selling securities during trading hours. However, the market-maker may not continue to act as a market-maker for the life of the relevant Notes. If a replacement market-maker was not appointed in such circumstances, this could have an adverse impact on your ability to sell the relevant Notes.

Exchange rate fluctuations and exchange controls may adversely affect your return on your investments in the Notes and/or the market value of the Notes

The Issuer will pay principal and interest on the Notes in the currency specified as the “**Specified Currency**” in the applicable Final Terms. This presents certain risks relating to currency conversions if your 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. An appreciation in the value of the Investor's Currency relative to the Specified Currency would decrease (a) the Investor's Currency-equivalent yield on the Notes, (b) the Investor's Currency equivalent value of the interest and principal payable on the Notes and (c) the Investor's Currency equivalent market value of the Notes.

Government and monetary authorities may impose (as some have done in the past) exchange controls that could adversely affect an applicable exchange rate. As a result, you may receive less interest or principal than expected, or no interest or principal.

Credit ratings may not reflect all risks

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. A credit rating is not a recommendation to buy, sell or hold securities and may be revised or withdrawn by the rating agency at any time.

Changes in interest rates or inflation rates may adversely affect the value of Fixed Rate Notes

Fixed Rate Notes bear interest at a fixed rate rather than by reference to an underlying index. Accordingly, you should note that if interest rates rise, then the income payable on the Fixed Rate Notes might become less attractive and the price that you could realise on a sale of the Fixed Rate Notes may fall. However, the market price of Notes issued under the Programme from time to time has no effect on the total income you receive on maturity of the Notes if you hold the Notes until the relevant maturity date.

Further, inflation will reduce the real value of the Fixed Rate Notes over time, which may affect what you could buy with your investment in the future and may make the fixed rate payable on the Fixed Rate Notes less attractive in the future, again affecting the price that you could realise on a sale of the Fixed Rate Notes.

Yield

Any indication of yield (i.e. the income return on the Notes) stated within the applicable Final Terms applies only to investments made at (as opposed to above or below) the issue price of the relevant Notes. If you invest in the Notes at a price other than the issue price of the Notes, the yield on the investment will be different from any indication of yield on the Notes as set out in the applicable Final Terms.

Realisation from sale of Notes

If you choose to sell Notes at any time prior to their maturity, the price received from such sale could be less than the original investment you made. Factors that will influence the price may include, but are not limited to, market appetite, inflation, the time of redemption, interest rates and the current financial position and an assessment of the future prospects of the Issuer.

The clearing systems

Because the Global Note relating to each Series may be held by or on behalf of Euroclear and Clearstream, Luxembourg, you will have to rely on their procedures for transfer, payment and communication with the Issuer.

The Notes in each Series will be represented by a temporary or permanent Global Note. Such Global Note may be deposited with a common depository for Euroclear and Clearstream, Luxembourg. Except in the circumstances described in the Global Note, you will not be entitled to receive Definitive Notes. Euroclear and Clearstream, Luxembourg will maintain records of the interests in the relevant Global Note. While any Notes issued under the Programme are represented by a Global Note, you will be able to trade their interests only through Euroclear or Clearstream, Luxembourg.

While Notes are represented by a Global Note, the Issuer will discharge its payment obligations under such Notes by making payments to the common depository for Euroclear and Clearstream, Luxembourg for distribution to their account holders. A holder of an interest in the Global Note must rely on the procedures of Euroclear and Clearstream, Luxembourg to receive payments under the Notes. The Issuer has no responsibility or liability for the records relating to, or payments made in respect of, interests in any Global Note.

Holders of interests in a Global Note will not have a direct right to vote in respect of the Notes represented by such Global Note. Instead, such holders will be permitted to act only to the extent that they are enabled by Euroclear or Clearstream, Luxembourg.


PART III

INFORMATION ABOUT THE PROGRAMME

		Refer to
What is the Programme?	<p>The Programme is a debt issuance programme under which Beazley plc as the issuer may, from time to time, issue debt instruments which are referred to in this document as the Notes. Notes are also commonly referred to as bonds.</p> <p>The Programme is constituted by a set of master documents containing standard terms and conditions and other contractual provisions that can be used by the Issuer to undertake any number of issues of Notes from time to time in the future, subject to a maximum limit of £250,000,000. These terms and conditions are set out in Part VIII (<i>Terms and Conditions of the Notes</i>) of this document.</p> <p>The Programme was established on the date of this Prospectus.</p>	Part VIII (<i>Terms and Conditions of the Notes</i>)
How are Notes issued under the Programme?	<p>Whenever the Issuer decides to issue Notes, it undertakes what is commonly referred to as a “drawdown”. On a drawdown, documents which are supplementary to the Programme master documents are produced, indicating which provisions in the master documents are relevant to that particular drawdown and setting out the terms of the Notes to be issued under the drawdown. The key supplementary documents which you will need to be aware when deciding whether to invest in Notes issued as part of a drawdown over the 12 month period from the date of this document are: (a) any supplement to this document and (b) the applicable Final Terms.</p> <p>In the event of any significant new factor, material mistake or inaccuracy relating to information included in this document which is capable of affecting the assessment of any Notes and whose inclusion or removal from this document is necessary for the purpose of allowing an investor to make an informed assessment of the assets and liabilities, financial position, profits and losses and prospects of the Issuer, and the rights attaching to the Notes, the Issuer will prepare and publish a supplement to this document or prepare and publish a new base prospectus, in each case, for use in connection with such Notes and any subsequent issue of Notes.</p> <p>Each Final Terms is a pricing supplement to this document (as supplemented or replaced from time to time) which sets out the specific terms of each issue of Notes under the Programme. Each Final Terms is intended to be read alongside the Terms and Conditions of the Notes set out in Part VIII (<i>Terms and Conditions of the Notes</i>) of this document, and the two together provide the specific terms of the Notes relevant to a specific drawdown.</p> <p>Each Final Terms will be submitted to the FCA and London Stock Exchange plc and published by the Issuer in accordance with the Prospectus Directive.</p>	Part VIII (<i>Terms and Conditions of the Notes</i>) and Part X (<i>Form of Final Terms</i>)
What types of Notes may be issued under the Programme?	<p>Three types of Notes may be issued under the Programme: Fixed Rate Notes, Floating Rate Notes and Zero Coupon Notes.</p> <p>Fixed Rate Notes are Notes where the interest rate payable by the Issuer on the notes is fixed as a set percentage at the time of issue.</p> <p>Floating Rate Notes are Notes where the interest rate is calculated by reference to a fluctuating benchmark rate. Under the Programme, that benchmark rate will be either the Euro Interbank Offered Rate (EURIBOR) or the London Interbank Offered Rate (LIBOR). The floating interest rate is</p>	<p>Part IV (<i>How the Return on Your Investment is Calculated</i>)</p> <p>Part VIII (<i>Terms and Conditions of the Notes</i>) and Part X (<i>Form of</i></p>

	<p>calculated on or about the start of each new interest period and applies for the length of that interest period. Therefore, Floating Rate Notes in effect have a succession of fixed interest rates which are recalculated on or about the start of each new interest period. Although the floating interest rate will be based on the benchmark rate, it will typically also include a fixed percentage margin which is added to the benchmark rate.</p> <p>Zero Coupon Notes are Notes which do not carry any interest but are generally issued at a deep discount to their nominal amount. Zero Coupon Notes are repaid at their full amount. Therefore, if you purchase Zero Coupon Notes on their issue date and hold them to maturity, your return will be the difference between the issue price and the nominal amount of the Zero Coupon Notes paid on maturity. Alternatively, you might realise a return on Zero Coupon Notes through a sale prior to their maturity.</p> <p>The specific details of each Note issued will be specified in the applicable Final Terms.</p>	<i>Final Terms)</i>
What is the relationship between the Issuer and the Group?	<p>The Issuer is a holding company. The Group's principal business is conducted: (a) in the United Kingdom, through the Beazley Syndicates; (b) in the United States, through BICI, an admitted carrier in all 50 states and the District of Columbia; and (c) in Ireland, through Beazley Insurance, which writes internal reinsurance business and which is authorised by the CBI as a European insurance company. Through the Managed Syndicates and the Group's service companies, the Group is licensed in the US and, by virtue of its Lloyd's syndicates, is licensed to provide specialist insurance services to businesses in the US and over 200 other countries and territories. The Issuer's regulated subsidiary, Beazley Furlonge Limited, acts as the managing agent for the Managed Syndicates. A managing agent is a company set up to manage one or more syndicates on behalf of the Lloyd's members who provide the relevant syndicate's capital. The managing agent employs the underwriting staff and handles the day-to-day running of a syndicate's infrastructure and operations.</p> <p>The Beazley Syndicates, as well as being managed by Beazley Furlonge Limited, are fully backed by the Group (through the capital of Beazley Underwriting Limited) whilst the Managed Syndicates are backed solely by third-party Lloyd's names. Syndicate 6050, one of the Managed Syndicates, was established as a special purpose syndicate in cooperation with Korean Reinsurance Company ("Korean Re").</p>	Part VI <i>(Description of the Issuer and the Group – Group structure)</i>
Why has the Programme been established? What will the proceeds be used for?	<p>The Issuer established the Programme in order to diversify its sources of funding and the debt maturity profile of the Group.</p> <p>The net proceeds from each issue of Notes will be applied by the Issuer for its general corporate purposes, including for the purposes of posting funds at Lloyd's against the Group's business plans. If, in respect of any particular issue of Notes under the Programme there is a particular identified use of proceeds, this will be stated in the applicable Final Terms.</p>	Part X <i>(Form of Final Terms)</i>
Have any Notes been issued under the Programme to date?	<p>As of the date of this document, there have been no Notes issued by the Issuer under the Programme.</p> <p>On 25 September 2012, the Issuer's subsidiary Beazley Ireland Holdings plc (then named Beazley plc and the previous parent company of the Group) issued 5.375 per cent. fixed rate notes with an aggregate nominal amount of £75 million and a maturity date of 25 September 2019 under its own separate euro medium term note programme. As of the date of this document, these notes remain outstanding.</p>	N/A

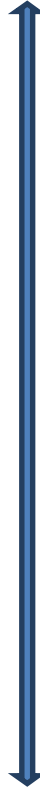
How will the price of the Notes be determined?	Notes may be issued at their nominal amount or at a discount or premium to their nominal amount. The price and amount of Notes to be issued under the Programme will be determined by the Issuer and each relevant Dealer at the time of “pricing” of the Notes in accordance with prevailing market conditions. The issue price for each Tranche will be specified in the applicable Final Terms.	N/A
What is the yield on Fixed Rate Notes and Zero Coupon Notes?	The yield in respect of each issue of Fixed Rate Notes and Zero Coupon Notes will be calculated on the basis of the Issue Price and specified in the applicable Final Terms. Yield is not an indication of future price. The Final Terms in respect of any Floating Rate Notes will not include any indication of yield.	N/A
Will the Notes issued under the Programme be secured?	The Issuer’s obligations to pay interest and principal on the Notes issued under the Programme will not be secured either by any of the Issuer’s or any other member of the Group’s assets, revenues or otherwise.	N/A
Will the Notes issued under the Programme have a credit rating?	A Series of Notes issued under the Programme may be rated by a credit rating agency or unrated. Such ratings will not necessarily be the same as the rating assigned to the Issuer or to any other Series of Notes. 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.	N/A
Will the Notes issued under the Programme have voting rights?	Holders of Notes issued under the Programme have certain rights to vote at meetings of Noteholders, but are not entitled to vote at any meeting of shareholders of the Issuer or of any other member of the Group.	Part VIII (<i>Terms and Conditions of the Notes – Meetings of Noteholders, modification, waiver and substitution</i>)
Will I be able to trade the Note issued under the Programme?	<p>Application has been made to admit Notes issued during the period of 12 months from the date of this document to the Official List of the UK Listing Authority and to admit them to trading on London Stock Exchange plc’s regulated market. References in this document to Notes being listed (and all related references) shall mean that such Notes have been admitted to the Official List and have been admitted to trading on the London Stock Exchange’s regulated market.</p> <p>Once listed, the Notes may be purchased or sold through a broker. The market price of the Notes may be higher or lower than their issue price depending on, among other things, the level of supply and demand for the Notes, movements in interest rates and the financial performance of the Issuer and the Group. See Part II (<i>Risk Factors – Risks related to the market generally – There may not be a liquid secondary market for the Notes and their market price may be volatile</i>) of this document.</p>	Part XIV (<i>Additional Information – Listing and admission to trading of the Notes</i>)
What will Noteholders receive in a winding up of the Issuer?	If the Issuer becomes insolvent and is unable to pay its debts, an administrator or liquidator would be expected to make distributions to the Issuer’s creditors in accordance with a statutory order of priority. Your claim as a Noteholder would be expected to rank after the claims of any holders of the Issuer’s secured debt or other creditors that are given preferential treatment by applicable laws of mandatory application relating to creditors, but ahead of the Issuer’s shareholders. A simplified diagram illustrating the expected ranking of the Notes compared to the Issuer’s other creditors is set out below:	Part VI (<i>Description of the Issuer and the Group – Group structure</i>)

	Type of obligation	Examples of the Issuer's obligations/securities
	Higher ranking	Proceeds of fixed charged assets of the Issuer
		Expenses of the liquidation/administration
		Preferential creditors
		Proceeds of floating charge assets of the Issuer
		Unsecured obligations
Lower ranking	Shareholders	The Issuer's ordinary shareholders

However, as well as being aware of the ranking of the Notes issued under the Programme compared to the other categories of creditor, and the shareholders, of the Issuer, you should note that the Issuer holds a substantial majority of its assets in its subsidiaries. See Part VI (*Description of the Issuer and the Group – Group structure*) of this document for details of the Issuer's principal subsidiaries.

The Issuer's rights to participate in a distribution of its subsidiaries' assets upon their liquidation, re-organisation or insolvency is generally subject to any claims made against the subsidiaries, including secured creditors such as any lending bank and trade creditors. The obligations of the Issuer under the Notes are therefore structurally subordinated to any liabilities of the Issuer's subsidiaries. Structural subordination in this context means that, in the event of a winding up or insolvency of the Issuer's subsidiaries, any creditors of that subsidiary would have preferential claims to the assets of that subsidiary ahead of any creditors of the Issuer (i.e. including Noteholders).

A simplified diagram illustrating the structural subordination of the Issuer's obligations under the Notes to any liabilities of the Issuer's subsidiaries is set out below by way of example by reference to an indirect wholly-owned subsidiary of the Issuer, Beazley Group Limited:

	<p style="text-align: center;">Type of obligation</p> <hr/> <p style="text-align: center;">Examples of Beazley Group Limited's obligations/securities</p> <hr/>															
<p>Who will represent the interests of the Noteholders?</p>	<div style="display: flex; align-items: center;"> <div style="margin-right: 10px;"> <p>Higher ranking</p>  <p>Lower ranking</p> </div> <table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 30%; padding: 5px;">Proceeds of fixed charged assets of Beazley Group Limited</td> <td style="padding: 5px;">Security granted to Lloyd's in relation to funds posted at Lloyd's between 2005 and 2010</td> </tr> <tr> <td style="padding: 5px;">Expenses of the liquidation/administration</td> <td style="padding: 5px;">Currently none</td> </tr> <tr> <td style="padding: 5px;">Preferential creditors</td> <td style="padding: 5px;">Including remuneration due to Beazley Group Limited's employees</td> </tr> <tr> <td style="padding: 5px;">Proceeds of floating charge assets of Beazley Group Limited</td> <td style="padding: 5px;">Currently none</td> </tr> <tr> <td style="padding: 5px;">Senior unsecured obligations</td> <td style="padding: 5px;">Trade creditors and guarantees over obligations of certain other Group members under the multicurrency standby letter of credit and revolving credit facility</td> </tr> <tr> <td style="padding: 5px;">Subordinated unsecured obligations</td> <td style="padding: 5px;">Subordinated notes due 2034</td> </tr> <tr> <td style="padding: 5px;">Shareholders</td> <td style="padding: 5px;">Beazley Group Limited's sole shareholder, Beazley Ireland Holdings plc</td> </tr> </table> </div>	Proceeds of fixed charged assets of Beazley Group Limited	Security granted to Lloyd's in relation to funds posted at Lloyd's between 2005 and 2010	Expenses of the liquidation/administration	Currently none	Preferential creditors	Including remuneration due to Beazley Group Limited's employees	Proceeds of floating charge assets of Beazley Group Limited	Currently none	Senior unsecured obligations	Trade creditors and guarantees over obligations of certain other Group members under the multicurrency standby letter of credit and revolving credit facility	Subordinated unsecured obligations	Subordinated notes due 2034	Shareholders	Beazley Group Limited's sole shareholder, Beazley Ireland Holdings plc	<p>Part VIII (<i>Terms and Conditions of the Notes</i>)</p>
Proceeds of fixed charged assets of Beazley Group Limited	Security granted to Lloyd's in relation to funds posted at Lloyd's between 2005 and 2010															
Expenses of the liquidation/administration	Currently none															
Preferential creditors	Including remuneration due to Beazley Group Limited's employees															
Proceeds of floating charge assets of Beazley Group Limited	Currently none															
Senior unsecured obligations	Trade creditors and guarantees over obligations of certain other Group members under the multicurrency standby letter of credit and revolving credit facility															
Subordinated unsecured obligations	Subordinated notes due 2034															
Shareholders	Beazley Group Limited's sole shareholder, Beazley Ireland Holdings plc															
<p>Can the Terms and Conditions of the Notes be amended?</p>	<p>The Trustee is appointed to act on behalf of the Noteholders as an intermediary between Noteholders and the Issuer throughout the life of any Notes issued under the Programme. The main obligations of the Issuer (such as the obligation to pay and observe the various covenants in the Terms and Conditions of the Notes) are owed to the Trustee. These obligations are, in the normal course, enforceable by the Trustee only, not the Noteholders themselves. Although the entity chosen to act as Trustee is chosen and appointed by the Issuer, the Trustee's role is to protect the interests of the Noteholders as a class.</p> <p>The Terms and Conditions of the Notes provide that the Trustee may, without the consent of Noteholders or Couponholders, agree to: (a) any modification of any of the provisions of the Trust Deed that is, in the opinion of the Trustee in each following case, of a formal, minor or technical nature or is made to correct a manifest error; (b) waive, modify or authorise any other modification of the Trust Deed or any proposed breach or breach by the Issuer of a provision of the Trust Deed if, in the opinion of the Trustee, such modification, proposed breach or breach is not prejudicial to the interests of the Noteholders; or (c) the substitution of another company as principal debtor under the Notes in place of the Issuer in certain circumstances and subject to the satisfaction of certain conditions.</p> <p>Noteholders may also sanction a modification of the Terms and Conditions of</p>	<p>Part VIII (<i>Terms and Conditions of the Notes – Meetings of Noteholders, modification, waiver and substitution</i>)</p>														

	<p>the Notes by passing an Extraordinary Resolution. An “Extraordinary Resolution” is a resolution passed (a) at a duly convened and held meeting of Noteholders with a majority of at least 75 per cent. of the votes cast, (b) in writing signed by the holders of not less than 75 per cent. in nominal amount of the Notes outstanding or (c) by way of electronic consents communicated through the electronic communications systems of the relevant clearing system(s) to the Principal Paying Agent or another specified agent and/or the Trustee in accordance with their operating rules and procedures by or on behalf of the holders of not less than 75 per cent. in nominal amount of the Notes outstanding.</p>	
<p>What if I have further queries?</p>	<p>If you are unclear in relation to any matter, or uncertain if the Notes issued under the Programme are a suitable investment, you should seek professional advice from your broker, solicitor, accountant or other independent financial adviser before deciding whether to invest.</p>	<p>N/A</p>

PART IV

HOW THE RETURN ON YOUR INVESTMENT IS CALCULATED

THE WORKED EXAMPLES PRESENTED BELOW ARE FOR ILLUSTRATIVE PURPOSES ONLY AND ARE IN NO WAY REPRESENTATIVE OF ACTUAL PRICING. THE WORKED EXAMPLES ARE INTENDED TO DEMONSTRATE HOW AMOUNTS PAYABLE UNDER NOTES IN DEFINITIVE FORM ARE CALCULATED UNDER A VARIETY OF SCENARIOS. THE ACTUAL AMOUNTS PAYABLE (IF ANY) WILL BE CALCULATED IN ACCORDANCE WITH THE TERMS AND CONDITIONS OF YOUR NOTES AS SET OUT IN PART VIII (TERMS AND CONDITIONS OF THE NOTES) OF THIS DOCUMENT AND THE FINAL TERMS RELATING TO THE NOTES.

Types of Notes

Three types of Notes may be issued pursuant to this document: Fixed Rate Notes which bear periodic fixed rate interest; Floating Rate Notes which bear periodic floating rate interest; and Zero Coupon Notes, which do not bear interest (or any combination of these). Upon maturity, the Notes will pay a fixed redemption amount. Notes may provide for early redemption at the option of the Issuer (a call option) or at your option (a put option). The Issuer may also elect to redeem the Notes early in certain circumstances for tax reasons.

Key terminology and assumptions

Calculation Amount: all amounts of interest or principal payable on the Notes are calculated by reference to a 'Calculation Amount' which is assumed to be £1,000 in the worked examples. Each Note of a particular series will have the same Calculation Amount.

Specified Denomination: all Notes have a particular face value. Unless expressly specified, this is assumed to be £1,000 in the worked examples. There could also be a minimum denomination or a minimum denomination and integral multiples of a lesser amount in excess thereof (e.g. £20,000 and multiples of £1,000 in excess thereof).

Redemption: the applicable Final Terms relating to a series of Notes will state the amount to be repaid at the time the Notes are redeemed. This amount will be stated based on the Calculation Amount. In most circumstances this amount will be 100 per cent. of the Calculation Amount, but in the event that the Notes are redeemed early upon the exercise of a call option by the issuer, upon the exercise of a put option by a Noteholder or upon an event of default, then the Notes will become repayable at a different amount, which may be less than 100 per cent. of the Calculation Amount. For an explanation of the amounts repayable upon such early redemption events, see "*-Redemption*" below.

Day Count Fractions: if applicable to a series of Notes, the Day Count Fraction is used to calculate the amount of interest to be paid if interest is required to be calculated for an irregular number of days in a particular interest period (instead of a fixed number of days usually termed an "interest period") as a result, for example, of a call or put option for early redemption of the Notes being exercised by the Issuer or, as the case may be, the Noteholders. One example of a day count fraction is 30/360. This day count fraction assumes that each month of the year is 30 days long (so, for example, three months will contain 90 days, six months will contain 180 days) and each year is 360 days. This is regardless of the actual number of days in that month or year. Alternative day count fractions include 'Actual/365 (Fixed)' (where the actual number of days in the interest period is used for calculations based on an assumed year length of 365 days), 'Actual/360' (where the actual number of days in the interest period is used for calculations based on an assumed year length of 360 days) and 'Actual/Actual ISDA' (where the actual number of days in the interest period is used for calculations based on the actual number of days in that year).

The examples below are intended to demonstrate how the return on your investment will be calculated depending on the interest type and the relevant redemption provisions specified to be applicable for your Notes.

Fixed Rate Notes

Fixed Rate Notes pay a periodic and predetermined fixed rate of interest over the life of the Note. Unless your Notes are redeemed early, you will receive an amount in respect of a Note on each interest payment date calculated by applying the relevant fixed rate of interest to each Calculation Amount in relation to the Note, and then multiplying the resultant amount by the applicable 'day count' fraction described above.

WORKED EXAMPLE: FIXED RATE NOTES

Assumptions

- The nominal amount of the Note is £1,000;
- the fixed rate is 3 per cent. (3%) per annum;
- the day count fraction is “Actual/365 (Fixed)”, being the actual number of calendar days in the interest period, divided by a year (assumed under this convention to be 365 days); and
- the actual number of calendar days in the interest period is 183.

Issue Price

The amount payable per Note is 100 per cent. of the Calculation Amount = £1,000.

Interest amount payable

The interest amount payable on the interest payment date on each Calculation Amount per Note will be £15.04 (rounded to two decimal places). This figure is calculated as fixed interest of 3 per cent., or $0.03 \times £1,000 \times$ day count fraction of $183/365$ or 0.5013699.

Amount payable upon redemption

The amount payable per Note will be 100 per cent. of the Calculation Amount = £1,000. This amount is 100 per cent. of the price per Note originally paid by the investor.

Floating Rate Notes

Floating Rate Notes pay interest that is calculated by reference to a fluctuating benchmark rate, either (i) an interest rate benchmark, such as the London Interbank Offered Rate (“**LIBOR**”) or the Euro Interbank Offered Rate (“**EURIBOR**”), or (ii) a rate of interest determined in accordance with market standard definitions, published by the International Swaps and Derivatives Association, Inc (“**ISDA Definitions**”), plus or minus, in each case, a margin and subject, in certain cases, to a maximum or minimum rate of interest. Interest rate benchmarks reflect the rate at which banks are willing to lend funds to each other in a particular market (for LIBOR this is the London interbank market and for EURIBOR this is the Euro-zone interbank market). Interest rates determined in accordance with the ISDA Definitions reference hypothetical derivative contracts to determine a rate of interest.

If the benchmark rate is, for example, LIBOR or EURIBOR, this will commonly be taken as the rate appearing at the relevant time on a specified screen service. This is referred to in the Terms and Conditions of the Notes and the Final Terms as “Screen Rate Determination” and, in the case of such an issue of Floating Rate Notes, the Final Terms will specify the relevant benchmark (referred to in the Final Terms as the “Reference Rate”), the date and time on which the benchmark rate will be determined for each interest period (the “Interest Determination Date”) and the screen from which the rate will be taken (the “Relevant Screen Page”). If the screen rate is not available, the Terms and Conditions of the Notes contain fallback provisions which allow the rate to be determined on the basis of the arithmetic mean of rates quoted by reference banks in the relevant market.

If the interest rate is to be determined using the ISDA Definitions, this is referred to in the Terms and Conditions of the Notes and the Final Terms as “ISDA Determination”. In such a case, the interest rate will be equivalent to the floating rate which would be determined in a hypothetical interest rate swap transaction for which the Floating Rate Option, the Designated Maturity and the relevant Reset Date are specified in the Final Terms. In an interest rate swap, each counterparty agrees to pay either a fixed or floating rate of interest denominated in a particular currency to the other counterparty. The relevant ISDA Definitions on which the hypothetical swap transaction will be based will also be specified in the Final Terms.

Unless your Notes are redeemed early, in respect of each Note and on each interest payment date you will receive an amount calculated by applying the rate of interest for that interest period to each Calculation Amount, and then

multiplying the resultant amount by the applicable 'day count' fraction as described above. The rate of interest for any interest period will be determined by adding the relevant margin to the level of the interest rate benchmark or rate determined using the ISDA Definitions, as applicable, for such interest period (or subtracting the relevant margin, if the margin is a negative number). The result may be subject to a maximum or minimum rate if so specified in the Final Terms.

WORKED EXAMPLE: FLOATING RATE NOTES – SCREEN RATE DETERMINATION

Assumptions

- the nominal amount of the Note is £1,000;
- the Reference Rate is 6 month GBP LIBOR;
- the margin is "plus 2.00 per cent." (2.00%);
- the rate of interest is subject to a maximum rate of 7.00 per cent. (7.00%) per annum;
- the day count fraction is "Actual/365 (Fixed)", being the actual number of calendar days in the interest period, divided by a year (assumed under this convention to be 365 days); and
- the actual number of calendar days in the interest period is 181.

Issue price

The amount payable per Note is 100 per cent. of the Calculation Amount = £1,000.

Interest amount payable

- (i) If the Reference Rate on the relevant Interest Determination Date is shown on the Relevant Screen Page as 2.10 per cent. (2.10%), the interest amount payable on the corresponding interest payment date will be equal to £20.33 (rounded to two decimal places). This figure is calculated for each Calculation Amount per Note as $£1,000 \times \text{rate of interest of } 4.10\% \text{ (or } 0.041) \times \text{day count fraction of } 181/365$. The rate of interest (4.10%) is calculated as the Reference Rate of 2.10% (or 0.021) plus 2.00% (or 0.02) margin, and, given the level of the rate, is not affected by the maximum rate of interest; and
- (ii) If the Reference Rate on the relevant Interest Determination Date is shown on the Relevant Screen Page as 6.16 per cent. (6.16%), the interest amount payable on the corresponding interest payment date will be equal to £34.71 (rounded to two decimal places). This figure is calculated for each Calculation Amount per Note as $£1,000 \times \text{rate of interest of } 7.00\% \text{ (or } 0.07) \times \text{day count fraction of } 181/365$. The rate of interest (7.00%) is set as the maximum rate of interest because the Reference Rate of 6.16% (or 0.0616) plus 2.00% (or 0.02) margin, results in a rate of 8.16%. In this scenario, the rate of interest is capped at 7.00%.

Amount payable upon redemption

The amount payable per Note will be 100 per cent. of the Calculation Amount = £1,000. This amount is 100 per cent. of the price per Note originally paid by the investor.

WORKED EXAMPLE: FLOATING RATE NOTES – ISDA DETERMINATION

Assuming, for the purpose of this worked example only, that:

- the nominal amount of the Note is £1,000;
- the Floating Rate Option is GBP-LIBOR-BBA;
- the Designated Maturity is 6 months;
- the margin is “plus 1.50 per cent.” (1.50%);
- the rate of interest is subject to a maximum rate of 6.00 per cent. per annum;
- the ISDA Definitions on which the hypothetical swap transaction will be based are the 2006 ISDA Definitions;
- the day count fraction is "Actual/365 (Fixed)", being the actual number of calendar days in the interest period, divided by a year (assumed under this convention to be 365 days); and
- the actual number of calendar days in the interest period is 181.

Issue price

The amount payable per Note is 100 per cent. of the Calculation Amount = £1,000.

Interest amount payable

- (i) If the floating rate for the hypothetical swap transaction would be determined on the relevant Reset Date as 2.40 per cent. (2.40%) on the basis of GBP-LIBOR-BBA (as defined in the 2006 ISDA Definitions) for the Designated Maturity, the interest amount payable on the corresponding interest payment date will be equal to £19.34 (rounded to two decimal places). This figure is calculated for each Calculation Amount per Note as $£1,000 \times \text{rate of interest of } 3.90\% \text{ (or } 0.039) \times \text{day count fraction of } 181/365$. The rate of interest (3.90%) is calculated as the floating rate of 2.40% (or 0.024) plus 1.50% (or 0.015) margin, and, given the level of the rate, is not affected by the maximum rate of interest; and
- (ii) If the floating rate for the hypothetical swap transaction would be determined on the relevant Reset Date as 5.40 per cent. (5.40%) on the basis of GBP-LIBOR-BBA (as defined in the 2006 ISDA Definitions) for the Designated Maturity, the interest amount payable on the corresponding interest payment date will be equal to £29.75 (rounded to two decimal places). This figure is calculated for each Calculation Amount per Note as $£1,000 \times \text{rate of interest of } 6.00\% \text{ (or } 0.06) \times \text{day count fraction of } 181/365$. The rate of interest (6.00%) is set as the maximum rate of interest because the floating rate of 5.40% (or 0.054) plus 1.50% (or 0.015) margin, results in a rate of 6.90%. In this scenario, the rate of interest is capped at 6.00%.

Amount payable upon redemption

The amount payable per Note will be 100 per cent. of the Calculation Amount = £1,000. This amount is 100 per cent. of the price per Note originally paid by the investor.

Zero Coupon Notes

No amount of interest will accrue or become payable on Zero Coupon Notes. In the case of Zero Coupon Notes, the Final Terms will specify the ‘Interest Basis’ to be ‘Zero Coupon’. Zero Coupon Notes are generally issued at a discounted issue price (such as 95 per cent.) to their nominal amount and then repaid at their full amount (100 per cent.). Therefore, if you purchase Zero Coupon Notes on their issue date and hold them to maturity, your return will be the difference between the issue price and the nominal amount of the Zero Coupon Notes paid on maturity.

