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If you have sold or otherwise transferred all of your Hiscox Shares, please forward this document, together with the accompanying documents (including the Forms of Proxy) at once to the purchaser or transferee, or to the bank, stockbroker or other agent through whom the sale or transfer was effected for delivery to the purchaser or transferee. However, these documents should not be forwarded or transmitted in or into any jurisdiction in which such act would constitute a violation of the relevant laws of such jurisdiction. If you have sold or transferred only part of your holding of Hiscox Shares, you should retain these documents and consult the bank, stockbroker or other agent through whom the sale or transfer was effected.

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Shareholders should read the whole of this document.

UBS Limited, is acting exclusively for Hiscox and New Hiscox Bermuda and no one else in connection with the Proposals and will not be responsible to anyone other than Hiscox and New Hiscox Bermuda for providing the protections afforded to its clients, for the content of this document, or for providing advice in relation to the Proposals.

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Your attention is drawn to the letter from the Chairman of Hiscox in Part 1 of this document, which contains the unanimous recommendation of the Hiscox Directors that you vote in favour of the Scheme at the Court Meeting and in favour of the special resolution to be proposed at the Extraordinary General Meeting. A letter from UBS and Rothschild explaining the Proposals is set out in Part 2 of this document.

Hiscox plc

(Incorporated in England and Wales under the Companies Act 1985, with Registered Number 2837811)

Recommended proposals for the introduction of a new Bermudian domiciled parent company by means of a scheme of arrangement under section 425 of the Companies Act 1985

Notices of Court Meeting and Extraordinary General Meeting

A copy of the Prospectus relating to New Hiscox Bermuda, prepared in accordance with the Prospectus Rules of the UK Listing Authority made under section 73A of the Financial Services and Markets Act 2000, has been filed with the FSA in accordance with the Prospectus Rules.

No New Hiscox Bermuda Shares have been marketed to, nor are any New Hiscox Bermuda Shares available for purchase by, the public in the United Kingdom or elsewhere in connection with the introduction of the New Hiscox Bermuda Shares to the Official List. This document does not constitute an offer or an invitation to any person to subscribe for or to purchase any securities in New Hiscox Bermuda.

Application will be made to the UK Listing Authority for the New Hiscox Bermuda Shares to be admitted to the Official List and to trading on the London Stock Exchange's main market for listed securities. It is expected that dealings in Hiscox Shares will continue until the close of business on 11 December 2006 and that Admission will become effective and that dealings in New Hiscox Bermuda Shares will commence on the London Stock Exchange at 8.00 a.m. on 12 December 2006.

Notices of the Court Meeting and the Extraordinary General Meeting, each of which will be held at Hiscox's offices at 1 Great St. Helen's, London, EC3A 6HX on 15 November 2006, are set out at the end of this document. The Court Meeting will start at 11.00 a.m. and the Extraordinary General Meeting at 11.15 a.m. (or as soon thereafter as the Court Meeting shall have been concluded or adjourned).

The action to be taken in respect of the meetings is set out in the paragraph headed "Action to be taken by Shareholders" in Part 1 of this document. Shareholders will find enclosed with this document a white

Form of Proxy for use in connection with the Court Meeting and a blue Form of Proxy for use in connection with the Extraordinary General Meeting. Whether or not you intend to attend the Meetings in person, please complete and sign each of the enclosed Forms of Proxy in accordance with the instructions printed on them and return them to the Company's Registrars, Capita Registrars, Proxy Department, The Registry, 34 Beckenham Road, Beckenham, Kent, BR3 4TU as soon as possible and, in any event, so as to be received at least 48 hours before the time appointed for the relevant Meeting. A pre-paid envelope is provided for this purpose for use in the United Kingdom only. If the white Form of Proxy for the Court Meeting is not returned by the above time, it may be handed to the Chairman of the Court Meeting before the start of that Meeting. However, in the case of the Extraordinary General Meeting, unless the blue Form of Proxy is returned by the time mentioned in the instructions printed on it, it will be invalid. The completion and return of a Form of Proxy will not prevent you from attending and voting in person at the Court Meeting, the Extraordinary General Meeting or any adjournment thereof, if you so wish and are so entitled.

Securities may not be offered or sold in the United States unless they are registered under the Securities Act or are exempt from such registration requirements. The New Hiscox Bermuda Shares have not been and will not be registered under the Securities Act but will be issued in reliance on the exemption provided by Section 3(a)(10) thereof. In addition, the New Hiscox Bermuda Shares have not been and will not be registered under the securities laws of any state of the United States but will be issued pursuant to available exemptions from state law registration requirements. Neither the SEC nor any US state securities commission has reviewed or approved this document or the Scheme. Any representation to the contrary is a criminal offence in the United States.

Notice to New Hampshire residents

Neither the fact that a registration statement or an application for a licence has been filed under this chapter with the state of New Hampshire nor the fact that a security is effectively registered or a person is licensed in the state of New Hampshire constitutes a finding by the secretary of state that any document filed under RSA 421-B is true, complete and not misleading. Neither any such fact nor the fact that an exemption or exception is available for a security or a transaction means that the secretary of state has passed in any way upon the merits or qualifications of, or recommended or given approval to, any person, security, or transaction. It is unlawful to make, or cause to be made, to any prospective purchaser, customer, or client any representation inconsistent with the provisions of this paragraph.

A copy of the Prospectus of New Hiscox Bermuda is obtainable up until Admission on request, free of charge from the registered office of Hiscox (1 Great St. Helen's, London, EC3A 6HX), the registered office of New Hiscox Bermuda (Canon's Court, 22 Victoria Street, Hamilton HM 12, Bermuda) and at the offices of Allen & Overy LLP (One Bishops Square, London E1 6AO). A copy of the Prospectus may also be inspected at both registered offices as described in paragraph 18 of Part 4 of this document.

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

CURRENCIES

All references to "pounds", "pounds sterling", "sterling", "£", "pence", "penny" and "p" are to the lawful currency of the United Kingdom and all references to "US dollars", "\$", "US\$" or "cents" are to the lawful currency of the United States.

EXPECTED TIMETABLE OF PRINCIPAL EVENTS

<i>Event</i>	<i>Time and/or date</i>
Latest time for lodging white Forms of Proxy for the Court Meeting	11.00 a.m. on 13 November 2006
Latest time for lodging blue Forms of Proxy for the Extraordinary General Meeting	11.15 a.m. on 13 November 2006
Voting Record Time	6.00 p.m. on 13 November 2006 ⁽¹⁾
Court Meeting	11.00 a.m. on 15 November 2006
Extraordinary General Meeting	11.15 a.m. on 15 November 2006 ⁽²⁾
The following dates are subject to change	
Court Hearing to sanction the Scheme and associated capital reduction	11 December 2006 ⁽³⁾
Last day of dealings in, and for registration of transfers of, Hiscox Shares	11 December 2006 ⁽³⁾
Scheme Record Time	6.00 p.m. on 11 December 2006 ⁽³⁾
Effective Date of the Scheme	12 December 2006⁽³⁾
Cancellation of listing of Hiscox Shares, New Hiscox Bermuda Shares admitted to Official List, crediting of Depository Interests to CREST accounts and dealings in New Hiscox Bermuda Shares commence on the London Stock Exchange	12 December 2006 ⁽³⁾
Despatch of New Hiscox Bermuda Share Certificates	27 December 2006 ⁽⁴⁾

Notes:

- (1) If either the Court Meeting or the Extraordinary General Meeting is adjourned, the Voting Record Time for the adjourned meeting will be 6.00 p.m. on the date two days before the date set for the adjourned meeting.
- (2) To commence at 11.15 a.m. or, if later, immediately after the conclusion or adjournment of the Court Meeting.
- (3) These times and dates are indicative only and will depend, among other things, on the date upon which the Court sanctions the Scheme.
- (4) This date is indicative only and will depend, among other things, on the date upon which the Scheme becomes effective.

Unless otherwise stated, all references in this document to times are to London times.

The Court Meeting and the Extraordinary General Meeting will each be held at Hiscox's offices at 1 Great St. Helen's, London, EC3A 6HX.

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PART 1
LETTER FROM THE CHAIRMAN



Directors:

R.R.S. Hiscox (Chairman)
B.E. Masojada (Chief Executive)
S.J. Bridges (Group Finance Director)
R.S. Childs (Chief Underwriting Officer)
A.R. Auer (Non-executive Director)
C. Franklin Engler (Non-executive Director)
A.G.C. Howland-Jackson (Non-executive Director)
D.N.D. Netherton (Non-executive Director)
Sir Mervyn Pedelty (Non-executive Director)

Registered Office:

1 Great St. Helen's
London
EC3A 6HX
(Registered in England and
Wales with number 2837811)

23 October 2006

To the holders of Ordinary Shares, and, for information only, participants under the Hiscox Employee Share Schemes

Dear Shareholder,

Introduction of new Bermudian domiciled holding company for the Hiscox Group

Introduction

In November last year, the Board of Hiscox plc ("Hiscox") announced its intention to establish, and has subsequently established, a new Bermudian insurer, Hiscox Insurance Company (Bermuda) Limited ("Hiscox Bermuda"), capitalised at approximately US\$500 million. In that announcement, the Board noted that as such a substantial amount of the Group's business could originate from the Bermudian and US markets, it may be in Shareholders' interests to move the domicile of Hiscox's parent company to Bermuda, and that the Board was then examining this proposal.

Following its announcement of 11 September 2006, Hiscox today announced its intention to implement a corporate reorganisation under which it proposes the introduction of a new Bermudian domiciled holding company, Hiscox Ltd ("New Hiscox Bermuda"), for the Group. If the Scheme becomes effective, New Hiscox Bermuda will be listed on the London Stock Exchange in place of Hiscox and is expected to replace Hiscox as a member of the FTSE-250 Index. The corporate reorganisation is proposed to be effected by way of a scheme of arrangement under section 425 of the Companies Act (the "Scheme"). The Scheme is subject to various conditions including the passing of the requisite Shareholders' resolutions and the approval of the Court. If these conditions are satisfied and the Scheme is approved and implemented in full, New Hiscox Bermuda will own the entire issued share capital of Hiscox (with the exception of the Dividend Access Share — see the paragraph entitled "Dividends" below). Existing Shareholders will receive one New Hiscox Bermuda Share for each share held in Hiscox. The listing of the existing Hiscox Shares will then be cancelled.

It is intended that the Scheme should be neutral in tax terms for UK-resident Shareholders. In particular, a UK-resident Hiscox Shareholder who receives New Hiscox Bermuda Shares under the Scheme should not be charged for capital gains tax or corporation tax on chargeable gains as a result of the exchange of his Hiscox Shares for such New Hiscox Bermuda Shares. New Hiscox Bermuda will also put in place a mechanism which should preserve the current UK tax treatment of UK-resident Hiscox Shareholders in relation to dividends to be paid in the future by New Hiscox Bermuda. Further UK tax considerations relevant to a UK-resident shareholder are set out in paragraph 15 of Part 4 of this document.

The purpose of this document is to provide you with details of the Scheme and to explain why the Directors consider the Scheme to be in the best interests of Hiscox and its Shareholders.

Background to and reasons for the Scheme

Hiscox's strategy is to build the Group on the complementary foundations of internationally traded insurance and reinsurance business balanced by local retail insurance business. In furtherance of this strategy and after detailed consideration, in 2005 Hiscox formed Hiscox Bermuda as a reinsurer in the Bermudian market and also established Hiscox Inc. in New York as a base through which the Group underwrites and distributes specialist products in the USA. These developments were in response to a recognition that Hiscox needed to have operations on the ground in the US where the non-life markets are the largest in the world — according to A.M. Best in its special report on the Excess and Surplus Lines Market 2005, the aggregate non-life insurance premiums in 2004 were US\$477 billion — and in Bermuda which had become one of the major reinsurance centres. According to Standard & Poor's Global Reinsurance Highlights report of 2006 (the "S&P Report"), 12 of the world's top 40 global reinsurance groups are based in Bermuda, and Bermuda is the third largest reinsurance market in the world after Germany and the US. The S&P Report also highlights that since 2004, Bermuda-based reinsurers' aggregate net written reinsurance premiums have exceeded those of London-based reinsurers.