WORKED EXAMPLE: ZERO COUPON NOTES

Assumptions

- the nominal amount of the Note is £1,000;
- the Final Terms specifies the Interest Basis to be 'Zero Coupon';
- the Issue Price is 80 per cent. of the Calculation Amount;
- the Notes were due to mature five years after they were issued; and
- the Redemption Basis is £1,000 per Calculation Amount.

Issue price

The amount payable per Note is 80 per cent. of the Calculation Amount = £800.

Interest amount payable

No interest will be payable.

Amount payable on redemption

The amount payable per Note will be 100 per cent. of the Calculation Amount = £1,000. This amount is 125 per cent. of the price per Note originally paid by the investor.

Redemption

Redemption at maturity

All of the Notes to be issued under the Programme are redeemable on their maturity date at not less than 100 per cent. This means that, provided you hold the Notes until maturity, the amount you receive when the Notes mature will equal your initial investment. Unless your Notes are redeemed early (as described below) or are purchased and cancelled or an Event of Default occurs in respect of the Notes (as described below), if you purchased £1,000 in nominal amount of the Notes, you will receive £1,000 from the Issuer on the maturity date of the Notes. This is known as redemption at par. In such circumstances, the "Final Redemption Amount" will be shown in the applicable Final Terms as "100 per cent. of the nominal amount of the Notes" or "£1,000 per Calculation Amount".

Call options

A call option gives the issuer the right to redeem the Notes before the final maturity date at a predetermined cash price on a specified date. If the Notes are redeemed, you will be paid the redemption amount specified in the Final Terms plus any accrued and unpaid interest. The Issuer is given the right to redeem all, but not some only, of the Notes in certain circumstances for tax reasons (as described in Condition 6(c)) and, if specified in the Final Terms, all, or some only, of the Notes on notice to holders of the Notes (as described in Condition 6(d)). The terms of any additional call options will be set out in the Final Terms.

Following the exercise by the issuer of a call option, you will receive an amount equal to the Early Redemption Amount specified in the Final Terms (in the case of a call for taxation reasons) or the Optional Redemption Amount specified in the Final Terms (in the case of any other call option) in respect of each Note, together with accrued (but unpaid) interest.

Put options

A put option gives you the right to require the Issuer to redeem all, or some only, of your Notes before the final maturity date at a predetermined cash price on a specified date(s). If you elect to exercise the put option in respect of one or more of your Notes, you will be paid the redemption amount specified in the Final Terms plus any accrued (but unpaid) interest up to (but excluding) the date of redemption of the relevant Notes. Notes that are not so redeemed shall continue until the

final maturity date unless another event occurs at an earlier date requiring the redemption of the Notes or their purchase and cancellation (including the occurrence of an event of default in respect of the Notes).

Events of default

If certain events of default occur and are continuing, the Notes may become due and payable at the Early Redemption Amount specified in the Final Terms, together with accrued (but unpaid) interest. An event of default is a breach by the Issuer of certain provisions in the Terms and Conditions of the Notes. Events of default under the Notes include, subject to certain exceptions: (a) non-payment of principal for seven days and of interest for 14 days, (b) breach of other obligations under the Notes or the Trust Deed (which breach is not remedied within 30 days), (c) defaults under other debt agreements for borrowed money of the Issuer or any of its Subsidiaries subject to an aggregate threshold of £20,000,000, (d) enforcement proceedings against the Issuer or its Subsidiaries and (e) certain events related to insolvency or winding-up of the Issuer or any of its Subsidiaries. In addition, Trustee certification that certain of the events described above would be materially prejudicial to the interests of the Noteholders is required before such events will be deemed to constitute Events of Default.

PART V

TAXATION

United Kingdom taxation

The following comments are a general summary of the Issuer's understanding of current United Kingdom tax law as applied in England and Wales and HM Revenue & Customs ("HMRC") published practice (which may not be binding on HMRC) in the United Kingdom relating only to United Kingdom withholding tax on payments of principal and interest in respect of Notes as of the date of this document. It does not deal with any other United Kingdom taxation implications of acquiring, holding or disposing of Notes. The comments apply only to persons who are the beneficial owners of Notes and may not apply to certain classes of persons such as dealers or certain professional investors. The United Kingdom tax treatment of prospective Noteholders depends on their individual circumstances and may be subject to change in the future. Prospective Noteholders should be aware that the particular terms of issue of any Series of Notes may affect the tax treatment.

The following is a general guide and is not intend to be exhaustive. Any prospective Noteholders who may be subject to tax in a jurisdiction other than the United Kingdom or who may be unsure as to their tax position should seek their own professional advice.

Interest on the Notes

Payments of interest on the Notes may be made without deduction of or withholding on account of United Kingdom income tax provided that the Notes are and continue to be listed on a "recognised stock exchange" within the meaning of section 1005 of the Income Tax Act 2007. The London Stock Exchange is a recognised stock exchange for these purposes. Securities will be treated as listed on the London Stock Exchange if they are listed on the UK Listing Authority's Official List and admitted to trading on the London Stock Exchange. Notes to be traded on a recognised stock exchange outside the United Kingdom will be treated as listed on a recognised stock exchange if (and only if) they are admitted to trading on that exchange and they are officially listed, in accordance with provisions corresponding to those generally applicable in European Economic Area states, in a country outside the United Kingdom in which there is a recognised stock exchange. Provided that the Notes are and remain listed on a recognised stock exchange, interest on the Notes will be payable without withholding or deduction on account of United Kingdom income tax.

Interest on the Notes may also be paid without withholding or deduction on account of United Kingdom income tax where interest on the Notes is paid by the Issuer and, at the time the payment is made, the Issuer reasonably believes: (i) that the beneficial owner of the interest is within the charge to United Kingdom corporation tax as regards the payment of interest or (ii) the recipient falls within various categories enjoying a special tax status (including specified pension funds), provided that HMRC has not given a direction (in circumstances where it has reasonable grounds to believe that the above exemption is not available in respect of such payment of interest at the time the payment is made) that the interest should be paid under deduction of tax.

Interest on the Notes may also be paid without withholding or deduction on account of United Kingdom income tax where the maturity of the Notes is less than 365 days from the date of issue and the Notes are not issued under arrangements the intention or effect of which is to render such Notes part of a borrowing intended to be capable of remaining outstanding for more than 364 days.

If Notes are issued at a discount to their nominal amount, any such discount element should not constitute interest and so should not be subject to any United Kingdom withholding tax. If Notes are repaid at a premium to their nominal amount (as opposed to being issued at a discount) then, depending on the circumstances, such a premium may constitute a payment of interest for United Kingdom tax purposes and hence, subject to the exemptions described above, may be subject to United Kingdom withholding tax as set out below.

Where no exemption applies, an amount must generally be withheld from any payments of United Kingdom source interest on the Notes on account of United Kingdom income tax at the basic rate (currently 20 per cent.) subject to the availability of other reliefs under domestic law. However, where an applicable double tax treaty provides for a lower rate of withholding tax (or for no tax to be withheld) in relation to a Noteholder, HMRC can issue a direction to the Issuer to pay interest to the Noteholder without deduction of tax (or for interest to be paid with tax deducted at the rate provided for in the relevant double tax treaty).

Other rules relating to United Kingdom withholding tax

Where interest has been paid under deduction of United Kingdom income tax, Noteholders who are not resident in the United Kingdom may be able to recover all or part of the tax deducted if there is an appropriate provision in any applicable double taxation treaty.

The references to “interest” above mean “interest” as understood in United Kingdom tax law. The statements above do not take any account of any different definitions of “interest” or “principal” which may prevail under any other law or which may be created by the Terms and Conditions of the Notes or any related documentation.

The above description of the United Kingdom withholding tax position does not consider the tax consequences of any substitution of the relevant Issuer as provided for by Condition 11(c).

The proposed financial transactions tax

On 14 February 2013, the European Commission published a proposal (the “**Commission’s Proposal**”) for a Directive for a common financial transaction tax (“**FTT**”) in Belgium, Germany, Estonia, Greece, Spain, France, Italy, Austria, Portugal, Slovenia and Slovakia (the “**participating Member States**”). However, Estonia has since stated that it will not participate.

The Commission’s Proposal has very broad scope and could, if introduced, apply to certain dealings in Notes (including secondary market transactions) in certain circumstances.

Under the Commission’s Proposal, the FTT could apply in certain circumstances to persons both within and outside of the participating Member States. Generally, it would apply to certain dealings in Notes where at least one party is a financial institution, and at least one party is established in a participating Member State. A financial institution may be, or be deemed to be, “established” in a participating Member State in a broad range of circumstances, including: (a) by transacting with a person established in a participating Member State or (b) where the financial instrument which is subject to the dealings is issued in a participating Member State.

However, the FTT proposal remains subject to negotiation between participating Member States. It may therefore be altered prior to any implementation, the timing of which remains unclear. Additional EU Member States may decide to participate.

Prospective holders of Notes are advised to seek their own professional advice in relation to the FTT.

FATCA

Pursuant to certain provisions of the U.S. Internal Revenue Code of 1986, commonly known as FATCA, a “foreign financial institution” may be required to withhold on certain payments it makes (“**foreign passthru payments**”) to persons that fail to meet certain certification, reporting, or related requirements. The Issuer may be a foreign financial institution for these purposes. A number of jurisdictions (including the United Kingdom) have entered into, or have agreed in substance to, intergovernmental agreements with the United States to implement FATCA (“**IGAs**”), which modify the way in which FATCA applies in their jurisdictions. Under the provisions of IGAs as currently in effect, a foreign financial institution in an IGA jurisdiction would generally not be required to withhold under FATCA or an IGA from payments that it makes. Certain aspects of the application of the FATCA provisions and IGAs to instruments such as the Notes, including whether withholding would ever be required pursuant to FATCA or an IGA with respect to payments on instruments such as the Notes, are uncertain and may be subject to change. Even if withholding would be required pursuant to FATCA or an IGA with respect to payments on instruments such as the Notes, such withholding would not apply prior to 1 January 2019 and Notes issued on or prior to the date that is six months after the date on which final regulations defining “foreign passthru payments” are filed with the U.S. Federal Register generally would be “grandfathered” for purposes of FATCA withholding unless materially modified after such date (including by reason of a substitution of the issuer). However, if additional notes (as described under Part VIII (*Terms and Conditions of the Notes—Further Issues*) of this document) that are not distinguishable from previously issued Notes are issued after the expiration of the grandfathering period and are subject to withholding under FATCA, then withholding agents may treat all Notes, including the Notes offered prior to the expiration of the grandfathering period, as subject to withholding under FATCA. Holders should consult their own tax advisers regarding how these rules may apply to their investment in the Notes.

PART VI

DESCRIPTION OF THE ISSUER AND THE GROUP

Introduction

The Group is a global specialist insurance and reinsurance group with underwriting platforms in the Lloyd's market, the United States and Ireland. The Group also operates out of an international network of offices in Australia, Brazil, Dubai, France, Germany, Norway and Singapore. As at 31 December 2016, the Group employed approximately 1,144 staff across its operations.

The Group's principal business is conducted: (a) in the United Kingdom, through the Beazley Syndicates; (b) in the United States, through BICI, an admitted carrier in all 50 states and the District of Columbia; and (c) in Ireland, through Beazley Insurance, which writes internal reinsurance business and which is authorised by the CBI as a European insurance company. Through the Managed Syndicates and the Group's service companies, the Group is licensed in the US and, by virtue of its Lloyd's syndicates, is licensed to provide specialist insurance services to businesses in the US and over 200 other countries and territories. Beazley's regulated subsidiary, Beazley Furlonge Limited, acts as the managing agent for the Managed Syndicates. The Beazley Syndicates, as well as being managed by Beazley Furlonge Limited, are fully backed by the Group (through the capital of Beazley Underwriting Limited) whilst the Managed Syndicates are backed solely by third-party Lloyd's names. Syndicate 6050, one of the Managed Syndicates, was established as a special purpose syndicate in cooperation with Korean Re. These businesses are integrated onto a single operating platform and managed on a product–line basis across five divisions:

- Specialty Lines;
- Property;
- Marine;
- Reinsurance; and
- Political, Accident and Contingency.

The Group's business diversity, both by class of business and geography, is considered by the Issuer to provide a balanced exposure to risk. Underwriting some 49 specialist classes, the Group has the ability, subject to obtaining any applicable regulatory or Lloyd's approvals, to vary its mix of business with a view to optimising risk–based returns, according to specific market conditions for each class. The Group's portfolio comprises both large and small risks, with a geographical spread, and a balance between short– and medium–tail business. Through monitoring a diversified underwriting portfolio, the Group seeks to achieve a consistent combined ratio through market cycles.

In 2016, the Group's share of gross premiums written totalled US\$2,195.6 million (2015: US\$2,080.9 million, 2014: US\$2,021.8 million).

The Group has a strong presence in the United States, with 65% of the Group's gross written premiums in 2016 relating to risks in the United States (with 14% relating to risks in Europe and 21% relating to risks in other territories).

The Group's objective is to become and be recognised as the highest performing specialist insurer. In order to realise this objective, the Group's strategy focuses on three key areas: prudent capital allocation to achieve diversified profitability across the Group, the nurturing and enhancement of the Group's skills base and the scaling of the Group's operations to ensure that, as the Group grows, it can continue to provide the level of service that the Group's brokers and clients expect.

History and Development

Background

Since its establishment in 1986, the Group has developed from a small London market managing agent to a global specialist insurance and reinsurance business with underwriting platforms in the Lloyd's market, the United States and Ireland.

Beazley Furlonge & Hiscox Limited commenced trading in 1986 as a joint venture between the Hiscox Group, Andrew Beazley and Nicholas Furlonge, to act as the managing agent of Syndicate 623. In 1993, Beazley Furlonge Holdings Limited, purchased the Hiscox Group's stake. Following completion of the buy-out, the managing agent was renamed Beazley Furlonge Limited.

In 1997, Aon acquired a 49.9% interest in Beazley Furlonge Holdings Limited. This company, together with Aon, formed Beazley Dedicated, a corporate member of Lloyd's, for the purpose of committing capital to Syndicate 623. In March 2001, management, employees and associates bought out Aon's interest in Beazley Furlonge Holdings Limited.

In 2002, the Group established a new syndicate, Syndicate 2623, which was initially supported by a subsidiary of Berkshire Hathaway, Inc., increasing the managed capacity of the Group by £78 million to £403 million. In the same year, the then parent company of the Group was admitted to trading on the London Stock Exchange's main market for listed securities, raising £150 million in capital through its initial public offering. The proceeds of the offering provided capital to support Syndicate 2623, which, from 2003 onwards, was backed solely by the Group's capital.

Pursuant to a rights issue in 2004, the Group raised a further £105 million (net of expenses) to provide capital to support the continued growth in its underwriting activities at Lloyd's and to develop its US ambitions.

In 2005, the Group expanded into the United States through the acquisition of the Omaha Property and Casualty Insurance Company, which was subsequently renamed Beazley Insurance Company, Inc., for US\$20.5 million. The Group now operates in the United States across all 50 states and the District of Columbia, through BICI and a managing general agent, Beazley USA Services, Inc., which writes business on behalf of both BICI and the Managed Syndicates.

In November 2008, the Group acquired Momentum Underwriting Management Limited and established Syndicates 3623 and 3622. Syndicate 3623 focuses on personal accident business, whilst Syndicate 3622 is a dedicated life syndicate.

In 2009, following a review of the Group's organisational, operating and capital structure, Beazley Ireland Holdings plc (then named Beazley plc), a company incorporated and registered in Jersey (Beazley Ireland), became the new holding company of the Group by way of a scheme of arrangement and Beazley Insurance was incorporated in Ireland to underwrite insurance business from Dublin.

In April 2009, the Group raised £150 million by way of a rights issue, with the proceeds being used to develop its business. Also in 2009, the Group completed the acquisition of First State Management Group, Inc., a US underwriting manager focusing on surplus lines commercial property business.

In 2010, Syndicate 6107, a sidecar syndicate, was formed to grow the Group's reinsurance business.

In April 2011, the Group expanded its presence in the Australian group disability market through the purchase of two managing general agencies, Australian Income Protection and Blue-GUM Special Risks.

In March 2015, the Group entered into a partnership with Korean Re to develop business together and to establish a special purpose syndicate at Lloyd's (Syndicate 6050). Under the agreement, Syndicate 6050 will write a whole account quota share of Syndicate 623 and Syndicate 2623 and the Group will take a quota share of Korean Re's commercial lines book. The agreement envisages the Group embedding products with Korean Re to distribute through its domestic distribution channels.

On 13 April 2016, the Issuer became the parent company of the Group pursuant to a scheme of arrangement made under article 125 of the Companies (Jersey) Law 1991 between Beazley Ireland Holdings plc ("**Beazley Ireland**") (which, prior to the scheme of arrangement, was named Beazley plc and was the ultimate parent company of the Group) and the holders of Beazley Ireland's shares. As a result of the scheme of arrangement, Beazley Ireland became the direct wholly-owned subsidiary of the Issuer. On the same date, Beazley Ireland's shares were delisted from the premium segment of the Official List and from London Stock Exchange plc's main market for listed securities and the Issuer's shares were admitted to the premium segment of the Official List and admitted to trading on London Stock Exchange plc's main market for listed securities.

In February 2017, the Group expanded its presence in Canada with the acquisition of the specialist managing general agent, Creechurch Underwriters.

In July 2017, the CBI authorised the conversion of Beazley Insurance from a reinsurance company to an insurance company. As a result of the authorisation, Beazley Insurance is authorised to write all non-life insurance other than motor

vehicle liability insurance. Beazley Insurance intends to operate on a freedom of establishment basis in the United Kingdom, France, Germany and Spain and therefore enable the Group to broaden its underwriting platforms to European clients.

Capacity structure

The following table shows the growth in the underwriting capacity of the Managed Syndicates and the Beazley Syndicates for the 2006 to 2016 years of account:

	Year of account										
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Managed Syndicates' capacity (£ million)	830	860	847	917	1,307	1,319	1,318	1,408	1,514	1,457	1,645
Growth (%)	12	4	(2)	8	43	1	–	7	7	(4)	13
Beazley Syndicates' capacity (£ million)	647	697	692	769	1,077	1,090	1,094	1,165	1,250	1,187	1,346
Growth (%)	24	–	(1)	11	40	1	–	7	7	(5)	13

Underwriting capacity across the Managed Syndicates and the Beazley Syndicates is managed by Beazley Furlonge Limited. Between 2001 and 2007, managed capacity increased in response to improving market conditions. The growth was mainly achieved in existing areas of expertise rather than by entering new classes of business. In 2008, the Group reduced capacity in anticipation of a less attractive rating environment. However, there were significant increases in capacity during 2009 and 2010, which were principally due to additional businesses acquired during these years (as described above). In addition, a significant proportion of the Beazley Syndicates' and the Managed Syndicates' business is written in the United States, whereas the underwriting capacity of those syndicates is reported in sterling. Accordingly, the US dollar/pound sterling exchange rate affects the reported underwriting capacity of the Beazley Syndicates and the Managed Syndicates. Therefore, another significant factor affecting the reported underwriting capacity in the 2009 and 2010 years of account was the strengthening of the US dollar against sterling during that period. Capacity remained relatively stable during 2011 and 2012, but it was increased in 2013 and 2014 in order to achieve planned growth in premiums written. In 2015, capacity was flat in US dollar terms; the decrease reported in sterling was due to the movement in the exchange rate for the US dollar against sterling. In 2016, capacity increased marginally in US dollar terms, with the increase reported in pounds sterling being principally due to a reversal of the movement in the exchange rate for the US dollar against pound sterling seen in 2015.

Underwriting performance

The table below sets out the Group's claims ratio, expense ratio and combined ratio over the last five full financial years relative to the combined ratio of the Lloyd's market as a whole.

	2012	2013	2014	2015	2016	Five-year average ⁽¹⁾
Expense ratio	38%	39%	40%	39%	41%	39%
Claims ratio	53%	45%	49%	48%	48%	49%
Combined ratio	91%	84%	89%	87%	89%	88%
Lloyd's market combined ratio ⁽²⁾	91%	87%	88%	90%	98%	91%

Notes:

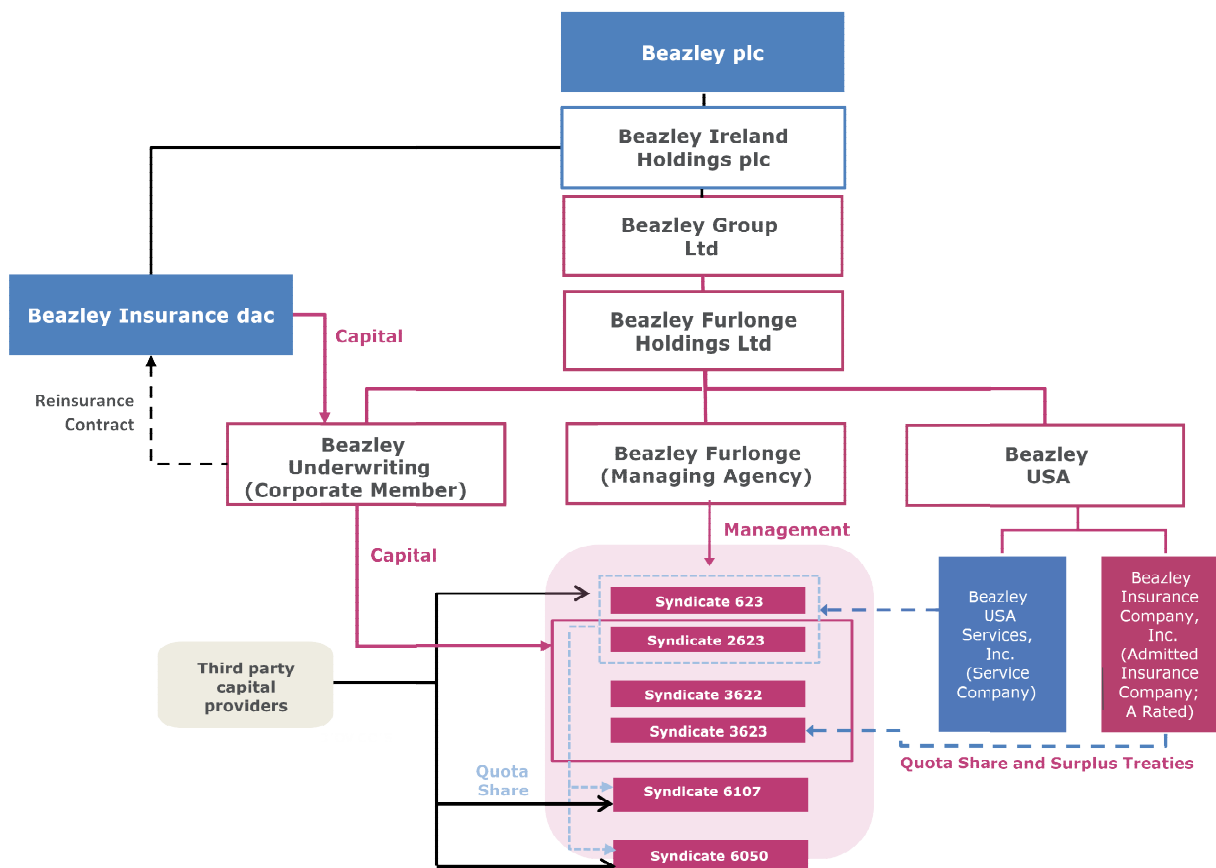
- (1) Five-year average based on 2012 to 2016 reporting periods.
- (2) Source: Lloyd's.

The combined ratio is a measure of an insurer's underwriting profitability based on the ratio of net incurred claims plus net operating expenses to net earned premiums. For example, a combined ratio of 100 per cent. indicates that the insurer is paying out the same amount on claims and expenses as it is receiving in premiums (before taking into account any investment return), while a combined ratio of less than 100 per cent. indicates that the insurer is paying out less on claims and expenses than it is receiving premiums, giving rise to an underwriting profit. The combined ratio can be further broken down into its constituent parts, being the claims ratio and the expense ratio. The claims ratio is the ratio of net insurance claims to net earned premiums. The calculation is performed excluding the impact of foreign exchange on non-monetary items. The expense ratio is the ratio of the sum of expenses for the acquisition of insurance contracts and administrative expenses to net earned premiums. The calculation is performed excluding the impact of foreign exchange on non-monetary items.

The Group's combined ratio of 91.0% for 2012 was in line with the combined ratio of 91.1% for the broader Lloyd's market in the same year. In 2013 and 2015, the Group's combined ratios of 84% and 87%, respectively, were lower than the historic average due to relatively low levels of claims activity with no significant catastrophes or adverse developments on prior years' claims. In 2014, the Group's combined ratio of 89% was closer to the historic average. In 2016, the Group's combined ratio increased slightly to 89% (2015: 87%). Despite continued competitive pressures over the period, the Group's average combined ratio from 2012 to 2016 is 88%.

Group structure

The diagram below sets out an overview of the Group's operational structure as of the date of this document:



The principal entities within the Group's structure are as follows:

- Beazley plc – the Group holding company (and the Issuer under the Programme described in this document);
- Beazley Ireland Holdings plc – an intermediate holding company;
- Beazley Group Limited – the principal unregulated operating company of the Group;
- Beazley Underwriting Limited – a corporate member at Lloyd's writing business through syndicates 2623, 3622 and 3623;
- Beazley Furlonge Limited – a managing agency for the six syndicates managed by the Group (623, 2623, 3622, 3623, 6107 and 6050);
- Beazley Insurance Designated Activity Company (formerly Beazley Re Designated Activity Company) – a company that (a) accepts reinsurance premium ceded by the corporate member, Beazley Underwriting Limited and (b) is authorised by the CBI as a European insurance company;
- Syndicate 2623 – a corporate body regulated by Lloyd's through which the Group underwrites its general insurance business excluding accident and life. Its business is written in parallel with syndicate 623;

- Syndicate 623 – a corporate body regulated by Lloyd’s, which has its capital supplied by third-party names;
- Syndicate 6107 – a special purpose syndicate writing reinsurance business on behalf of third-party names;
- Syndicate 3622 – a corporate body regulated by Lloyd’s through which the Group underwrites its life insurance and reinsurance business;
- Syndicate 3623 – a corporate body regulated by Lloyd’s through which the Group underwrites its personal accident and BICI reinsurance business;
- Syndicate 6050 – a special purpose syndicate established in cooperation with Korean Re, which writes a whole account quota share of Syndicate 623 and Syndicate 2623;
- Beazley Insurance Company, Inc. (“**BICI**”) – an insurance company regulated in the US. Licensed to write insurance business in all 50 states and the District of Columbia; and
- Beazley USA Services Inc. – a managing general agent based in Farmington, Connecticut, which underwrites business on behalf of Beazley syndicates and BICI.

The Group and its principal businesses

The Group currently operates across six insurance and reinsurance divisions.

Specialty Lines

The Specialty Lines division comprises professional liability and management liability risks, including cyber liability, underwritten for clients on both a primary and excess basis in North America, Europe and around the world. The Specialty Lines division generated gross written premiums of US\$1,159.8 million in 2016 (2015: US\$1,015.2 million). Established in 1986, the Issuer believes that Specialty Lines is a market leader in many of its lines of business. Cyber liability is written under traditional errors and omissions coverage, information security liability coverage and the Beazley Breach Response product, which provides information security coverage with additional breach management services. The division is organised by size into large and small risk teams (the latter of which is known as “Private Enterprise”). The specialty treaty team provides specific product reinsurance cover to insurance carriers. In 2016, the Specialty Lines division led on approximately 94% of risks written, contributed US\$133.9 million to Group underwriting profit before tax (2015: US\$77.0 million) and had a combined ratio of 93% (2015: 96%).

The Specialty Lines division includes the following classes of business:

<i>Class</i>	<i>Description</i>	<i>Proportion of Specialty Lines 2016 gross written premiums</i>
Technology, Media and Business Services	Errors and omissions, privacy and data breaches and network security liability	27%
Small Businesses	Professional liability, errors and omissions, privacy and data breaches, and network security liability	20%
Professions	Professional negligence and malpractice with US focus, targeting architects and engineers, lawyers, healthcare and technology, media and business services	18%
Management Liability	Public company D&O, employment practices, private company, non-profit organisations, fiduciary and crime liability, with US private enterprise and middle market focus	17%
Healthcare	Medical malpractice, management liability, network security and privacy, commercial property and terrorism coverage	11%
Treaty	Specific product reinsurance	6%
Crime.....	Crime insurance and financial fidelity insurance	1%

Property

The Property division generated gross written premiums of US\$329.7 million in 2016 (2015: US\$353.1 million). Established in 1992, the team’s underwriters underwrite this business through three geographic platforms: the Lloyd’s market, the United States and Singapore. The division’s business focuses on commercial property, jewellers, construction

risks and select homeowners business. In 2016, the Property division led on approximately 70% of risks written, contributed US\$51.5 million to Group underwriting profit before tax (2015: US\$59.7 million) and had a combined ratio of 87% (2015: 84%).

The Property division includes the following classes of business:

<i>Class</i>	<i>Description</i>	<i>Proportion of Property 2016 gross written premiums</i>
Commercial Property.....	Risk-managed and surplus lines property business, written on a worldwide basis	60%
Small Property Business.....	Commercial fire and personal lines business written via binding authorities granted to experienced agents	17%
Jewellers and Homeowners ..	Homeowners' business in the UK and bespoke policies to the jewellery trade	13%
Engineering	Construction and engineering business written on a worldwide basis	10%

Marine

The Marine division generated gross written premiums of US\$247.4 million in 2016 (2015: US\$269.3 million). Established in 1998, the division has a lead capability and has established a strong profile in the oceangoing vessels sector. Since inception, the account has been expanded with teams providing leading capacity in both the energy and cargo sectors. In 2016, the Marine division led on approximately 60% of risks written, contributed US\$34.5 million to Group underwriting profit before tax (2015: US\$66.9 million) and had a combined ratio of 90% (2015: 77%).

The Marine division includes the following classes of business:

<i>Class</i>	<i>Description</i>	<i>Proportion of Marine 2016 gross written premiums</i>
Hull and Miscellaneous	Builders' risk, hull and machinery, increased value, mortgagee's interest and voyage and towage	26%
Liability.....	Legal liabilities associated with the logistics and maritime industries, specifically truckers' liability, pollution, charterer's liability, protection and indemnity, Mortgages Additional Perils (MAP), overspill, excess pollution and other associated risk	19%
Energy.....	Risks relevant to energy supply generation and delivery, including upstream energy, midstream energy, downstream energy and renewables	18%
Cargo.....	Cargo physical damage and associated liabilities	17%
War.....	Marine and aviation, war and terrorism and associated perils	9%
Aviation.....	Hull and liability, total loss, and plane repairs and overhauls	8%
Satellite.....	Satellite and launch vehicle physical damage, loss of revenue and third-party liability	3%

Reinsurance

The Reinsurance division generated gross written premiums of US\$213.4 million in 2016 (2015: US\$199.9 million). Established in 1986, the team provides capacity predominantly to cedents operating in the major non-life insurance markets. The division specialises in writing property catastrophe, per risk excess of loss, *pro rate* business and casualty clash. The main exposures outside of the United States emanate from the United Kingdom, Europe, Japan, Canada and Australasia. In 2016, the Reinsurance division led on 51% of risks written, contributed US\$60.9 million to Group underwriting profit before tax (2015: US\$66.3 million) and had a combined ratio of 65% (2015: 57%).

The Reinsurance division includes the following classes of business:

<i>Class</i>	<i>Description</i>	<i>Proportion of Reinsurance 2016 gross written premiums</i>
Property Catastrophe	Excess of loss reinsurance covering reinsurers for the accumulation of losses resulting from a catastrophic event	70%
Property Risk.....	Excess of loss reinsurance covering reinsurer for a loss in excess of a specified retention risk. <i>Pro rate</i> covers quota share and surplus share reinsurance	17%
Korean Re.....	Quota share from Korean Re	8%
Miscellaneous.....	Engineering, motor and nuclear business	4%
Casualty Clash.....	Auto and worker compensation accounts	1%

Political, Accident and Contingency

The Political, Accident and Contingency division was formed on 1 January 2017 as a result of the bringing together of the Group's Life, Accident and Health division and Political Risks and Contingency division. By bringing these trading divisions together, the Group hoped to build upon the synergies between the two lines of business and to enhance cross-selling opportunities.

The Political, Accident and Contingency division will focus on political, contingency, terrorism, life, sports and personal accident insurance.

In 2016, the former Political Risks and Contingency division generated gross written premiums of US\$118.7 million (2015: US\$123.6 million). In the same year, it led on approximately 75% of risks written, contributed approximately US\$31.5 million to Group underwriting profit before tax (2015: US\$0.4 million) and had a combined ratio of 75% (2015: 103%).

In 2016, the former Life, Accident and Health division generated gross written premiums of US\$126.6 million (2015: US\$119.8 million). In the same year, it led on approximately 52% of risks written, had an underwriting loss of US\$3.9 million (underwriting profit in 2015: US\$29.0 million) and had a combined ratio of 104% (2015: 76%).

Product development

The Group is continually seeking to refine the products it offers, as well as launching new products aimed at targeted niche markets. Key product launches during the 12-month period prior to the date of this document include:

- two innovative sets of products for organisations domiciled outside the United States, with one designed for the specific needs of financial institutions and the other providing comprehensive management liability cover for traditional and emerging risks;
- Anything Lineslip, which offers terms for all US management, professional, cyber and healthcare liability risks;
- five new products in the US builders' risk and inland marine sectors; and
- cancellation coverage for rain affected events in the United Kingdom.

The Group has recently developed certain strategic collaborations in key areas to bring innovation and capacity to selected markets. For example:

- in April 2017, the Group and Munich Re announced the creation of Vector, a partnership to enable large companies to obtain coverage for a wide range of first party and third party cyber exposures; and
- in May 2017, the Group, Chaucer and Talbot announced that they will work collectively to provide large scale capacity of up to US\$130 million for individual political and contract frustration risks, with a policy period of up to seven years, through the new Lloyd's consortium based in its Singapore hub.

Together with the development and introduction of new products, the Group also seeks to strengthen its business through the recruitment of specialist underwriters. Over the 12-month period prior to the date of this document, the Group made a

number of such hires, including the recruitment of underwriters specialising in writing business relating to: financial lines, technology and data breach, environmental, specialty surety, construction and engineering, fidelity and crime, miscellaneous medical, aviation and healthcare management liability.

Funding and liquidity

The Group has a number of requirements for capital at a Group and subsidiary level. Capital is primarily required to support underwriting in the Lloyd's market and in the United States and is subject to prudential regulation by local regulators (the CBI, the PRA, Lloyd's, and United States state-level supervisors).

The Group actively seeks to manage its capital base to target capital levels. The Group holds a level of capital over and above its regulatory requirements and targets a level of surplus capital that would enable it to take advantage of new underwriting opportunities such as the acquisition of insurance companies or managing general agents whose strategic goals are aligned with those of the Group.

The Group's approach is to manage its liquidity position so that it can reasonably survive a significant individual or market loss event. This means that the Group seeks to maintain sufficient liquid assets, or assets that can be translated into liquid assets at short notice and without any significant capital loss, to meet expected cash flow requirements. These liquid funds are regularly monitored using cash flow forecasting to ensure that surplus funds are invested to achieve a higher rate of return.

The Group's preferred use of capital is to deploy it on opportunities to underwrite profitably. However, there may be times in the cycle when the Group will generate excess capital and not have the opportunity to deploy it. If such a point were reached, the Company would consider returning capital to its shareholders.

The Group adopts a conservative approach to setting its claims reserves by seeking to maintain claims reserves of between 5% and 10% above the actuarial valuation of claims. Claims reserves are set to reflect the liabilities arising from claims that are both reported but not yet due to be settled and also an estimate of claims that have been incurred but not yet reported.

The Group's principal sources of liquidity are premiums received and cash flow from its investment portfolio and assets. The Group also has access to capital from shareholders' equity (US\$1,483.7 million as at 31 December 2016) and debt instruments and facilities, as further described below under "*Material Contracts*".

Competition

The international insurance and reinsurance markets are very competitive, encompassing a range of niche and multi-product insurance and reinsurance underwriters. The Group has a number of principal competitors which fall into three categories: (a) those that it competes with directly in the Lloyd's market, where key participants include syndicates managed by the Company, Catlin, Chaucer and Hiscox, and those insurers based in the London company market; (b) those that it competes with directly in the United States property and specialty market such as AIG, XL, Chubb, The Travelers and CNA; and (c) those in Bermuda who are competing for business directly with the Lloyd's market and the United States property and specialty markets, together with the United States and London operations of many leading international insurers and reinsurers such as Munich Re, Swiss Re, Hannover Re and units of AIG, Berkshire Hathaway and The Travelers.

Strategy

The Group's objective is to become and be recognised as the highest performing specialist insurer. In order to realise this objective, the Group's strategy focuses on seeking to:

- achieve diversified profitability across the Group through prudent capital allocation;
- diversify its insurance and reinsurance portfolio through geography, class of business, size of risk, mix of short-tail/long-tail business;
- attract and retain high quality underwriters and claims specialists in the market;
- nurture and enhance its skill base with talented underwriters to lead the growth of its business;

- grow through innovation and development of new products to meet clients' needs;
- focus on maintaining high level of service to both brokers and clients; and
- structure its approach to broker relationships with dedicated teams.

Current trading and prospects

In the first half of 2017, the Group's profit before income tax was US\$158.7 million, which represented a 5.7% increase from US\$150.2 million in the first six months of 2016. This increase was principally due to growth in gross written premiums and investment income. During the first half of 2017, the Group's gross written premiums were US\$1,149.3 million, which represented a 2.2% increase from US\$1,124.1 million during the equivalent period in 2016.

As market conditions for large, catastrophe exposed risks have continued to deteriorate, the Group's Specialty Lines division, which is less focused on such risks, has been growing as a proportion of the Group's underwriting portfolio.

Despite the Group's continued strong underwriting profits, conditions for many of the Group's underwriters remained difficult in the first half of 2017. Premium rates for the Group's business as a whole decreased by 2% over this period, but the Group saw steep declines for war (8%), energy (9%) and terrorism (11%). Rates for these lines of business have been falling steadily for several years.

For as long as current market conditions prevail, the Issuer expects growth opportunities for the Group's London underwriters, who often specialise in catastrophe-exposed risks, to be limited. By contrast, the Issuer continues to see attractive growth opportunities across the Group's specialty lines portfolio.

Other growth markets for the Group in the first half of 2017, and areas in which the Issuer sees continuing strong potential, were cyber risks, healthcare risks, environmental risks and financial institutions business.

The Group's investments returned US\$79.4 million, or 1.7%, in the first half of 2017 compared to US\$62.7 million, or 1.4%, in the first half of 2016. Investments have been volatile in this period, largely as a result of political uncertainty in the US. Overall however, as of the date of this document US sovereign yields are little changed from the beginning of 2017 whilst credit spreads have continued to narrow and equity markets have risen strongly, reflecting underlying optimism about global economic prospects. As a result, the Group's investment return in the the first six months of 2017 is higher than the Group had anticipated, helped by the shift from sovereign to corporate bond investments that the Group made in 2016 as well as modest additions to the Group's exposures in 2016 and the first half of 2017.

Administrative, management and supervisory bodies

Board of Directors of the Issuer

As of the date of this document, the Directors of the Issuer, the business address of each of whom is Plantation Place South, 60 Great Tower Street, London EC3R 5AD, United Kingdom, and their functions, together with their principal activities outside the Group (where these are significant with respect to the Issuer), are as follows:

<i>Name</i>	<i>Position</i>	<i>Principal activities outside the Group</i>
Dennis Holt.....	Chairman	Director of The Co-operative Bank plc
Andrew Horton.....	Chief Executive Officer	Director of MAN Group plc
Martin Bride	Group Finance Director	None
Neil Maidment.....	Chief Underwriting Officer	Chairman of the Lloyd's Market Association
Adrian Cox	Head of Specialty Lines	Director of Sydney Walsh Properties Limited
George Blunden.....	Senior Independent Non-Executive Director	Director of Stonewater Limited Director of Stonewater Funding plc Director of The Charity Bank Limited
Angela Crawford–Ingle	Non-Executive Director	Director of Ambre Limited Member of Ambre Partners LLP Director of River and Mercantile Group PLC Director of Swinton Group Limited
Christine LaSala	Non-Executive Director	Director of The Storefront Academy Harlem Director of The Windward School
Sir Andrew Likierman	Non-Executive Director	Director of Centre for Management Development Company Limited Director of Times Newspapers Holdings Limited
John Sauerland.....	Non-Executive Director	Director of Drive Insurance Holdings, Inc. Director of Garden Sun Insurance Services, Inc. Director of Greater Cleveland Food Bank Director of Pacific Motor Club Director of Progn Agency, Inc. Director of Progressive Capital Management Corp. Director of Progressive County Mutual Insurance Company Director of Progressive Premium Budget, Inc. Director of Progressive RSC, Inc.
Robert Stuchbery	Non-Executive Director	Chairman of the Chaucer Foundation
Catherine Woods	Non-Executive Director	Director of AIB Mortgage Bank Director of Allied Irish Banks plc Director of EBS Limited

There are no potential conflicts of interest between the duties to the Issuer of the directors of the Issuer and their private interests or other duties.

Committees

The Issuer's Board of Directors (the "**Board**") is currently assisted in fulfilling its responsibilities by three principal committees, being the Audit and Risk Committee, the Nomination Committee and the Remuneration Committee.

Audit and Risk Committee

The Audit and Risk Committee is chaired by Angela Crawford–Ingle and its other members are Christine LaSala, George Blunden, Robert Stuchbery and Catherine Woods, all of whom are considered by the Board to be independent non-executive directors and to have the appropriate experience to enable the committee to carry out its responsibilities. The Issuer's Chief Executive Officer, Group Finance Director and Chief Risk Officer are invited to attend part of each meeting of this committee and the external auditors are invited to attend meetings regularly. The committee also holds regular separate meetings with the Group's head of internal audit and with the external auditors.

The committee's main objectives, amongst others, are to:

- monitor the integrity of the Issuer's financial statements and any other formal announcements relating to the Issuer's financial performance;
- review significant financial reporting judgements contained in the financial statements before submission to, and approval by, the Board and before clearance by the external auditors;

- review the Issuer’s internal financial controls and its internal control and risk management systems;
- approve the appointment or termination of appointment, of the head of internal audit and monitor and review the effectiveness of the Issuer’s internal audit function;
- review the arrangements by which employees of the Group may, in confidence, raise concerns about possible improprieties in matters of financial reporting or other matters; and
- review any matters raised by the external auditors and the Group’s internal audit function.

In respect of any firm of external auditors and consulting actuaries which may be appointed by any member of the Group, the committee is also responsible for recommending their appointment and termination, recommending their terms of reference, receiving regular reports (independent of management where necessary), determining their independence, monitoring their performance and approving their fees.

The committee receives a number of presentations on the Group’s operational and underwriting activities together with regular updates on the status of actions taken by management to address issues raised by both external auditors and the internal audit function.

The committee undertakes a regular appraisal of its performance in relation to best practice and the findings of these reviews are formally reported to the Board.

Nomination Committee

The Nomination Committee is chaired by Dennis Holt and its other members are George Blunden and Sir Andrew Likierman. The committee meets as required and makes recommendations to the Board on all board appointments, including the selection of non–executive directors.

The committee reviews the structure, size and composition of the Board, oversees the recruitment of directors, both executive and non–executive, reviews the responsibilities and performance of non–executive directors and monitors the effectiveness of the Audit and Risk Committee and the Remuneration Committee.

Remuneration Committee

The Remuneration Committee is chaired by Sir Andrew Likierman and its other members are George Blunden and John Sauerland. On occasion, the committees require the Chief Executive Officer, the Head of Talent Management and/or other executives to attend its meetings for certain agenda items. No executive officer may take part in decisions on his own remuneration. The committee meets at least three times a year and otherwise as frequently as is required. The committee is responsible for formulating and recommending policy on executive remuneration. Within the terms of the agreed policy, the committee approves the specific components of remuneration packages of all the Issuer’s executive directors and the Issuer’s chairman. The committee also reviews the general remuneration framework for senior executives and make awards under the Group’s share incentive plans.

Corporate governance

As of the date of this document, the Issuer was in compliance with the requirements of the UK Corporate Governance Code 2014.

Risk management

Risk management philosophy

The Group’s risk management philosophy is to seek to balance the risks the business takes on with the associated cost of controlling these risks, whilst also operating within the risk appetite agreed by the Board. In addition, the Group’s risk management processes are designed to continuously monitor the Group’s risk profile against risk appetite and to exploit opportunities as they arise.

Risk management strategy

The Board has delegated executive oversight of the Group's risk management department to the Group's Executive Committee, which in turn has delegated immediate oversight to the Risk and Regulatory Committee. The Board has also delegated oversight of the risk management framework to the Audit and Risk Committee and certain of the Issuer's regulated subsidiaries have established a board risk committee.

Clear roles, responsibilities and accountabilities are in place for the management of risks and controls, and all employees are aware of the role they play in all aspects of the risk management process, from identifying sources of risk to their part in the control environment. The impact of each risk is recorded in the risk register on a 1:10 likelihood of that risk manifesting in the next 12 months. A risk owner has been assigned responsibility for each risk, and it is the responsibility of that individual to periodically assess the impact of the risk and to ensure appropriate risk mitigation procedures are in place. External factors facing the business and the internal controls in place are routinely reassessed and changes are made when necessary. On an annual basis, the Board agrees the risk appetite for each risk event and this is documented in the risk framework document. The residual financial impact is managed in a number of ways, including:

- mitigating the impact of the risk through the application of controls;
- transferring or sharing risk through outsourcing and purchasing insurance and reinsurance; and
- tolerating risk in line with the risk appetite.

In addition, the following risk management principles have been adopted by the Group:

- risk management is a part of the wider governance environment;
- techniques employed are fit for purpose and proportionate to the business;
- it is a core capability for all employees;
- risk management is embedded in day-to-day activities;
- there is a culture of risk awareness, in which risks are identified, assessed and managed;
- risk management processes are robust and supported by verifiable management information; and
- risk management information and reporting is timely, clear, accurate and appropriately escalated.

Risk management framework

The Group's risk management framework has three principal elements: business risk management, the risk management function and the internal audit function.

The Group's risk management framework is summarised in the table below:

<i>Risk management element</i>	<i>Role</i>	<i>Role in risk management framework</i>
Business risk management	Risk ownership	<ul style="list-style-type: none">• Identifies risk• Assesses risk• Mitigates risk• Monitors risk• Records status• Remediates when required
Risk management	Risk oversight	<ul style="list-style-type: none">• Are risks being identified?• Are controls operating effectively?• Are controls being signed off?• Reports to committees and board
Internal audit	Risk assurance	<ul style="list-style-type: none">• Independently tests control design• Independently tests control operation• Reports to committees and board

Within business risk management, there are three defined risk and control roles: risk owner, control owner and control reporter.

Each risk is assigned to a senior member of staff who is the “risk owner” for that risk. These risk owners, supported by the risk management team, formally perform a risk assessment twice a year, including an assessment of heightened and emerging risks.

The Group maintains a risk register that records the risks that apply to the Group and its business. These risks are grouped into eight categories: insurance, market, credit, liquidity, operational, regulatory and legal, group and strategic.

In considering these risks, the Board sets the risk appetite to be followed by the Group. The Group then implements a control environment which seeks to ensure that the Group’s business operations stay within these risk appetite parameters. The Group’s risk management team provides reports to the Board on how well the business is operating using a consolidated assurance report. For each identified risk, this report brings together a view of how successfully the Group’s business is managing risk, qualitative commentary from the assurance function and details of any events that have highlighted any risk management improvements that can be made. The Group seeks to improve this framework through stress and scenario testing, themed reviews using risk profiles and an assessment of strategic and emerging risks.

A suite of risk management reports are provided to senior management and Board members to assist them in discharging their decision-making responsibilities. The risk reports include the risk appetite statement, the consolidated assurance report, risk profiles, stress and scenario testing, reverse stress testing, an emerging and strategic report, a report to the remuneration committee and the Group’s Own Risk and Solvency Assessment.

As part of its wider role, the internal audit function reviews the Group’s risk management framework in order to determine its annual risk-based audit plan. Any recommendations from these internal audit reviews are considered by the Group’s risk management function for inclusion in the risk register.

Regulatory environment

Regulation of the Group at Lloyd’s

Overview

The Society of Lloyd’s is itself authorised by the PRA and regulated by the PRA and the FCA and its senior personnel are required to be approved by the regulators. Lloyd’s regulated activities include arranging deals in contracts written at Lloyd’s (the basic market activity), arranging deals in Lloyd’s syndicates (the secondary market activity) and carrying out any activity in connection with, or for the purposes of, these two activities.

The Council of Lloyd’s is the governing body of the Lloyd’s market and under the Lloyd’s Act 1982 it is responsible for the management and supervision of the Lloyd’s market. The Council has the power to regulate and direct the business of the market, and to make byelaws. Lloyd’s market rules are set out in the byelaws, and in other guidance, codes of conduct and bulletins issued by the Council or under its authority, although regulation of the Lloyd’s market is under the ultimate direction of the PRA and the FCA.

Lloyd’s does not carry on insurance activity itself but regulates its members doing so. Members of Lloyd’s form and underwrite all insurance business via syndicates which consist of one or more such members. Lloyd’s supervises its own members (including in relation to setting the amount of capital required to be provided by each member to support its underwriting liabilities) under the direction of the PRA and the FCA. Members are not required to be authorised under FSMA but must abide by the Lloyd’s rules which means that they are indirectly regulated by the PRA and the FCA given that Lloyd’s itself is a dual-regulated firm. Under section 318 of FSMA, the PRA and the FCA can give directions to Lloyd’s in order to advance one or more of their statutory objectives, for example by imposing particular rules on members. Lloyd’s has a memorandum of understanding with the PRA and the FCA to assist with cooperation in supervision and enforcement.

Managing agents

Syndicates are managed by managing agents who are authorised by the PRA and regulated by the PRA and the FCA. A Lloyd’s managing agent is required to hold permissions under FSMA for managing the underwriting capacity of a Lloyd’s syndicate as a managing agent at Lloyd’s, and usually also for insurance mediation activities such as dealing as agent, arranging, advising on investments, and assisting in the administration and performance of contracts of insurance.

Certain restrictions may be placed upon these permissions, including in relation to the scope of a firm's business, capital, liquidity and interactions with affiliates. Additionally, a managing agent needs the approval of the Franchise Board to manage a syndicate. Furthermore, individuals within managing agents carrying out certain controlled functions will require prior approvals from the PRA or the FCA before carrying out those functions.

Managing agents must meet certain "threshold conditions" specified by the PRA and/or the FCA. These conditions relate to matters including the adequacy of the firm's financial and other resources and whether a firm is a fit and proper person to conduct its regulated activities, having regard to all the circumstances (including whether the firm's affairs are conducted soundly and prudently).

Prudential and capital requirements

Lloyd's capital structure is tripartite and comprises: (i) syndicate level assets; (ii) funds at Lloyd's; and (iii) mutual assets. This structure, referred to by Lloyd's as the "chain of security", seeks to ensure that members' liabilities in connection with their underwriting business can be met.

- Syndicate level assets are the insurance premiums which are collected by members and held in a premium trust fund for the benefit of policyholders whose contracts are underwritten by the syndicate. These monies are the first resource used for paying claims made by the members' policyholders from that syndicate.
- Each member must provide capital to support its underwriting at Lloyd's. This capital (known as "funds at Lloyd's") is held on trust as a buffer to back up each member's underwriting liabilities in each syndicate in which it is a member.
- Members make annual contributions to the Central Fund. These mutual assets can be used to pay out in relation to the claims against any member who fails to meet its insurance liabilities in full. In addition this is supplemented by a "callable layer" of up to 3% of members' overall premium limits which the Society of Lloyd's can call upon to meet claims.

As dual-regulated firms in their own right, managing agents such as Beazley Furlonge Limited are under an obligation to manage the syndicate assets and the insurance business carried on by members of the syndicate in accordance with the PRA's General Prudential Sourcebook and the Prudential Sourcebook for Insurers. This requires managing agents to ensure that the financial resources for each syndicate they manage and the capital resources at syndicate level are adequate, and that they establish and maintain systems and controls for the management of prudential, credit, market, operational and insurance risks for each syndicate. Managing agents are also subject to their own qualifying capital and minimum net asset requirements.

Regulation of the Group by the FCA and the PRA

Since 1 April 2013, the PRA and the FCA have been the regulators for persons authorised under FSMA to undertake regulated activities in the financial services sector in the UK. The PRA oversees and is responsible for the micro-prudential regulation of banks, insurers and some large investment firms. The FCA is responsible for conduct of business regulation for all authorised firms, market regulation and the prudential regulation of firms not authorised by the PRA. The Financial Policy Committee (which sits within the Bank of England) is responsible for the macro-prudential regulation of the entire financial services sector.

Lloyd's managing agents, such as Beazley Furlonge Limited, are authorised and regulated by the PRA as well as having their conduct of business regulated by the FCA and are therefore dual-regulated firms. In addition, Beazley Underwriting Services Limited is regulated by the FCA. The PRA and the FCA have extensive powers to supervise and intervene in the affairs of regulated firms, for example if they consider it appropriate in order to protect policyholders against the risk that the firm may be unable to meet its liabilities as they fall due, that the firm or its parent has failed to comply with obligations under the relevant legislation or rules, that the firm has furnished them with misleading or inaccurate information or that there has been substantial departure from any proposal or forecast submitted to the relevant regulator.

The PRA and the FCA also have the power to take a range of disciplinary and enforcement actions in relation to a breach by a firm of FSMA or the rules made under FSMA as set out in the PRA Handbook of Rules and Guidance, the PRA's Rulebook, other guidance and supervisory statements that the PRA may publish from time to time and the FCA Handbook of Rules and Guidance. Such disciplinary and enforcement actions may include private censure, public censure, restitution, fines or sanctions and the award of compensation. The PRA (or, where relevant, the FCA) may also cancel or vary (including by imposing limitations on) a regulatory permission of a firm.

Under section 178 FSMA, if a person intends to acquire or increase “control” over a firm authorised by the FCA or the PRA, it must first notify and obtain prior approval from the PRA before becoming a “controller” or increasing its level of control above certain thresholds. Breach of the notification and approval regime is a criminal offence. The approval of the Council of Lloyd’s is also required in relation to the change of control of a Lloyd’s managing agent or member. Broadly, Lloyd’s applies the same tests in relation to control as are set out in FSMA and in practice coordinates its approval process with that of the PRA. See “*Risk Factors – Applicable insurance laws and regulatory requirements in the UK and elsewhere may discourage potential acquisition proposals and delay, deter or prevent a change of control of the Company*”.

Regulation of the Group in the United States

General

Insurers conducting business in the United States are bound generally by the state insurance laws and related regulations as administered by insurance regulatory authorities in the states where the insurer is domiciled or conducts business. The business of insurance is exempted from federal regulation except to the extent that a federal law is addressed specifically to insurance regulation. To date, federal insurance regulation has been limited, but from time to time proposals are made for a larger role by federal regulators.

The National Association of Insurance Commissioners (“NAIC”), while lacking any regulatory power, participates in the regulatory environment by drafting model laws and regulations that are intended to be promulgated in substantially similar form by state legislatures and state insurance departments. The NAIC also determines the reporting format for the financial statements that an insurer is required to submit. A chief goal of the NAIC’s efforts is the harmonisation of insurance regulation across all of the states.

The Managed Syndicates

Those Managed Syndicates conducting the business of insurance in the US do so on a surplus lines basis. Each Managed Syndicate may only write such business through a surplus lines broker, which is subject to licensing and regulation in the home state of the insured. Among other requirements, the surplus lines broker must ensure that, under the laws of the insured’s home state, the business is eligible to be written on a surplus lines basis and the Managed Syndicate is eligible for surplus line placements. State laws generally require a surplus lines broker to determine that the business cannot be placed on an admitted basis in order to be eligible for surplus line placement. However, since the federal Nonadmitted and Reinsurance Reform Act of 2010 (“NRRA”) took effect on 21 July 2011, such state law requirements do not apply to insurance procured for insureds that satisfy the definition of “exempt commercial purchasers” in the NRRA. Additionally, as a result of the provisions of the NRRA, the eligibility of surplus line insurers organised outside the United States is now determined by inclusion on the Quarterly Listing of Alien Insurers (the so-called “white list”) maintained by the NAIC’s International Insurers Department, and no additional state eligibility requirements may be imposed before a surplus line broker can make placements with non-US insurers such as the Managed Syndicates. Nonetheless, a few states still request surplus lines insurers to report certain of their business activities to regulators through surplus lines associations established in each state.

Due to the more lenient regulatory requirements for surplus lines business, those Managed Syndicates writing surplus lines insurance in the United States must provide security for their United States insureds. A Managed Syndicate is required to place in trust a percentage, as determined by volume, of the gross liabilities of such business written. The beneficiaries of the trust are the Managed Syndicate’s policyholders and third-party claimants in respect of claims covered by the policies issued to such policyholders.

There is little United States regulation of a Managed Syndicate in respect of reinsurance business it assumes. US state insurance laws and regulations deny balance sheet credit to a US cedant for reinsurance placed with a non-US-licensed reinsurer unless such reinsurer provides security in the form of a trust, letter of credit or funds withheld. The amount of required security is typically 100% of the gross liabilities of such business. The Group provides this security through the Lloyd’s American credit for reinsurance trust fund. A significant number of states have recently adopted reduced reinsurance security requirements for non-US-licensed reinsurers that meet certain requirements.

Beazley Insurance Company, Inc.

Beazley Insurance Company, Inc. is a United States-admitted insurer.

As a Connecticut–domiciled insurer, BICI is regulated in the first instance by the Connecticut Insurance Department (“CID”). The CID monitors BICI’s financial status through, among other things, discussions with BICI’s representatives, triennial examinations, a review of financial statements that BICI is required to file quarterly, and a review of the annual independent auditor’s and actuary’s certifications. BICI is required to maintain a certain minimum capital in respect of the lines of business it is authorised to write, but further capital is required due to the volume of business it writes and risk–based capital formulas that consider inherent risks in its operations.

BICI is also required to file with the CID information in respect of entities that control BICI, the material and relevant risks associated with BICI, the Group’s current business plan, the sufficiency of capital resources to support those risks and certain types of transactions BICI conducts with affiliates. BICI is required to file an annual enterprise risk report with the CID, identifying the material risks within the Group that could pose enterprise risk to BICI. The terms of all transactions between BICI and an affiliate must be fair and reasonable, and certain material transactions between BICI and an affiliate, as well as transactions affecting the ownership or control of BICI, require the CID’s prior approval or non-objection. The CID has broad regulatory authority to require BICI to produce information and to sanction BICI for misconduct. BICI is typically entitled to an administrative hearing on a regulatory ruling by the CID and further judicial review. The CID requires BICI to maintain its books and records and its assets in Connecticut. The CID would also administrate the primary insolvency proceeding for BICI should it become insolvent.

BICI is also licensed in the District of Columbia and all other states in the United States, which results in more limited ancillary state regulation pertaining to the business BICI writes in each such state. Such ancillary regulation pertains principally to interactions with policyholders, in relation to matters such as policy forms, rates, claim settlement practices and market conduct. As BICI is a licensed insurer in all US states, there is no regulatory requirement that BICI provide security for reinsurance it assumes in any state. BICI may be required to provide a deposit in a state other than Connecticut in order to write primary business there.

Regulation of the Group by the Central Bank of Ireland

General

The Central Bank of Ireland (“CBI”) is responsible for both central banking and financial regulation in Ireland. The CBI’s regulation of insurance undertakings is undertaken through assertive risk–based supervision, which is underpinned by powers to take a range of disciplinary and enforcement actions. The CBI is responsible for the prudential supervision and conduct of business of authorised firms. It monitors compliance with prudential standards primarily through examining firms’ quarterly and annual prudential returns, financial statements and annual reports and by conducting regular review meetings and on–site inspections.

The CBI has legislative powers to impose sanctions for prescribed contraventions of legislation or regulatory rules. The CBI may conduct an inquiry where it suspects on reasonable grounds that a prescribed contravention is being or has been committed. Any such inquiry will decide if the prescribed contravention has occurred and determine the appropriate sanctions. The CBI has the power to impose sanctions in respect of breaches of regulatory requirements by regulated entities and to publicise the findings and sanctions imposed. The final decision of an inquiry may be appealed to the Irish Financial Services Appeals Tribunal and subsequently to the High Court of Ireland.

If a person intends to acquire or increase “control” over a firm authorised by the CBI, that person must first notify and obtain prior approval from the CBI before becoming a “controller” or increasing its level of control above certain thresholds. Breach of the notification and approval regime is a criminal offence.

Beazley Insurance Designated Activity Company

Beazley Insurance (a) provides capital to support the underwriting activities of Beazley Underwriting Limited (a corporate member of Lloyd’s) and (b) is authorised by the CBI as an European insurance company. The CBI monitors Beazley Insurance’s financial status through, among other things, a review of: regulatory returns that Beazley Insurance is required to file on a quarterly and annual basis; its financial statements; an annual Statement of Actuarial Opinion; and an annual Own Risk and Solvency Assessment, together with discussions with the directors and meetings with Beazley Insurance’s external auditors. Beazley Insurance is required to maintain a certain minimum solvency capital requirement calculated in accordance with its CBI–approved internal model.

Group supervision under the Solvency II Directive

Under article 247 of the Solvency II Directive, a single regulatory supervisor is responsible for the co-ordination and exercise of supervision of the whole group (the “**group supervisor**”). The group supervisor is designated from amongst the supervisory authorities of the European Union member states (the “**Member States**”) concerned. For the purposes of Solvency II, Beazley Insurance is the only insurance or reinsurance undertaking in the Group. Accordingly, pursuant to Solvency II the CBI is the Group’s group supervisor.

The Solvency II Directive has set out certain requirements for groups. These requirements include:

- a group solvency calculation, including eligible capital requirements;
- a group Own Risk and Solvency Assessment;
- group disclosure and supervisory reporting;
- reporting of group risk concentrations and intra–group transactions; and
- requirements relating to group governance and risk management.

As the parent company of the Group, under Solvency II, the Issuer is required to maintain a certain minimum solvency capital requirement calculated in accordance with its CBI–approved internal model. As of the date of this document, the Issuer is in compliance with this minimum solvency capital requirement. The CBI monitors the Issuer’s financial status through, among other things, a review of regulatory returns that the Issuer is required to file on a quarterly and annual basis, its financial statements and an annual Own Risk and Solvency Assessment, together with discussions with the Issuer’s directors and meetings with the Issuer’s external auditors.

Credit rating agencies

Rating agencies, whilst they are not regulators, play a significant role in the evaluation of an insurer’s credit and its claim–paying resources. An insurer will typically discuss fully its financial details with a rating agency in its rating processes. An insurer’s rating is a critical component of any analysis as to whether to place a policy with that insurer; it is even more significant in the surplus lines market. The criteria of a rating agency’s analysis include capital adequacy, historical earnings, reinsurance ceded by the insurer, management capability and investment performance.

Registered office, principal place of business and telephone number

The Issuer was incorporated under the name Swift No. 3 Limited on 4 September 2015 in England and Wales under the Companies Act 2006 as a private company limited by shares and with registered number 09763575. It changed its name to Beazley plc and re–registered as a public company on 12 February 2016. The registered office and principal place of business of the Issuer is at Plantation Place South, 60 Great Tower Street, London EC3R 5AD, United Kingdom (telephone number: +44 (0)20 7667 0623).

Share capital

The Issuer has in issue 525,706,624 ordinary shares of five pence each and two deferred shares of £1.00 each, each of which are fully paid.