The Board believes that Hiscox Bermuda will write approximately US\$325 million of premiums in 2006. Over the same period Hiscox Inc is expected to write \$25 million of premiums. In addition to this business, a significant proportion of the business that is written in Hiscox Global Markets, the Group's international market business unit substantially based in Lloyd's, emanates from the USA. US business accounted for 36.3 per cent of the Group's gross earned premiums in 2005 (source: derived from Hiscox's 2005 annual report and accounts). With the formation of Hiscox Bermuda and Hiscox USA and the strong growth of these divisions anticipated by the Directors, the amount of US and Bermudian originated business is expected to increase significantly.

There are also likely to be significant tax benefits for the Group. The current Group tax rate is 30 per cent. Under the current taxation regime, Bermudian tax domiciled companies pay no corporation or income tax. The creation of the new Bermudian holding company and the increasing importance of the Bermudian operations to the Group over time are expected to lead to a gradual decrease in the Group's tax rate over the next few years.

Given the above, the Board has now decided that it is appropriate to move the domicile of the Group to Bermuda for the following reasons:

- as the major issues and risks are expected increasingly to arise in Hiscox's Bermudian and US businesses, the Board believes that the centre for decision making needs to be in close proximity to the originating markets for those risks;
- it is anticipated that such a move will demonstrate Hiscox's commitment to the Bermudian and US markets and consequently lead to an increased flow of business from insurance brokers active in those markets. Indeed, since the opening of Hiscox Bermuda and Hiscox USA a number of new brokers have begun to show new business to the Group; and
- many of the Group's principal competitors already enjoy the substantial potential tax benefits that would become available to New Hiscox Bermuda and that the Scheme should improve the prospects for the Group's share price.

Shortly after the Scheme becomes effective, it is anticipated that, subject to obtaining the relevant tax clearances, a further intra-group corporate re-organisation will take place under which some of the non-UK resident companies may be transferred to New Hiscox Bermuda.

In addition, shortly after the Scheme has become effective, the directors of New Hiscox Bermuda have confirmed that they intend to effect a capital reduction of Hiscox plc, which will be subject to confirmation by the Court.

New Hiscox Bermuda

Board of New Hiscox Bermuda

Robert Hiscox, Bronek Masojada, Stuart Bridges and Robert Childs, Hiscox's current executive directors, will continue in their roles as the executive directors of New Hiscox Bermuda. Carol Franklin Engler and Sir Mervyn Pedelty, currently non-executive directors of Hiscox, have each been appointed a non-executive director of New Hiscox Bermuda. In the event that the Scheme becomes effective Anthony Howland Jackson, Derek Netherton and Adrian Auer will resign as non-executive directors of Hiscox and will not become directors of New Hiscox Bermuda. On behalf of the Board I would like to take this opportunity to thank each of them for their hard work and contribution to Hiscox's success during the periods of their directorships. In their place Daniel Healy, Dr James King, Andrea Rosen and Dirk Stuurup have been appointed non-executive directors of New Hiscox

Bermuda. Full details of all of the directors of New Hiscox Bermuda are contained in paragraph 6 of Part V of the accompanying Prospectus relating to New Hiscox Bermuda.

Tax and Regulatory clearances

Holders of 5 per cent. or less of Hiscox Shares should qualify automatically for capital gains “roll-over” treatment in disposing of their Hiscox Shares and receiving New Hiscox Bermuda Shares under the Scheme. The Board is not aware of any shareholders holding in excess of 5 per cent. of the Company’s issued share capital other than persons who would in any event be exempt from tax in respect of any chargeable gains that might arise on disposing of their Hiscox Shares. Accordingly, a HM Revenue and Customs clearance that would ordinarily have been sought in relation to the taxation of chargeable gains consequences of the Scheme in the event that Hiscox had any such shareholders has not been applied for.

In the event that the Scheme becomes effective New Hiscox Bermuda will seek to conduct its business in such a way to ensure that it will be tax resident solely in Bermuda.

The Group operates in a highly regulated industry. Formal clearances for the Scheme have been obtained from each of the Financial Services Authority, the Council of Lloyd’s (pursuant to FSA requirements), the Guernsey Financial Services Commission and the Bermuda Monetary Authority.

Listing and inclusion in the FTSE Index

New Hiscox Bermuda Shares will be listed only in the UK. Application will be made to the UK Listing Authority and to the London Stock Exchange respectively for the New Hiscox Bermuda Shares to be admitted to listing on the Official List and to trading on the London Stock Exchange’s main market for listed securities. It is anticipated that the New Hiscox Bermuda Shares will be listed, and that dealings in them will commence, on 12 December 2006. Hiscox is currently a member of the FTSE-250. Upon the Scheme becoming effective, it is expected that New Hiscox Bermuda will replace Hiscox as a member of the index.

Accounting treatment

New Hiscox Bermuda will report in sterling in accordance with International Financial Reporting Standards. This represents no change from Hiscox’s current financial reporting.

Dividends

New Hiscox Bermuda will, shortly after the Scheme becomes effective, put in place a dividend access mechanism which is designed to preserve the current UK tax treatment of UK-resident Hiscox Shareholders in relation to dividends to be paid by New Hiscox Bermuda.

Under this dividend access mechanism, New Hiscox Bermuda will put in place a plan whereby its Shareholders may elect to be paid dividends from Hiscox via a trustee rather than New Hiscox Bermuda. As part of the Scheme, Hiscox will issue one Dividend Access Share to the trustee (Heritage Trust Limited) and the trustee will then hold any dividend received on the Dividend Access Share on trust for relevant shareholders in New Hiscox Bermuda who have elected to receive dividends from Hiscox. Any dividend declaration by New Hiscox Bermuda may trigger a proportionate dividend by Hiscox on the Dividend Access Share. As a result, to the extent a UK resident shareholder receives a dividend payment through the trustee such dividend should be deemed as having been received from a UK source with consequent UK tax treatment. New Hiscox Bermuda will send further details of the plan to shareholders and explain how shareholders may elect to receive dividends from Hiscox shortly after the Scheme becomes effective.

Bermudian law and regulation

A number of provisions of English company law have no equivalent under Bermudian law. A significant difference is the pre-emption provisions of the Companies Act under which existing shareholders of a UK company have rights of pre-emption in relation to any new shares issued by that company for cash. In addition neither the City Code on Takeovers and Mergers nor the Combined Code will apply to New Hiscox Bermuda. To provide shareholders in New Hiscox Bermuda with similar protections, pre-emption rights and various provisions of the City Code have been built into New Hiscox Bermuda’s Bye-Laws. The board of New Hiscox Bermuda has confirmed that it also intends to comply with the Combined Code in the same manner as Hiscox currently complies.

Further information on Bermudian regulation and company law and on New Hiscox Bermuda Bye-Laws is contained in Parts V and VI of the accompanying Prospectus relating to New Hiscox Bermuda.

Crest

New Hiscox Bermuda Shares (because they are issued by a non-UK company) will not be capable of being held or transferred in the CREST system. For those Shareholders who want their New Hiscox Bermuda Shares to be settled through the CREST system, a depositary arrangement involving the issue of depositary interests representing the underlying shares in New Hiscox Bermuda will be put in place. Pursuant to this arrangement a depositary, Capita IRG Trustees Limited, will hold the uncertificated shares in New Hiscox Bermuda and issue depositary interests representing the underlying shares which will be held on trust for the holders of the depositary interests. The depositary interests will be independent securities constituted under English law and may be held and transferred through the CREST system. Further information on this depositary arrangement is contained in Part V of the accompanying Prospectus relating to New Hiscox Bermuda. It will also be possible to hold New Hiscox Bermuda Shares in certificated form.

Principal features of the Scheme

The principal features of the Scheme are as follows:

- (a) all shares in Hiscox will be cancelled and Hiscox Shareholders at the Scheme Record Time will receive one New Hiscox Bermuda Share for each Hiscox Share cancelled under the Scheme; and
- (b) Hiscox will issue new shares to New Hiscox Bermuda so that New Hiscox Bermuda will own all shares in Hiscox (with the exception of the Dividend Access Share — see the paragraph entitled “Dividends” above).

Court Meeting and Extraordinary General Meeting

The Scheme requires the approval of Shareholders at the Court Meeting. If the Scheme is approved by the requisite majority at the Court Meeting, an application will be made to the Court to sanction the Scheme at the Court Hearing. Shareholders will also be asked to approve a resolution implementing various matters in connection with the Scheme at the Extraordinary General Meeting.

Effective Date of Scheme

It is expected that the new holding company structure will take effect immediately following the Scheme becoming effective which is expected to take place on 12 December 2006.

Amendments to Articles of Association

In order to facilitate the Proposals certain amendments are proposed to Hiscox’s Articles of Association. These are described in paragraph 17 of Part 4 of this document and set out in full in the Notice of Extraordinary general Meeting in Part 7 of this document.

Employee Share Schemes

The effect of the Proposals on the Hiscox Employee Share Schemes is set out in paragraph 11 of Part 4 of this document. The New Hiscox Bermuda Employee Share Schemes, which are, in all material respects, the same as the current Hiscox Employee Share Schemes, are being introduced in order to incentivise employees following the introduction of New Hiscox Bermuda as the new parent company of the Hiscox Group. They are summarised in full in paragraph 12.2 of Part 4 of this document.

The New Hiscox Bermuda Employee Share Schemes have been adopted by New Hiscox Bermuda conditional on the Scheme becoming effective. It is anticipated that the initial operation of the New Hiscox Bermuda Employee Share Schemes will be shortly after the Effective Date.

Current trading

In its unaudited consolidated interim results for the six months to 30 June 2006, which were announced on 11 September 2006, the Group reported gross premiums written of £625.1 million. In addition, as at 30 June 2006, the Group’s net asset value was £588.4 million. The accompanying Prospectus relating to the admission of New Hiscox Bermuda to the Official List includes the full text of the Group’s interim results for the six months to 30 June 2006, together with an update on the Group’s current trading.

Action to be taken by Shareholders

On 15 November 2006, the Court Meeting and the Extraordinary General Meeting will be held to seek approval for the Proposals. Notices of the Court Meeting and the Extraordinary General Meeting are set out in Parts 6 and 7 of this document respectively. In order that the Court can be satisfied that the votes cast fairly represent the views of the Shareholders, it is important that as many votes as possible are cast at the Court Meeting. Shareholders are therefore encouraged to attend the Court Meeting in person or by proxy.

Whether or not you propose to attend the Meetings, Shareholders are requested to complete, sign and return (together with any power of attorney or other authority under which it is signed or a notarially certified copy of such power or authority) to the Company's Registrars, Capita Registrars, Proxy Department, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU, the white form of proxy for use at the Court Meeting and the blue form of proxy for use at the Extraordinary General Meeting. Completed forms of proxy should be returned by post (faxes will not be accepted). Shareholders who hold Ordinary Shares in uncertificated form may also appoint a proxy by completing and transmitting a CREST proxy instruction in accordance with the procedures set out in the CREST Manual and ensuring that it is received by Capita Registrars (under CREST participant ID RA10) by no later than 48 hours before the time appointed for the relevant meeting. For the CREST proxy instruction to be valid, the Shareholder's instruction to vote either in favour or against the Scheme must be clearly entered in the relevant box provided.

Directors' recommendation

The Board of Hiscox, which has been advised by each of UBS and Rothschild, has considered the Proposals and consider the terms to be fair and reasonable. In providing their advice, UBS and Rothschild have relied upon the Board's commercial assessment of the Proposals.

The Board considers the Proposals to be in the best interests of the shareholders of Hiscox as a whole and, accordingly, your Board unanimously recommends that holders of Ordinary Shares vote in favour of the Proposals at the Court Meeting and at the Extraordinary General Meeting as the members of the Board propose to do.

Yours sincerely,

Robert Hiscox
Chairman

PART 2
EXPLANATORY STATEMENT
(in compliance with section 426 of the Companies Act)



UBS Limited
1 Finsbury Avenue
London
EC2M 2PP



23 October 2006

To Hiscox Shareholders, and, for information only, participants under the Hiscox Employee Share Schemes

Dear Shareholder

RECOMMENDED SCHEME PROPOSALS

1. Introduction

Your attention is drawn to the letter from Robert Hiscox, the Chairman of Hiscox, set out in Part 1 of this document, which forms part of this explanatory statement. That letter contains, amongst other things, the unanimous recommendation by the Hiscox Board to Hiscox Shareholders to vote in favour of the resolutions to approve and implement the Scheme to be proposed at the Court Meeting and the Extraordinary General Meeting.