Corporate capacity

The corporate capacity of the Issuer is unrestricted.

Material contracts

The following is a summary of each contract (not being a contract entered into in the ordinary course of business) that has been entered into by the Issuer or any member of the Group which could result in any member of the Group being under an obligation or entitlement that is material to the Issuer’s ability to meet its obligations under the Notes:

Facilities Agreement

On 24 July 2017, certain members of the Group entered into an amended and restated US\$225 million multi-currency standby letter of credit and revolving credit facilities agreement (the “**Facility**”) between (1) Beazley Ireland Holdings plc (as original borrower); (2) Beazley Underwriting Limited and Beazley Staff Underwriting Limited (as account parties); (3) the Issuer, Beazley Ireland, Beazley Group Limited, Beazley Furlonge Holdings Limited, Beazley Holdings, Inc., Beazley Management Limited and Beazley Insurance (as guarantors); (4) Lloyds Bank plc, The Royal Bank of Scotland plc and Commerzbank Aktiengesellschaft, Filiale Luxemburg (as arrangers); (5) Lloyds Bank plc (as bookrunner and agent) (the “**Agent**”); and (6) Lloyds Bank plc, National Westminster Bank plc, National Australia Bank Limited, The Bank of Nova Scotia London Branch and Commerzbank Aktiengesellschaft, Filiale Luxemburg (as the banks) (the “**Facilities Agreement**”).

The borrowers’ obligations under the Facilities Agreement is guaranteed on a joint and several basis by certain members of the Group.

The revolving credit facility under the Facilities Agreement was granted for: (i) the general corporate purposes of the Group; and (ii) refinancing the US\$225 million multi-currency standby letter of credit and revolving credit facility agreement dated 31 July 2015.

Under the Facilities Agreement, the Group borrowers are granted a multicurrency standby letter of credit (“**Letter of Credit**”). The purpose of each Letter of Credit is to enable funds at Lloyd’s to be provided: (i) for the 2017, 2018 and 2019 underwriting years of account; and (ii) in the event of certain changes to Lloyd’s byelaws, for the 2020 underwriting year of account.

The Facilities Agreement has a final maturity date of 31 July 2018, although any Letter of Credit issued may continue in effect until 31 July 2023.

As at the date of this document, the Facility is undrawn.

Subject to certain conditions, borrowers under the Facility may voluntarily prepay utilisations under the Facility by giving not less than five business days’ notice to the Agent. Amounts prepaid may (subject to the terms of the Facilities Agreement) be reborrowed.

Interest is payable on revolving advances under the Facility at a rate of LIBOR or EUIBOR plus a margin. In addition, the Facility includes a commitment fee payable per annum.

The Facilities Agreement contains representations, information and financial covenants and undertakings that are customary for debt facilities of this nature.

The Facilities Agreement contains customary events of default including in relation to non-payment, misrepresentation, insolvency, winding up and material adverse change.

The Facilities Agreement is governed by English law.

2019 Retail Bonds

On 25 September 2012, Beazley Ireland (previously the ultimate parent company of the Beazley Ireland Group and now the direct subsidiary of the Issuer and therefore part of the Issuer’s consolidated group of companies) issued £75 million of sterling denominated 5.375% fixed rate notes due 25 September 2019 (the “**2019 Retail Bonds**”). The 2019 Retail Bonds were issued under Beazley Ireland’s £250 million Euro Medium Term Note programme and were constituted under a trust deed between Beazley Ireland and U.S. Bank Trustees Limited dated 31 August 2012.

The 2019 Retail Bonds issued are unsecured, have a maturity date of 25 September 2019 and, subject to any earlier purchase, repayment or cancellation, will be repaid on that date at their nominal amount. Interest on the 2019 Retail Bonds is payable, subject to any earlier purchase, repayment or cancellation, semi-annually in arrear at the rate of 5.375% until maturity. The 2019 Retail Bonds may be repaid early and for a number of reasons, including:

- if Beazley Ireland Holdings plc is obliged to pay additional amounts in respect of the 2019 Retail Bonds pursuant to their terms as a result of a change in, or in the application or official interpretation of, United Kingdom, Irish or

Jersey tax law, the 2019 Retail Bonds may be repaid early (in whole but not in part) at the option of Beazley Ireland Holdings plc at the face value of the 2019 Retail Bonds together with accrued interest; or

- in the event that Beazley Ireland Holdings plc defaults on its obligations under the 2019 Retail Bonds or in certain other circumstances described as ‘events of default’ in the terms and conditions of the 2019 Retail Bonds, the 2019 Retail Bonds may become due and repayable (in whole but not in part). The amount due to holders will be the face value of the 2019 Retail Bonds together with accrued interest.

The terms and conditions of the 2019 Retail Bonds include customary events of default and a negative pledge.

The 2019 Retail Bonds are admitted to trading on the London Stock Exchange’s regulated market and through the London Stock Exchange’s electronic order book for retail bonds and listed on the Official List.

The 2019 Retail Bonds are governed by English law.

See Part II (*Risk Factors – Risks relating to the Group’s structure – Participation by the Issuer in a distribution of a subsidiary’s assets will generally be subject to prior claims of creditors*) of this document.

2026 Subordinated Notes

On 4 November 2016, Beazley Insurance issued US\$250 million 5.875% Subordinated Tier 2 Notes due 2026 (the “**2026 Subordinated Notes**”). The 2026 Subordinated Notes are constituted by a trust deed (the dated 4 November 2016 between Beazley Insurance and U.S. Bank Trustees Limited. The 2026 Subordinated Notes bear interest at the rate of 5.875% per annum. Interest is payable semi-annually in arrear on 4 May and 4 November of each year. Unless previously redeemed, purchased or cancelled, the 2026 Subordinated Notes will be redeemed at their principal amount on 4 November 2026.

Subject to certain conditions, the 2026 Subordinated Notes may be redeemed at the option of Beazley Insurance in whole but not in part at their nominal amount together with arrears of interest and any accrued (but unpaid) interest to (but excluding) the relevant date set for redemption upon the occurrence of certain tax events due to changes to law or upon a change in the regulatory classification of the 2026 Subordinated Notes that results in the whole or any part of the nominal amount of the 2026 Subordinated Notes at any time being excluded from Beazley Insurance’s or the Group’s “Tier 2 Capital” for the purposes of Solvency II.

The 2026 Subordinated Notes are listed on the Official List and admitted to trading on the London Stock Exchange’s main market for listed securities.

As at the date of this document, the nominal amount of 2026 Subordinated Notes outstanding was US\$250 million.

The terms and conditions of the 2026 Subordinated Notes include customary events of default. The 2026 Subordinated Notes are governed by English law.

2034 Subordinated Notes

On 26 November 2004, Beazley Group Limited issued US\$18 million of fixed rate subordinated notes, which were constituted under a trust deed between Beazley Group Limited and JPMorgan Chase Bank, N.A. (the “**2034 Subordinated Notes**”). The 2034 Subordinated Notes are unsecured and interest is payable quarterly in arrear on 26 February, 26 May, 26 August and 26 November in each year. The 2034 Subordinated Notes are to be repaid by Beazley Group Limited at their nominal amount on 26 November 2034.

The 2034 Subordinated Notes may be repaid at the option of Beazley Group Limited in whole, but not in part, at any time, on giving not less than 30 nor more than 60 days’ notice to the noteholders, provided that there are certain tax-related reasons. Beazley Group Limited may on giving not less than 30 nor more than 60 days’ irrevocable notice to the noteholders, repay the 2034 Subordinated Notes in whole or in part, from time to time, on any interest payment date falling on or after 26 November 2009 at a price equal to 100% of the original nominal amount of the 2034 Subordinated Notes to be repaid together with accrued interest.

The 2034 Subordinated Notes are listed on the Official List and admitted to trading on the London Stock Exchange’s main market for listed securities.

As at the date of this document, the nominal amount of 2034 Subordinated Notes outstanding was US\$18 million.

The terms and conditions of the 2034 Subordinated Notes include customary events of default. The 2034 Subordinated Notes are governed by English law.

PART VII

SELECTED FINANCIAL INFORMATION

The following tables set out the consolidated statement of profit or loss, statements of financial position and statements of cash flows of the Beazley Ireland Group as of and for the year ended 31 December 2015 and the consolidated statement of profit or loss, statements of financial position and statements of cash flows of the Group as of and for the year ended 31 December 2016 and as of and for the six months ended 30 June 2017 and 2016. Such information is extracted (without material adjustment) from, and is qualified by reference to and should be read in conjunction with, the audited consolidated annual financial statements of Beazley Ireland for the year ended 31 December 2015, the audited consolidated annual financial statements of the Issuer for the year ended 31 December 2016 and the unaudited consolidated financial statements of the Issuer for the six months ended 30 June 2017, each of which is incorporated by reference in this document.

On 13 April 2016, the Issuer became the parent company of the Group pursuant to a scheme of arrangement made under article 125 of the Companies (Jersey) Law 1991 between Beazley Ireland (which, prior to the scheme of arrangement, was named Beazley plc and was the parent company of the Beazley Ireland Group) and the holders of Beazley Ireland's shares. As a result of the scheme of arrangement, Beazley Ireland became the direct wholly-owned subsidiary of the Issuer. Prior to 13 April 2016, the Issuer was not a member of the Beazley Ireland Group and, accordingly, its profits, losses, assets and liabilities were not consolidated with those of the Beazley Ireland Group. With effect from 13 April 2016, the Issuer's profits, losses, assets and liabilities were consolidated into the Group's consolidated financial statements.

In order to appropriately reflect the substance of the scheme of arrangement, the insertion of the Issuer as the new holding company of the Group was accounted for in the audited consolidated financial statements of the Issuer for the year ended 31 December 2016 as a continuation of the Beazley Ireland Group using the principles of reverse acquisition accounting, with the Beazley Ireland Group being accounted for at its existing book values. The Issuer's identifiable assets and liabilities were consolidated in such financial statements at fair value. Accordingly, the share capital and merger reserve balances as at 1 January 2015 and 31 December 2015 have been re-presented to reflect, on a continuation basis, the capital position of the Issuer after the scheme of arrangement. See Note 1 to the audited consolidated financial statements of the Issuer for the year ended 31 December 2016, which are incorporated by reference in this document, for further details including a reconciliation of the re-presented share capital and merger reserve balances on the Group's consolidated statement of financial position as at 1 January 2015.

Consolidated statement of profit or loss

	Six months ended 30 June		Year ended 31 December	
	2017 ¹	2016 ¹	2016 ¹	2015
	<i>(US\$ million, unaudited)</i>		<i>(US\$ million)</i>	
Gross premiums written.....	1,149.3	1,124.1	2,195.6	2,080.9
Written premiums ceded to reinsurers	(212.9)	(193.7)	(341.6)	(367.8)
Net premiums written.....	936.4	930.4	1,854.0	1,713.1
Change in gross provision for unearned premiums.....	(100.1)	(103.5)	(83.4)	(57.4)
Reinsurer's share of change in the provision for unearned premiums.....	50.4	34.5	(2.4)	43.0
Change in net provision for unearned premiums.....	(49.7)	(69.0)	(85.8)	(14.4)
Net earned premiums	886.7	861.4	1,768.2	1,698.7
Net investment income	79.4	62.7	93.1	57.6
Other income	17.0	15.8	32.7	30.9
	96.4	78.5	125.8	88.5
Revenue	983.1	939.9	1,894.0	1,787.2
Insurance claims	541.3	535.3	1,027.3	974.1
Insurance claims recoverable from insurers.....	(102.4)	(99.1)	(171.7)	(160.2)
Net insurance claims.....	438.9	436.2	855.6	813.9
Expenses for the acquisition of insurance contracts.....	241.5	219.6	472.5	448.6
Administrative expenses	121.7	117.2	247.8	215.2
Foreign exchange loss.....	11.5	9.6	9.5	9.7
Operating expenses.....	374.7	346.4	729.8	673.5
Expenses	813.6	782.6	1,585.4	1,487.4
Share of loss in associates.....	0.1	0.2	(0.2)	(0.5)
Results of operating activities	169.6	157.5	308.4	299.3
Finance costs	(10.9)	(7.3)	(15.2)	(15.3)
Profit before income tax.....	158.7	150.2	293.2	284.0
Income tax expense.....	(27.0)	(21.4)	(42.2)	(35.0)
Profit for the year attributable to equity shareholders.....	131.7	128.8	251.0	249.0
Earnings per share (cents per share)				
Basic	25.3	25.1	48.6	48.8
Diluted.....	24.6	24.3	47.3	47.2
Earnings per share (pence per share)				
Basic	20.2	17.3	35.5	31.9
Diluted.....	19.7	16.8	34.5	30.9

1. Includes the Issuer.

Statements of financial position

	30 June 2017 ¹	31 December	
	(US\$ million, unaudited)	2016 ¹	2015
		(US\$ million)	
Assets			
Intangible assets.....	127.1	96.6	91.0
Plant and equipment.....	5.4	5.4	4.5
Deferred tax asset.....	11.8	11.0	7.1
Investment in associates.....	10.0	9.9	10.0
Deferred acquisition costs.....	274.1	242.8	226.2
Reinsurance assets.....	1,153.3	1,082.1	1,099.7
Financial assets at fair value.....	4,177.7	4,195.4	3,842.2
Insurance receivables.....	868.6	794.7	732.7
Other receivables.....	81.6	46.4	31.5
Current income tax asset.....	4.7	17.0	23.6
Cash and cash equivalents.....	461.4	507.2	676.9
Total assets.....	7,175.7	7,008.5	6,745.4
Equity			
Share capital.....	37.8	37.7	41.6
Merger reserve (2016 and 2017)/Share premium (2015) ²	–	–	12.0
Foreign currency translation reserve.....	(97.5)	(96.7)	(87.3)
Other reserves.....	18.0	23.4	(8.7)
Retained earnings.....	1,547.8	1,519.3	1,483.8
Total equity.....	1,506.1	1,483.7	1,441.4
Liabilities			
Insurance liabilities.....	4,802.4	4,657.7	4,586.7
Financial liabilities.....	380.2	363.8	247.3
Retirement benefit liability.....	5.0	6.2	0.7
Deferred tax liabilities.....	7.0	12.8	6.0
Other payables.....	475.0	484.3	463.3
Total liabilities.....	5,669.6	5,524.8	5,304.0
Total equity and liabilities.....	7,175.7	7,008.5	6,745.4

1. Includes the Issuer.

2. Re-presented as “merger reserve” in the Issuer’s consolidated financial statements for the six months ended 30 June 2017 and the year ended 31 December 2016 to reflect, on a continuation basis, the capital position of the Issuer after the scheme of arrangement.

Statements of cash flows

	<i>Six months ended 30 June</i>		<i>Year ended 31 December</i>	
	<i>2017¹</i>	<i>2016¹</i>	<i>2016¹</i>	<i>2015</i>
	<i>(US\$ million, unaudited)</i>		<i>(US\$ million)</i>	
Cash flow from operating activities				
Profit before income tax	158.7	150.2	293.2	284.0
Adjustments for:				
Amortisation of intangibles.....	6.2	2.1	5.3	5.0
Equity settled share based compensation	12.7	11.4	23.0	17.5
Net fair value loss/(gain) on financial investments	(45.1)	(34.8)	(28.9)	3.0
Share of loss in associates.....	(0.1)	(0.2)	0.2	0.5
Depreciation of plant and equipment	1.2	0.8	1.8	2.1
Impairment of reinsurance assets written back.....	0.7	–	(1.1)	–
Increase/(decrease) in insurance and other liabilities	150.6	143.0	72.4	235.7
(Increase)/decrease in insurance, reinsurance and other receivables ...	(181.8)	(194.1)	(59.3)	(203.5)
Increase in deferred acquisition costs.....	(31.3)	(20.9)	(16.6)	(3.5)
Financial income.....	(37.4)	(31.8)	(71.5)	(70.8)
Financial expense.....	10.9	7.3	15.2	15.3
Income tax paid.....	(17.9)	(20.0)	(39.8)	(89.8)
Net cash from/(used in) operating activities	27.4	13.0	193.9	195.5
Cash flow from investing activities				
Purchase of plant and other equipment	(1.2)	(1.1)	(2.9)	(2.5)
Expenditure on software development	(0.7)	(1.9)	(4.7)	(5.0)
Purchase of investments.....	(1,215.4)	(3,573.4)	(5,985.4)	(3,659.7)
Proceeds from sale of investments	1,272.8	3,501.6	5,666.0	3,892.2
Investment in associate	–	–	(0.1)	–
Cash acquired on sale of Australian accident and health business	0.8	–	–	–
Acquisition of renewal rights	(31.2)	–	(8.0)	–
Interest and dividends received	37.4	31.8	71.5	70.8
Net cash used from/(used in) investing activities	62.5	(43.0)	(263.6)	295.8
Cash flow from financing activities				
Acquisition of own shares in trust.....	(16.2)	(9.7)	(9.7)	(3.9)
Repayment of borrowings	–	–	(107.1)	–
Proceeds from debt issue.....	–	–	248.7	–
Proceeds from issue of shares	–	0.3	–	–
Interest paid	(10.9)	(7.3)	(15.2)	(15.3)
Dividends paid.....	(110.8)	(188.3)	(212.2)	(164.2)
Net cash from/(used in) financing activities	(137.9)	(205.0)	(95.5)	(183.4)
Net increase/(decrease) in cash and cash equivalents	(48.0)	(235.0)	(165.2)	307.9
Cash and cash equivalents at beginning of period.....	507.2	676.9	676.9	364.2
Effect of exchange rate changes on cash and cash equivalents	2.2	(0.1)	(4.5)	4.8
Cash and cash equivalents at end of period	461.4	441.8	507.2	676.9

1. Includes the Issuer.

PART VIII

TERMS AND CONDITIONS OF THE NOTES

The following is the text of the terms and conditions that, subject to completion in accordance with the provisions of Part A of the applicable Final Terms, shall be applicable to the Notes in definitive form (if any) issued in exchange for the Global Note(s) representing each Series. Either (i) the full text of these terms and conditions together with the relevant provisions of Part A of the Final Terms or (ii) these terms and conditions as so completed (and subject to simplification by the deletion of non-applicable provisions), shall be endorsed on such Bearer Notes or on the Certificates relating to such Registered Notes. All capitalised terms that are not defined in these Conditions will have the meanings given to them in Part A of the applicable Final Terms. Those definitions will be endorsed on the definitive Notes or Certificates, as the case may be. References in the Conditions to “Notes” are to the Notes of one Series only, not to all Notes that may be issued under the Programme.

The Notes are constituted by a Trust Deed (as amended or supplemented as at the date of issue of the Notes (the “**Issue Date**”)), (the “**Trust Deed**”) dated 25 July 2016 between the Issuer and U.S. Bank Trustees Limited (the “**Trustee**”) which expression shall include all persons for the time being the trustee or trustees under the Trust Deed) as trustee for the Noteholders (as defined below). These terms and conditions (the “**Conditions**”) include summaries of, and are subject to, the detailed provisions of the Trust Deed, which includes the form of the Bearer Notes, Certificates, Coupons and Talons referred to below. An Agency Agreement (as amended or supplemented as at the Issue Date, the “**Agency Agreement**”) dated 25 July 2016 has been entered into in relation to the Notes between the Issuer, the Trustee, Elavon Financial Services Limited, UK Branch as initial issuing and paying agent and the other agents named in it. The issuing and paying agent, the other paying agents, the registrar, the transfer agents and the calculation agent(s) for the time being (if any) are referred to below respectively as the “**Issuing and Paying Agent**”, the “**Paying Agents**” (which expression shall include the Issuing and Paying Agent), the “**Registrar**”, the “**Transfer Agents**” (which expression shall include the Registrar) and the “**Calculation Agent(s)**”. Copies of the Trust Deed and the Agency Agreement are available for inspection during usual business hours at the principal office of the Trustee (presently at Fifth Floor, 125 Old Broad Street, London EC2N 1AR) and at the specified offices of the Paying Agents and the Transfer Agents.

The Noteholders and the holders of the interest coupons (“**Coupons**”) relating to interest bearing Notes in bearer form and, where applicable in the case of such Notes, talons for further Coupons (“**Talons**”) (“**Couponholders**”) are entitled to the benefit of, are bound by, and are deemed to have notice of, all the provisions of the Trust Deed and are deemed to have notice of those provisions applicable to them of the Agency Agreement.

As used in these Conditions, “**Tranche**” means Notes which are identical in all respects.

1. Form, denomination and title

The Notes are issued in bearer form (“**Bearer Notes**”) or in registered form (“**Registered Notes**”) in each case in the Specified Denomination(s) shown hereon.

This Note is a Fixed Rate Note, a Floating Rate Note, a Zero Coupon Note or a combination of any of the foregoing, depending upon the Interest Basis shown hereon.

Bearer Notes are serially numbered and are issued with Coupons (and, where appropriate, a Talon) attached, save in the case of Zero Coupon Notes in which case references to interest (other than in relation to interest due after the Maturity Date), Coupons and Talons in these Conditions are not applicable.

Registered Notes are represented by registered certificates (“**Certificates**”) and, save as provided in Condition 2(c), each Certificate shall represent the entire holding of Registered Notes by the same holder.

Title to the Bearer Notes and the Coupons and Talons shall pass by delivery. Title to the Registered Notes shall pass by registration in the register that the Issuer shall procure to be kept by the Registrar in accordance with the provisions of the Agency Agreement (the “**Register**”). Except as ordered by a court of competent jurisdiction or as required by law, the holder (as defined below) of any Note, Coupon or Talon shall be deemed to be and may be treated as its absolute owner for all purposes whether or not it is overdue and regardless of any notice of ownership, trust or an interest in it, any writing on it (or on the Certificate representing it) or its theft or loss (or that of the related Certificate) and no person shall be liable for so treating the holder.

In these Conditions, “**Noteholder**” means the bearer of any Bearer Note or the person in whose name a

Registered Note is registered (as the case may be), “**holder**” (in relation to a Note, Coupon or Talon) means the bearer of any Bearer Note, Coupon or Talon or the person in whose name a Registered Note is registered (as the case may be) and capitalised terms have the meanings given to them hereon, the absence of any such meaning indicating that such term is not applicable to the Notes.

2. No exchange of Notes and transfers of Registered Notes

- (a) **No exchange of Notes:** Registered Notes may not be exchanged for Bearer Notes. Bearer Notes of one Specified Denomination may not be exchanged for Bearer Notes of another Specified Denomination. Bearer Notes may not be exchanged for Registered Notes.
- (b) **Transfer of Registered Notes:** One or more Registered Notes may be transferred upon the surrender (at the specified office of the Registrar or any Transfer Agent) of the Certificate representing such Registered Notes to be transferred, together with the form of transfer endorsed on such Certificate, (or another form of transfer substantially in the same form and containing the same representations and certifications (if any), unless otherwise agreed by the Issuer), duly completed and executed and any other evidence as the Registrar or Transfer Agent may reasonably require. In the case of a transfer of part only of a holding of Registered Notes represented by one Certificate, a new Certificate shall be issued to the transferee in respect of the part transferred and a further new Certificate in respect of the balance of the holding not transferred shall be issued to the transferor. All transfers of Notes and entries on the Register will be made subject to the detailed regulations concerning transfers of Notes scheduled to the Agency Agreement. The regulations may be changed by the Issuer, with the prior written approval of the Registrar and the Trustee. A copy of the current regulations will be made available by the Registrar to any Noteholder upon request.
- (c) **Exercise of options or partial redemption in respect of Registered Notes:** In the case of an exercise of an Issuer’s or Noteholders’ option in respect of, or a partial redemption of, a holding of Registered Notes represented by a single Certificate, a new Certificate shall be issued to the holder to reflect the exercise of such option or in respect of the balance of the holding not redeemed. In the case of a partial exercise of an option resulting in Registered Notes of the same holding having different terms, separate Certificates shall be issued in respect of those Notes of that holding that have the same terms. New Certificates shall only be issued against surrender of the existing Certificates to the Registrar or any Transfer Agent. In the case of a transfer of Registered Notes to a person who is already a holder of Registered Notes, a new Certificate representing the enlarged holding shall only be issued against surrender of the Certificate representing the existing holding.
- (d) **Delivery of new Certificates:** Each new Certificate to be issued pursuant to Conditions 2(b) or (c) shall be available for delivery within three business days of receipt of the form of transfer or Exercise Notice (as defined in Condition 6(e)) and surrender of the Certificate for exchange. Delivery of the new Certificate(s) shall be made at the specified office of the Transfer Agent or of the Registrar (as the case may be) to whom delivery or surrender of such form of transfer, Exercise Notice or Certificate shall have been made or, at the option of the holder making such delivery or surrender as aforesaid and as specified in the relevant form of transfer, Exercise Notice or otherwise in writing, be mailed by uninsured post at the risk of the holder entitled to the new Certificate to such address as may be so specified, unless such holder requests otherwise and pays in advance to the relevant Transfer Agent the costs of such other method of delivery and/or such insurance as it may specify. In this Condition 2(d), “**business day**” means a day, other than a Saturday or Sunday, on which banks are open for business in the place of the specified office of the relevant Transfer Agent or the Registrar (as the case may be).
- (e) **Transfers free of charge:** Transfers of Notes and Certificates on registration, transfer, exercise of an option or partial redemption shall be effected without charge by or on behalf of the Issuer, the Registrar or the Transfer Agents, but upon payment of any tax or other governmental charges that may be imposed in relation to it (or the giving of such indemnity as the Registrar or the relevant Transfer Agent may require).
- (f) **Closed periods:** No Noteholder may require the transfer of a Registered Note to be registered (i) during the period of 15 days prior to any date on which Notes may be called for redemption by the Issuer at its option pursuant to Condition 6(d), (ii) after any such Note has been called for redemption or (iii) during the period of seven days ending on (and including) any Record Date.

3. Status

The Notes and the Coupons constitute (subject to Condition 4) unsecured obligations of the Issuer and shall at all times rank *pari passu* and without any preference among themselves. The payment obligations of the Issuer under the Notes and the Coupons shall, save for such exceptions as may be provided by applicable legislation and subject to Condition 4, at all times rank at least equally with all other unsecured and unsubordinated indebtedness and monetary obligations of the Issuer, present and future.

4. Negative pledge

So long as any Note or Coupon remains outstanding (as defined in the Trust Deed), the Issuer will not, and will ensure that none of its Subsidiaries will create, or have outstanding, any Encumbrance (other than a Permitted Encumbrance) upon the whole or any part of its present or future undertaking, assets or revenues (including any uncalled capital) to secure any Relevant Indebtedness or to secure any guarantee or indemnity in respect of any Relevant Indebtedness, without at the same time or prior thereto according to the Notes and the Coupons the same security as is created or subsisting to secure any such Relevant Indebtedness, guarantee or indemnity or such other security as either (i) the Trustee shall in its absolute discretion deem not materially less beneficial to the interest of the Noteholders or (ii) shall be approved by an Extraordinary Resolution (as defined in the Trust Deed) of the Noteholders.

In this Condition:

- (i) **“Encumbrance”** means any mortgage, charge, lien, pledge or other security interest;
- (ii) **“Permitted Encumbrance”** means:
 - (a) any Encumbrance over or affecting any asset forming part of a trust fund (or whose proceeds will form part of a trust fund) which is held subject to the provision of any deed or agreement of the kind referred to in paragraph (b) below, where such Encumbrance is created to secure obligations arising under a Lloyd’s syndicate arrangement;
 - (b) any Encumbrance granted or subsisting under any deed or agreement required by Lloyd’s to be executed or entered into by or on behalf of an underwriting member of a managed syndicate in connection with its insurance business at Lloyd’s; or
 - (c) any Encumbrance (x) to secure insurance statutory or regulatory obligations of Beazley Insurance Company, Inc. or Beazley Re Designated Activity Company including without limitation Encumbrances on assets deposited to secure policyholder obligations of Beazley Insurance Company, Inc. or Beazley Re Designated Activity Company as required by such entities, insurance regulator or applicable state insurance departments, or (y) on assets placed in trust or escrow by Beazley Insurance Company, Inc. or Beazley Re Designated Activity Company in respect of liabilities assumed in connection with reinsurance provided by Beazley Insurance Company, Inc. or Beazley Re Designated Activity Company;
- (iii) **“Relevant Indebtedness”** means any indebtedness which is in the form of, or represented or evidenced by, bonds, notes, debentures, loan stock or other securities which for the time being are, or are intended to be or capable of being, quoted, listed or dealt in or traded on any stock exchange or over-the-counter or other securities market; and
- (iv) **“Subsidiary”** means a subsidiary within the meaning of section 1159 of the Companies Act 2006.

5. Interest and other calculations

- (a) **Interest on Fixed Rate Notes:** Each Fixed Rate Note bears interest on its outstanding nominal amount from the Interest Commencement Date at the rate per annum (expressed as a percentage) equal to the Rate of Interest, such interest being payable in arrear on each Interest Payment Date. The amount of interest payable shall be determined in accordance with Condition 5(f).

(b) **Interest on Floating Rate Notes:**

- (i) *Interest Payment Dates:* Each Floating Rate Note bears interest on its outstanding nominal amount from the Interest Commencement Date at the rate per annum (expressed as a percentage) equal to the Rate of Interest, such interest being payable in arrear on each Interest Payment Date. The amount of interest payable shall be determined in accordance with Condition 5(f). Such Interest Payment Date(s) is/are either shown hereon as Specified Interest Payment Dates or, if no Specified Interest Payment Date(s) is/are shown hereon, Interest Payment Date shall mean each date which falls the number of months or other period shown hereon as the Interest Period after the preceding Interest Payment Date or, in the case of the first Interest Payment Date, after the Interest Commencement Date.
- (ii) *Business Day Convention:* If any date referred to in these Conditions that is specified to be subject to adjustment in accordance with a Business Day Convention would otherwise fall on a day that is not a Business Day, then, if the Business Day Convention specified is (A) the Floating Rate Business Day Convention, such date shall be postponed to the next day that is a Business Day unless it would thereby fall into the next calendar month, in which event (x) such date shall be brought forward to the immediately preceding Business Day and (y) each subsequent such date shall be the last Business Day of the month in which such date would have fallen had it not been subject to adjustment, (B) the Following Business Day Convention, such date shall be postponed to the next day that is a Business Day, (C) the Modified Following Business Day Convention, such date shall be postponed to the next day that is a Business Day unless it would thereby fall into the next calendar month, in which event such date shall be brought forward to the immediately preceding Business Day or (D) the Preceding Business Day Convention, such date shall be brought forward to the immediately preceding Business Day.
- (iii) *Rate of Interest:* The Rate of Interest in respect of Floating Rate Notes for each Interest Accrual Period shall be determined in the manner specified hereon and the provisions below relating to either ISDA Determination or Screen Rate Determination shall apply, depending upon which is specified hereon.

(A) ISDA Determination

Where ISDA Determination is specified hereon as the manner in which the Rate of Interest is to be determined, the Rate of Interest for each Interest Accrual Period shall be determined by the Calculation Agent as a rate equal to the relevant ISDA Rate. For the purposes of this sub-paragraph (A), “**ISDA Rate**” for an Interest Accrual Period means a rate equal to the Floating Rate that would be determined by the Calculation Agent under a Swap Transaction under the terms of an agreement incorporating the ISDA Definitions and under which:

- (x) the Floating Rate Option is as specified hereon
- (y) the Designated Maturity is a period specified hereon and
- (z) the relevant Reset Date is the first day of that Interest Accrual Period unless otherwise specified hereon.

For the purposes of this sub-paragraph (A), “**Floating Rate**”, “**Calculation Agent**”, “**Floating Rate Option**”, “**Designated Maturity**”, “**Reset Date**” and “**Swap Transaction**” have the meanings given to those terms in the ISDA Definitions.

(B) Screen Rate Determination

(x) Where Screen Rate Determination is specified hereon as the manner in which the Rate of Interest is to be determined, the Rate of Interest for each Interest Accrual Period will, subject as provided below, be either:

- (1) the offered quotation (if there is only one quotation on the Relevant Screen Page);
or

(2) the arithmetic mean of the offered quotations,

(expressed as a percentage rate per annum) for the Reference Rate which appears or appear, as the case may be, on the Relevant Screen Page as at either 11.00 a.m. (London time in the case of LIBOR or Brussels time in the case of EURIBOR) on the Interest Determination Date in question as determined by the Calculation Agent. If five or more of such offered quotations are available on the Relevant Screen Page, the highest (or, if there is more than one such highest quotation, one only of such quotations) and the lowest (or, if there is more than one such lowest quotation, one only of such quotations) shall be disregarded by the Calculation Agent for the purpose of determining the arithmetic mean of such offered quotations.

(y) if the Relevant Screen Page is not available or if, sub-paragraph (x)(1) applies and no such offered quotation appears on the Relevant Screen Page or if sub-paragraph (x)(2) above applies and fewer than three such offered quotations appear on the Relevant Screen Page in each case as at the time specified above, subject as provided below, the Calculation Agent shall request, if the Reference Rate is LIBOR, the principal London office of each of the Reference Banks or, if the Reference Rate is EURIBOR, the principal Euro-zone office of each of the Reference Banks, to provide the Calculation Agent with its offered quotation (expressed as a percentage rate per annum) for the Reference Rate if the Reference Rate is LIBOR, at approximately 11.00 a.m. (London time), or if the Reference Rate is EURIBOR, at approximately 11.00 a.m. (Brussels time) on the Interest Determination Date in question. If two or more of the Reference Banks provide the Calculation Agent with such offered quotations, the Rate of Interest for such Interest Accrual Period shall be the arithmetic mean of such offered quotations as determined by the Calculation Agent.

(z) if paragraph (y) above applies and the Calculation Agent determines that fewer than two Reference Banks are providing offered quotations, subject as provided below, the Rate of Interest shall be the arithmetic mean of the rates per annum (expressed as a percentage) as communicated to (and at the request of) the Calculation Agent by the Reference Banks or any two or more of them, at which such banks were offered, if the Reference Rate is LIBOR, at approximately 11.00 a.m. (London time) or, if the Reference Rate is EURIBOR, at approximately 11.00 a.m. (Brussels time) on the relevant Interest Determination Date, deposits in the Specified Currency for a period equal to that which would have been used for the Reference Rate by leading banks in, if the Reference Rate is LIBOR, the London inter-bank market or, if the Reference Rate is EURIBOR, the Euro-zone inter-bank market, as the case may be, or, if fewer than two of the Reference Banks provide the Calculation Agent with such offered rates, the offered rate for deposits in the Specified Currency for a period equal to that which would have been used for the Reference Rate, or the arithmetic mean of the offered rates for deposits in the Specified Currency for a period equal to that which would have been used for the Reference Rate, at which, if the Reference Rate is LIBOR, at approximately 11.00 a.m. (London time) or, if the Reference Rate is EURIBOR, at approximately 11.00 a.m. (Brussels time), on the relevant Interest Determination Date, any one or more banks (which bank or banks is or are in the opinion of the Trustee and the Issuer suitable for such purpose) informs the Calculation Agent it is quoting to leading banks in, if the Reference Rate is LIBOR, the London inter-bank market or, if the Reference Rate is EURIBOR, the Euro-zone inter-bank market, as the case may be, provided that, if the Rate of Interest cannot be determined in accordance with the foregoing provisions of this paragraph, the Rate of Interest shall be determined as at the last preceding Interest Determination Date (though substituting, where a different Margin or Maximum or Minimum Rate of Interest is to be applied to the relevant Interest Accrual Period from that which applied to the last preceding Interest Accrual Period, the Margin or Maximum or Minimum Rate of Interest relating to the relevant Interest Accrual Period, in place of the Margin or Maximum or Minimum Rate of Interest relating to that last preceding Interest Accrual Period).

(C) Linear interpolation

Where Linear Interpolation is specified hereon as applicable in respect of an Interest

Period, the Rate of Interest for such Interest Period shall be calculated by the Calculation Agent by straight line linear interpolation by reference to two rates based on the relevant Reference Rate (where Screen Rate Determination is specified hereon as applicable) or the relevant Floating Rate Option (where ISDA Determination is specified hereon as applicable), one of which shall be determined as if the Designated Maturity were the period of time for which rates are available next shorter than the length of the relevant Interest Period and the other of which shall be determined as if the Designated Maturity were the period of time for which rates are available next longer than the length of the relevant Interest Period; provided however that if there is no rate available for a period of time next shorter or, as the case may be, next longer, then the Calculation Agent shall determine such rate at such time and by reference to such sources as it determines appropriate.

“**Designated Maturity**” means, in relation to Screen Rate Determination, the period of time designated in the Reference Rate.

- (c) **Zero Coupon Notes:** Where a Note the Interest Basis of which is specified to be Zero Coupon is repayable prior to the Maturity Date and is not paid when due, the amount due and payable prior to the Maturity Date shall be the Early Redemption Amount of such Note. As from the Maturity Date, the Rate of Interest for any overdue principal of such a Note shall be a rate per annum (expressed as a percentage) equal to the Amortisation Yield (as described in Condition 6(b)(i)).
- (d) **Accrual of interest:** Interest shall cease to accrue on each Note on the due date for redemption unless, upon due presentation, payment is improperly withheld or refused, in which event interest shall continue to accrue (both before and after judgment) at the Rate of Interest in the manner provided in this Condition 5 to the Relevant Date (as defined in Condition 8).
- (e) **Margin, Maximum/Minimum Rates of Interest, Redemption Amounts and rounding:**
 - (i) If any Margin is specified hereon (either (x) generally, or (y) in relation to one or more Interest Accrual Periods), an adjustment shall be made to all Rates of Interest, in the case of (x), or the Rates of Interest for the specified Interest Accrual Periods, in the case of (y), calculated in accordance with Condition 5(b) above by adding (if a positive number) or subtracting the absolute value (if a negative number) of such Margin, subject always to the next paragraph.
 - (ii) If any Maximum or Minimum Rate of Interest or Redemption Amount is specified hereon, then any Rate of Interest or Redemption Amount shall be subject to such maximum or minimum, as the case may be.
 - (iii) For the purposes of any calculations required pursuant to these Conditions (unless otherwise specified), (x) all percentages resulting from such calculations shall be rounded, if necessary, to the nearest one hundred-thousandth of a percentage point (with halves being rounded up), (y) all figures shall be rounded to seven significant figures (with halves being rounded up) and (z) all currency amounts that fall due and payable shall be rounded to the nearest unit of such currency (with halves being rounded up), save in the case of yen, which shall be rounded down to the nearest yen. For these purposes “**unit**” means the lowest amount of such currency that is available as legal tender in the country or countries, as the case may be, of such currency.
- (f) **Calculations:** The amount of interest payable per Calculation Amount in respect of any Note for any Interest Accrual Period shall be equal to the product of the Rate of Interest, the Calculation Amount specified hereon, and the Day Count Fraction for such Interest Accrual Period, unless an Interest Amount (or a formula for its calculation) is applicable to such Interest Accrual Period, in which case the amount of interest payable per Calculation Amount in respect of such Note for such Interest Accrual Period shall equal such Interest Amount (or be calculated in accordance with such formula). Where any Interest Period comprises two or more Interest Accrual Periods, the amount of interest payable per Calculation Amount in respect of such Interest Period shall be the sum of the Interest Amounts payable in respect of each of those Interest Accrual Periods. In respect of any other period for which interest is required to be calculated, the provisions above shall apply save that the Day Count Fraction shall be for the period for which interest is required to be calculated.

- (g) **Determination and publication of rates of interest, Interest Amounts, Final Redemption Amounts, Early Redemption Amounts and Optional Redemption Amounts:** The Calculation Agent shall, as soon as practicable on each Interest Determination Date, or such other time on such date as the Calculation Agent may be required to calculate any rate or amount, obtain any quotation or make any determination or calculation, determine such rate and calculate the Interest Amounts for the relevant Interest Accrual Period, calculate the Final Redemption Amount, Early Redemption Amount or Optional Redemption Amount, obtain such quotation or make such determination or calculation, as the case may be, and cause the Rate of Interest and the Interest Amounts for each Interest Accrual Period and the relevant Interest Payment Date and, if required to be calculated, the Final Redemption Amount, Early Redemption Amount or Optional Redemption Amount to be notified to the Trustee, the Issuer, each of the Paying Agents, the Noteholders, any other Calculation Agent appointed in respect of the Notes that is to make a further calculation upon receipt of such information and, if the Notes are listed on a stock exchange and the rules of such exchange or other relevant authority so require, such exchange or other relevant authority as soon as possible after their determination but in no event later than (i) the commencement of the relevant Interest Period, if determined prior to such time, in the case of notification to such exchange of a Rate of Interest and Interest Amount, or (ii) in all other cases, the fourth Business Day after such determination. Where any Interest Payment Date or Interest Period Date is subject to adjustment pursuant to Condition 5(b)(ii), the Interest Amounts and the Interest Payment Date so published may subsequently be amended (or appropriate alternative arrangements made with the consent of the Trustee by way of adjustment) without notice in the event of an extension or shortening of the Interest Period. If the Notes become due and payable under Condition 10, the accrued interest and the Rate of Interest payable in respect of the Notes shall nevertheless continue to be calculated as previously in accordance with this Condition but no publication of the Rate of Interest or the Interest Amount so calculated need be made unless the Trustee otherwise requires. The determination of any rate or amount, the obtaining of each quotation and the making of each determination or calculation by the Calculation Agent(s) shall (in the absence of manifest error) be final and binding upon all parties.
- (h) **Determination or calculation by Trustee:** If the Calculation Agent does not at any time for any reason determine or calculate the Rate of Interest for an Interest Accrual Period or any Interest Amount, Final Redemption Amount, Early Redemption Amount or Optional Redemption Amount, the Trustee shall do so (or shall appoint an agent on its behalf to do so) but in each case without liability to any person for doing so and such determination or calculation shall be deemed to have been made by the Calculation Agent. In doing so, the Trustee shall apply the foregoing provisions of this Condition, with any necessary consequential amendments, to the extent that, in its opinion, it can do so, and, in all other respects it shall do so in such manner as it shall deem fair and reasonable in all the circumstances.
- (i) **Definitions:** In these Conditions, unless the context otherwise requires, the following defined terms shall have the meanings set out below:

“**Business Day**” means:

- (i) in the case of a currency other than euro, a day (other than a Saturday or Sunday) on which commercial banks and foreign exchange markets settle payments in the principal financial centre for such currency; and/or
- (ii) in the case of euro, a day on which the TARGET System is operating (a “**TARGET Business Day**”); and/or
- (iii) in the case of a currency and/or one or more Business Centres a day (other than a Saturday or a Sunday) on which commercial banks and foreign exchange markets settle payments in such currency in the Business Centre(s) or, if no currency is indicated, generally in each of the Business Centres.

“**Day Count Fraction**” means, in respect of the calculation of an amount of interest on any Note for any period of time (from and including the first day of such period to but excluding the last) (whether or not constituting an Interest Period or an Interest Accrual Period, the “**Calculation Period**”):

- (i) if “**Actual/Actual**” or “**Actual/Actual - ISDA**” is specified hereon, the actual number of days in the Calculation Period divided by 365 (or, if any portion of that Calculation Period falls in a leap year, the sum of (A) the actual number of days in that portion of the Calculation Period

falling in a leap year divided by 366 and (B) the actual number of days in that portion of the Calculation Period falling in a non-leap year divided by 365);

- (ii) if “**Actual/365 (Fixed)**” is specified hereon, the actual number of days in the Calculation Period divided by 365;
- (iii) if “**Actual/365 (Sterling)**” is specified hereon, the actual number of days in the Calculation Period divided by 365 or, in the case of an Interest Payment Date falling in a leap year, 366;
- (iv) if “**Actual/360**” is specified hereon, the actual number of days in the Calculation Period divided by 360;
- (v) if “**30/360**”, “**360/360**” or “**Bond Basis**” is specified hereon, the number of days in the Calculation Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \times (Y_2 - Y_1)] + [30 \times (M_2 - M_1)] + (D_2 - D_1)}{360}$$

where:

“**Y₁**” is the year, expressed as a number, in which the first day of the Calculation Period falls;

“**Y₂**” is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

“**M₁**” is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

“**M₂**” is the calendar month, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

“**D₁**” is the first calendar day, expressed as a number, of the Calculation Period, unless such number would be 31, in which case **D₁** will be 30; and

“**D₂**” is the calendar day, expressed as a number, immediately following the last day included in the Calculation Period, unless such number would be 31 and **D₁** is greater than 29, in which case **D₂** will be 30;

- (vi) if “**30E/360**” or “**Eurobond Basis**” is specified hereon, the number of days in the Calculation Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \times (Y_2 - Y_1)] + [30 \times (M_2 - M_1)] + (D_2 - D_1)}{360}$$

where:

“**Y₁**” is the year, expressed as a number, in which the first day of the Calculation Period falls;

“**Y₂**” is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

“**M₁**” is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

“**M₂**” is the calendar month, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

“**D₁**” is the first calendar day, expressed as a number, of the Calculation Period, unless such number would be 31, in which case **D₁** will be 30; and

“D₂” is the calendar day, expressed as a number, immediately following the last day included in the Calculation Period, unless such number would be 31, in which case D₂ will be 30;

- (vii) if “**30E/360 (ISDA)**” is specified hereon, the number of days in the Calculation Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \times (Y_2 - Y_1)] + [30 \times (M_2 - M_1)] + (D_2 - D_1)}{360}$$

where:

“Y₁” is the year, expressed as a number, in which the first day of the Calculation Period falls;

“Y₂” is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

“M₁” is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

“M₂” is the calendar month, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

“D₁” is the first calendar day, expressed as a number, of the Calculation Period, unless (i) that day is the last day of February or (ii) such number would be 31, in which case D₁ will be 30; and

“D₂” is the calendar day, expressed as a number, immediately following the last day included in the Calculation Period, unless (i) that day is the last day of February but not the Maturity Date or (ii) such number would be 31, in which case D₂ will be 30;

- (viii) if “**Actual/Actual-ICMA**” is specified hereon;
- (j) if the Calculation Period is equal to or shorter than the Determination Period during which it falls, the number of days in the Calculation Period divided by the product of (x) the number of days in such Determination Period and (y) the number of Determination Periods normally ending in any year; and
- (k) if the Calculation Period is longer than one Determination Period, the sum of:
- (i) the number of days in such Calculation Period falling in the Determination Period in which it begins divided by the product of (1) the number of days in such Determination Period and (2) the number of Determination Periods normally ending in any year; and
 - (ii) the number of days in such Calculation Period falling in the next Determination Period divided by the product of (1) the number of days in such Determination Period and (2) the number of Determination Periods normally ending in any year,

where:

“**Determination Date**” means the date(s) specified as such hereon or, if none is so specified, the Interest Payment Date(s);

“**Determination Period**” means the period from and including a Determination Date in any year to but excluding the next Determination Date;

“**Euro-zone**” means the region comprised of member states of the European Union that adopt the single currency in accordance with the Treaty establishing the European Community, as amended;

“**Interest Accrual Period**” means the period beginning on (and including) the Interest Commencement Date and ending on (but excluding) the first Interest Period Date and each successive period beginning on (and including) an Interest Period Date and ending on (but excluding) the next succeeding Interest

Period Date;

“Interest Amount” means:

- (A) in respect of an Interest Accrual Period, the amount of interest payable per Calculation Amount for that Interest Accrual Period and which, in the case of Fixed Rate Notes, and unless otherwise specified hereon, shall mean the Fixed Coupon Amount or Broken Amount specified hereon as being payable on the Interest Payment Date ending the Interest Period of which such Interest Accrual Period forms part; and
- (B) in respect of any other period, the amount of interest payable per Calculation Amount for that period;

“Interest Commencement Date” means the Issue Date or such other date as may be specified hereon;

“Interest Determination Date” means, with respect to a Rate of Interest and Interest Accrual Period, the date specified as such hereon or, if none is so specified, (i) the first day of such Interest Accrual Period if the Specified Currency is Sterling or (ii) the day falling two Business Days in London for the Specified Currency prior to the first day of such Interest Accrual Period if the Specified Currency is neither Sterling nor euro or (iii) the day falling two TARGET Business Days prior to the first day of such Interest Accrual Period if the Specified Currency is euro;

“Interest Period” means the period beginning on and including the Interest Commencement Date and ending on but excluding the first Interest Payment Date and each successive period beginning on and including an Interest Payment Date and ending on but excluding the next succeeding Interest Payment Date unless otherwise specified hereon;

“Interest Period Date” means each Interest Payment Date unless otherwise specified hereon;

“ISDA Definitions” means the 2006 ISDA Definitions, as published by the International Swaps and Derivatives Association, Inc., unless otherwise specified hereon;

“Rate of Interest” means the rate of interest payable from time to time in respect of this Note and that is either specified or calculated in accordance with the provisions hereon;

“Reference Banks” means, in the case of a determination of LIBOR, the principal London office of four major banks in the London inter-bank market and, in the case of a determination of EURIBOR, the principal Euro-zone office of four major banks in the Euro-zone inter-bank market, in each case selected by the Calculation Agent or as specified hereon;

“Reference Rate” means the rate specified as such hereon;

“Relevant Screen Page” means such page, section, caption, column or other part of a particular information service as may be specified hereon (or any successor or replacement page, section, caption, column or other part of a particular information service or information service);

“Specified Currency” means the currency specified as such hereon or, if none is specified, the currency in which the Notes are denominated; and

“TARGET System” means the Trans-European Automated Real-Time Gross Settlement Express Transfer (known as TARGET2) System which was launched on 19 November 2007 or any successor thereto.

- (l) **Calculation Agent:** The Issuer shall procure that there shall at all times be one or more Calculation Agents if provision is made for them hereon and for so long as any Note is outstanding (as defined in the Trust Deed). Where more than one Calculation Agent is appointed in respect of the Notes, references in these Conditions to the Calculation Agent shall be construed as each Calculation Agent performing its respective duties under the Conditions. If the Calculation Agent is unable or unwilling to act as such or if the Calculation Agent fails duly to establish the Rate of Interest for an Interest Accrual Period or to calculate any Interest Amount, Final Redemption Amount, Early Redemption Amount or Optional

Redemption Amount, as the case may be, or to comply with any other requirement, the Issuer shall appoint a leading bank or financial institution engaged in the interbank market (or, if appropriate, money, swap or over-the-counter index options market) that is most closely connected with the calculation or determination to be made by the Calculation Agent (acting through its principal London office or any other office actively involved in such market) to act as such in its place. The Calculation Agent may not resign its duties without a successor having been appointed as aforesaid.

6. Redemption, Purchase and Options

(a) Final redemption:

Unless previously redeemed, purchased and cancelled as provided below, each Note shall be finally redeemed on the Maturity Date specified hereon at its Final Redemption Amount (which, unless otherwise provided hereon, is its nominal amount).

(b) Early redemption:

(i) Zero Coupon Notes:

(A) The Early Redemption Amount payable in respect of any Zero Coupon Note, the Early Redemption Amount of which is not linked to an index and/or a formula, upon redemption of such Note pursuant to Conditions 6(c), 6(d) or 6(e) or upon it becoming due and payable as provided in Condition 10 shall be the Amortised Face Amount (calculated as provided below) of such Note unless otherwise specified hereon.

(B) Subject to the provisions of sub-paragraph (C) below, the Amortised Face Amount of any such Note shall be the scheduled Final Redemption Amount of such Note on the Maturity Date discounted at a rate per annum (expressed as a percentage) equal to the Amortisation Yield (which, if none is shown hereon, shall be such rate as would produce an Amortised Face Amount equal to the issue price of the Notes if they were discounted back to their issue price on the Issue Date) compounded annually.

(C) If the Early Redemption Amount payable in respect of any such Note upon its redemption pursuant to Conditions 6(c), 6(d) or 6(e) or upon it becoming due and payable as provided in Condition 10 is not paid when due, the Early Redemption Amount due and payable in respect of such Note shall be the Amortised Face Amount of such Note as defined in sub-paragraph (B) above, except that such sub-paragraph shall have effect as though the date on which the Note becomes due and payable were the Relevant Date. The calculation of the Amortised Face Amount in accordance with this sub-paragraph shall continue to be made (both before and after judgment) until the Relevant Date, unless the Relevant Date falls on or after the Maturity Date, in which case the amount due and payable shall be the scheduled Final Redemption Amount of such Note on the Maturity Date together with any interest that may accrue in accordance with Condition 5(c).

Where such calculation is to be made for a period of less than one year, it shall be made on the basis of the Day Count Fraction shown hereon.

(ii) *Other Notes:* The Early Redemption Amount payable in respect of any Note (other than Notes described in (i) above), upon redemption of such Note pursuant to Conditions 6(c), 6(d) or 6(e) or upon it becoming due and payable as provided in Condition 10, shall be the Final Redemption Amount unless otherwise specified hereon.

(c) **Redemption for taxation reasons:** The Notes may be redeemed at the option of the Issuer in whole, but not in part, on any Interest Payment Date (if this Note is a Floating Rate Note) or at any time (if this Note is not a Floating Rate Note), on giving not less than 30 nor more than 60 days' notice to the Noteholders (which notice shall be irrevocable) at their Early Redemption Amount (as described in Condition 6(b) above) (together with interest accrued to the date fixed for redemption), if (i) the Issuer satisfies the Trustee immediately before the giving of such notice that it has or will become obliged to pay additional amounts as described under Condition 8 as a result of any change in, or amendment to, the laws or regulations of the United Kingdom or any political subdivision, any authority thereof or

therein having power to tax, or any change in the application or official interpretation of such laws or regulations, which change or amendment becomes effective on or after the date on which agreement is reached to issue the first Tranche of the Notes, and (ii) such obligation cannot be avoided by the Issuer taking reasonable measures available to it, provided that no such notice of redemption shall be given earlier than 90 days prior to the earliest date on which the Issuer would be obliged to pay such additional amounts were a payment in respect of the Notes then due. Prior to the publication of any notice of redemption pursuant to this Condition 6(c), the Issuer shall deliver to the Trustee a certificate signed by two directors of the Issuer stating that the obligation referred to in (i) above cannot be avoided by the Issuer taking reasonable measures available to it and the Trustee shall be entitled to accept such certificate as sufficient evidence of the satisfaction of the condition precedent set out in (ii) above, in which event it shall be conclusive and binding on Noteholders and Couponholders.

- (d) **Redemption at the option of the Issuer:** If Call Option is specified hereon, the Issuer may, on giving not less than 15 nor more than 30 days' irrevocable notice to the Noteholders (or such other notice period as may be specified hereon) redeem all or, if so provided, some of the Notes on any Optional Redemption Date. Any such redemption of Notes shall be at their Optional Redemption Amount specified hereon (which may be the Early Redemption Amount (as described in Condition 6(b) above) together with interest accrued to the date fixed for redemption. Any such redemption or exercise must relate to Notes of a nominal amount at least equal to the Minimum Redemption Amount to be redeemed specified hereon and no greater than the Maximum Redemption Amount to be redeemed specified hereon.

All Notes in respect of which any such notice is given shall be redeemed on the date specified in such notice in accordance with this Condition.

In the case of a partial redemption the notice to Noteholders shall also contain the certificate numbers of the Bearer Notes, or in the case of Registered Notes shall specify the nominal amount of Registered Notes drawn and the holder(s) of such Registered Notes, to be redeemed, which shall have been drawn in such place as the Trustee may approve and in such manner as shall be fair and reasonable in the circumstances, subject to compliance with any applicable laws and stock exchange or other relevant authority requirements.

- (e) **Redemption at the option of Noteholders:** If Put Option is specified hereon, the Issuer shall, at the option of the holder of any such Note, upon the holder of such Note giving not less than 15 nor more than 30 days' notice to the Issuer (or such other notice period as may be specified hereon) redeem such Note on the Optional Redemption Date(s) at its Optional Redemption Amount specified hereon (which may be at the Early Redemption Amount (as described in Condition 6(b) above)) together with interest accrued to the date fixed for redemption.

To exercise such option the holder must deposit (in the case of Bearer Notes) such Note (together with all unmatured Coupons and unexchanged Talons) with any Paying Agent or (in the case of Registered Notes) the Certificate representing such Note(s) with the Registrar or any Transfer Agent at its specified office, together with a duly completed option exercise notice ("**Exercise Notice**") in the form obtainable from any Paying Agent, the Registrar or any Transfer Agent (as applicable) within the notice period. No Note or Certificate so deposited and option exercised may be withdrawn (except as provided in the Agency Agreement) without the prior consent of the Issuer.

- (f) **Purchases:** The Issuer and its Subsidiaries may at any time purchase Notes (provided that all unmatured Coupons and unexchanged Talons relating thereto are attached thereto or surrendered therewith) in the open market or otherwise at any price.
- (g) **Cancellation:** All Notes purchased by or on behalf of the Issuer or any of its Subsidiaries may be surrendered for cancellation, in the case of Bearer Notes, by surrendering each such Note together with all unmatured Coupons and all unexchanged Talons to the Issuing and Paying Agent and, in the case of Registered Notes, by surrendering the Certificate representing such Notes to the Registrar and, in each case, if so surrendered, shall, together with all Notes redeemed by the Issuer, be cancelled forthwith (together with all unmatured Coupons and unexchanged Talons attached thereto or surrendered therewith). Any Notes so surrendered for cancellation may not be reissued or resold and the obligations of the Issuer in respect of any such Notes shall be discharged.

7. Payments and Talons

- (a) **Bearer Notes:** Payments of principal and interest in respect of Bearer Notes shall, subject as mentioned below, be made against presentation and surrender of the relevant Notes (in the case of all payments of principal and, in the case of interest, as specified in Condition 7(f)(v)) or Coupons (in the case of interest, save as specified in Condition 7(f)(ii)), as the case may be, at the specified office of any Paying Agent outside the United States by transfer to an account denominated in such currency with, a Bank. “**Bank**” means a bank in the principal financial centre for such currency or, in the case of euro, in a city in which banks have access to the TARGET System.
- (b) **Registered Notes:**
- (i) Payments of principal in respect of Registered Notes shall be made against presentation and surrender of the relevant Certificates at the specified office of any of the Transfer Agents or of the Registrar and in the manner provided in paragraph (ii) below.
- (ii) Interest on Registered Notes shall be paid to the person shown on the Register at the close of business on the fifteenth day before the due date for payment thereof (the “**Record Date**”). Payments of interest on each Registered Note shall be made in the relevant currency by transfer to the account denominated in such currency, with a Bank of the holder appearing in the Register. Upon application by the holder to the specified office of the Registrar or any Transfer Agent before the Record Date, such payment of interest may be made by transfer to another account in the relevant currency maintained by the payee with a Bank.
- (c) **Payments in the United States:** Notwithstanding the foregoing, if any Bearer Notes are denominated in U.S. dollars, payments in respect thereof may be made at the specified office of any Paying Agent in New York City in the same manner as aforesaid if (i) the Issuer shall have appointed Paying Agents with specified offices outside the United States with the reasonable expectation that such Paying Agents would be able to make payment of the amounts on the Notes in the manner provided above when due, (ii) payment in full of such amounts at all such offices is illegal or effectively precluded by exchange controls or other similar restrictions on payment or receipt of such amounts and (iii) such payment is then permitted by United States law, without involving, in the opinion of the Issuer, any adverse tax consequence to the Issuer.
- (d) **Payments subject to fiscal laws:** Save as provided in Condition 8, payments are subject in all cases to any other applicable fiscal or other laws, regulations and directives in the place of payment or other laws, regulations and directives to which the Issuer or any Paying Agent agrees to be subject and the Issuer will not be liable for any taxes or duties of whatever nature imposed or levied by such laws, regulations, directives or agreements. No commission or expenses shall be charged to the Noteholders or Couponholders in respect of such payments.
- (e) **Appointment of agents:** The Issuing and Paying Agent, the Paying Agents, the Registrar, the Transfer Agents and the Calculation Agent initially appointed by the Issuer and their respective specified offices are listed below. The Issuing and Paying Agent, the Paying Agents, the Registrar, the Transfer Agents and the Calculation Agent act solely as agents of the Issuer and do not assume any obligation or relationship of agency or trust for or with any Noteholder or Couponholder. The Issuer reserves the right at any time to vary or terminate the appointment of the Issuing and Paying Agent, any other Paying Agent, the Registrar, any Transfer Agent or the Calculation Agent(s) and to appoint additional or other Paying Agents or Transfer Agents, provided that the Issuer shall at all times maintain (i) an Issuing and Paying Agent, (ii) a Registrar in relation to Registered Notes, (iii) a Transfer Agent in relation to Registered Notes, (iv) one or more Calculation Agent(s) where the Conditions so require, (v) Paying Agents having specified offices in at least two major European cities and (vi) such other agents as may be required by any other stock exchange on which the Notes may be listed in each case, as approved by the Trustee.

In addition, the Issuer shall forthwith appoint a Paying Agent in New York City in respect of any Bearer Notes denominated in U.S. dollars in the circumstances described in paragraph (c) above.

Notice of any such change or any change of any specified office shall promptly be given to the Noteholders.

(f) **Unmatured Coupons and unexchanged Talons:**

- (i) Upon the due date for redemption of Bearer Notes which comprise Fixed Rate Notes, such Notes should be surrendered for payment together with all unmaturred Coupons (if any) relating thereto, failing which an amount equal to the face value of each missing unmaturred Coupon (or, in the case of payment not being made in full, that proportion of the amount of such missing unmaturred Coupon that the sum of principal so paid bears to the total principal due) shall be deducted from the Final Redemption Amount, Early Redemption Amount or Optional Redemption Amount, as the case may be, due for payment. Any amount so deducted shall be paid in the manner mentioned above against surrender of such missing Coupon within a period of 10 years from the Relevant Date for the payment of such principal (whether or not such Coupon has become void pursuant to Condition 9).
 - (ii) Upon the due date for redemption of Bearer Notes which comprise Floating Rate Notes, unmaturred Coupons relating to such Notes (whether or not attached) shall become void and no payment shall be made in respect of them.
 - (iii) Upon the due date for redemption of any Bearer Note, any unexchanged Talon relating to such Note (whether or not attached) shall become void and no Coupon shall be delivered in respect of such Talon.
 - (iv) Where any Bearer Note that provides that the relative unmaturred Coupons are to become void upon the due date for redemption of those Notes is presented for redemption without all unmaturred Coupons, and where any Bearer Note is presented for redemption without any unexchanged Talon relating to it, redemption shall be made only against the provision of such indemnity as the Issuer may require.
 - (v) If the due date for redemption of any Note is not a due date for payment of interest, interest accrued from the preceding due date for payment of interest or the Interest Commencement Date, as the case may be, shall only be payable against presentation (and surrender if appropriate) of the relevant Bearer Note or Certificate representing it, as the case may be. Interest accrued on a Note that only bears interest after its Maturity Date shall be payable on redemption of such Note against presentation of the relevant Note or Certificate representing it, as the case may be.
- (g) **Talons:** On or after the Interest Payment Date for the final Coupon forming part of a Coupon sheet issued in respect of any Bearer Note, the Talon forming part of such Coupon sheet may be surrendered at the specified office of the Issuing and Paying Agent in exchange for a further Coupon sheet (and if necessary another Talon for a further Coupon sheet) (but excluding any Coupons that may have become void pursuant to Condition 9).
- (h) **Non-Business Days:** If any date for payment in respect of any Note or Coupon is not a business day, the holder shall not be entitled to payment until the next following business day nor to any interest or other sum in respect of such postponed payment. In this paragraph, “**business day**” means a day (other than a Saturday or a Sunday) on which banks and foreign exchange markets are open for business in the relevant place of presentation, in such jurisdictions as shall be specified as “**Financial Centres**” hereon and:
- (i) (in the case of a payment in a currency other than euro) where payment is to be made by transfer to an account maintained with a bank in the relevant currency, on which foreign exchange transactions may be carried on in the relevant currency in the principal financial centre of the country of such currency or
 - (ii) (in the case of a payment in euro) which is a TARGET Business Day.