UBS and Rothschild have been authorised by the Hiscox Board to write to you to set out the terms of the Proposals and to provide you with other relevant information. Statements made in this letter which refer to the background to the recommendation of the Hiscox Directors and to information concerning the business of Hiscox reflect the views of the Hiscox Board.

The terms of the Scheme are set out in full in Part 3 of this document. Your attention is also drawn to the additional information set out in Part 4 of this document.

The introduction to the Scheme is set out on page 5 of Part 1 of this document.

2. Summary of the Scheme

Under the Scheme, all the Scheme Shares will be cancelled on the Effective Date. In consideration for the cancellation, Scheme Shareholders will receive:

for each Scheme Share cancelled

one New Hiscox Bermuda Share

Following the cancellation of the Scheme Shares, the share capital of Hiscox will be increased to its former amount by the creation of the New Shares and the Dividend Access Share and the credit arising in the books of Hiscox as a result of the reduction in capital will be applied in paying up in full, at par, the New Shares and the Dividend Access Share. The New Shares will be issued to New Hiscox Bermuda which will, as a result, become the parent of Hiscox. The Dividend Access Share will be issued to Heritage Trust Limited.

3. Background to and reasons for the Scheme

The background to and reasons for the Scheme are described in Part 1 of this document.

4. Structure of the Scheme

The Proposals will be effected by means of a scheme of arrangement between Hiscox and its shareholders under section 425 of the Companies Act, the provisions of which are set out in full in Part 3 of this document. The purpose of the Scheme is to provide for New Hiscox Bermuda to become the owner of the whole of the issued share capital of Hiscox (with the exception of the Dividend Access Share — see below) and thereby introduce New Hiscox Bermuda as the new parent company of Hiscox. This is to be achieved by

the cancellation of the Scheme Shares held by Hiscox Shareholders and the application of the reserve arising from such cancellation in paying up in full (a) a number of New Shares which is equal to the number of Scheme Shares cancelled less twenty shares and (b) the Dividend Access Share, and issuing such New Shares to New Hiscox Bermuda and/or its nominees and the Dividend Access Share to Heritage Trust Limited.

Holders of Scheme Shares will then receive one New Hiscox Bermuda Share for each Scheme Share cancelled.

To become effective, a special resolution implementing the Scheme must be passed by Hiscox Shareholders at an Extraordinary General Meeting and the Scheme must be approved by a majority in number of those Hiscox Shareholders, present and voting either in person or by proxy, at the Court Meeting, representing three-fourths or more in value of all Hiscox Shares held by such Hiscox Shareholders.

The Scheme also requires the sanction of the Court, as well as satisfaction or waiver of the other Conditions set out in paragraph 5 below. Upon the Scheme becoming effective, it will be binding on all Hiscox Shareholders, irrespective of whether or not, being entitled to do so, they attended or voted at the Court Meeting or the Extraordinary General Meeting.

The last day of dealings in, and for registration of transfers of, Hiscox Shares will be the last Business Day prior to the Effective Date (expected to be on 12 December 2006). On the Effective Date, Hiscox Shares will be cancelled on the Official List and from the London Stock Exchange's main market for listed securities. It is expected that the New Hiscox Bermuda Shares will be admitted to the Official List and to trading on the London Stock Exchange's main market for listed securities on the Effective Date.

Prior to the Scheme becoming effective, applications will have been made to the UK Listing Authority for the listing of the Hiscox Shares to be cancelled and to the London Stock Exchange for the Hiscox Shares to cease to be admitted to trading on the London Stock Exchange's main market for listed securities.

On the Effective Date, share certificates in respect of Scheme Shares will cease to be valid and should be destroyed. In addition, on the Effective Date, entitlements to Scheme Shares held within the CREST system will be cancelled.

In order to facilitate the Scheme, certain amendments to the Hiscox Articles are proposed. These are described in paragraph 17 of Part 4 of this document and set out in full in the Notice of Extraordinary General Meeting in Part 7 of this document.

5. Conditions to implementation of the Scheme

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

- (a) the Scheme having been approved by a majority in number, representing three-fourths in value, of those Hiscox Shareholders present and voting, either in person or by proxy, at the Court Meeting;
- (b) the Special Resolution to approve the matters in connection with the Scheme having been duly passed at the Extraordinary General Meeting by a majority of not less than three-fourths of the votes cast;
- (c) the Scheme having been sanctioned by the Court at the Court Hearing;
- (d) an office copy of the Court Order sanctioning the Scheme under section 425 of the Companies Act having been delivered to the Registrar of Companies for registration and the minute confirming the reduction of capital in relation to the Scheme, have been registered by the Registrar of Companies; and
- (e) permission having been granted by the UK Listing Authority to admit the New Hiscox Bermuda Shares to the Official List and to trading on the London Stock Exchange's market for listed securities.

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

The Court Hearing will be held on 11 December 2006. Scheme Shareholders will have the right to attend the Court Hearing and, if lodging a response to the petition to the Court to sanction the Scheme, to appear in person or be represented by counsel to support or oppose the sanction of the Scheme. The Court Hearing will be held at the Royal Courts of Justice, The Strand, London WC2A 2LL.

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

If the Scheme is sanctioned at the Court Hearing and the other conditions to the Scheme have been satisfied or waived, the Scheme is expected to become effective, and dealings in New Hiscox Bermuda Shares are expected to commence, on 12 December 2006. If the Scheme has not become effective by 31 December 2006 (or such later date as Hiscox and New Hiscox Bermuda may agree and the Court may allow), it will lapse, in which event there will not be a new parent company of Hiscox, Scheme Shareholders will remain shareholders of Hiscox, and the existing Hiscox Shares will continue to be listed on the Official List.

6. Effects of the Scheme

Under the Scheme, Scheme Shareholders will exchange their shareholdings in Hiscox for the same number of shares in New Hiscox Bermuda which will be denominated in sterling. Their proportionate entitlement to participate in Hiscox's capital and income will not be affected by reason of the implementation of the Scheme.

Immediately following the Scheme becoming effective, New Hiscox Bermuda will own no assets other than the share capital of Hiscox and nominal cash balances. Hiscox Shareholders will not receive any amount in cash, pursuant to the terms of the Scheme.

7. Listing, dealings, share certificates and settlement

Application will be made to the UK Listing Authority for the admission of the New Hiscox Bermuda Shares to the Official List and for the New Hiscox Bermuda Shares to be admitted to trading on the London Stock Exchange's main market for listed securities. The last day of dealings in Hiscox Shares is expected to be 11 December 2006. The last time for registration of transfers of Scheme Shares is expected to be 6.00 p.m. on 11 December 2006, the Scheme Record Time. It is expected that Admission will become effective and that dealings in the New Hiscox Bermuda Shares will commence on 12 December 2006. The listing of Hiscox Shares will be cancelled on that date.

These dates may be deferred if it is necessary to adjourn any Meetings required to approve the arrangements described in this document or if there is any delay in obtaining the Court's sanction of the Scheme. In the event of a delay, the application for the Hiscox Shares to be delisted will be deferred, so that the listing will not be cancelled until immediately before the Scheme becomes effective.

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

Scheme Shareholders who hold their Hiscox Shares in CREST should note that the New Hiscox Bermuda Shares they receive pursuant to the Scheme will not be capable of being held or transferred in the CREST system (because they are issued by a non-UK company). To enable such Scheme Shareholders effectively to settle their New Hiscox Bermuda Shares through the CREST system, however, a depositary arrangement involving the issue of dematerialised depositary interests representing the underlying New Hiscox Bermuda Shares will be put in place. Pursuant to this arrangement a depositary, Capita IRG Trustees Limited, will hold the New Hiscox Bermuda Shares and issue dematerialised depositary interests representing the underlying shares which will be held on trust for the holders of the depositary interests. The depositary interests will be independent securities constituted under English law and may be held and transferred through the CREST system. Further information on this depositary arrangement is contained in paragraph 8.5 of Part 4 of this document and also in paragraph 21 of Part V of the Prospectus.

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

The Prospectus relating to New Hiscox Bermuda, which is required to be published in accordance with (i) the Prospectus Rules to effect the introduction of the New Hiscox Bermuda Shares to the Official List and (ii) the Bermuda Companies Act, is obtainable on request, free of charge up until Admission at any time during normal business hours on any Business Day from the registered office of Hiscox (1 Great St. Helen's, London, EC3A 6HX) the registered office of New Hiscox Bermuda (Canon's Court, 22 Victoria Street, Hamilton HM 12, Bermuda) and at the offices of Allen & Overy LLP (One Bishops Square, London E1 6AO). A copy of the Prospectus may also be inspected as described in paragraph 18 of Part 4 of this document.

8. Bermuda Monetary Authority consent

Shares may be offered or sold in Bermuda only in compliance with the provisions of the Investment Business Act of 2003, the Exchange Control Act 1972 and related regulations of Bermuda which regulate the sale of securities in Bermuda. In addition, specific permission is required from the Bermuda Monetary Authority, pursuant to the provisions of the Exchange Control Act 1972 and related regulations, for all issuances and transfers of securities of Bermuda companies, other than in cases where the Bermuda Monetary Authority has granted a general permission.

The Bermuda Monetary Authority has granted New Hiscox Bermuda permission to issue one New Hiscox Bermuda Share for each Scheme Share held by a Scheme Shareholder pursuant to the Scheme. The Bermuda Monetary Authority in its policy dated 1 June 2005 provides that where any equity securities, including ordinary shares, of a Bermuda company are listed on an appointed stock exchange, general permission is given for the issue and subsequent transfer of any securities of a company from and/or to a non-resident, for as long as any equity securities of such company remain so listed. The London Stock Exchange is deemed to be an appointed stock exchange under Bermuda law. Notwithstanding the above general permission, the Bermuda Monetary Authority has granted New Hiscox Bermuda permission to: (a) issue New Hiscox Bermuda Shares to Scheme Shareholders pursuant to the Scheme in the same proportions as they owned Hiscox Shares; and (b) subject to the New Hiscox Bermuda Shares being listed on an appointed stock exchange, issue, grant, create, sell and transfer any of New Hiscox Bermuda's shares, stock, bonds, notes (other than promissory notes), debentures, debenture stock, units under a unit trust scheme, shares in an oil royalty, options, warrants, coupons, rights and depository receipts (collectively the "Securities"), to and among persons who are either resident or non-resident of Bermuda for exchange control purposes, whether or not the Securities are listed on an appointed stock exchange.

The Bermuda Monetary Authority and the Registrar of Companies accept no responsibility for the financial soundness of any proposal or for the correctness of any of the statements made or opinions expressed in this document.

9. Directors' and other interests

Robert Hiscox, Bronek Masojada, Stuart Bridges and Robert Childs, Hiscox's current executive directors, will continue in their roles as the executive directors of New Hiscox Bermuda. Carol Franklin Engler and Sir Mervyn Pedelty, currently non-executive directors of Hiscox, have each been appointed a non-executive director of New Hiscox Bermuda. In the event that the Scheme becomes effective Anthony Howland Jackson, Derek Netherton and Adrian Auer will resign as non-executive directors of Hiscox and will not become directors of New Hiscox Bermuda. In their place Daniel Healy, Dr James King, Andrea Rosen and Dirk Stuurop have been appointed non-executive directors of New Hiscox Bermuda. Full details of all of the directors of New Hiscox Bermuda are contained in paragraph 6 of Part V of the Prospectus.

The interests of the Directors in the share capital of Hiscox are set out in paragraph 4 of Part 4 of this document.

On incorporation, the initial authorised share capital of New Hiscox Bermuda was £7,000 divided into 140,000 New Hiscox Bermuda Shares of par value 5 pence each. All of these New Hiscox Bermuda Shares were taken up by the initial subscriber, Reid Finance Limited, a company ultimately owned by the partners of Appleby Hunter Bailhache, New Hiscox Bermuda's Bermudian lawyers, and were paid in full in cash. On 21 September 2006 New Hiscox Bermuda's authorised share capital was increased to £30,000,000 by the creation of an additional 599,860,000 shares of par value 5 pence each in order to ensure New Hiscox Bermuda has sufficient unissued share capital to comply with the terms of the Scheme. Once the Scheme has become effective these subscriber shares owned by Reid Finance Limited will be purchased by New Hiscox Bermuda at nominal value and then cancelled.

Any award held by the Directors under the Hiscox Employee Share Schemes will, subject to the relevant director's consent, be preserved but so that the New Hiscox Bermuda Shares will ultimately be delivered in satisfaction of any of those awards under their terms, in the manner described in paragraph 11 of Part 4 of this document.

The effect of the Scheme on the interests of Directors is set out in paragraph 4 of Part 4 of this document. Save as described above, the effect of the Scheme on the interests of Directors does not differ from its effect on the same interests of other persons.

The Company Secretary of New Hiscox Bermuda is Robin Mehta.

10. Delisting of Hiscox Shares

The London Stock Exchange and the UK Listing Authority have been requested respectively to cancel trading in Hiscox Shares on the London Stock Exchange's main market for listed securities with effect from the close of business on the Business Day immediately prior to the Effective Date and the delisting of Hiscox Shares from the Official List with effect from 8.00 a.m. on the Effective Date. The last day of dealings in Hiscox Shares on the London Stock Exchange is expected to be 11 December 2006 (being the Business Day immediately prior to the Effective Date) and no transfers of Hiscox Shares will be registered after 6.00 p.m. on that date. On the Effective Date, share certificates in respect of the Scheme Shares will cease to be valid and should be destroyed.

11. Taxation

It is intended that the Scheme should be neutral in tax terms for UK-resident Shareholders. In particular, a UK-resident Hiscox Shareholder holding less than 5 per cent. of the issued share capital of Hiscox who receives New Hiscox Bermuda Shares under the Scheme should not be charged for capital gains tax or corporation tax on chargeable gains as a result of the exchange of his Hiscox Shares for such New Hiscox Bermuda Shares. New Hiscox Bermuda will also put in place a mechanism which should preserve the current UK tax treatment of UK-resident Hiscox Shareholders in relation to dividends to be paid in the future by New Hiscox Bermuda. Further UK tax considerations relevant to a UK-resident shareholder are set out in paragraph 15 of Part 4 of this document.

12. Overseas Shareholders

General

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

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

If, in respect of any Overseas Person, New Hiscox Bermuda is advised that the allotment and issue of New Hiscox Bermuda Shares would or might infringe the laws of any jurisdiction outside the United Kingdom, or would or might require New Hiscox Bermuda to obtain any governmental or other consent or effect any registration, filing or other formality with which, in the opinion of New Hiscox Bermuda, it would be unable to comply or which it regards as unduly onerous, the Scheme provides that New Hiscox Bermuda may determine either (i) that the Shareholder's entitlement to New Hiscox Bermuda Shares shall be issued to a nominee for such Shareholder appointed by New Hiscox Bermuda and then sold, with the net proceeds being remitted to the Shareholder concerned; or (ii) that the Shareholder's entitlement to New Hiscox Bermuda Shares pursuant to the Scheme shall be issued to such Shareholder and then sold on his behalf as soon as reasonably practical at the best price which can be reasonably obtained at the time of sale, with the net proceeds of sale being remitted to the Shareholder. Any remittance of the net proceeds of sale referred to in this paragraph shall be at the risk of the relevant holder.

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

United States

The New Hiscox Bermuda Shares have not been and will not be registered under the Securities Act but will be issued in reliance on the exemption provided by Section 3(a)(10) thereof. In addition, the New Hiscox Bermuda Shares have not been and will not be registered under the securities laws of any state of the United States but will be issued in reliance on available exemptions from state law registration requirements.

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

Shareholders who are affiliates of Hiscox prior to implementation of the Scheme, or of New Hiscox Bermuda after the Scheme, may not resell such securities without registration under the Securities Act except pursuant to the applicable resale provisions of Rule 145(d) under the Securities Act, another applicable exemption from registration or in a transaction not subject to registration. "Affiliates" of a company are generally defined as persons who directly, or indirectly through one or more intermediaries, control, or are controlled by, or are under common control with, that company. Whether a person is an affiliate of a company for the purpose of the Securities Act depends on the circumstances, but affiliates can include certain officers, directors and significant shareholders. Persons who believe they may be affiliates of Hiscox or New Hiscox Bermuda should consult their own legal advisers before any sale of securities received in the Scheme. Any persons who hold Scheme Shares that are "restricted securities" within the meaning of Rule 144(a)(3) under the Securities Act will receive New Hiscox Bermuda Shares that are subject to the same restrictions as their Scheme Shares.

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

13. The Meetings

Before the Court's approval can be sought to sanction the Scheme, the Scheme will require approval by the holders of Hiscox Shares at the Court Meeting and the passing of a special resolution by Hiscox Shareholders at the Extraordinary General Meeting.

Notices of the Court Meeting and the Extraordinary General Meeting are set out in Parts 6 and 7 of this document respectively. All holders of Hiscox Shares whose names appear on the register of members of Hiscox at 6.00 p.m. on 13 November 2006 or, if either the Extraordinary General Meeting or the Court Meeting is adjourned, on the register of members at 6.00 p.m. on the date two days before the date set for the adjourned meeting, shall be entitled to attend and vote at the relevant Meeting in respect of the number of Hiscox Shares registered in their name at the relevant time as further described below.

The Court Meeting

The Court Meeting, which has been convened for 11.00 a.m. on 15 November 2006, is being held at the direction of the Court to seek the approval of Hiscox Shareholders for the Scheme.

At the Court Meeting, voting will be by way of poll and each Hiscox Shareholder present in person or by proxy will be entitled to one vote for each Scheme Share held. The approval required at the Court Meeting is a majority in number of those Hiscox Shareholders present and voting, either in person or by proxy, representing three-fourths or more in value of all Hiscox Shares held by such Hiscox Shareholders. The result of the poll will be posted on the Company's website.

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

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

The Extraordinary General Meeting

The Extraordinary General Meeting has been convened for 11.15 a.m. on 15 November 2006 (or as soon thereafter as the Court Meeting has been concluded or adjourned), to consider and, if thought fit, pass a special resolution (which requires votes in favour representing at least 75 per cent. of the votes cast) to approve:

- (i) the Scheme;
- (ii) the cancellation and extinguishing of the Scheme Shares in relation to the Scheme of Arrangement;
- (iii) the creation of the New Shares in relation to the Scheme of Arrangement;
- (iv) the amendment to the Hiscox Articles to create the Dividend Access Share;
- (v) the allotment of the New Shares to New Hiscox Bermuda;
- (vi) the allotment of the Dividend Access Share to Heritage Trust Limited;
- (vii) conditional on the Scheme becoming effective, amendments to the Hiscox Articles to (a) deal with transitional matters arising from the Scheme; and (b) set out the rights attaching to the Dividend Access Share; and
- (viii) conditional on the Scheme becoming effective, the Hiscox Shares shall be de-listed from the Official List.

14. Action to be taken

Forms of Proxy for the Court Meeting and the Extraordinary General Meeting should be returned, in the pre-paid envelope provided for use in the United Kingdom only, to the Company's Registrars, Capita Registrars, Proxy Department, The Registry, 34 Beckenham Road, Beckenham, Kent, BR3 4TU as soon as possible and, in any event, so as to be received at least 48 hours before the time appointed for the relevant Meeting. If a white Form of Proxy for use at the Court Meeting is not returned by the above time, it may be handed to the Chairman of the Court Meeting at the Court Meeting. However, in the case of the Extraordinary General Meeting, unless the blue Form of Proxy is returned by the time mentioned in the instructions printed on it, it will be invalid. The completion and return of a Form of Proxy will not prevent you from attending and voting in person at either the Court Meeting or the Extraordinary General Meeting, or at any adjournment thereof, if you so wish and are so entitled.

15. Further information

The terms of the Scheme are set out in full in Part 3 of this document. Your attention is also drawn to the further information contained in this document and, in particular, the Additional Information set out in Part 4 of this document.

Yours faithfully

John Woolland
Managing Director

Grant Mason
Associate Director

for and on behalf of
UBS Limited

Jonathan Eddis
Managing Director

for and on behalf of
NM Rothschild & Sons Limited

PART 3
THE SCHEME OF ARRANGEMENT

No. 7465 of 2006

IN THE HIGH COURT OF JUSTICE
CHANCERY DIVISION
COMPANIES COURT

IN THE MATTER OF HISCOX plc
and
IN THE MATTER OF THE COMPANIES ACT 1985
SCHEME OF ARRANGEMENT
(under Section 425 of the Companies Act 1985)

between
HISCOX plc
and
THE HOLDERS OF SCHEME SHARES
(as hereinafter defined)

PRELIMINARY

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

Act	the Companies Act 1985 (as amended)
Amended Hiscox Articles	the articles of association of Hiscox, as they are proposed to be amended at the EGM
Business Day	a day, other than a Saturday, Sunday or public holiday, on which banks are open for business in the City of London or Islands of Bermuda
certificated or in certificated form	in relation to a share or other security, a share or other security which is not in uncertificated form
Circular	the scheme document dated 23 October 2006 sent by Hiscox to Hiscox Shareholders of which this Scheme forms part
Clause	a clause of this Scheme
Court	the High Court of Justice in England and Wales
Court Hearing	the hearing by the Court of the petition to sanction this Scheme
Court Meeting	the meeting of the Scheme Shareholders convened by order of the Court pursuant to section 425 of the Act to be held at 11.00 a.m. on 15 November 2006 to consider and, if thought fit, approve the Scheme, including any adjournment thereof
Court Order	the order of the Court sanctioning the Scheme under section 425 of the Act
CREST	the system for the paperless settlement of trades in securities and the holding of uncertificated securities operated by CRESTCo in accordance with the CREST Regulations
CRESTCo Limited	CRESTCo. Limited
CREST Regulations	the Uncertificated Securities Regulations 2001, as amended

Dividend Access Share	the dividend access share in the capital of Hiscox having a nominal value of £1 and having the rights attaching to it as set out in the Amended Hiscox Articles, to be allotted and issued to the Trustee pursuant to this Scheme
Effective Date	the date on which this Scheme becomes effective in accordance with Clause 7 of this Scheme, expected to be 12 December 2006
EGM	the extraordinary general meeting of Hiscox Shareholders to be held at 11.15 a.m. on 15 November 2006 (or as soon thereafter as the Court Meeting shall have been concluded or adjourned) and any adjournment thereof
Hiscox or Company	Hiscox plc, a public limited company incorporated in England and Wales with registered number 2837811
Hiscox Shares	ordinary shares of 5 pence each in the capital of Hiscox
Hiscox Shareholders	holders of Hiscox Shares from time to time
holder	a registered holder, including any person entitled by transmission
Members	members of the Company on the register of members at any relevant date
New Hiscox Bermuda	Hiscox Ltd, an exempted limited liability company incorporated in Bermuda with registered number 38877
New Hiscox Bermuda Shares	up to 414,687,055 shares of par value 5 pence each in the capital of New Hiscox Bermuda to be issued credited as fully paid pursuant to this Scheme
New Shares	ordinary shares of 5 pence each in the capital of Hiscox created following the cancellation of the Scheme Shares which shall be an aggregate nominal amount equal to the aggregate nominal amount of the shares cancelled and to be issued credited as fully paid to New Hiscox Bermuda pursuant to the Scheme less £1
pence or £	the lawful currency of the United Kingdom
Scheme or Scheme of Arrangement	this scheme of arrangement in its present form or with or subject to any modification, addition or condition approved or imposed by the Court
Scheme Record Time	6.00 p.m. on the Business Day immediately preceding the Effective Date
Scheme Shareholder	a holder of Scheme Shares as appearing in the register of members of Hiscox at the Scheme Record Time
Scheme Shares	(i) all the Hiscox Shares in issue at the date of this Scheme; (ii) all (if any) additional Hiscox Shares issued after the date of this Scheme and before the Voting Record Time; and (iii) all (if any) further Hiscox Shares which may be in issue immediately before the confirmation by the Court of the reduction in capital provided for by Clause 1 of the Scheme in respect of which the original, or any subsequent, holders shall have agreed in writing to be so bound
shareholder	a person on the register of members of either Hiscox or New Hiscox Bermuda at the relevant date and includes any person(s) entitled by transmission
Trustee	Heritage Trust Limited of Polygon Hall, Le Marchant Street, St Peter Port, Guernsey GY1 4EL

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

Voting Record Time 6.00 p.m. (London time) on 13 November 2006 or, if the Court Meeting is adjourned, 48 hours before the time appointed for any adjourned Court Meeting

(B) The authorised share capital of Hiscox at the date of this Scheme is £30,000,000.00 divided as follows:

	<i>Authorised</i>	<i>Nominal</i>
	<i>Number</i>	<i>value</i>
Hiscox Shares	600,000,000	5 pence each

of which, as at 19 October 2006, 393,080,567 Hiscox Shares had been issued and were credited as fully paid and the remainder were unissued.