8. Taxation

All payments of principal and interest by or on behalf of the Issuer in respect of the Notes and the Coupons shall be made free and clear of, and without withholding or deduction for, any taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by the United

Kingdom or any authority therein or thereof having power to tax, unless such withholding or deduction is required by law. In that event, the Issuer shall pay such additional amounts as shall result in receipt by the Noteholders and Couponholders of such amounts as would have been received by them had no such withholding or deduction been required, except that no such additional amounts shall be payable with respect to any Note or Coupon:

- (a) **Other connection:** to, or to a third party on behalf of, a holder who is liable to such taxes, duties, assessments or governmental charges in respect of such Note or Coupon by reason of his having some connection with the United Kingdom other than the mere holding of the Note or Coupon; or
- (b) **Presentation more than 30 days after the Relevant Date:** presented (or in respect of which the Certificate representing it is presented) for payment more than 30 days after the Relevant Date except to the extent that the holder of it would have been entitled to such additional amounts on presenting it for payment on the thirtieth day.

As used in these Conditions, “**Relevant Date**” in respect of any Note or Coupon means the date on which payment in respect of it first becomes due or (if any amount of the money payable is improperly withheld or refused) the date on which payment in full of the amount outstanding is made or (if earlier) the date seven days after that on which notice is duly given to the Noteholders that, upon further presentation of the Note (or relative Certificate) or Coupon being made in accordance with the Conditions, such payment will be made, provided that payment is in fact made upon such presentation. References in these Conditions to (i) “**principal**” shall be deemed to include any premium payable in respect of the Notes, all Final Redemption Amounts, Early Redemption Amounts, Optional Redemption Amounts, Amortised Face Amounts and all other amounts in the nature of principal payable pursuant to Condition 6 or any amendment or supplement to it, (ii) “**interest**” shall be deemed to include all Interest Amounts and all other amounts payable pursuant to Condition 5 or any amendment or supplement to it and (iii) “**principal**” and/or “**interest**” shall be deemed to include any additional amounts that may be payable under this Condition or any undertaking given in addition to or in substitution for it under the Trust Deed.

9. Prescription

Claims against the Issuer for payment in respect of the Notes and Coupons (which, for this purpose, shall not include Talons) shall be prescribed and become void unless made within 10 years (in the case of principal) or five years (in the case of interest) from the appropriate Relevant Date in respect of them.

10. Events of Default

If any of the following events (“**Events of Default**”) occurs and is continuing, the Trustee at its discretion may, and if so requested by holders of at least one quarter in nominal amount of the Notes then outstanding or if so directed by an Extraordinary Resolution shall, subject in each case to being indemnified and/or secured and/or prefunded to its satisfaction, give notice to the Issuer that the Notes are, and they shall immediately become, due and payable at their Early Redemption Amount together (if applicable) with accrued interest:

- (a) **Non-payment:** default is made for more than 14 days (in the case of interest) or seven days (in the case of principal) in the payment on the due date of interest or principal in respect of any of the Notes; or
- (b) **Breach of other obligations:** the Issuer does not perform or comply with any one or more of its other obligations (other than referred to in paragraph 10(a) above) in the Notes or the Trust Deed which default is incapable of remedy or, if in the opinion of the Trustee capable of remedy, is not in the opinion of the Trustee remedied within 30 days after notice of such default shall have been given to the Issuer by the Trustee; or
- (c) **Cross-default:** (A) any other present or future indebtedness of the Issuer or any of its Subsidiaries for or in respect of moneys borrowed or raised becomes (or becomes capable of being declared) due and payable prior to its stated maturity by reason of any actual or potential default, event of default or the like (howsoever described), or (B) any such indebtedness is not paid when due or, as the case may be, within any originally applicable grace period, or (C) the Issuer or any of its Subsidiaries fails to pay when due or, as the case may be, within any originally applicable grace period, any amount payable by it under any present or future guarantee for, or indemnity in respect of, any moneys borrowed or raised provided that the aggregate amount of the relevant indebtedness, guarantees and indemnities in respect

of which one or more of the events mentioned above in this paragraph (iii) have occurred equals or exceeds £20,000,000 or its equivalent; or

- (d) **Enforcement proceedings:** a distress, attachment, execution or other legal process is levied, enforced or sued out on or against any part of the property, assets or revenues of the Issuer or any of its Subsidiaries and is not discharged or stayed within 30 days; or
- (e) **Security enforced:** any mortgage, charge, pledge, lien or other encumbrance, present or future, created or assumed by the Issuer or any of its Subsidiaries becomes enforceable and any step is taken to enforce it (including the taking of possession or the appointment of a receiver, administrative receiver, administrator manager or other similar person) and is not discharged or stayed within 30 days; or
- (f) **Insolvency:** the Issuer or any of its Subsidiaries is (or is, or could be, deemed by law or a court to be) insolvent or bankrupt or unable to pay its debts as they fall due, stops, suspends or threatens to stop or suspend payment of all or, in the opinion of the Trustee, a material part of (or of a particular type of) its debts, proposes or makes a general assignment or an arrangement or composition with or for the benefit of the relevant creditors in respect of any of such debts or a moratorium is agreed or declared or comes into effect in respect of or affecting all or any part of (or of a particular type of) the debts of the Issuer or any of its Subsidiaries; or
- (g) **Winding-up:** an administrator is appointed an order is made or an effective resolution passed for the winding-up or dissolution or administration of the Issuer or any of its Subsidiaries, or the Issuer or any of its Subsidiaries shall apply or petition for a winding-up or administration order in respect of itself or cease or through an official action of its board of directors threaten to cease to carry on all or a substantial part (in the opinion of the Trustee) of its business or operations, in each case except (A) for the purpose of and followed by a reconstruction, amalgamation, reorganisation, merger or consolidation (i) on terms approved by the Trustee or by an Extraordinary Resolution (as defined in the Trust Deed) of the Noteholders or (ii) in the case of a Subsidiary, whereby the undertaking and assets of the Subsidiary are transferred to or otherwise vested in the Issuer or another of its Subsidiaries or (B) in the case of Subsidiaries only, for the purpose of a *bona fide* disposal for full value on an arm's length basis of all or substantially all of the business or operations (including the disposal of shares in a Subsidiary of the Issuer) of a Subsidiary; or
- (h) **Analogous events:** any event occurs that under the laws of any relevant jurisdiction has an analogous effect to any of the events referred to in any of the foregoing paragraphs,

provided that in the case of any event as is specified in any of paragraphs (b), (d), (f) (in relation to a Subsidiary only), (g) (in relation to a Subsidiary only) and (h) (insofar as it relates to any of the events mentioned in relation to paragraphs (b), (d), and (f) and (g) (in relation to a Subsidiary only)) the Trustee shall have certified that in its opinion such event is materially prejudicial to the interests of the Noteholders.

11. Meetings of Noteholders, modification, waiver and substitution

- (a) **Meetings of Noteholders:** The Trust Deed contains provisions for convening meetings of Noteholders to consider any matter affecting their interests, including the sanctioning by Extraordinary Resolution (as defined in the Trust Deed) of a modification of any of these Conditions or any provision of the Trust Deed. Such a meeting may be convened by Noteholders holding not less than 10 per cent. in nominal amount of the Notes for the time being outstanding. The quorum for any meeting convened to consider an Extraordinary Resolution shall be two or more persons holding or representing a clear majority in nominal amount of the Notes for the time being outstanding, or at any adjourned meeting two or more persons being or representing Noteholders whatever the nominal amount of the Notes held or represented, unless the business of such meeting includes consideration of proposals, *inter alia*, (i) to amend the dates of maturity or redemption of the Notes or any date for payment of interest or Interest Amounts on the Notes, (ii) to reduce or cancel the nominal amount of any premium payable on redemption of, the Notes, (iii) to reduce the rate or rates of interest in respect of the Notes or to vary the method or basis of calculating the rate or rates or amount of interest or the basis for calculating any Interest Amount in respect of the Notes, (iv) if a Minimum and/or a Maximum Rate of Interest or Redemption Amount is shown hereon, to reduce any such Minimum and/or Maximum, (v) to vary any method of, or basis for, calculating the Final Redemption Amount, the Early Redemption Amount or the

Optional Redemption Amount, including the method of calculating the Amortised Face Amount, (vi) to vary the currency or currencies of payment or denomination of the Notes, or (vii) to modify the provisions concerning the quorum required at any meeting of Noteholders or the majority required to pass the Extraordinary Resolution, in which case the necessary quorum shall be two or more persons holding or representing not less than two-thirds, or at any adjourned meeting not less than one-third, in nominal amount of the Notes for the time being outstanding. Any Extraordinary Resolution duly passed shall be binding on Noteholders (whether or not they were present at the meeting at which such resolution was passed) and on all Couponholders.

The Trust Deed provides that a resolution in writing signed by or on behalf of the holders of not less than 75 per cent. in nominal amount of the Notes outstanding shall for all purposes be as valid and effective as an Extraordinary Resolution passed at a meeting of Noteholders duly convened and held. Such a resolution in writing may be contained in one document or several documents in the same form, each signed by or on behalf of one or more Noteholders.

A meeting that has been validly convened in accordance with the provisions of the Agency Agreement may be cancelled by the person who convened such meeting giving at least five days' notice which, in the case of a meeting convened by the Issuer, will be given to applicable Noteholders in accordance with Condition 16.

These Conditions may be amended, modified or varied in relation to any Series of Notes by the terms of the applicable Final Terms in relation to such Series.

- (b) **Modification of the Trust Deed:** The Trustee may agree, without the consent of the Noteholders or Couponholders, to (i) any modification of any of the provisions of the Trust Deed that is in its opinion of a formal, minor or technical nature or is made to correct a manifest error, and (ii) any other modification (except as mentioned in the Trust Deed), and any waiver or authorisation of any breach or proposed breach, of any of the provisions of the Trust Deed that is in the opinion of the Trustee not materially prejudicial to the interests of the Noteholders. Any such modification, authorisation or waiver shall be binding on the Noteholders and the Couponholders and, if the Trustee so requires, such modification shall be notified to the Noteholders as soon as practicable.
- (c) **Substitution:** The Trust Deed contains provisions permitting the Trustee to agree, subject to such amendment of the Trust Deed and such other conditions as the Trustee may require, but without the consent of the Noteholders or the Couponholders, to the substitution of the Issuer's successor in business or any Subsidiary of the Issuer or its successor in business in place of the Issuer, or of any previous substituted company, as principal debtor under the Trust Deed and the Notes. In the case of such a substitution the Trustee may agree, without the consent of the Noteholders or the Couponholders, to a change of the law governing the Notes, the Coupons, the Talons and/or the Trust Deed provided that such change would not in the opinion of the Trustee be materially prejudicial to the interests of the Noteholders.
- (d) **Entitlement of the Trustee:** In connection with the exercise of its functions (including but not limited to those referred to in this Condition) the Trustee shall have regard to the interests of the Noteholders as a class and shall not have regard to the consequences of such exercise for individual Noteholders or Couponholders and the Trustee shall not be entitled to require, nor shall any Noteholder or Couponholder be entitled to claim, from the Issuer any indemnification or payment in respect of any tax consequence of any such exercise upon individual Noteholders or Couponholders.

12. Enforcement

At any time after the Notes become due and payable, the Trustee may, at its discretion and without further notice, institute such steps, actions or proceedings against the Issuer as it may think fit to enforce the terms of the Trust Deed, the Notes and the Coupons, but it need not take any such steps, actions or proceedings unless (a) it shall have been so directed by an Extraordinary Resolution or so requested in writing by Noteholders holding at least one-fifth in nominal amount of the Notes outstanding, and (b) it shall have been indemnified and/or secured and/or prefunded to its satisfaction. No Noteholder or Couponholder may proceed directly against the Issuer unless the Trustee, having become bound so to proceed, fails to do so within a reasonable time and such failure is continuing.

13. Indemnification of the Trustee

The Trust Deed contains provisions for the indemnification of the Trustee and for its relief from responsibility. The Trustee is entitled to enter into business transactions with the Issuer and any entity related to the Issuer without accounting for any profit.

The Trustee may rely without liability to Noteholders or Couponholders on a report, confirmation or certificate or any advice of any accountants, financial advisers, financial institution or any other expert, whether or not addressed to it and whether their liability in relation thereto is limited (by its terms or by any engagement letter relating thereto entered into by the Trustee or in any other manner) by reference to a monetary cap, methodology or otherwise. The Trustee may accept and shall be entitled to rely without liability to any person for so doing on any such report, confirmation or certificate or advice and such report, confirmation or certificate or advice shall be binding on the Issuer, the Trustee and the Noteholders.

14. Replacement of Notes, Certificates, Coupons and Talons

If a Note, Certificate, Coupon or Talon is lost, stolen, mutilated, defaced or destroyed, it may be replaced, subject to applicable laws, regulations and stock exchange or other relevant authority regulations, at the specified office of the Issuing and Paying Agent in London (in the case of Bearer Notes, Coupons or Talons) and of the Registrar (in the case of Certificates) or such other Paying Agent or Transfer Agent, as the case may be, as may from time to time be designated by the Issuer for the purpose and notice of whose designation is given to Noteholders, in each case on payment by the claimant of the fees and costs incurred in connection therewith and on such terms as to evidence, security and indemnity (which may provide, *inter alia*, that if the allegedly lost, stolen or destroyed Note, Certificate, Coupon or Talon is subsequently presented for payment or, as the case may be, for exchange for further Coupons, there shall be paid to the Issuer on demand the amount payable by the Issuer in respect of such Notes, Certificates, Coupons or further Coupons) and otherwise as the Issuer may require. Mutilated or defaced Notes, Certificates, Coupons or Talons must be surrendered before replacements will be issued.

15. Further issues

The Issuer may from time to time without the consent of the Noteholders or Couponholders create and issue further securities having the same terms and conditions as the Notes in all respects (or in all respects except for the first payment of interest on them) and so that such further issue shall be consolidated and form a single series with an outstanding Series or upon such terms as the Issuer may determine at the time of their issue. References in these Conditions to the Notes include (unless the context requires otherwise) any other securities issued pursuant to this Condition and forming a single series with the Notes.

16. Notices

Notices to the holders of Registered Notes shall be mailed to them at their respective addresses in the Register and deemed to have been given on the fourth weekday (being a day other than a Saturday or a Sunday) after the date of mailing. Notices to the holders of Bearer Notes shall be valid if published in a daily newspaper of general circulation in London (which is expected to be the *Financial Times*). If in the opinion of the Trustee any such publication is not practicable, notice shall be validly given if published in another leading daily English language newspaper with general circulation in Europe. Any such notice shall be deemed to have been given on the date of such publication or, if published more than once or on different dates, on the first date on which publication is made, as provided above.

Couponholders shall be deemed for all purposes to have notice of the contents of any notice given to the holders of Bearer Notes in accordance with this Condition.

17. Contracts (Rights of Third Parties) Act 1999

No person shall have any right to enforce any term or condition of the Notes under the Contracts (Rights of Third Parties) Act 1999.

18. Governing law and jurisdiction

(a) **Governing law:** The Trust Deed, the Notes, the Coupons and the Talons, and any non-contractual

obligations arising out of or in connection with them, are governed by, and shall be construed in accordance with, English law.

- (b) **Jurisdiction:** The Courts of England are to have jurisdiction to settle any disputes that may arise out of or in connection with any Notes, Coupons or Talons and accordingly any legal action or proceedings arising out of or in connection with any Notes, Coupons or Talons (“**Proceedings**”) may be brought in such courts. The Issuer has in the Trust Deed irrevocably submitted to the jurisdiction of such courts.
- (c) **Service of process:** The Issuer has in the Trust Deed irrevocably appointed an agent in England to receive, for it and on its behalf, service of process in any Proceedings in England.

PART IX

SUMMARY OF PROVISIONS RELATING TO THE NOTES WHILE IN GLOBAL FORM IN THE CLEARING SYSTEM

Overview

Each Series of Notes in bearer form will be represented on issue by a temporary global note in bearer form (each, a “**temporary Global Note**”) or a permanent global note in bearer form (each, a “**permanent Global Note**” and together with the temporary Global Note, the “**Global Notes**”). Notes in registered form will be represented by registered certificates (each a “**Certificate**”), one Certificate being issued in respect of each Noteholder’s entire holding of Registered Notes of one Series. Global Notes and Certificates may be deposited on the issue date with a Common Depositary on behalf of Euroclear and Clearstream, Luxembourg (the “**Common Depositary**”).

Initial issue of Notes

Global Notes and Certificates may be delivered on or prior to the original issue date of the Tranche to a Common Depositary for Euroclear and Clearstream, Luxembourg.

Upon the initial deposit of a Global Note with a Common Depositary or registration of Registered Notes in the name of any nominee for Euroclear and Clearstream, Luxembourg and delivery of the relative global Certificate (the “**Global Certificate**”) to the Common Depositary, Euroclear or Clearstream, Luxembourg will credit each subscriber with a nominal amount of Notes equal to the nominal amount thereof for which it has subscribed and paid.

Notes that are initially deposited with the Common Depositary may also be credited to the accounts of subscribers with (if indicated in the applicable Final Terms) other clearing systems through direct or indirect accounts with Euroclear and Clearstream, Luxembourg held by such other clearing systems. Conversely, Notes that are initially deposited with any other clearing system may similarly be credited to the accounts of subscribers with Euroclear, Clearstream, Luxembourg or other clearing systems.

Relationship of accountholders with clearing systems

Each of the persons shown in the records of Euroclear, Clearstream, Luxembourg or any other clearing system (an “**Alternative Clearing System**”) as the holder of a Note represented by a Global Note or a Global Certificate must look solely to Euroclear, Clearstream, Luxembourg or any such Alternative Clearing System (as the case may be) for his share of each payment made by the Issuer to the bearer of such Global Note or the holder of the underlying Registered Notes, as the case may be, and in relation to all other rights arising under the Global Notes or Global Certificates, subject to and in accordance with the respective rules and procedures of Euroclear, Clearstream, Luxembourg, or such Alternative Clearing System (as the case may be). Such persons shall have no claim directly against the Issuer in respect of payments due on the Notes for so long as the Notes are represented by such Global Note or Global Certificate and such obligations of the Issuer will be discharged by payment to the bearer of such Global Note or the holder of the underlying Registered Notes, as the case may be, in respect of each amount so paid.

Exchange

Temporary Global Notes

Each temporary Global Note will be exchangeable, free of charge to the holder, on or after its Exchange Date:

- (a) if the applicable Final Terms indicates that such Global Note is issued in compliance with the C Rules or is an Excluded Note (as to which, see Part XII (*Subscription and Sale - Selling restrictions*) of this document), in whole, but not in part, for the Definitive Notes (as defined and described below); and
- (b) otherwise, in whole or in part upon certification as to non-U.S. beneficial ownership in the form set out in the Agency Agreement for interests in a permanent Global Note or, if so provided in the applicable Final Terms, for Definitive Notes.

If the applicable Final Terms indicates that the temporary Global Note may be exchanged for Definitive Notes, trading of such Notes in Euroclear and Clearstream, Luxembourg will only be permitted in amounts which are an integral multiple of the minimum Specified Denomination.

Permanent Global Notes

Each permanent Global Note will be exchangeable, free of charge to the holder, on or after its Exchange Date (as defined below) in whole but not in part for Definitive Notes if the permanent Global Note is held on behalf of Euroclear or Clearstream, Luxembourg or an Alternative Clearing System and any such clearing system is closed for business for a continuous period of 14 days (other than by reason of holidays, statutory or otherwise) or announces an intention permanently to cease business or in fact does so.

In the event that a Global Note is exchanged for Definitive Notes, such Definitive Notes shall be issued in Specified Denomination(s) only. A Noteholder who holds a nominal amount of less than the minimum Specified Denomination will not receive a definitive Note in respect of such holding and would need to purchase a nominal amount of Notes such that it holds an amount equal to one or more Specified Denominations.

Permanent Global Certificates

If the Final Terms state that the Notes are to be represented by a permanent Global Certificate on issue, the following will apply in respect of transfers of Notes held in Euroclear or Clearstream, Luxembourg or an Alternative Clearing System. These provisions will not prevent the trading of interests in the Notes within a clearing system whilst they are held on behalf of such clearing system, but will limit the circumstances in which the Notes may be withdrawn from the relevant clearing system.

Transfers of the holding of Notes represented by any Global Certificate pursuant to Condition 2(b) may only be made in part:

- (a) if the relevant clearing system is closed for business for a continuous period of 14 days (other than by reason of holidays, statutory or otherwise) or announces an intention permanently to cease business or does in fact do so; or
- (b) with the consent of the Issuer,

provided that, in the case of the first transfer of part of a holding pursuant to either paragraph (a) or (b) under “Temporary Global Notes” above, the registered Holder has given the Registrar not less than 30 days’ notice at its specified office of the Registered Holder’s intention to effect such transfer.

Delivery of Notes

On or after any due date for exchange the holder of a Global Note may surrender such Global Note or, in the case of a partial exchange, present it for endorsement to or to the order of the Issuing and Paying Agent. In exchange for any Global Note, or the part thereof to be exchanged, the Issuer will: (a) in the case of a temporary Global Note exchangeable for a permanent Global Note, deliver, or procure the delivery of, a permanent Global Note in an aggregate nominal amount equal to that of the whole or that part of a temporary Global Note that is being exchanged or, in the case of a subsequent exchange, endorse, or procure the endorsement of, a permanent Global Note to reflect such exchange or (b) in the case of a Global Note exchangeable for Definitive Notes, deliver, or procure the delivery of, an equal aggregate nominal amount of duly executed and authenticated Definitive Notes. In this document, “**Definitive Notes**” means, in relation to any Global Note, the definitive Bearer Notes for which such Global Note may be exchanged (if appropriate, having attached to them all Coupons in respect of interest and a Talon). Definitive Notes will be security printed in accordance with any applicable legal and stock exchange requirements in or substantially in the form set out in the Schedules to the Trust Deed. On exchange in full of each permanent Global Note, the Issuer will, if the holder so requests, procure that it is cancelled and returned to the holder together with the relevant Definitive Notes.

Exchange Date

“**Exchange Date**” means, in relation to a temporary Global Note, the day falling after the expiry of 40 days after its issue date and, in relation to a permanent Global Note, a day falling not less than 60 days, after that on which the notice requiring exchange is given and on which banks are open for business in the city in which the specified office of the Issuing and Paying Agent is located and in the city in which the relevant clearing system is located.

Amendments to Conditions

The temporary Global Notes, permanent Global Notes and Global Certificates contain provisions that apply to the Notes that they represent, some of which modify the effect of the terms and conditions of the Notes set out in this document. The following is a summary of certain of those provisions:

Payments

No payment falling due after the Exchange Date will be made on any Global Note unless exchange for an interest in a permanent Global Note or for Definitive Notes is improperly withheld or refused. Payments on any temporary Global Note issued in compliance with U.S. Treasury Regulation section 1.163-5(c)(2)(i)(D) before the Exchange Date will only be made against presentation of certification as to non-U.S. beneficial ownership in the form set out in the Agency Agreement. All payments in respect of Notes represented by a Global Note will be made against presentation for endorsement and, if no further payment falls to be made in respect of the Notes, surrender of that Global Note to or to the order of the Issuing and Paying Agent or such other Paying Agent as shall have been notified to the Noteholders for such purpose. A record of each payment so made will be endorsed on each Global Note, which endorsement will be prima facie evidence that such payment has been made in respect of the Notes. For the purpose of any payments made in respect of a Global Note, the relevant place of presentation shall be disregarded in the definition of “business day” set out in Condition 7(h).

All payments in respect of Notes represented by a Global Certificate will be made to, or to the order of, the person whose name is entered on the Register at the close of business on the record date which shall be on the Clearing System Business Day immediately prior to the date for payment, where “**Clearing System Business Day**” means Monday to Friday inclusive except 25 December and 1 January.

Prescription

Claims against the Issuer in respect of Notes that are represented by a permanent Global Note will become void unless it is presented for payment within a period of 10 years (in the case of principal) and five years (in the case of interest) from the appropriate Relevant Date (as defined in Condition 8).

Meetings

The holder of a permanent Global Note or of the Notes represented by a Global Certificate shall (unless such permanent Global Note or Global Certificate represents only one Note) be treated as being two persons for the purposes of any quorum requirements of a meeting of Noteholders and, at any such meeting, the holder of a permanent Global Note shall be treated as having one vote in respect of each integral currency unit of the Specified Currency of the Notes. (All holders of Registered Notes are entitled to one vote in respect of each integral currency unit of the Specified Currency of the Notes comprising such Noteholder’s holding, whether or not represented by a Global Certificate.)

Cancellation

Cancellation of any Note represented by a permanent Global Note that is required by the Conditions to be cancelled (other than upon its redemption) will be effected by reduction in the nominal amount of the relevant permanent Global Note.

Purchase

Notes represented by a permanent Global Note may only be purchased by the Issuer or any of its Subsidiaries if they are purchased together with the rights to receive all future payments of interest thereon.

Issuer’s option

Any option of the Issuer provided for in the Conditions of any Notes while such Notes are represented by a permanent Global Note shall be exercised by the Issuer giving notice to the Noteholders within the time limits set out in and containing the information required by the Conditions, except that the notice shall not be required to contain the serial numbers of Notes drawn in the case of a partial exercise of an option and accordingly no drawing of Notes shall be required. In the event that any option of the Issuer is exercised in respect of some but not all of the Notes of any Series, the rights of accountholders with a clearing system in respect of the Notes will be governed by the standard procedures of Euroclear, Clearstream, Luxembourg or an Alternative Clearing System (as the case may be).

Noteholders' options

Any option of the Noteholders provided for in the Conditions of any Notes while such Notes are represented by a permanent Global Note may be exercised by the holder of the permanent Global Note giving notice to the Issuing and Paying Agent within the time limits relating to the deposit of Notes with a Paying Agent set out in the Conditions substantially in the form of the notice available from any Paying Agent, except that the notice shall not be required to contain the serial numbers of the Notes in respect of which the option has been exercised, and stating the nominal amount of Notes in respect of which the option is exercised and at the same time presenting the permanent Global Note to a Paying Agent for notation.

Trustee's powers

In considering the interests of Noteholders while any Global Note is held on behalf of, or Registered Notes are registered in the name of any nominee for, a clearing system, the Trustee may have regard to any information provided to it by such clearing system or its operator as to the identity (either individually or by category) of its accountholders with entitlements to such Global Note or Registered Notes and may consider such interests as if such accountholders were the holders of the Notes represented by such Global Note or Global Certificate.

Notices

So long as any Notes are represented by a Global Note and such Global Note is held on behalf of a clearing system, notices to the holders of Notes of that Series may be given by delivery of the relevant notice to that clearing system for communication by it to entitled accountholders in substitution for publication as required by the Conditions or by delivery of the relevant notice to the holder of the Global Note.

Electronic Consent and Written Resolution

While any Global Note is held on behalf of, or any Global Certificate is registered in the name of any nominee for, a clearing system, then:

- (a) approval of a resolution proposed by the Issuer or the Trustee (as the case may be) given by way of electronic consents communicated through the electronic communications systems of the relevant clearing system(s) in accordance with their operating rules and procedures by or on behalf of the holders of not less than 75 per cent. in nominal amount of the Notes outstanding (an "Electronic Consent" as defined in the Trust Deed) shall, for all purposes (including matters that would otherwise require an Extraordinary Resolution to be passed at a meeting for which the Special Quorum was satisfied), take effect as an Extraordinary Resolution passed at a meeting of Noteholders duly convened and held, and shall be binding on all Noteholders and holders of Coupons and Talons whether or not they participated in such Electronic Consent; and
- (b) where Electronic Consent is not being sought, for the purpose of determining whether a Written Resolution (as defined in the Trust Deed) has been validly passed, the Issuer and the Trustee shall be entitled to rely on consent or instructions given in writing directly to the Issuer and/or the Trustee, as the case may be, by (a) accountholders in the clearing system with entitlements to such Global Note or Global Certificate and/or, where (b) the accountholders hold any such entitlement on behalf of another person, on written consent from or written instruction by the person identified by that accountholder as the person for whom such entitlement is held. For the purpose of establishing the entitlement to give any such consent or instruction, the Issuer and the Trustee shall be entitled to rely on any certificate or other document issued by, in the case of (a) above, Euroclear, Clearstream, Luxembourg or any other relevant alternative clearing system (the "**relevant clearing system**") and, in the case of (b) above, the relevant clearing system and the accountholder identified by the relevant clearing system for the purposes of (b) above. Any resolution passed in such manner shall be binding on all Noteholders and Couponholders, even if the relevant consent or instruction proves to be defective. Any such certificate or other document shall, in the absence of manifest error, be conclusive and binding for all purposes. Any such certificate or other document may comprise any form of statement or print out of electronic records provided by the relevant clearing system (including Euroclear's EUCLID or Clearstream, Luxembourg's CreationOnline system) in accordance with its usual procedures and in which the accountholder of a particular principal or nominal amount of the Notes is clearly identified together with the amount of such holding. Neither the Issuer nor the Trustee shall be liable to any person by reason of having accepted as valid or not having rejected any certificate or other document to such effect purporting to be issued by any such person and subsequently found to be forged or not authentic.

PART X

FORM OF FINAL TERMS

Set out below is the form of Final Terms which will be completed for each Tranche of Notes issued under the Programme with a denomination of less than €100,000 (or its equivalent in another currency):

**Final Terms dated [●]
Beazley plc
Issue of [●]
under the £250,000,000
Euro Medium Term Note Programme**

Any person making or intending to make an offer of the Notes may only do so[:

- (i) in those Public Offer Jurisdictions mentioned in Paragraph [●] of Part B below, provided such person is of a kind specified in that paragraph and that such offer is made during the Offer Period specified for such purpose therein; or
- (ii) otherwise] in circumstances in which no obligation arises for the Issuer or any Dealer to publish a prospectus pursuant to Article 3 of the Prospectus Directive or supplement a prospectus pursuant to Article 16 of the Prospectus Directive, in each case, in relation to such offer.

Neither the Issuer nor any Dealer has authorised, nor do they authorise, the making of any offer of Notes in any other circumstances.

The expression “**Prospectus Directive**” means Directive 2003/71/EC (as amended, including by Directive 2010/73/EU), and includes any relevant implementing measure in the Relevant Member State.

[The Notes are not intended, from 1 January 2018, to be offered, sold or otherwise made available to and, with effect from such date, should not be offered, sold or otherwise made available to any retail investor in the European Economic Area (“**EEA**”). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (“**MiFID II**”); (ii) a customer within the meaning of Directive 2002/92/EC, where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or (iii) not a qualified investor as defined in [Directive 2003/71/EC (as amended)][the Prospectus Directive]. Consequently no key information document required by Regulation (EU) No 1286/2014 (the “**PRIIPs Regulation**”) for offering or selling the Notes or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPs Regulation.]

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 [●] [and the supplement(s) to it dated [●]] which [together] constitute[s] a base prospectus (the “**Base Prospectus**”) for the purposes of Article 5.4 of the Prospectus Directive [(Directive 2003/71/EC, as amended) (the “**Prospectus Directive**”)]. 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 [on the Issuer’s website at [<http://investor.relations.beazley.com/investor-relations>]].