(C) New Hiscox Bermuda was incorporated in Bermuda as an exempted limited liability company on 6 September 2006, with registered number 38877.

(D) The authorised share capital of New Hiscox Bermuda at the date of this Scheme is £30,000,000 divided into 600,000,000 New Hiscox Bermuda Shares of par value 5 pence each.

(E) New Hiscox Bermuda has agreed to appear by Counsel at the Court Hearing, to consent to the Scheme and to undertake to be bound thereby and execute and do or procure to be executed and done all such documents, acts and things as may be necessary or desirable to be executed or done by it for the purpose of giving effect to this Scheme.

THE SCHEME

1. Cancellation of Scheme Shares

(a) The issued share capital of Hiscox shall be reduced by cancelling and extinguishing the Scheme Shares.

(b) Forthwith and contingent upon the reduction of capital referred to in Clause 1(a) taking effect:

(i) the authorised share capital of Hiscox shall be increased to its former amount by the creation of:

(A) such number of New Shares as shall be equal to the aggregate number of Scheme Shares cancelled pursuant to Clause 1(a) less twenty shares; and

(B) one Dividend Access Share;

(ii) Hiscox shall apply the credit arising in its books of account as a result of such reduction of capital in paying up, in full at par:

(A) the New Shares created pursuant to Clause 1(b)(i)(A) and shall allot and issue the same, credited as fully paid up, to New Hiscox Bermuda and/or its nominee or nominees; and

(B) the Dividend Access Share created pursuant to Clause 1(b)(i)(B) and shall allot and issue the same, credited as fully paid up, to the Trustee.

2. Consideration for the cancellation of the Scheme Shares

In consideration of the cancellation of the Scheme Shares and the issue of (a) the New Shares to New Hiscox Bermuda and/or its nominee or nominees and (b) the Dividend Access Share to the Trustee pursuant to Clause 1 above, New Hiscox Bermuda shall (subject to the remaining provisions of this Clause 2 and to the provisions of Clauses 3, 4 and 5), allot and issue (credited as fully paid) New Hiscox Bermuda Shares to the Scheme Shareholders on the basis of one New Hiscox Bermuda Share for each Scheme Share held at the Scheme Record Time.

3. Allotment and issue of New Hiscox Bermuda Shares

- (a) The New Hiscox Bermuda Shares to be issued pursuant to Clause 2 shall rank in full for all dividends or distributions made, paid or declared after the Effective Date on the ordinary share capital of New Hiscox Bermuda.
- (b) The provisions of Clause 2 shall be subject to any prohibition or condition imposed by law. Without prejudice to the generality of the foregoing, if, in respect of any Scheme Shareholder who is a citizen, resident or national of any jurisdiction outside the United Kingdom (**overseas share owner**), New Hiscox Bermuda is advised that the allotment and issue of New Hiscox Bermuda Shares pursuant to Clause 2 would infringe the laws of any jurisdiction outside the United Kingdom or would require New Hiscox Bermuda to observe any governmental or other consent or effect any registration, filing or other formality with which, in the opinion of New Hiscox Bermuda, it would be unable to comply or which it regards as unduly onerous, then New Hiscox Bermuda may in its sole discretion either:
 - (i) determine that no such New Hiscox Bermuda Shares shall be allocated and issued to such Shareholder under Clause 2 but instead such shares shall be allotted and issued to a nominee appointed by New Hiscox Bermuda as trustee for such Shareholder, on terms that they shall, as soon as practicable following the Scheme Record Time, be sold on behalf of such Shareholder at the best price which can reasonably be obtained and the net proceeds of such sale shall (after the deduction of all expenses and commissions, including any amount in respect of value added tax payable thereon) be paid to such share owner by sending a cheque to such share owner in accordance with the provisions of Clause 4. In the absence of bad faith or wilful default, none of Hiscox, New Hiscox Bermuda or any broker or agent of either of them shall have any liability for any loss arising as a result of the timing or terms of any such sale; or
 - (ii) determine that such New Hiscox Bermuda Shares shall be sold, in which event the New Hiscox Bermuda Shares shall be issued to such Shareholder and New Hiscox Bermuda shall appoint a person to act pursuant to this Clause 3(b)(ii) and such person shall be authorised on behalf of such Shareholder to procure that any shares in respect of which New Hiscox Bermuda has made such a determination shall, as soon as practicable following the Scheme Record Time, be sold at the best price which can reasonably be obtained at the time of sale and the net proceeds of such sale (after the deduction of all expenses and commissions, including any amount in respect of value added tax payable thereon) shall be paid to such Shareholder by sending a cheque to such Shareholder in accordance with the provisions of Clause 4. To give effect to any such sale, the person so appointed shall be authorised on behalf of such Shareholder to execute and deliver a form of transfer and to give such instructions and do all such things which he may consider necessary or expedient in connection with such sale. In the absence of bad faith or wilful default, none of Hiscox, New Hiscox Bermuda or the person so appointed shall have any liability for any loss or damage arising as result of the timing or terms of such sale.

4. Certificates and payments

- (a) Not later than five Business Days after the Effective Date, New Hiscox Bermuda shall allot and issue all New Hiscox Bermuda Shares which it is required to allot and issue to give effect to this Scheme.
- (b) As soon as reasonably practicable after the Effective Date, and not less than 15 days after the Effective Date, New Hiscox Bermuda shall send by post to the allottees of the New Hiscox Bermuda Shares certificates in respect of such shares, pursuant to Clause 2, save that where Scheme Shares are held in uncertificated form, New Hiscox Bermuda will procure that CRESTCo is instructed to cancel the entitlement to Scheme Shares of each of the Scheme Shareholders concerned and to credit to the appropriate stock account in CREST of each such Scheme Shareholder the due entitlement to depositary interests representing New Hiscox Bermuda Shares (such depositary interests being required as a result of the New Hiscox Bermuda Shares themselves not being capable of being held in CREST).
- (c) Not later than 15 days following the sale of any relevant New Hiscox Bermuda Shares pursuant to Clause 3(b), New Hiscox Bermuda shall procure that the nominee referred to in Clause 3(b)(i) or such person appointed to act under Clause 3(b)(ii) shall account for the cash payable by despatching to the persons respectively entitled thereto cheques and/or warrants by post.
- (d) All certificates required to be sent by New Hiscox Bermuda pursuant to Clause 4(b) and all cheques required to be sent pursuant to Clause 4(c) shall be sent through the post in pre-paid envelopes addressed to the persons respectively entitled thereto at their respective addresses appearing in the register of members of

Hiscox at the Scheme Record Time (or, in the case of joint holders, to the address of that one of the joint holders whose name stands first in the register in respect of the joint holding) or in accordance with any special instructions regarding communications received at the registered office of Hiscox before the Scheme Record Time.

- (e) If New Hiscox Bermuda Shares are consolidated or subdivided or if the nominal value of New Hiscox Bermuda Shares is reduced before the despatch of any certificates or the giving of any instructions in accordance with this Clause 4, the certificates or instructions shall relate to such New Hiscox Bermuda Shares as so consolidated, subdivided and/or reduced.
- (f) None of Hiscox, New Hiscox Bermuda or any nominee referred to in Clause 3(b)(i), such person appointed to act under Clause 3(b)(ii) or any agent of any of them shall be responsible for any loss or delay in transmission of certificates, cheques or warrants sent in accordance with this Clause 4.
- (g) All cheques shall be made payable to the shareholder or, in the case of joint holders to all shareholders, in respect of the Scheme Shares concerned in sterling drawn on a UK clearing bank and the encashment of any such cheque or warrant shall be a complete discharge to New Hiscox Bermuda for the monies represented thereby.
- (h) This Clause 4 shall be subject to any prohibition or condition imposed by law.

5. Certificates representing Scheme Shares

With effect from and including the Effective Date, all certificates representing holdings of Scheme Shares shall cease to be valid in respect of such holdings. The shareholders in respect of such shares shall be bound at the request of Hiscox to deliver such certificates for cancellation to Hiscox or to any person appointed by Hiscox to receive the same, unless such certificates have already been destroyed.

6. Mandated payments and other instructions

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

7. Effective Date

- (a) This Scheme shall become effective as soon as an office copy of the Court Order sanctioning this Scheme under section 425 of the Act has been duly delivered to and registered by the Registrar of Companies.
- (b) Unless this Scheme shall have become effective on or before 31 December 2006 or such later date, if any, as Hiscox and New Hiscox Bermuda may agree and the Court may allow, it shall lapse.

8. Modification

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

Dated: 23 October 2006

PART 4
ADDITIONAL INFORMATION

1. Incorporation and activity of Hiscox

- 1.1 Hiscox was incorporated under the name Sabledove PLC on 20 July 1993 under the Act as a public limited company limited by shares and registered in England and Wales with registered number 2837811. On 15 November 1993, it changed its name to Hiscox Dedicated Insurance Fund PLC and on 2 July 1996 it changed its name to Hiscox plc.
- 1.2 The registered office of Hiscox is 1 Great St. Helen's, London, EC3A 6HX.
- 1.3 Hiscox is the holding company for a group of companies providing specialist insurance services worldwide.

2. Share capital of Hiscox

The authorised and issued share capital of Hiscox at 19 October 2006 (the latest practicable date prior to publication of this document) is as follows:

<i>Class</i>	<i>Authorised</i>		<i>Issued and paid</i>	
	<i>Number</i>	<i>Nominal Value</i>	<i>Number</i>	<i>Nominal Value</i>
Ordinary Shares of 5 pence each	600,000,000	£30,000,000	393,080,567	£19,654,028.35

3. Directors of Hiscox

- 3.1 The Directors of Hiscox and their functions are as follows

<i>Name</i>	<i>Position</i>
R.R.S. Hiscox	(Chairman)
B.E. Masojada	(Chief Executive)
S.J. Bridges	(Group Finance Director)
R.S. Childs	(Chief Underwriting Officer)
A.R. Auer	(Non-executive Director)
C. Franklin Engler	(Non-executive Director)
A.G.C. Howland Jackson	(Non-executive Director)
D.N.D. Netherton	(Non-executive Director)
Sir Mervyn Pedelty	(Non-executive Director)

- 3.2 The business address of each of the Directors is 1 Great St. Helen's, London, EC3A 6HX.

4. Directors' interests in Hiscox

- 4.1 The interests of the Directors of Hiscox and their immediate families in the share capital of Hiscox (all of which are beneficial unless otherwise stated), which:
- (a) have or will have been notified to Hiscox pursuant to sections 324 and 328 of the Act;
 - (b) are required to be entered into the register referred to in section 325 of the Act; or
 - (c) are interests of a connected person (within the meaning of section 346 of the Act) which would, if the connected person were a director, be required to be disclosed under (a) or (b) above and the existence of which is known to or could with reasonable diligence be ascertained by that Director, as at 19 October 2006 (the latest practicable date prior to the publication of this document),

were as at 19 October 2006 (being the latest practicable date prior to the publication of this document) as follows:

<i>Name</i>	<i>Current Number of Hiscox Shares¹</i>	<i>Percentage of Hiscox Shares</i>
R.R.S. Hiscox	9,395,065	2.4%
B.E. Masojada	2,702,902	0.69%
S.J. Bridges	460,877	0.12%
R.S. Childs	1,386,067	0.35%
A.R. Auer	0	0%
C. Franklin Engler	17,550	<0.01%
A.G.C. Howland Jackson	65,804	0.02%
D.N.D. Netherton	19,905	0.01%
Sir Mervyn Pedelty	0	0%

Notes:

1. The executive Directors of Hiscox are potential beneficiaries of the Hiscox employees' share ownership plan trust (the "ESOP") and are therefore each deemed to have an interest in 135,782 Shares owned by Hiscox Trustees Limited, the trustee of the ESOP. R.R.S. Hiscox has a further non beneficial interest in 570,237 Ordinary Shares.

4.2 The following options over Ordinary Shares have been granted to the Directors under the Hiscox Employee Share Schemes, such options being exercisable at the price and between the dates shown below:

<i>Name</i>	<i>Number of Ordinary Shares under option</i>	<i>Grant date</i>	<i>Exercise price per Ordinary Share (£)</i>	<i>Exercise period First exercise date</i>	<i>Last exercise date</i>
<i>Approved Schemes</i>					
R.R.S. Hiscox	16,919	20/10/98	1.574	20/10/01	19/10/08
R.R.S. Hiscox	3,303	15/06/00	1.020	15/06/03	14/06/10
B.E. Masojada	16,919	20/10/98	1.574	20/10/01	19/10/08
B.E. Masojada	2,255	13/10/99	1.281	13/10/02	12/10/09
B.E. Masojada	469	15/06/00	1.020	15/06/03	14/06/10
S.J. Bridges	22,559	13/10/99	1.281	13/10/02	12/10/09
S.J. Bridges	1,073	15/06/00	1.020	15/06/03	14/06/10
R.S. Childs	19,812	13/07/04	1.514	13/07/07	12/07/14
<i>Unapproved Schemes</i>					
R.R.S. Hiscox	73,318	20/10/98	1.574	20/10/01	19/10/08
R.R.S. Hiscox	53,093	15/06/00	1.020	15/06/03	14/06/10
R.R.S. Hiscox	56,398	03/05/01	1.755	03/05/04	02/05/11
R.R.S. Hiscox	51,526	02/04/03	1.465	02/04/06	01/04/13
R.R.S. Hiscox	51,526	13/07/04	1.514	13/07/07	12/07/14
R.R.S. Hiscox	51,526	06/04/05	1.499	06/04/08	05/04/15
R.R.S. Hiscox	100,000	12/01/06	2.3625	12/01/09	11/01/16
B.E. Masojada	73,318	20/10/98	1.574	20/10/01	19/10/08
B.E. Masojada	110,542	13/10/99	1.281	13/10/02	12/10/09
B.E. Masojada	168,726	15/06/00	1.020	15/06/03	14/06/10
B.E. Masojada	78,958	03/05/01	1.755	03/05/04	02/05/11
B.E. Masojada	140,997	27/09/01	0.806	27/09/04	26/09/11
B.E. Masojada	206,104	19/11/02	1.252	19/11/05	18/11/12
B.E. Masojada	206,104	02/04/03	1.465	02/04/06	01/04/13
B.E. Masojada	206,104	13/07/04	1.514	13/07/07	12/07/14
B.E. Masojada	206,104	06/04/05	1.499	06/04/08	05/04/15
B.E. Masojada	260,000	12/01/06	2.3625	12/01/09	11/01/16
S.J. Bridges	62,038	13/10/99	1.281	13/10/02	12/10/09
S.J. Bridges	111,724	15/06/00	1.020	15/06/03	14/06/10
S.J. Bridges	56,398	03/05/01	1.755	03/05/04	02/05/11
S.J. Bridges	140,997	20/09/01	0.806	27/09/04	26/09/11
S.J. Bridges	180,341	19/11/02	1.252	19/11/05	18/11/12

<i>Name</i>	<i>Number of Ordinary Shares under option</i>	<i>Grant date</i>	<i>Exercise price per Ordinary Share (£)</i>	<i>Exercise period</i>	
				<i>First exercise date</i>	<i>Last exercise date</i>
S.J. Bridges	154,578	02/04/03	1.465	02/04/06	01/04/13
S.J. Bridges	154,578	13/07/04	1.514	13/07/07	12/07/14
S.J. Bridges	154,578	06/04/05	1.499	06/04/08	05/04/15
S.J. Bridges	215,000	12/01/06	2.3625	12/01/09	11/01/16
R.S. Childs	90,328	20/10/98	1.574	20/10/01	19/10/08
R.S. Childs	112,797	13/10/99	1.281	13/10/02	12/10/09
R.S. Childs	169,197	15/06/00	1.020	15/06/03	14/06/10
R.S. Childs	78,958	03/05/01	1.755	03/05/04	02/05/11
R.S. Childs	140,997	27/09/01	0.806	27/09/04	26/09/11
R.S. Childs	206,104	19/11/02	1.252	19/11/05	18/11/12
R.S. Childs	206,104	02/04/03	1.465	02/04/06	01/04/13
R.S. Childs	186,291	13/07/04	1.514	13/07/07	12/07/14
R.S. Childs	206,104	06/04/05	1.499	06/04/08	05/04/15
R.S. Childs	250,000	12/01/06	2.3625	12/01/09	11/01/16

In addition, as at 19 October 2006 (being the latest practicable date prior to the publication of this document), the following options over Ordinary Shares had been granted under the rules of the Sharesave to the Directors and remain outstanding:

<i>Name</i>	<i>Number of Ordinary Shares under option</i>	<i>Exercise price per Ordinary Share (£)</i>	<i>Exercise period</i>	
			<i>First exercise date</i>	<i>Last exercise date</i>
R.R.S. Hiscox	5,932	1.5759	01/12/08	31/05/09
B.E. Masojada	7,168	1.32166	01/12/07	31/05/08
S.J. Bridges	7,544	1.22268	01/12/06	31/05/07
R.S. Childs	7,544	1.22268	01/12/06	31/05/07

- 4.3 In January 2006 approval was received from HM Revenue & Customs to adjust the entitlement of participants in the Hiscox Employee Share Schemes in respect of both the number of shares under option and the option exercise price to take account of the rights issue effected by Hiscox in November 2005. The adjustments have been calculated in accordance with a formula set out by HM Revenue & Customs and have the effect that the number of options that each option holder is entitled to has increased by 3.05 per cent. and the price of each option has decreased by 2.96 per cent. The aggregate monetary value of options granted has not changed as a result of the adjustment. These adjustments have been reflected in the tables above.
- 4.4 Save as set out in this Part 4, none of the Directors or any connected person within the meaning of section 346 of the Act has any interest, whether beneficial or non-beneficial, in the share capital of the Hiscox Group and there is no person to whom any capital of any member of the Hiscox Group is under option or agreed unconditionally to be put under option.

5. Remuneration and benefits

- 5.1 The following executive Directors have service agreements with Hiscox Underwriting Group Services Limited (the "Employer") as set out below. New Hiscox Bermuda is currently taking advice on amendments in relation to these service agreements in order that the agreements reflect the new structure of the Hiscox Group once the Scheme has become effective. It is anticipated that such amendments will not result in any material change to the gross remuneration payable to the executive Directors.

<i>Name</i>	<i>Date of contract</i>	<i>Notice period from the Company</i>	<i>Notice period to the Company</i>	<i>Salary as at 19 October 2006</i>	<i>Other¹ benefits</i>
R.R.S. Hiscox	20 December 2002	12 months	12 months	£270,000	£17,468
B.E. Masojada	6 March 1998	6 months	6 months	£330,000	£15,514
S.J. Bridges	20 September 1998	6 months	6 months	£270,000	£14,331
R.S. Childs	1 April 1986	6 months	6 months	£310,000	£13,787

¹ In the above table other benefits exclude bonus payments, pension contributions made by the employer on a Director's behalf under the Group's defined benefit pension scheme (including pension "top-up" contributions), permanent health insurance, personal accident insurance and life assurance.

5.2 The terms of appointment of each of the non-executive Directors with Hiscox are as follows:

<i>Name</i>	<i>Date of appointment</i>	<i>Notice period from the Company</i>	<i>Notice period to the Company</i>	<i>Fees as at 19 October 2006</i>
A.R. Auer	1 July 2005	3 months	3 months	£39,250
C. Frankin Engler	6 July 1999	3 months	3 months	£36,750
A.G.C. Howland Jackson	8 May 1997	3 months	3 months	£47,250
D.N.D. Netherton	6 July 1999	3 months	3 months	£41,750
Sir Mervyn Pedelty	1 July 2005	3 months	3 months	£39,750

Each of Derek Netherton, Carol Franklin Engler and Anthony Howland Jackson (all non-executive Directors) serves the Company under an appointment letter dated 14 December 2004. Each of Sir Mervyn Pedelty and Adrian Auer serves the Company under an appointment letter dated 10 June 2005 taking effect from 1 July 2005. Each non-executive Director's appointment can be terminated at the discretion of either party on three months' written notice and continuation of the appointment is contingent on satisfactory performance and re-election at forthcoming AGMs at intervals of no more than three years. The non-executive Directors are currently entitled to the fees set out in the table above, which are subject to annual reviews. The non-executive Directors are entitled to directors and officers liability insurance.

The non-executive Directors of Hiscox will resign as Directors of Hiscox on the Scheme becoming effective. Carol Franklin Engler and Sir Mervyn Pedelty have each agreed to become a non-executive director of New Hiscox Bermuda. Anthony Howland Jackson, Derek Netherton and Adrian Auer will not become directors of New Hiscox Bermuda.

5.3 The amount of remuneration paid (including contingent or deferred compensation), and the benefits in kind granted to the Directors for services in all capacities to the Group for the financial year ending 31 December 2005 was as follows:

<i>Name</i>	<i>Salary/fees (£)</i>	<i>Other benefits¹ (£)</i>	<i>Bonus (£)</i>	<i>Total (£)</i>
R.R.S. Hiscox	258,000	16,000	125,000	399,000
B.E. Masojada	309,000	15,000	175,000	499,000
S.J. Bridges	249,000	14,000	150,000	413,000
R.S. Childs	291,000	18,000	150,000	459,000
A.R. Auer	19,625	n/a	n/a	19,625
C. Frankin Engler	36,750	n/a	n/a	36,750
A.G.C. Howland Jackson	47,250	n/a	n/a	47,250
D.N.D. Netherton	41,750	n/a	n/a	41,750
Sir Mervyn Pedelty	19,875	n/a	n/a	19,875
<i>Total</i>	1,272,250	63,000	600,000	1,935,250

¹ In the above table other benefits exclude bonus payments, pension contributions made by the employer on a Director's behalf under the Group's defined benefit pension scheme (including pension "top-up" contributions), permanent health insurance, personal accident insurance and life assurance.

5.4 For the financial year ended 31 December 2005, the aggregate remuneration (including salaries, fees, pension "top up" contributions, bonus payments and benefits in kind) granted to the Directors by the Hiscox Group was £1,982,750 (including awards under the discretionary bonus scheme) of which £734,940 was charged to Hiscox's managed syndicate. It is estimated that the aggregate remuneration of the Directors for the current financial year ending 31 December 2006, under arrangements in force at the date of this document, will not exceed £1,700,000 before bonuses awarded under the Group's discretionary bonus scheme of which approximately £435,000 will be charged to Hiscox's managed syndicate. Awards under the Group's discretionary bonus scheme in respect of 2006 will not be made until the first quarter of 2007.

- 5.5 There is no arrangement under which a Director has waived or agreed to waive future emoluments nor have there been any such waivers during the financial year immediately preceding the date of this document.
- 5.6 There are no outstanding loans or guarantees granted or provided by any member of the Hiscox Group to, or for the benefit of, any of the Directors.
- 5.7 Other than as described in this paragraph 5, no benefit, payment or compensation of any kind is payable to any Director of the Company upon termination of his or her employment.

6. Interests of major Shareholders

- 6.1 Insofar as is known to Hiscox as at 19 October 2006 (being the last practicable date prior to the publication of this document), other than a Director, the following persons have an interest in 3 per cent. or more of Hiscox's capital:

	<i>No. of Hiscox Shares</i>	<i>Percentage of issued share Capital</i>
Amvescap plc ²	58,954,104	14.998%
Fidelity International Limited ²	34,556,323	8.791%
Legal & General Group plc	14,809,111	3.767%
A.N. Foster ¹	13,441,467	3.420%

1. A.N. Foster as an employee of the Company is a potential beneficiary of the Hiscox employees' share ownership plan trust (the "ESOP") and is therefore deemed to have an interest in 135,782 Shares owned by Hiscox Trustees Ltd, the trustee of the ESOP. 10,896,737 of A.N. Foster's shareholding is non-beneficial of which 5,451,500 is held in trusts and is also included in R.R.S. Hiscox's shareholding as disclosed in paragraph 4.1 of this Part 4.
 2. The shareholdings of Amvescap plc and Fidelity International Limited represent an amalgamation of the shareholdings of various funds managed by those investment houses and the shares are held through a number of nominee accounts on Hiscox's register of members. So far as New Hiscox Bermuda is aware, no individual non-exempt fund has a shareholding above 5 per cent. in its own right.
- 6.2 Save as disclosed in this paragraph 6, the Directors are not aware of any interest (within the meaning of Part VI of the Act) which will represent 3 per cent. or more of the issued share capital of New Hiscox Bermuda following the Scheme becoming effective and Admission occurring.
- 6.3 So far as Hiscox is aware, no person or persons, directly or indirectly, jointly or severally exercise or could exercise control over Hiscox.
- 6.4 There are no differences between the voting rights enjoyed by the Shareholders described in paragraph 6.1 above and those enjoyed by any other holder of Hiscox Shares.