- | | |
|--|--|
| 1. Issuer: | Beazley plc |
| 2. (i) Series Number: | [●] |
| (ii) Tranche Number: | [●] |
| (iii) Date on which the Notes will be consolidated and form a single Series: | The Notes will be consolidated and form a single Series with [●] on the Issue Date/exchange of the temporary Global Note for interests in the permanent Global Note, |

as referred to in paragraph 21 below, which is expected to occur on or about [●]/[the Issue Date][Not Applicable]

3. Specified Currency or Currencies: [●]
4. Aggregate Nominal Amount:
- (i) Series: [●]
- (ii) Tranche: [●]
5. Issue Price: [●] per cent. of the Aggregate Nominal Amount [plus accrued interest from [●]]
6. (i) Specified Denominations: [●] [and each integral multiple of the Calculation Amount in excess thereof up to and including [●]. No Notes in definitive form will be issued with a denomination above [●]]
- (ii) Calculation Amount: [●]
7. (i) Issue Date: [●]
- (ii) Interest Commencement Date: [[●]/Issue Date/Not Applicable]
8. Maturity Date: [[●]/Interest Payment Date falling in or nearest to [●]]
9. Interest Basis: [[●] per cent. Fixed Rate]
[[●] +/- [●] per cent. Floating Rate]
[Zero Coupon]
[(further particulars specified in [●] and [●] 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 their nominal amount.
11. Change of Interest Basis: [Applicable/Not Applicable]
12. Put/call options: [Investor Put]
[Issuer Call]
[Not Applicable]
[(further particulars specified in [●] and [●] below)]
13. Date of [Board] approval for issuance of Notes obtained: [●] [and [●], respectively]]

Provisions relating to Interest (if any) payable

- 14. Fixed Rate Note Provisions** [Applicable/Not Applicable]
- (i) Rate(s) of Interest: [●] per cent. per annum payable in arrear on each Interest Payment Date
- (ii) Interest Payment Date(s): [●] in each year
- (iii) Fixed Coupon Amount(s): [●] per Calculation Amount
- (iv) Broken Amount(s): [●] per Calculation Amount, payable on the Interest Payment Date falling [in/on] [●]

(v) [Day Count Fraction in relation to Early Redemption:]	[Actual/Actual / Actual/Actual – ISDA] [Actual/365 (Fixed)] [Actual/360] [30/360 / 360/360 / Bond Basis] [30E/360 / Eurobond Basis] [30E/360 (ISDA)] [Actual/Actual – ICMA]]
(vi) [Determination Dates:	[●] in each year/
15. Floating Rate Note Provisions	[Applicable/Not Applicable]
(i) Interest Period(s):	[●]
(ii) Specified Interest Payment Dates:	[[●] in each year , subject to adjustment in accordance with the Business Day Convention set out in (v) below]
(iii) First Interest Payment Date:	[●]
(iv) Interest Period Date:	[●]
(v) Business Day Convention:	[Floating Rate Convention/Following Business Day Convention/ Modified Following Business Day Convention/ Preceding Business Day Convention]
(vi) Business Centre(s):	[●]
(vii) Manner in which the Rate(s) of Interest is/are to be determined:	[Screen Rate Determination/ISDA Determination]
(viii) Party responsible for calculating the Rate(s) of Interest and/or Interest Amount(s) (if not the Issuing and Paying Agent):	[●]
(ix) Screen Rate Determination:	[Applicable/Not Applicable]
– Reference Rate:	[●]
– Interest Determination Date(s):	[●]
– Relevant Screen Page:	[●]
(x) ISDA Determination:	[Applicable/Not Applicable]
– Floating Rate Option:	[●]
– Designated Maturity:	[●]
– Reset Date:	[●]
– ISDA Definitions:	2006
(xi) Linear Interpolation:	[Not Applicable/Applicable – the Rate of Interest for the [long/short] [first/last] Interest Period shall be calculated using Linear Interpolation]

- (xii) Margin(s): [[+/-][●] per cent. per annum/Not Applicable]
- (xiii) Minimum Rate of Interest: [[●] per cent. per annum/Not Applicable]
- (xiv) Maximum Rate of Interest: [[●] per cent. per annum/Not Applicable]
- (xv) Day Count Fraction: [●]

16. Zero Coupon Note Provisions [Applicable/Not Applicable]

- (i) Amortisation Yield: [●] per cent. per annum
- (ii) Day Count Fraction in relation to Early Redemption: [Actual/Actual / Actual/Actual – ISDA]
[Actual/365 (Fixed)]
[Actual/360]
[30/360 / 360/360 / Bond Basis]
[30E/360 / Eurobond Basis]
[30E/360 (ISDA)]
[Actual/Actual – ICMA]

Provisions Relating to Redemption

17. Call Option [Applicable/Not Applicable]

- (i) Optional Redemption Date(s): [●]
- (ii) Optional Redemption Amount(s) of each Note: [[●] per Calculation Amount][Condition 6(b) applies]
- (iii) If redeemable in part:
- (a) Minimum Redemption Amount: [●] per Calculation Amount
- (b) Maximum Redemption Amount: [●] per Calculation Amount
- (iv) Notice period: [●]

18. Put Option [Applicable/Not Applicable]

- (i) Optional Redemption Date(s): [●]
- (ii) Optional Redemption Amount(s) of each Note: [[●] per Calculation Amount][Condition 6(b) applies]
- (iii) Notice period: [●]

19. Final Redemption Amount of each Note [●] per Calculation Amount

20. Early Redemption Amount

- Early Redemption Amount(s) per Calculation Amount payable on Redemption for taxation reasons or on event of default or other early redemption: [[Par][●] per Calculation Amount]

General Provisions Applicable to the Notes

21. Form of Notes:

Bearer Notes:

[Temporary Global Note exchangeable for a permanent Global Note which is exchangeable for Definitive Notes in the limited circumstances specified in the permanent Global Note]

[Temporary Global Note exchangeable for Definitive Notes on [●] days' notice]

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

Registered Notes:

Global Certificate exchangeable for definitive Certificates only upon an Exchange Event.

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/Yes]

[Third Party Information]

[●] has been extracted from [●]. The Issuer confirms that such information has been accurately reproduced and that, so far as it is aware, and is able to ascertain from information published by [●], no facts have been omitted which would render the reproduced information inaccurate or misleading.]

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 with effect from [●].]
[Application is expected to be made by the Issuer (or on its behalf) for the Notes to be admitted to trading on London Stock Exchange plc's Regulated Market with effect from [●].]

2. Ratings

Ratings: [[The Notes to be issued [are not/have been/are expected to be] rated]/[The following ratings reflect ratings assigned to Notes of this type issued under the Programme generally]]:

[Standard & Poor's: [●]]
[Moody's Investor Services Limited:[●]]
[Fitch Ratings Limited: [●]]
[AM Best: [●]]

3. Interests of natural and legal persons involved in the issue/offer

[Save for [●]] so far as the Issuer is aware, no person involved in the offer of the Notes has an interest material to the issue/offer, including conflicting interests. / So far as the Issuer is aware, the following persons have an interest material to the issue/offer: [●]]

4. Reasons for the offer, use of proceeds, estimated net proceeds and total expenses

Reasons for the offer: [●]

Use of proceeds: [●]

Estimated net proceeds: [●]

Estimated total expenses: [●]

5. [Fixed Rate Notes - yield

Indication of yield: Calculated as [●] on the Issue Date. Yield is not an indication of future price.]

6. [Floating Rate Notes - Historic interest rates

Details of historic [LIBOR/EURIBOR] rates can be obtained from [Reuters].]

7. Operational information

ISIN: [●]

Common Code: [●]

Any clearing system(s) other than Euroclear Bank SA/NV and Clearstream Banking SA and the relevant identification number(s): [Not Applicable/[●]]

Delivery: Delivery [against/free of] payment

Names and addresses of [●]

additional Paying Agent(s)
(if any):

8. Distribution

- (i) Names and addresses of underwriters and underwriting commitments: [Not Applicable/[●]]
- (ii) Date of underwriting agreement: [●]
- (iii) Material features of underwriting agreement, including quotas: [●]
- (iv) Portion of issue/offer not covered by underwriting commitments: [●]
- (v) Indication of the overall amount of the underwriting commission and of the placing commission: [●] per cent. of the Aggregate Nominal Amount
- (vi) US Selling Restrictions (Categories of potential investors to which the Notes are offered): Reg. S Compliance Category [2]; [C Rules/D Rules/ Excluded Note]
- (vii) Public Offer:
- (a) Public Offer: [Not Applicable] [An offer of the Notes may be made by [●] [and any other Authorised Offerors in accordance with paragraph [●] below] (the “**Initial Authorised Offerors**”) other than pursuant to Article 3(2) of the Prospectus Directive in [●] (the “**Public Offer Jurisdictions**”) during the period from [●] until [●] (the “**Offer Period**”). See further paragraph [9(xii)] below.
- (b) General Consent: [Applicable][Not Applicable]
- (c) Other Authorised Offeror Terms: [Not Applicable/[●]]
- (viii) Prohibition of sales to EEA Retail Investors [Applicable][Not Applicable]

9. [Terms and conditions of the offer

- (i) Offer Price: [Issue Price/Not Applicable/[●]]
- (ii) Conditions to which the offer is subject: [Not Applicable/[●]]
- (iii) Description of the application process: [Not Applicable/[●]]
- (iv) Description of possibility to reduce subscriptions and

manner for refunding excess amount paid by applicants:

- | | |
|--|---|
| (v) Details of the minimum and/or maximum amount of application: | [Not Applicable/[●]] |
| (vi) Details of the method and time limits for paying up and delivering the Notes: | [Not Applicable/[●]] |
| (vii) Manner in and date on which results of the offer are to be made public: | [Not Applicable/[●]] |
| (viii) Procedure for exercise of any right of pre-emption, negotiability of subscription rights and treatment of subscription rights not exercised: | [Not Applicable/[●]] |
| (ix) Categories of potential investors to which the Notes are offered and whether tranche(s) have been reserved for certain countries: | [Not Applicable/[●]] |
| (x) Process for notification to applicants of the amount allotted and the indication whether dealing may begin before notification is made: | [Not Applicable/[●]] |
| (xi) Amount of any expenses and taxes specifically charged to the subscriber or purchaser: | [Not Applicable/[●]] |
| (xii) Name(s) and address(es), to the extent known to the Issuer, of the placers in the various countries where the offer takes place: | The Initial Authorised Offerors identified in paragraph [[8(vii)(a)] above [and any additional financial intermediaries who have or obtain the Issuer's consent to use the Base Prospectus in connection with the Public Offer and who are identified on the website of the Issuer at [http://investor.relations.beazley.com/investor-relations] as an Authorised Offeror] (together the “ Authorised Offerors ”) [and [●]] |
| (xiii) Name and address of the entities which have a firm commitment to act as intermediaries in secondary trading, providing liquidity through bid and offer rates and description of the main terms of their commitment: | [●] will be appointed as registered market maker[s] [through London Stock Exchange plc's order book for retail bonds when the Notes are issued.] |

Annex to Final Terms

Summary of the Notes

[•]

Set out below is the form of Final Terms which will be completed for each Tranche of Notes issued under the Programme with a denomination of at least €100,000 (or its equivalent in another currency):

**Final Terms dated [●]
Beazley plc
Issue of [●]
under the £250,000,000
Euro Medium Term Note Programme**

[The Notes are not intended, from 1 January 2018, to be offered, sold or otherwise made available to and, with effect from such date, should not be offered, sold or otherwise made available to any retail investor in the European Economic Area (“**EEA**”). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (“**MiFID II**”); (ii) a customer within the meaning of Directive 2002/92/EC, where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or (iii) not a qualified investor as defined in [Directive 2003/71/EC (as amended)][the Prospectus Directive]. Consequently no key information document required by Regulation (EU) No 1286/2014 (the “**PRIIPs Regulation**”) for offering or selling the Notes or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPs Regulation.]

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 [●] [and the supplement(s) to it dated [●]] which [together] constitute[s] a base prospectus (the “**Base Prospectus**”) for the purposes of Article 5.4 of the Prospectus Directive [(Directive 2003/71/EC, as amended) (the “**Prospectus Directive**”)]. 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 [on the Issuer’s website at [<http://investor.relations.beazley.com/investor-relations>]].

1. Issuer: Beazley plc
2. (i) Series Number: [●]
(ii) Tranche Number: [●]
(iii) Date on which the Notes will be consolidated and form a single Series: The Notes will be consolidated and form a single Series with [●] on the Issue Date/exchange of the temporary Global Note for interests in the permanent Global Note as referred to in paragraph 21 below, which is expected to occur on or about [●]/[the Issue Date][Not Applicable]
3. Specified Currency or Currencies: [●]
4. Aggregate Nominal Amount of Notes:
(i) Series: [●]
(ii) Tranche: [●]
5. Issue Price: [●] per cent. of the Aggregate Nominal Amount [plus accrued interest from [●]]
6. (i) Specified Denominations: [●][and each integral multiple of the Calculation Amount in excess thereof up to and including [●]. No Notes in definitive form will be issued with a denomination above [●]]
(ii) Calculation Amount: [●]
7. (i) Issue Date: [●]

- (ii) Interest Commencement Date: [[●]/Issue Date/Not Applicable]
8. Maturity Date: [[●]/Interest Payment Date falling on or nearest to [●]]
9. Interest Basis: [[●] per cent. Fixed Rate]
[[●] +/- [●] per cent. Floating Rate]
[Zero Coupon]
[(further particulars specified in [●] and [●] below)]
10. Redemption/Payment Basis: Subject to any purchase and cancellation or early redemption, the Notes will be redeemed on the Maturity Date at 100 per cent. of their nominal amount.
11. Change of Interest Basis: [Applicable/Not Applicable]
12. Put/Call Options: [Investor Put]
[Issuer Call]
[Not Applicable]
[(further particulars specified in [●] and [●] below)]
13. Date of [Board] approval for issuance of Notes obtained: [●] [and [●], respectively]

Provisions relating to Interest (if any) payable

- 14. Fixed Rate Note Provisions** [Applicable/Not Applicable]
- (i) Rate[(s)] of Interest: [●] per cent. per annum [payable in arrear on each Interest Payment Date]
- (ii) Interest Payment Date(s): [●] in each year
- (iii) Fixed Coupon Amount[(s)]: [●] per Calculation Amount
- (iv) Broken Amount(s): [●] per Calculation Amount payable on the Interest Payment Date falling [in/on] [●]
- (v) Day Count Fraction: [30/360 / Actual/Actual (ICMA) / [●]]
- (vi) [Determination Dates: [●] in each year]]
- 15. Floating Rate Note Provisions** [Applicable/Not Applicable]
- (i) Interest Period(s): [●]
- (ii) Specified Interest Payment Dates: [[●] in each year, subject to adjustment in accordance with the Business Day Convention set out in (v) below]
- (iii) First Interest Payment Date: [●]
- (iv) Interest Period Date: [●]
- (v) Business Day Convention: [Floating Rate Convention/Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention]
- (vi) Business Centre(s): [●]

(vii) Manner in which the Rate(s) of Interest is/are to be determined:	[Screen Rate Determination/ISDA Determination]
(viii) Party responsible for calculating the Rate(s) of Interest and/or Interest Amount(s) (if not the Issuing and Paying Agent):	[•]
(ix) Screen Rate Determination:	[Applicable/Not Applicable]
– Reference Rate:	[•]
– Interest Determination Date(s):	[•]
– Relevant Screen Page:	[•]
(x) ISDA Determination:	[Applicable/Not Applicable]
– Floating Rate Option:	[•]
– Designated Maturity:	[•]
– Reset Date:	[•]
– ISDA Definitions	2006
(xi) Linear Interpolation:	[Not Applicable/Applicable – the Rate of Interest for the [long/short] [first/last] Interest Period shall be calculated using Linear Interpolation]
(xii) Margin(s):	[[+/-][•] per cent. per annum/Not Applicable]
(xiii) Minimum Rate of Interest:	[•] per cent. per annum
(xiv) Maximum Rate of Interest:	[•] per cent. per annum
(xv) Day Count Fraction:	[•]
16. Zero Coupon Note Provisions	[Applicable/Not Applicable]
(i) Amortisation Yield:	[•] per cent. per annum
(ii) Day Count Fraction in relation to Early Redemption:	[Actual/Actual / Actual/Actual – ISDA] [Actual/365 (Fixed)] [Actual/360] [30/360 / 360/360 / Bond Basis] [30E/360 / Eurobond Basis] [30E/360 (ISDA)] [Actual/Actual – ICMA]]
Provisions relating to Redemption	
17. Call Option	[Applicable/Not Applicable]
(i) Optional Redemption Date(s):	[•]

(ii) Optional Redemption Amount(s) of each Note: [[•] per Calculation Amount][Condition 6(b) applies]

(iii) If redeemable in part:

(a) Minimum Redemption Amount: [•] per Calculation Amount

(b) Maximum Redemption Amount: [•] per Calculation Amount

(iv) Notice period [•]

18. Put Option [Applicable/Not Applicable]

(i) Optional Redemption Date(s): [•]

(ii) Optional Redemption Amount(s) of each Note: [[•] per Calculation Amount][Condition 6(b) applies]

(iii) Notice period: [•]

19. Final Redemption Amount of each Note [Par] per Calculation Amount

20. Early Redemption Amount

Early Redemption Amount(s) per Calculation Amount payable on redemption for taxation reasons or on event of default or other early redemption: [[Par][•] per Calculation Amount]

General Provisions Applicable to the Notes

21. Form of Notes:

Bearer Notes:

[Temporary Global Note exchangeable for a permanent Global Note which is exchangeable for Definitive Notes in the limited circumstances specified in the permanent Global Note]

[Temporary Global Note exchangeable for Definitive Notes on [•] days' notice]

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

Registered Notes:

Global Certificate exchangeable for definitive Certificates only upon an Exchange Event.

22. Financial Centre(s): [Not Applicable/[•]]

23. Talons for future Coupons to be attached to Definitive [No/Yes]

**Notes (and dates on which such
Talons mature):**

[Third party information

[●] has been extracted from [●]. The Issuer confirms that such information has been accurately reproduced and that, so far as it is aware, and is able to ascertain from information published by [●], no facts have been omitted which would render the reproduced information inaccurate or misleading.]

Signed on behalf of Beazley plc:

By:
Duly authorised

Part B – OTHER INFORMATION

1. Listing and admission to trading

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 with effect from [●].] [Application is expected to be made by the Issuer (or on its behalf) for the Notes to be admitted to trading on London Stock Exchange plc's Regulated Market with effect from [●].]

2. Ratings

Ratings: [[The Notes to be issued [are not/have been/are expected to be] rated]/[The following ratings reflect ratings assigned to Notes of this type issued under the Programme generally]]:

[Standard & Poor's: [●]]
[Moody's Investor Services Limited: [●]]
[Fitch Ratings Limited: [●]]
[AM Best: [●]]

3. Interests of natural and legal persons involved in the issue/offer

[Save for [●]] so far as the Issuer is aware, no person involved in the offer of the Notes has an interest material to the issue/offer, including conflicting interests. / So far as the Issuer is aware, the following persons have an interest material to the issue/offer: [●]]

4. Expense of the admission to trading

Estimated total expenses: [●]

5. [Fixed Rate Notes– yield

Indication of yield: Calculated as [●] on the Issue Date. Yield is not an indication of future price.]

6. [Floating Rate Notes - Historic interest rates

Details of historic [LIBOR/EURIBOR] rates can be obtained from [Reuters].]

7. Operational information

ISIN: [●]

Common Code: [●]

Any clearing system(s) other than Euroclear Bank SA/NV and Clearstream Banking SA and the relevant identification number(s): [Not Applicable/[●]]

Names and addresses of additional Agent(s) (if any): [●]

8. Prohibition of sales to EEA Retail Investors:

[Applicable/Not Applicable]

Annex to Final Terms

Summary of the Notes

[•]

PART XI

CLEARING AND SETTLEMENT

Following their delivery into a clearing system, interests in Notes may be delivered, held and settled in Euroclear UK & Ireland Limited (formerly known as CREST Co Limited) (“**CREST**”) by means of the creation of dematerialised depository interests (i.e. securities without any physical document of title which are distinct from the Notes), held, settled and transferred through CREST (“**CDIs**”) representing the interests in the relevant Notes underlying the CDIs (the “**Underlying Notes**”). The CDIs will be issued by CREST Depository Limited (the “**CREST Depository**”) to holders of CDIs (the “**CDI Holders**”) and will be governed by English law.

The CDIs will represent indirect interests in the interest of the CREST Nominee in the Underlying Notes. Pursuant to the provisions of the global deed poll dated 25 June 2001 (as subsequently modified, supplemented and/or restated) (“**CREST Deed Poll**”), the CREST International Manual dated 14 April 2008 as amended, modified, varied or supplemented from time to time (the “**CREST Manual**”), Notes held in global form by the Common Depository may be settled through CREST, and the CREST Depository will issue CDIs. The CDIs will be independent securities, constituted under English law which may be held and transferred through CREST.

Interests in the Underlying Notes will be credited to the CREST Nominee’s account with Euroclear and the CREST Nominee will hold such interests as nominee for the CREST Depository which will issue CDIs to the relevant CREST participants.

Each CDI will be treated by the CREST Depository as if it were one Underlying Note, for the purposes of determining all rights and obligations and all amounts payable in respect thereof. The CREST Depository will pass on to CDI Holders any interest or other amounts received by it as holder of the Underlying Notes on trust for such CDI Holder. CDI Holders will also be able to receive from the CREST Depository notices of meetings of holders of Underlying Notes and other relevant notices issued by the Issuer.

Transfers of interests in Underlying Notes by a CREST participant to a participant of Euroclear Bank SA/NV (“**Euroclear**”) and Clearstream Banking SA (“**Clearstream, Luxembourg**”) will be effected by cancellation of the CDIs and transfer of an interest in such Underlying Notes to the account of the relevant participant with Euroclear or Clearstream, Luxembourg.

The CDIs will have the same ISIN as the ISIN of the Underlying Notes and will not require a separate listing on the FCA’s Official List.

Prospective subscribers for Notes represented by CDIs are referred to Chapter 3 of the CREST Manual which contains the form of the CREST Deed Poll to be entered into by the CREST Depository. The rights of the CDI Holders will be governed by the arrangements between CREST, Euroclear, Clearstream, Luxembourg and the Issuer including the CREST Deed Poll (in the form contained in Chapter 3 of the CREST International Manual (which forms part of the CREST Manual)) executed by the CREST Depository. These rights may be different from those of holders of Notes which are not represented by CDIs.

If issued, CDIs will be delivered, held and settled in CREST, by means of the CREST International Settlement Links Service. The settlement of the CDIs by means of the CREST International Settlement Links Service has the following consequences for CDI Holders:

- (a) CDI Holders will not be the legal owners of the Underlying Notes. The CDIs are separate legal instruments from the Underlying Notes to which they relate and represent an indirect interest in such Underlying Notes.
- (b) The Underlying Notes themselves (as distinct from the CDIs representing indirect interests in such Underlying Notes) will be held in an account with a custodian. The custodian will hold the Underlying Notes through a clearing system. Rights in the Underlying Notes will be held through custodial and depository links through the appropriate clearing systems. The legal title to the Underlying Notes or to interests in the Underlying Notes will depend on the rules of the clearing system in or through which the Underlying Notes are held.
- (c) Rights under the Underlying Notes cannot be enforced by CDI Holders except indirectly through the intermediary depositories and custodians described above. The enforcement of rights under the Underlying Notes will therefore be subject to the local law of the relevant intermediary. The rights of CDI Holders to the Underlying Notes are represented by the entitlements against the CREST Depository which (through the CREST Nominee) holds

interests in the Underlying Notes. This could result in an elimination or reduction in the payments that otherwise would have been made in respect of the Underlying Notes in the event of any insolvency or liquidation of the relevant intermediary, in particular where the Underlying Notes held in clearing systems are not held in special purpose accounts and are fungible with other securities held in the same accounts on behalf of other customers of the relevant intermediaries.

- (d) The CDIs issued to CDI Holders will be constituted and issued pursuant to the CREST Deed Poll. CDI Holders will be bound by all provisions of the CREST Deed Poll and by all provisions of or prescribed pursuant to, the CREST Manual and the CREST Rules contained in the CREST Manual applicable to the CREST International Settlement Links Service (the “**CREST Rules**”) and CDI Holders must comply in full with all obligations imposed on them by such provisions.
- (e) You should note that the provisions of the CREST Deed Poll, the CREST Manual and the CREST Rules contain indemnities, warranties, representations and undertakings to be given by CDI Holders and limitations on the liability of the issuer of the CDIs, the CREST Depository.
- (f) CDI Holders may incur liabilities resulting from a breach of any such indemnities, warranties, representations and undertakings in excess of the money invested by them. Your attention is drawn to the terms of the CREST Deed Poll, the CREST Manual and the CREST Rules, copies of which are available from CREST at 33 Cannon Street, London EC4M 5SB or by calling +44 (0) 207 849 0000 or from the CREST website at www.euroclear.com/site/public/EUI.
- (g) You should note that CDI Holders may be required to pay fees, charges, costs and expenses to the CREST Depository in connection with the use of the CREST International Settlement Links Service. These will include the fees and expenses charged by the CREST Depository in respect of the provision of services by it under the CREST Deed Poll and any taxes, duties, charges, costs or expenses which may be or become payable in connection with the holding of the CDIs through the CREST International Settlement Links Service.
- (h) You should note that none of the Issuer, the Dealers, the Trustee, the Issuing and Paying Agent or their respective advisers will have any responsibility for the performance by any intermediaries or their respective direct or indirect participants or accountholders of their respective obligations under the rules and procedures governing their operations.
- (i) You should note that Notes issued in temporary global form exchangeable for a permanent Global Note will not be eligible for CREST settlement as CDIs. As such, investors investing in the Underlying Notes through CDIs will only receive the CDIs after such temporary Global Note is exchanged for a permanent Global Note, which could take up to 40 days after the issue of the Notes.

PART XII
SUBSCRIPTION AND SALE

Summary of Dealer Agreement

Subject to the terms and on the conditions contained in a dealer agreement dated 24 July 2017 (the “**Dealer Agreement**”) between the Issuer and Lloyds Bank plc, the Notes will be issued from time to time by the Issuer and subscribed for from time to time by one or more Dealers. However, the Issuer has reserved the right to sell Notes directly on its own behalf to Dealers who are appointed as Dealers in respect of specified Tranches only. The Notes may be resold at prevailing market prices, or at prices related thereto, at the time of such resale, as determined by the relevant Dealer. The Notes may also be sold by the Issuer through the Dealers, acting as agents of the Issuer. The Dealer Agreement also provides for Notes to be issued in syndicated Tranches that are jointly and severally underwritten by two or more Dealers.

The Issuer may pay each relevant Dealer a commission as agreed between them in respect of Notes subscribed by it. The Issuer has agreed to reimburse Lloyds Bank plc and any other Dealers for certain of their activities in connection with the Programme.

The Issuer has agreed to indemnify the Dealers against certain liabilities in connection with the offer and sale of the Notes. The Dealer Agreement entitles the Dealers to terminate any agreement that they make to subscribe Notes in certain circumstances prior to payment for such Notes being made to the Issuer.

Selling restrictions

Notes may be offered by the Issuer or the Dealers to any investors, subject to the restrictions described below.

United States

The Notes have not been and will not be registered under the Securities Act and may not be offered or sold within the United States or to, or for the account or benefit of, US persons except in certain transactions exempt from the registration requirements of the Securities Act. Terms used in this paragraph have the meanings given to them by Regulation S under the Securities Act.

Notes in bearer form having a maturity of more than one year are subject to US tax law requirements and may not be offered, sold or delivered within the United States or its possessions or to a United States person, except in certain transactions permitted by US tax regulations. Terms used in this paragraph have the meanings given to them by the US Internal Revenue Code and regulations thereunder.

The permanent Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that except as permitted by the Dealer Agreement, it has not offered, sold or delivered and will not offer, sell or deliver the Notes of any identifiable Tranche (a) as part of their distribution at any time or (b) otherwise until 40 days after completion of the distribution of such Tranche as determined, and certified to the Issuer, by the Issuing and Paying Agent, or in the case of Notes issued on a syndicated basis, the Lead Manager, within the United States or to, or for the account or benefit of, US persons, and it will have sent to each Dealer to which it sells Notes during the distribution compliance period a confirmation or other notice setting forth the restrictions on offers and sales of the Notes within the United States or to, or for the account or benefit of, US persons.

In addition, until 40 days after the commencement of the offering, an offer or sale of Notes within the United States by any Dealer (whether or not participating in the offering) may violate the registration requirements of the Securities Act.

United Kingdom

The permanent Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that:

- (a) in relation to any Notes which have a maturity of less than one year, (i) it is a person whose ordinary activities involve it in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of its business and (ii) it has not offered or sold and will not offer or sell any Notes other than to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or as agent) for the purposes of their businesses or who it is reasonable to expect will acquire, hold, manage or dispose

of investments (as principal or agent) for the purposes of their businesses where the issue of the Notes would otherwise constitute a contravention of section 19 of FSMA by the Issuer;

- (b) it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of section 21 of FSMA) received by it in connection with the issue or sale of any Notes in circumstances in which section 21(1) of FSMA does not apply to the Issuer; and
- (c) it has complied and will comply with all applicable provisions of FSMA with respect to anything done by it in relation to any Notes in, from or otherwise involving the United Kingdom.

Japan

The Notes have not been and will not be registered under the Financial Instruments and Exchange Act of Japan (Act No. 25 of 1948, as amended, the “**FIEA**”). Accordingly, The permanent Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not, directly or indirectly, offered or sold and will not offer or sell any Notes, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan (which term as used herein means any person resident in Japan, including any corporation or entity organised under the laws of Japan), or to others for re-offering or resale, directly or indirectly, in Japan or to, or for the benefit of, a resident of Japan except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the FIEA and other relevant laws and regulations of Japan.

Jersey

The permanent Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, it has not made and will not make an offer of Notes which are the subject of the offering contemplated by this document as contemplated by the final terms in relation thereto in Jersey, save to the extent that such Dealer is authorised, or otherwise permitted, to do so pursuant to the Financial Services (Jersey) Law 1998.

European Economic Area

1. From 1 January 2018 in respect of Non-Retail Notes only and unless the applicable Final Terms in respect of such Non-Retail Notes specifies the “Prohibition of sales to EEA Retail Investors” as “Not Applicable”, the permanent Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available such Non-Retail Notes that are the subject of the offering contemplated by this document as completed by the Final Terms in relation thereto to any retail investor in the EEA.

For the purposes of this paragraph 1:

- (a) the expression “retail investor” means a person who is one (or more) of the following:
 - (i) a retail client as defined in point (11) of Article 4(1) of MiFID II; or
 - (ii) a customer within the meaning of the IMD, where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or
 - (iii) not a qualified investor as defined in the Prospectus Directive; and
 - (b) the expression an “offer” includes the communication in any form and by any means of sufficient information on the terms of the offer and the Non-Retail Notes to be offered so as to enable an investor to decide to purchase or subscribe the Non-Retail Notes.
2. Prior to 1 January 2018 in relation to Non-Retail Notes and Retail Notes and from 1 January 2018 in respect of Retail Notes and Non-Retail Notes in respect of which the applicable Final Terms specifies “Prohibition of sales to EEA Retail Investors” as “Not Applicable”, in relation to each Member State of the EEA which has implemented the Prospectus Directive (each, a “**Relevant Member State**”), the permanent Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that with effect from and including the date on which the Prospectus Directive is implemented in that Relevant Member State (the “**Relevant Implementation Date**”) it has not made and will not make an offer of Notes which are the subject of

the offering contemplated by this document as completed by the Final Terms in relation thereto to the public in that Relevant Member State except that it may, with effect from and including the Relevant Implementation Date, make an offer of such Notes to the public in that Relevant Member State:

- (a) if the Final Terms in relation to the Notes specify that an offer of those Notes may be made other than pursuant to Article 3(2) of the Prospectus Directive in that Relevant Member State (a “**Public Offer**”), following the date of publication of a prospectus in relation to such Notes which has been approved by the competent authority in that Relevant Member State or, where appropriate, approved in another Relevant Member State and notified to the competent authority in that Relevant Member State, provided that any such prospectus has subsequently been completed by the Final Terms contemplating such Public Offer, in accordance with the Prospectus Directive, in the period beginning and ending on the dates specified in such prospectus or Final Terms, as applicable, and the Issuer has consented in writing to its use for the purpose of that Public Offer;
- (b) at any time to any legal entity which is a qualified investor as defined in the Prospectus Directive;
- (c) at any time to fewer than 150 natural or legal persons (other than qualified investors as defined in the Prospectus Directive), subject to obtaining the prior consent of the relevant Dealer or Dealers nominated by the Issuer for any such offer; or
- (d) at any time in any other circumstances falling within Article 3(2) of the Prospectus Directive,

provided that no such offer of Notes referred to in (b) to (d) above shall require the Issuer or any Dealer to publish a prospectus pursuant to Article 3 of the Prospectus Directive or supplement a prospectus pursuant to Article 16 of the Prospectus Directive.