7. Incorporation and activity of New Hiscox Bermuda

- 7.1 New Hiscox Bermuda was incorporated and registered in Bermuda under the Bermuda Companies Act as an exempted company with limited liability on 6 September 2006 and with registered number 38877 under the name Hiscox Ltd.
- 7.2 The registered office of New Hiscox Bermuda is Canon's Court, 22 Victoria Street, Hamilton HM 12, Bermuda.
- 7.3 New Hiscox Bermuda has not traded since its incorporation.
- 7.4 KPMG whose address is Crown House, 4 Par-la-ville Road, Hamilton HM 08, Bermuda, have been the only auditors of New Hiscox Bermuda since its incorporation.

8. Share capital of New Hiscox Bermuda

- 8.1 On incorporation, the initial authorised share capital of New Hiscox Bermuda was £7,000 divided into 140,000 New Hiscox Bermuda Shares of par value 5 pence each. All of these New Hiscox Bermuda Shares were taken up by the initial subscriber, Reid Finance Limited, a company ultimately owned by the partners of Appleby Hunter Bailhache, New Hiscox Bermuda's Bermudian lawyers, and were paid up in full in cash (the "Subscriber Shares"). On 21 September 2006 New Hiscox Bermuda's authorised share capital was increased to £30,000,000 by the creation of an additional 599,860,000 shares of par value 5 pence each in order to ensure New Hiscox Bermuda had sufficient unissued share capital to comply with the terms of the

Scheme. Once the Scheme has become effective the Subscriber Shares will be purchased by New Hiscox Bermuda at nominal value and then cancelled.

- 8.2 Shares may be offered or sold in Bermuda only in compliance with the provisions of the Investment Business Act of 2003, and the Exchange Control Act 1972, and related regulations of Bermuda which regulate the sale of securities in Bermuda. In addition, specific permission is required from the Bermuda Monetary Authority, pursuant to the provisions of the Exchange Control Act 1972 and related regulations, for all issuances and transfers of securities of Bermuda companies, other than in cases where the Bermuda Monetary Authority had granted a general permission.

The Bermuda Monetary Authority has granted New Hiscox Bermuda permission to issue one New Hiscox Bermuda Share for each Scheme Share held by a Scheme Shareholder pursuant to the Scheme.

The Bermuda Monetary Authority in its policy dated June 1, 2005 provides that where any equity securities of a Bermuda company, including the New Hiscox Bermuda Shares, are listed on an appointed stock exchange, general permission is given for the issue and subsequent transfer of any securities of a company from and/or to a non-resident, for as long as any equity securities of such company remain so listed. The London Stock Exchange is deemed to be an appointed stock exchange under Bermuda law. Notwithstanding the above general permission, the Bermuda Monetary Authority has granted New Hiscox Bermuda permission to, subject to the ordinary shares in New Hiscox Bermuda being listed on an appointed stock exchange, issue, grant, create, sell and transfer any of New Hiscox Bermuda's shares, stock, bonds, notes (other than promissory notes), debentures, debenture stock, units under a unit trust scheme, shares in an oil royalty, options, warrants, coupons, rights and depository receipts, or collectively, the Securities, to and among persons who are either resident or non-resident of Bermuda for exchange control purposes, whether or not the Securities are listed on an appointed stock exchange.

- 8.3 Save as disclosed in this paragraph 8, at the date of this document there has been no issue of share or loan capital of New Hiscox Bermuda since its incorporation and no share or loan capital of New Hiscox Bermuda is under option or agreed to be put under option.
- 8.4 At the date of this document, New Hiscox Bermuda has no subsidiaries and, accordingly, there has been no material issue of share or loan capital by any subsidiary undertaking of New Hiscox Bermuda for cash or other consideration.
- 8.5 It is proposed that, with effect from Admission, New Hiscox Bermuda Shares may be delivered, held and settled in CREST by means of the creation of dematerialised depository interests representing such New Hiscox Bermuda Shares. Pursuant to a method proposed by CRESTCo under which transactions in international securities may be settled through the CREST system, CAPITA IRG Trustees, a subsidiary of Capita Registrars will issue dematerialised depository interests representing entitlements to New Hiscox Bermuda Shares, known as Depository Interests or "DIs". The DIs will be independent securities constituted under English law which may be held and transferred through the CREST system.

The DIs will be created pursuant to and issued on the terms of a deed poll executed by CAPITA IRG Trustees in favour of the holders of the DIs from time to time (the "Deed Poll"). Prospective holders of DIs should note that they will have no rights in respect of the underlying New Hiscox Bermuda Shares or the DIs representing them against CRESTCo or its subsidiaries.

New Hiscox Bermuda Shares will be transferred to an account of CAPITA IRG Trustees or its nominated custodian and CAPITA IRG Trustees will issue DIs to participating members.

Each DI will be treated as one New Hiscox Bermuda Share for the purposes of determining, for example, eligibility for any dividends. CAPITA IRG Trustees will pass on to holders of DIs any stock or cash benefits received by it as holder of New Hiscox Bermuda Shares on trust for such DI holder. DI holders will also be able to receive notices of meetings of holders of New Hiscox Bermuda Shares and other notices issued by New Hiscox Bermuda to its shareholders.

The DIs will have the same security code (ISIN) as the underlying New Hiscox Bermuda Shares and will not require a separate listing on the Official List.

A summary of the terms of the Deed poll is set out at paragraph 21 of Part V of the Prospectus.

- 8.6 The New Hiscox Bermuda Shares have not been marketed, and are not available in whole or in part to the public otherwise than pursuant to the Scheme.

- 8.7 No commissions, discounts, brokerages or other special terms have been granted in respect of the issue of any share capital of New Hiscox Bermuda.
- 8.8 Under the Scheme New Hiscox Bermuda will issue New Hiscox Bermuda Shares, credited as fully paid, to the Scheme Shareholders on the following basis:

for each Scheme Share

one New Hiscox Bermuda Share

- 8.9 Prior to the Scheme becoming effective but after the Court Hearing to sanction the Scheme, New Hiscox Bermuda will be issued one Hiscox Share at par. This Hiscox Share is excluded from the definition of “Scheme Shares” and will not be cancelled pursuant to the Scheme. This is to ensure that New Hiscox Bermuda is a member of Hiscox at the Effective Date when the New Shares are issued to New Hiscox Bermuda by Hiscox and ensures compliance with a technical requirement of the Companies Act.
- 8.10 Accordingly, the proposed authorised, issued and fully paid share capital of New Hiscox Bermuda as it will be following the Effective Date, and before the purchase and cancellation of the Subscriber Shares referred to in paragraph (8.1) above, is as follows:

	<i>Authorised</i>		<i>Issued and fully paid</i>	
	<i>Number</i>	<i>Nominal value</i>	<i>Number</i>	<i>Nominal value</i>
New Hiscox Bermuda Shares	600,000,000	£30,000,000	414,687,055	£20,734,352.75

The table set out above assumes there is full exercise of options over Hiscox Shares between the date of publication of this document and the Effective Date.

9. Directors of and Company Secretary of New Hiscox Bermuda

Robert Hiscox, Bronek Masojada, Stuart Bridges and Robert Childs, Hiscox’s current executive directors, are the executive directors of New Hiscox Bermuda. Carol Franklin Engler and Sir Mervyn Pedelty, currently non-executive directors of Hiscox, have each been appointed a non-executive director of New Hiscox Bermuda. In the event that the Scheme becomes effective, Anthony Howland Jackson, Derek Netherton and Adrian Auer will resign as non-executive directors of Hiscox and will not become directors of New Hiscox Bermuda. In their place Daniel Healy, Dr James King, Andrea Rosen and Dirk Stuurop have been appointed non-executive directors of New Hiscox Bermuda.

The Company Secretary of New Hiscox Bermuda is Robin Mehta.

Details of the directors and company secretary of New Hiscox Bermuda are set out in paragraph 6 of Part V of the Prospectus.

10. New Hiscox Bermuda Memorandum of Association and Bye-Laws

The New Hiscox Bermuda Memorandum of Association provides that the objects for which New Hiscox Bermuda is formed and incorporated are as set forth in paragraph (b) to (u) inclusive of the Second Schedule to the Bermuda Companies Act 1981, as amended.

A summary of the New Hiscox Bermuda Bye-Laws is set out in paragraph 4 Part V of the Prospectus and a copy of the New Hiscox Bermuda Memorandum of Association and Bye-Laws are available for inspection as described in paragraph 18 below.

11. Effect of the Proposals on the Hiscox Employee Share Schemes

Hiscox will write to participants in the Hiscox Employee Share Schemes in due course to explain the effect of the Proposals on their participation in more detail. In summary, the effect will be as follows:

The Hiscox Sharesave Scheme (the “Sharesave”) and the Hiscox International Sharesave Scheme (the “International Sharesave”)

After the Scheme is sanctioned by the Court, the Board must notify all participants in the Sharesave and the International Sharesave. All outstanding options under the Sharesave and the International Sharesave will become exercisable for the period of one month from such notification. Options will only be exercisable to the extent of the savings made (plus interest) under the associated savings contract up to the date of exercise. If participants exercise options under the Sharesave or the International Sharesave in the one month period following notification of the sanction of the Scheme, any Hiscox Shares acquired by

participants will be automatically acquired by New Hiscox Bermuda for an equal number of New Hiscox Bermuda Shares pursuant to an amendment to the Hiscox Articles.

Participants under the Sharesave and the International Sharesave will also be given the opportunity to exchange their options for equivalent new options which are on the same terms but over New Hiscox Bermuda Shares. The total exercise price payable to exercise the new options and the market value of the New Hiscox Bermuda Shares under the new options will be the same as under the old options over Hiscox Shares. The terms of any exchange under the Sharesave must be approved by HM Revenue and Customs.

The Hiscox Approved Share Option Scheme (the “Approved Option Scheme”) and the Hiscox Unapproved Share Option Scheme (the “Unapproved Option Scheme”)

After the Scheme is sanctioned by the Court, the Board must notify all participants in the Approved Option Scheme and the Unapproved Option Scheme. All outstanding options under the Approved Option Scheme and the Unapproved Option Scheme will become exercisable for the period of one month from such notification. Options will only be exercisable to the extent any applicable performance conditions have been satisfied at the date of exercise. If participants exercise options under the Approved Option Scheme or the Unapproved Option Scheme in the one month period following notification of the sanction of the Scheme, any Hiscox Shares acquired by participants will be automatically acquired by New Hiscox Bermuda for an equal number of New Hiscox Bermuda Shares pursuant to an amendment to the Hiscox Articles.

Participants under the Approved Option Scheme and the Unapproved Option Scheme will also be given the opportunity to exchange their options for equivalent new options which are on the same terms but over New Hiscox Bermuda Shares. The total exercise price payable to exercise the new options and the market value of the New Hiscox Bermuda Shares under the new options will be the same as under the old options over Hiscox Shares. Any performance conditions applicable to the old options will continue to apply. The terms of any exchange under the Approved Option Scheme must be approved by HM Revenue and Customs.

The Hiscox Performance Share Plan (the “Performance Share Plan”)

Under the rules of the Performance Share Plan, awards would ordinarily vest, subject to the satisfaction of the applicable performance conditions, on the date on which the Scheme is sanctioned by the Court. However, each participant under the Performance Share Plan will be requested to agree that their award will not vest as a result of the Scheme, but will continue on the same terms but over New Hiscox Bermuda Shares. Any performance conditions applicable to the awards will continue to apply.