In this provision and in this document generally, the expression an “**offer of Notes to the public**” in relation to any Notes in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe the Notes, as the same may be varied in that Relevant Member State by any measure implementing the Prospectus Directive in that Member State, the expression “**Prospectus Directive**” means Directive 2003/71/EC (as amended, including by Directive 2010/73/EU), and includes any relevant implementing measure in the Relevant Member State and “**Retail Notes**” means any Notes which are to be offered pursuant to a Public Offer as set out in the applicable Final Terms.

Guernsey

The permanent Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not made and will not make an offer of Notes which are the subject of the offering contemplated by this document in or from within the Bailiwick of Guernsey, and that it will not distribute or circulate this document, directly or indirectly, to any persons in the Bailiwick of Guernsey, save to the extent that such Dealer is licensed or otherwise permitted to do so pursuant to the Protection of Investors (Bailiwick of Guernsey) Law, 1987 (as amended) or any exemption therefrom. This document has not been delivered to, nor approved or authorised for circulation in the Bailiwick of Guernsey by the Guernsey Financial Services Commission or the States of Guernsey Policy Council and therefore this document may not be circulated by way of public offer in the Bailiwick of Guernsey.

Isle of Man

The permanent Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that the Notes cannot be marketed, offered or sold in, or to persons resident in, the Isle of Man, other than in compliance with the licensing requirements of the Isle of Man Financial Services Act 2008 and the Regulated Activities Order 2011 or any exemption therefrom.

General

These selling restrictions may be modified by the agreement of the Issuer and the Dealers following a change in a relevant law, regulation or directive.

No representation is made that any action has been taken in any jurisdiction that would permit a public offering of any of the Notes, or possession or distribution of this document or any other offering material or any Final Terms, in any country or jurisdiction where action for that purpose is required.

The permanent Dealer has agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it shall, to the best of its knowledge, comply with all relevant laws, regulations and directives in each jurisdiction in which it purchases, offers, sells or delivers Notes or has in its possession or distributes this document, any other offering material or any Final Terms therefor in all cases at its own expense.

PART XIII

INFORMATION INCORPORATED BY REFERENCE

This document should be read and construed in conjunction with certain sections of the following documents which have been previously published and filed with the FCA (the “**Filed Documents**”):

- (a) the Group’s “Annual report and accounts 2016”;
- (b) the Beazley Ireland Group’s “Annual report and accounts 2015”; and
- (c) the Group’s “Interim report 2017”.

The table below lists the information from the Filed Documents that is incorporated by reference into this document in compliance with Prospectus Rule 2.4.1.

To the extent that any document or information incorporated by reference or attached to this itself incorporates any information by reference, either expressly or impliedly, such information will not form part of this document for the purposes of the Prospectus Directive, except where such information or documents are stated within this document as specifically being incorporated by reference or where this document is specifically defined as including such information.

Any statement contained in a document which is deemed to be incorporated by reference into this document shall be deemed to be modified or superseded for the purpose of this document to the extent that a statement contained in this document (or in a later document which is incorporated by reference into this document) modifies or supersedes such earlier statement (whether expressly, by implication or otherwise). Any statement so modified or superseded shall not be deemed, except as so modified or superseded, to constitute a part of this document.

<u>Reference document</u>	<u>Information incorporated by reference into this document</u>	<u>Page number(s) in reference document</u>
Annual Report and Accounts 2016	Independent auditor’s report.....	120 to 126
	Consolidated statement of profit or loss	128
	Statement of comprehensive income	129
	Statement of changes in equity	130 and 131
	Statements of financial position.....	132
	Statements of cash flows	133
	Notes to the financial statements	134 to 194
Annual Report and Accounts 2015	Independent auditor’s report.....	108 to 111
	Consolidated statement of profit or loss	113
	Statement of comprehensive income	114
	Statement of changes in equity	115
	Statements of financial position.....	116
	Statements of cash flows	117
	Notes to the financial statements	118 to 176
Interim Report 2017	Independent review report	36
	Condensed consolidated statement of profit or loss	10
	Condensed consolidated statement of comprehensive income	11
	Condensed consolidated statement of changes in equity	11
	Condensed consolidated statement of financial position	12
	Condensed consolidated statement of cash flows	13
	Notes to the condensed consolidated interim financial statements.....	14 to 34

Except as set forth above, no other portion of these documents is incorporated by reference into this document and those portions which are not specifically incorporated by reference in this document are either not relevant for prospective investors or the relevant information is included elsewhere in this document.

Following the publication of this document, a supplement may be prepared by the Issuer and approved by the FCA acting via its division the UK Listing Authority. Statements contained in any such supplement (or contained in any document

incorporated by reference therein) shall, to the extent applicable (whether expressly, by implication or otherwise), be deemed to modify or supersede statements contained in this document or in a document which is incorporated by reference in this document. Any statement so modified or superseded shall not, except as so modified or superseded, constitute a part of this document.

PART XIV

ADDITIONAL INFORMATION

Listing and admission to trading of the Notes

It is expected that each Tranche of Notes which is to be admitted to the Official List and to trading on the London Stock Exchange's regulated market will be admitted separately as and when issued, subject only to the issue of a Global Note or one or more Certificates in respect of each Tranche. The listing of the Programme in respect of Notes issued under the Programme for the period of 12 months from the date of this document is expected to be granted on or about 28 July 2017, although there can be no assurance that the application for listing will be accepted. Prior to official listing and admission to trading of such Notes, however, dealings will be permitted by the London Stock Exchange in accordance with its rules. Transactions on the London Stock Exchange's regulated market will normally be effected for delivery on the third working day after the day of the transaction. The Issuer may also issue Notes under the Programme that are admitted to trading through the electronic order book for retail bonds of the London Stock Exchange.

The London Stock Exchange's regulated market is a regulated market for the purposes of Directive 2004/39/EC of the European Parliament and of the Council on markets in financial instruments ("MiFID"). MiFID governs the organisation and conduct of the business of investment firms and the operation of regulated markets across the European Economic Area in order to seek to promote cross-border business, market transparency and the protection of investors.

Authorisations

The Issuer has obtained all necessary consents, approvals and authorisations in connection with the update of the Programme. The establishment of the Programme was duly authorised by resolutions of the Board of Directors of the Issuer passed on 21 July 2016 and the update of the Programme was authorised by resolutions of the Board of Directors of the Issuer passed on 20 July 2017.

Significant or material change statement

There has been no significant change in the financial or trading position of the Issuer or the Group since 30 June 2017 and there has been no material adverse change in the prospects of the Issuer or the Group since 31 December 2016.

Litigation statement

There are no, and have not been any, governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Issuer is aware) during the 12 month period preceding the date of this document which may have, or have had in the recent past, significant effects on the Issuer and/or Group's financial position or profitability.

Bearer Notes having a maturity of more than one year

Each Bearer Note having a maturity of more than one year, Coupon and Talon will bear the following legend: "Any United States person who holds this obligation will be subject to limitations under the United States income tax laws, including the limitations provided in sections 165(j) and 1287(a) of the Internal Revenue Code".

Clearing systems information and Note security codes

The Notes have been accepted for clearance through Euroclear and Clearstream, Luxembourg (which are the entities in charge of keeping the records). Interests in the Notes may also be held through CREST through the issuance of CDIs representing the Underlying Notes. The appropriate Common Code and International Securities Identification Number ("ISIN") for each Tranche of Notes allocated by Euroclear and Clearstream, Luxembourg will be specified in the applicable Final Terms. If the Notes are to clear through an additional or alternative clearing system the appropriate information will be specified in the applicable Final Terms.

The address of Euroclear is Euroclear Bank SA/NV, 1 Boulevard du Roi Albert II, B-1210 Brussels, the address of Clearstream, Luxembourg is Clearstream Banking SA, 42 Avenue JF Kennedy, L-1855 Luxembourg and the address of CREST is Euroclear UK & Ireland, 33 Cannon Street, London EC4M 5SB. The address of any alternative clearing system will be specified in the applicable Final Terms.

Documents available for inspection

For the period of 12 months following the date of this document, copies of the following documents will, when published, be available for inspection from the registered office of the Issuer:

- (a) the articles of association of the Issuer;
- (b) the most recently published audited consolidated financial statements of the Issuer, together with the audit reports prepared in connection therewith;
- (c) the most recently published interim financial statements (if any) of the Issuer, together with any audit or review reports prepared in connection therewith;
- (d) the Trust Deed (which includes the form of the Global Notes, the definitive Bearer Notes, the Certificates, the Coupons and the Talons) and the Agency Agreement;
- (e) the Filed Documents;
- (f) this document; and
- (g) any future offering circulars, prospectuses, information memoranda and supplements including Final Terms (save that any Final Terms relating to a Note which is neither admitted to trading on a regulated market in the European Economic Area nor offered in the European Economic Area in circumstances where a prospectus is required to be published under the Prospectus Directive will only be available for inspection by a holder of such Note and such holder must produce evidence satisfactory to the Issuer and the Paying Agent as to its holding of Notes and identity) to this document and any other documents incorporated herein or therein by reference.

Auditors

The consolidated financial statements of Beazley Ireland, which are incorporated by reference in this document, have been audited without qualification for the year ended 31 December 2015 by KPMG, Chartered Accountants and Registered Auditors and a member of the Institute of Chartered Accountants in Ireland, of 1 Harbourmaster Place, International Financial Services Centre, Dublin 1, Ireland.

The consolidated financial statements of the Issuer, which are incorporated by reference in this document, have been audited without qualification for the year ended 31 December 2016 by KPMG LLP, Chartered Accountants and a member of The Institute of Chartered Accountants in England and Wales, of 15 Canada Square, London E14 5GL.

PART XV

IMPORTANT LEGAL INFORMATION

If, in the context of a Public Offer (as defined below), you are offered Notes by any entity, you should check that such entity is authorised to use this document for the purposes of making such offer before agreeing to purchase any Notes. To be authorised to use this document in connection with a Public Offer (referred to below as an “**Authorised Offeror**”), an entity must either be:

- named as an “Initial Authorised Offeror” in the applicable Final Terms; or
- named on the Issuer's website (<http://investor.relations.beazley.com/investor-relations>) as an Authorised Offeror in respect of the relevant Public Offer (if the entity has been appointed after the applicable Final Terms were published); or
- if “Basis of Consent” in paragraph 8(vii)(b) of Part B of the applicable Final Terms specifies “General Consent” as being applicable, authorised to make such offers under Directive 2004/39/EC of the European Parliament and of the Council on markets in financial instruments (“**MIFID**”) and have published on its website that it is using this document for the purposes of such Public Offer in accordance with the consent of the Issuer.

Valid offers of Notes may only be made by an Authorised Offeror in the context of a Public Offer if the offer is made in the United Kingdom and within the time period referred to in the Final Terms as the “Offer Period”. Other than as set out above, neither the Issuer nor any Dealer has authorised the making of any Public Offer by any person in any circumstances and such person is not permitted to use this document in connection with any offer of Notes.

Please see below for certain important legal information relating to Public Offers.

Public Offers

Notes with a denomination of less than €100,000 (or its equivalent in any other currency) may be offered in circumstances where there is no exemption from the obligation under Article 3.2 of Directive 2003/71/EC (as amended, including by Directive 2010/73/EU) (the “**Prospectus Directive**”) to publish a prospectus. Any such offer is referred to herein as a “**Public Offer**”. In relation to Notes issued under the Programme which are to be offered as part of a Public Offer, Beazley plc (the “**Issuer**”) may provide its consent to the use of this document for subsequent resale or final placement of the Notes by financial intermediaries, provided that such subsequent resale or final placement of Notes is made in compliance with any conditions attached to that consent. Any person making or intending to make a Public Offer of Notes on the basis of this document as completed by the applicable Final Terms must do so only with the consent of the Issuer as provided under “Consent given in accordance with Article 3.2 of the Prospectus Directive” below and provided such person complies with the conditions attached to that consent.

At any time during the period of 12 months following the date of this document, the Issuer may request that the Financial Conduct Authority (the “**FCA**”) notifies the competent authority of any other Member State of the European Economic Area which has implemented the Prospectus Directive that this document has been drawn up in accordance with the Prospectus Directive pursuant to the procedures set out in Articles 17 and 18 thereof (each such Member State, a “**Host Member State**”). Upon any such request, the Issuer shall prepare and publish a supplement to this document identifying any Host Member States so notified, and references herein to the Public Offer Jurisdiction(s) shall thereupon include any such Host Member States.

Consent given in accordance with Article 3.2 of the Prospectus Directive

In the context of any Public Offer of the Notes in the United Kingdom, the Issuer accepts responsibility, in the United Kingdom, for the content of this document under section 90 of the Financial Services and Markets Act 2000 (“**FSMA**”) with respect to subsequent resale or final placement of Notes by any financial intermediary to whom the Issuer has given its consent to use this document where the offer is made in compliance with all conditions attached to the giving of such consent. Such consent and the attached conditions are described below.

Except in the circumstances described below, neither the Issuer nor any Dealer has authorised the making of any Public Offer by any person in any circumstances and such person is not permitted to use this document in connection with any offer of Notes.

The conditions attached to the consent are that:

- (a) the Public Offer is only made in the United Kingdom (the “**Public Offer Jurisdiction(s)**”);
- (b) the Public Offer is only made during the offer period specified in the Final Terms (the “**Offer Period**”);
- (c) the Public Offer is made by an entity (any such entity, an “**Authorised Offeror**”) which either:
 - (i) is expressly named as an Initial Authorised Offeror in the Final Terms; or
 - (ii) is a financial intermediary appointed after the date of publication of the applicable Final Terms whose name and address are published on the Issuer's website (<http://investor.relations.beazley.com/investor-relations>) and identified as an Authorised Offeror in respect of the relevant Public Offer; or
 - (iii) if “Basis of Consent” in paragraph 8(vii)(b) of Part B of the applicable Final Terms is specified as, or includes, “General Consent”, is a financial intermediary which is authorised to make such offers under MiFID (in which regard, investors should consult the register maintained by the FCA at www.fca.gov.uk/register/home.do) and which accepts the offer to grant consent to the use of this document by publishing on its website the following statement (with the information in square brackets completed with the relevant information) (the “**Acceptance Statement**”):

*“We, [insert legal name of financial intermediary], refer to the offer of [insert details of the relevant Notes] (the “**Notes**”) described in the Final Terms dated [insert date] (the “**Final Terms**”) published by Beazley plc (the “**Issuer**”). In consideration of the Issuer offering to grant its consent to our use of the Base Prospectus (as defined in the Final Terms) in connection with the offer of the Notes in [specify Member State(s), as identified in the applicable Final Terms] during the Offer Period specified in the Final Terms and subject to the other conditions to such consent, each as specified in the Base Prospectus, we hereby accept such offer by the Issuer in accordance with the Authorised Offeror Terms (as specified in the Base Prospectus) and confirm that we are using the Base Prospectus in connection with the offer of the Notes accordingly.”*

The “Authorised Offeror Terms”, being the terms to which the relevant financial intermediary agrees in connection with the use of this document, are that the relevant financial intermediary:

- (A) will, and it agrees, represents, warrants and undertakes for the benefit of the Issuer and the relevant Dealer(s) that it will, at all times in connection with the relevant Public Offer:
 - (1) act in accordance with, and be solely responsible for complying with, all applicable laws, rules, regulations and guidance of any applicable regulatory bodies (the “**Rules**”), including the Rules published by the FCA (including its guidance for distributors in “The Responsibilities of Providers and Distributors for the Fair Treatment of Customers”) from time to time including, without limitation and in each case, Rules relating to both the appropriateness or suitability of any investment in the Notes by any person and disclosure to any potential investor;
 - (2) comply with the restrictions set out under Part XII (*Subscription and Sale*) of this document which would apply as if the relevant financial intermediary were a Dealer;
 - (3) ensure that any fee, commissions or benefits of any kind or rebates received or paid by that financial intermediary in relation to the offer or sale of the Notes does not violate the Rules and, to the extent required by the Rules, is fully and clearly disclosed to investors or potential investors;
 - (4) hold all licences, consents, approvals and permissions required in connection with solicitation of interest in, or offers or sales of, the Notes under the Rules, including authorisation under the FSMA and/or the Financial Services Act 2012;
 - (5) comply with applicable anti-money laundering, anti-bribery, prevention of corruption and “know your client” Rules (including, without limitation, taking appropriate steps, in compliance with such Rules, to establish and document the identity of each potential investor prior to initial investment in any Notes by the investor), and will not permit any application for Notes in circumstances where the financial intermediary has any suspicions as to the source of the application monies;

- (6) retain investor identification records for at least the minimum period required under the applicable Rules, and shall, if so requested and to the extent permitted by the Rules, make such records available to the relevant Dealer(s) and/or the Issuer or directly to the appropriate authorities with jurisdiction over the Issuer and/or the relevant Dealer(s) in order to enable the Issuer and/or the relevant Dealer(s) to comply with anti-money laundering, anti-bribery, anti-corruption and "know your client" Rules applicable to them;
- (7) ensure that it does not, directly or indirectly, cause the Issuer or the relevant Dealer(s) to breach any Rule or subject the Issuer or the relevant Dealer(s) to any requirement to obtain or make any filing, authorisation or consent in any jurisdiction;
- (8) immediately give notice to the Issuer and the relevant Dealer(s) if at any time it becomes aware or suspects that it is or may be in violation of any Rules or these Authorised Offeror Terms, and take all appropriate steps to remedy such violation and comply with such Rules and these Authorised Offeror Terms in all respects;
- (9) comply with the conditions to the consent referred to in paragraphs (a), (b) and (c) above and any further requirements or other Authorised Offeror Terms relevant to the Public Offer as specified in the applicable Final Terms;
- (10) make available to each potential investor in the Notes this document (as supplemented as at the relevant time, if applicable), the applicable Final Terms and any applicable information booklet provided by the Issuer for such purpose, and not convey or publish any information that is not contained in or entirely consistent with this document and the applicable Final Terms;
- (11) if it conveys or publishes any communication (other than this document or any other materials provided to such financial intermediary by or on behalf of the Issuer for the purposes of the relevant Public Offer) in connection with the relevant Public Offer, it will ensure that such communication (A) is fair, clear and not misleading and complies with the Rules, (B) states that such financial intermediary has provided such communication independently of the Issuer, that such financial intermediary is solely responsible for such communication and that the Issuer and the relevant Dealer(s) do not accept any responsibility for such communication and (C) does not, without the prior written consent of the Issuer or the relevant Dealer(s) (as applicable), use the legal or publicity names of the Issuer or the relevant Dealer(s) or any other name, brand or logo registered by an entity within their respective groups or any material over which any such entity retains a proprietary interest, except to describe the Issuer as issuer of the relevant Notes on the basis set out in this document;
- (12) ensure that no holder of Notes or potential investor in Notes shall become an indirect or direct client of the Issuer or the relevant Dealer(s) for the purposes of any applicable Rules from time to time, and to the extent that any client obligations are created by the relevant financial intermediary under any applicable Rules, then such financial intermediary shall perform any such obligations so arising;
- (13) co-operate with the Issuer and the relevant Dealer(s) in providing such information (including, without limitation, documents and records maintained pursuant to paragraph (6) above) upon written request from the Issuer or the relevant Dealer(s) as is available to such financial intermediary or which is within its power and control from time to time, together with such further assistance as is reasonably requested by the Issuer or the relevant Dealer(s):
 - (i) in connection with any request or investigation by the FCA or any other regulator in relation to the Notes, the Issuer or the relevant Dealer(s); and/or
 - (ii) in connection with any complaints received by the Issuer and/or the relevant Dealer(s) relating to the Issuer and/or the relevant Dealer(s) or another Authorised Offeror including, without limitation, complaints as defined in rules published by the FCA and/or any other regulator of competent jurisdiction from time to time; and/or
 - (iii) which the Issuer or the relevant Dealer(s) may reasonably require from time to time in relation to the Notes and/or as to allow the Issuer or the relevant Dealer(s) fully to comply with its own legal, tax and regulatory requirements,

in each case, as soon as is reasonably practicable and, in any event, within any time frame set by any such regulator or regulatory process;

- (14) during the period of the initial offering of the Notes: (i) only sell the Notes at the Issue Price specified in the applicable Final Terms (unless otherwise agreed with the relevant Dealer(s)); (ii) only sell the Notes for settlement on the Issue Date specified in the applicable Final Terms; (iii) not appoint any sub- distributors (unless otherwise agreed with the relevant Dealer(s)); (iv) not pay any fee or remuneration or commissions or benefits to any third parties in relation to the offering or sale of the Notes (unless otherwise agreed with the relevant Dealer(s)); and (v) comply with such other rules of conduct as may be reasonably required and specified by the relevant Dealer(s); and
 - (15) either (i) obtain from each potential investor an executed application for the Notes, or (ii) keep a record of all requests such financial intermediary (x) makes for its discretionary management clients, (y) receives from its advisory clients and (z) receives from its execution-only clients, in each case prior to making any order for the Notes on their behalf, and in each case maintain the same on its files for so long as is required by any applicable Rules;
- (B) agrees and undertakes to indemnify each of the Issuer and the relevant Dealer(s) (in each case on behalf of such entity and its respective directors, officers, employees, agents, affiliates and controlling persons) against any losses, liabilities, costs, claims, charges, expenses, actions or demands (including reasonable costs of investigation and any defence raised thereto and counsel's fees and disbursements associated with any such investigation or defence) which any of them may incur or which may be made against any of them arising out of or in relation to, or in connection with, any breach of any of the foregoing agreements, representations, warranties or undertakings by such financial intermediary, including (without limitation) any unauthorised action by such financial intermediary or failure by such financial intermediary to observe any of the above restrictions or requirements or the making by such financial intermediary of any unauthorised representation or the giving or use by it of any information which has not been authorised for such purposes by the Issuer or the relevant Dealer(s); and
- (C) agrees and accepts that:
- (1) the contract between the Issuer and the financial intermediary formed upon acceptance by the financial intermediary of the Issuer's offer to use this document and the applicable Final Terms with its consent in connection with the relevant Public Offer (the "**Authorised Offeror Contract**"), and any non-contractual obligations arising out of or in connection with the Authorised Offeror Contract, shall be governed by, and construed in accordance with, English law;
 - (2) subject to (4) below, the courts of England are to have exclusive jurisdiction to settle any disputes which may arise out of or in connection with the Authorised Offeror Contract (including a dispute relating to any non- contractual obligations arising out of or in connection with the Authorised Offeror Contract) (a "**Dispute**") and accordingly submits to the exclusive jurisdiction of the English courts;
 - (3) for the purposes of (1) and (2), the financial intermediary waives any objection to the English courts on the grounds that they are an inconvenient or inappropriate forum to settle any Dispute;
 - (4) to the extent allowed by law, the Issuer and each relevant Dealer(s) may, in respect of any Dispute or Disputes, take (i) proceedings in any other court with jurisdiction; and (ii) concurrent proceedings in any number of jurisdictions; and
 - (5) each relevant Dealer(s) will, pursuant to the Contracts (Rights of Third Parties) Act 1999, be entitled to enforce those provisions of the Authorised Offeror Contract which are, or are expressed to be, for their benefit, including the agreements, representations, undertakings and indemnity given by the financial intermediary pursuant to the Authorised Offeror Terms.

The applicable Final Terms may specify other conditions to which the consent is subject.

Any Authorised Offeror who wishes to use this document in connection with a Public Offer as set out above is required, for the duration of the relevant Offer Period, to publish on its website that it is using this document for such Public Offer in accordance with the consent of the Issuer and the conditions attached thereto (in the form of the Acceptance Statement).

Other than as set out above, neither the Issuer nor the Dealer(s) has authorised the making of any Public Offer by any person in any circumstances and such person is not permitted to use this document in connection with any offer of Notes. Any such offers are not made on behalf of the Issuer or by the Dealer(s) or other Authorised Offerors and none of the Issuer, the Dealer(s) or other Authorised Offerors has any responsibility or liability for the actions of any person making such offers.

Arrangements between you and the financial intermediaries who will distribute any Notes issued under the Programme

An investor intending to acquire or acquiring any Notes in a Public Offer from an Authorised Offeror will do so, and offers and sales of such Notes to an investor by such Authorised Offeror will be made, in accordance with any terms and other arrangements in place between such Authorised Offeror and such investor including as to price, allocations and settlement arrangements (the “**Terms and Conditions of the Public Offer**”). The Issuer will not be a party to any such arrangements in connection with the offer or sale of any Notes and, accordingly, this document does not contain such information.

In the event of any Public Offer being made by an Authorised Offeror, the Authorised Offeror will provide information to investors on the Terms and Conditions of the Public Offer at the time the Public Offer is made.

None of the Issuer or the Dealer(s) has any responsibility for any of the actions of any Authorised Offeror (except for a Dealer, where it is acting in the capacity of a financial intermediary), including compliance by an Authorised Offeror with applicable conduct of business rules or other local regulatory requirements or other securities law requirements in relation to such offer.

If you intend to acquire or do acquire any Notes from an Authorised Offeror, you will do so, and offers and sales of the Notes to you by such an Authorised Offeror will be made, in accordance with any terms and other arrangements in place between such Authorised Offeror and you including as to price, allocations and settlement arrangements. The Issuer will not be a party to any such arrangements with you in connection with the offer or sale of the Notes and, accordingly, this document does not, and any Final Terms will not, contain such information. The information relating to the procedure for making applications will be provided by the relevant Authorised Offeror to you at the relevant time. None of the Issuer, the Dealer(s) or other Authorised Offerors has any responsibility or liability for such information.

Notice to investors

Notes issued under the Programme may not be a suitable investment for all investors. You must determine the suitability of any investment in light of your own circumstances. In particular, you may wish to consider, either on your own or with the help of your financial and other professional advisers, whether you:

- (a) have sufficient knowledge and experience to make a meaningful evaluation of the relevant Notes, the merits and risks of investing in the relevant Notes and the information contained or incorporated by reference in this document (and any applicable supplement to this document);
- (b) have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the relevant Notes and the impact the relevant Notes will have on your overall investment portfolio;
- (c) have sufficient financial resources and liquidity to bear all of the risks of an investment in the Notes, including Notes with principal or interest payable in one or more currencies, or where the currency for principal or interest payments is different from the currency which you usually use;
- (d) understand thoroughly the terms of the Notes and are familiar with the behaviour of any relevant indices and financial markets; and
- (e) are able to evaluate (either alone or with the help of your financial adviser) possible scenarios for economic, interest rate and other factors that may affect your investment and your ability to bear the applicable risks.

No person is or has been authorised by the Issuer, the Dealer(s) or the Trustee to give any information or to make any representation not contained in or not consistent with this document and, if given or made, such information or representation must not be relied upon as having been authorised by the Issuer, the Dealer(s) or the Trustee.

Neither the publication of this document nor the offering, sale or delivery of the Notes shall, under any circumstances, create any implication that there has been no change in the affairs of the Issuer since the date of this document or that there has been no adverse change in the financial position of the Issuer since the date of this document or that any other information supplied in connection with the offering of the Notes is correct as of any time subsequent to the date indicated in the document containing the same. Neither of the Dealer(s) nor the Trustee undertake to review the financial condition or affairs of the Issuer during the life of the Notes or to advise any investor in the Notes of any information coming to their attention.

Neither this document nor any other information supplied in connection with the offering of the Notes should be considered as a recommendation by the Issuer, the Dealer(s) or the Trustee that any recipient of this document or any other information supplied in connection with the offering of the Notes should purchase any Notes. You should determine for yourself the relevance of the information contained in this document and any purchase of Notes should be based upon such investigation as you deem necessary.

The Dealer(s) and the Trustee

To the fullest extent permitted by law, neither the Trustee nor the Dealer(s) accept any responsibility for the contents of this document or for any other statement, made or purported to be made by the Trustee or a Dealer or on its behalf in connection with the Issuer or the issue and offering of the Notes. The Trustee and each Dealer accordingly disclaims all and any liability whether arising in tort or contract or otherwise which it might otherwise have in respect of this document or any such statement.

No incorporation of websites

The contents of the websites of the Group do not form part of this document, and you should not rely on them.

Stabilisation

In connection with the issue of any Tranche of Notes (as defined in “*Terms and Conditions of the Notes*”), one or more relevant Dealer or Dealers (the “**Stabilising Manager(s)**”) (or any person acting on behalf of any Stabilising Manager(s)) may over-allot Notes or effect transactions with a view to supporting the market price of the Notes at a level higher than that which might otherwise prevail. However, stabilisation may not necessarily occur. Any stabilisation action may begin on or after the date on which adequate public disclosure of the terms of the offer of the relevant Tranche is made and, if begun, may cease at any time, but it must end no later than the earlier of 30 days after the issue date of the relevant Tranche and 60 days after the date of the allotment of the relevant Tranche. Any stabilisation action or over-allotment must be conducted by the relevant Stabilising Manager(s) or person(s) acting on behalf of any Stabilising Manager(s) in accordance with all applicable laws and rules.

Forward-looking statements

This document includes statements that are, or may be deemed to be, ‘forward-looking statements’. These forward-looking statements can be identified by the use of forward-looking expressions, including the terms ‘believes’, ‘estimates’, ‘anticipates’, ‘expects’, ‘intends’, ‘may’, ‘will’, or ‘should’ or, in each case, their negative or other variations or similar expressions, or by discussions of strategy, plans, objectives, goals, future events or intentions. These forward-looking statements include all matters that are not historical facts. They appear in a number of places throughout this document and include, but are not limited to, the following: statements regarding the intentions, beliefs or current expectations of the Issuer and the Group concerning, amongst other things, the Group’s results of operations, financial condition, liquidity, prospects, growth, strategies and the industries in which the Group operates.

By their nature, forward-looking statements involve risk and uncertainty because they relate to future events and circumstances. Forward-looking statements are not guarantees of future performance and the actual results of the Group’s operations, financial condition and liquidity, and the development of the countries and the industries in which the Group operates may differ materially from those described in, or suggested by, the forward-looking statements contained in this document. In addition, even if the results of operations, financial condition and liquidity, and the development of the countries and the industries 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. These and other factors are discussed in more detail under Part II (*Risk Factors*) and Part VI (*Description of the Issuer and the Group*) of this document. Many of these factors are beyond the control of the Issuer and the Group. Should one or more of these risks or uncertainties materialise, or should underlying assumptions on which the forward-looking statements are based prove incorrect, actual results may vary materially from those described in this document as

anticipated, believed, estimated or expected. Except to the extent required by laws and regulations, the Issuer does not intend, and does not assume any obligation, to update any forward-looking statements set out in this document.

English law as of the date of this document

This document is based on English law in effect as of the date of issue of this document. Except to the extent required by laws and regulations, the Issuer does not intend, and does not assume any obligation, to update this document in light of the impact of any judicial decision or change to English law or administrative practice after the date of this document.

PART XVI

DEFINED TERMS INDEX

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All references in this document to “sterling” and “£” refer to pounds sterling. In addition, all references to “US dollars” and “US\$” refer to United States dollars and all references to “Euro” and “€” are to the currency introduced at the start of the European economic and monetary union pursuant to the Treaty on the Functioning of the European Union, as amended.

In this document, “Lloyd’s” means 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. For further information on Lloyd’s, see Part VI (*Description of the Issuer and the Group - Industry and regulatory environment - Regulation of the Group at Lloyd’s*).

In this document, “US” or “United States” means the United States of America, its territories and possessions, any state of the United States and the District of Columbia.

References to the singular in this document shall include the plural and vice versa, where the context so requires. The terms “subsidiary” and “subsidiary undertaking” have the meanings given to them under section 1159 of the Companies Act 2006. All references to time in this document are to London time.

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