The Hiscox Share Incentive Plan (the “SIP”)

The SIP has not been operated in the past and therefore is not affected by the Proposals. It is not currently proposed that New Hiscox Bermuda will put an equivalent scheme in place.

12. The Hiscox Employee Share Schemes and the New Hiscox Bermuda Employee Share Schemes

No further rights will be granted under any of the Hiscox Employee Share Schemes after the Scheme is sanctioned by the Court. However, rights will continue to subsist under the Hiscox Employee Share Schemes after the Scheme is sanctioned by the Court to the extent that any existing rights have been exchanged for new rights over New Hiscox Bermuda Shares.

New Hiscox Bermuda has adopted, conditional upon the Scheme becoming effective and Admission, the New Hiscox Bermuda Employee Share Schemes which will be operated for the employees of the New Hiscox Bermuda and its subsidiaries after the Scheme becomes effective. The terms of the New Hiscox Bermuda Employee Share Schemes are, in all material respects, the same as the terms of the corresponding Hiscox Employee Share Schemes, except where changes have had to be made in order to comply with recently introduced legislation and other regulatory requirements. These changes are outlined below.

The principal provisions of the Hiscox Employee Share Schemes and the New Hiscox Bermuda Employee Share Schemes are set out below:

12.1 Hiscox Employee Share Schemes

Approved Option Scheme

The Approved Option Scheme is a HM Revenue & Customs approved scheme and all employees (including full-time directors) of Hiscox Group are eligible to participate, though the Approved Option Scheme is operated on a selective basis. Options will normally be exercisable from the third until the tenth anniversary of the date of grant, subject to the satisfaction of performance conditions. Employees may only be granted options over Hiscox Shares worth up to a maximum of £30,000 (valued at the date of the grant of the relevant option). Early exercise of options is permitted in certain circumstances, for example on a cessation of employment for certain reasons and in the case of certain corporate events. The performance conditions applicable to options granted since 22 June 2004 is based on the Group's pre-tax Return on Equity ("ROE") average over a 3 year period. An option will not vest at all if the ROE average over the period is less than 8 per cent. If the ROE average equals 8 per cent., 40 per cent. of the Hiscox Shares under option will vest, and if the ROE average equals 10 per cent. the option will vest in full, with vesting on a straight line basis in between.

Unapproved Option Scheme

All employees and directors of the Hiscox Group are eligible to participate in the Unapproved Option Scheme, though the Unapproved Option Scheme is operated on a selective basis. The terms of the Unapproved Option Scheme (including the performance conditions) are broadly the same as the Approved Option Scheme, except that the maximum value of Hiscox Shares in respect of which an employee may be granted an option (under the Unapproved Option Scheme, the Approved Option Scheme, the Sharesave and the International Sharesave) in any financial year of Hiscox is not £30,000 but 200 per cent. of the employee's salary. If the remuneration committee of the board of directors of Hiscox (the "Remuneration Committee") is satisfied that there are exceptional circumstances this limit may be exceeded. Also, the Remuneration Committee may, in its discretion, deliver cash rather than Hiscox Shares on the exercise of an option granted under the Unapproved Option Scheme, such cash amount being equal to the difference between the market value of the Hiscox Shares subject to the option and the total exercise price that would have been paid to exercise the option. Alternatively, the Remuneration Committee may determine to allot or transfer shares with a value equal to such cash amount. A French schedule to the Unapproved Option Scheme operates in respect of employees in France.

Sharesave

The Sharesave is a HM Revenue & Customs approved scheme in which all UK employees (including full-time directors) of the Hiscox Group are eligible to participate. Options may be granted with an exercise price of not less than 80 per cent. of the market value of the Hiscox Shares shortly before the date of grant. The number of Hiscox Shares which may be put under option depends on the amount employees save through monthly deductions from their salary (subject to a maximum of £250 per month). Options are usually exercisable for a period of six months from the third, fifth or seventh anniversary of the date of grant, although options may be exercisable earlier in certain circumstances, such as cessation of employment for certain reasons and certain corporate events.

International Sharesave

The provisions of the International Sharesave are broadly the same as under the Sharesave, except that it operates in respect of non-UK employees of the Hiscox Group. In addition, under the International Sharesave, Hiscox has the discretion to pay, on the exercise of an option, a cash amount equal to the difference between the market value of the Hiscox Shares under option and the total exercise price that would have been payable. Alternatively, Hiscox may decide to allot or transfer shares with a value equal to such cash amount. The International Sharesave also provides for the grant of phantom options, which are rights to acquire a cash sum calculated by reference to the growth in value of a specified number of Hiscox Shares. A French schedule to the International Sharesave operates in respect of employees in France.

Performance Share Plan

The Performance Share Plan provides for the grant of awards to any employees (including full-time directors) of the Hiscox Group, though awards are granted on a selective basis. No awards can be made to employees or directors who are within two years of their normal retirement age. Awards may be in the form of options or a contingent right to acquire Hiscox Shares, and will generally vest, subject to the satisfaction of specified performance conditions, at the end of a three year period. However awards may vest earlier in certain circumstances, for example on cessation of employment for certain reasons and in the case of certain corporate events.

The performance condition applicable to normal awards granted under the Performance Share Plan after 22 June 2004 is based on the Group's pre-tax ROE average over a three year period. An award will not vest at all if the ROE average is less than 8 per cent. If the ROE average equals 8 per cent., 40 per cent. of the Hiscox Shares under award will vest and if the ROE average equals 10 per cent., the award will vest in full, with vesting on a straight line basis in between.

The performance condition applicable to special awards granted under the Performance Share Plan, the grant of which was approved by Hiscox Shareholders in December 2005, is based on the Group's post-tax ROE average over a three year period. An award will not vest at all if the ROE average is less than 10 per cent. If the ROE average equals 10 per cent., 25 per cent. of the Hiscox Shares under award will vest and if the ROE average equals 17.5 per cent., the award will vest in full, with vesting on a straight line basis in between.

The Remuneration Committee also has discretion to satisfy awards in cash rather than in Hiscox Shares. The Performance Share Plan operates in conjunction with the Hiscox 1999 Employee Benefit Trust, which is funded by the Hiscox Group from time to time to purchase Hiscox Shares in the market in order to satisfy awards.

12.2 New Hiscox Bermuda Employee Share Schemes

The New Hiscox Bermuda Employee Share Schemes consist of the New Hiscox Bermuda Sharesave Scheme (the "New Sharesave"), the New Hiscox Bermuda International Sharesave Scheme (the "New International Sharesave"), the New Hiscox Bermuda Approved Share Option Scheme (the "New Approved Option Scheme"), the New Hiscox Bermuda Unapproved Share Option Scheme (the "New Unapproved Option Scheme") and the New Hiscox Bermuda Performance Share Plan (the "New Performance Share Plan"). The terms of the New Hiscox Bermuda Employee Share Schemes are, in all material respects, the same as the terms of the corresponding Hiscox Employee Share Schemes, except where changes have had to be made in order to comply with recently introduced legislation and other regulatory requirements. A description of these changes and the other non-material changes (none of which would require shareholder approval) are set out below. Also summarised below is an explanation of how each New Hiscox Bermuda Employee Share Scheme operates. The approval of HM Revenue & Customs will be required before the New Sharesave and the New Approved Option Scheme can be operated.

The New Hiscox Bermuda Employee Share Schemes will be administered by the remuneration committee of the board of directors of New Hiscox Bermuda (the "New Hiscox Bermuda Remuneration Committee"), and will operate over New Hiscox Bermuda Shares which may be newly issued, transferred as treasury shares or purchased in the market. To the extent that the New Hiscox Bermuda Shares used to satisfy awards under the New Hiscox Bermuda Employee Share Schemes are newly issued or transferred as treasury shares, the same limits will apply as applied under the Hiscox Employee Share Schemes. That is to say that no option or award will be granted under the relevant New Hiscox Bermuda Employee Share Scheme in any year which would, at the time it is granted, cause the number of New Hiscox Bermuda Shares which shall have been or may be issued or transferred from treasury, in pursuance of options or awards granted in the period of 10 calendar years ending with that year, under the relevant New Hiscox Bermuda Employee Share Scheme or under any employees' share scheme adopted by New Hiscox Bermuda, to exceed such number as represents 10 per cent. of the ordinary share capital of New Hiscox Bermuda in issue at that time.

The provisions in the rules of the New Hiscox Bermuda Employee Share Schemes which relate to:

- (i) who may participate under the relevant New Hiscox Bermuda Employee Share Scheme;
- (ii) the limits on the number or amount of New Hiscox Bermuda Shares or cash provided;
- (ii) the maximum entitlement for any one person; and

- (iv) the basis for determining a participant's entitlement to and the terms of the New Hiscox Bermuda Shares or cash and any adjustments to this if there is a capitalisation issue, rights issue or open offer or subdivision or consolidation of shares or reduction of capital or any other variation of capital,

cannot be altered to the advantage of participants without the prior approval in general meeting of shareholders in New Hiscox Bermuda, except for minor amendments to benefit the administration of the relevant New Hiscox Bermuda Employee Share Scheme, to take account of a change in legislation or to obtain or maintain favourable tax, exchange control or regulatory treatment for participants or a member of the New Hiscox Bermuda Group.

No benefits under the New Hiscox Bermuda Employee Share Schemes will be pensionable.

The rules of each New Hiscox Bermuda Employee Share Scheme provide, unlike the rules of the corresponding Hiscox Employee Share Scheme, that if there is an internal reorganisation of New Hiscox Bermuda whereby a company obtains control of New Hiscox Bermuda but the shareholders of that company are substantially the same as the shareholders of New Hiscox Bermuda before the change of control, options/awards will not become exercisable/vest but will be automatically exchanged for new options/awards over shares in the acquiring company.

New Sharesave

The New Sharesave will be a HM Revenue & Customs approved scheme in which all UK employees (including full-time directors) of New Hiscox Bermuda and its subsidiaries are eligible to participate. Options may be granted with an exercise price of not less than 80 per cent. of the market value of the New Hiscox Bermuda Shares shortly before the date of grant. The number of New Hiscox Bermuda Shares which may be put under option depends on the amount employees save through monthly deductions from their salary (subject to a maximum of £250 per month). Options are usually exercisable for a period of six months from the third, fifth or seventh anniversary of the date of grant, although options may be exercisable earlier in certain circumstances, such as cessation of employment on injury, disability, redundancy or retirement and certain corporate events, such as a change of control, as required by HM Revenue & Customs.

New International Sharesave

The provisions of the New International Sharesave are broadly the same as under the New Sharesave, except that it operates in respect of non-UK employees of New Hiscox Bermuda and its subsidiaries. In addition, under the New International Sharesave, New Hiscox Bermuda has the discretion to pay, on the exercise of an option, a cash amount equal to the difference between the market value of the New Hiscox Bermuda Shares under option and the total exercise price that would have been payable. Alternatively, New Hiscox Bermuda may decide to allot or transfer shares with a value equal to such cash amounts. The New International Sharesave also provides for the grant of phantom options, which are rights to acquire a cash sum calculated by reference to the growth in value of a specified number of New Hiscox Bermuda Shares. The New International Sharesave contains a schedule under which options that may benefit from a favourable tax treatment may be granted to employees in France.

New Approved Option Scheme

The New Approved Option Scheme will be a HM Revenue & Customs approved scheme and all employees (including full-time directors) of New Hiscox Bermuda and its subsidiaries are eligible to participate, though the New Approved Option Scheme will be operated on a selective basis. Options will normally be exercisable from the third until the tenth anniversary of the date of grant, subject to the satisfaction of performance conditions. Employees may only be granted options over New Hiscox Bermuda Shares worth up to a maximum of £30,000 (valued at the date of the grant of the relevant option). Early exercise of options is permitted in certain circumstances, for example in the case of certain corporate events, such as a change of control. The initial performance condition, which will apply to options is the same as the performance condition which is applicable to options under the Approved Option Scheme and will be based on the Group's pre-tax Return on Equity ("ROE") average over a three year period. An option will not vest at all if the ROE average over the period is less than 8 per cent. If the ROE average equals 8 per cent., 40 per cent. of the shares under option will vest, and if the ROE average equals 10 per cent., the option will vest in full, with vesting on a straight line basis in between.

Following the introduction of new age-related discrimination legislation on 1 October 2006, it has been necessary to change certain provisions in the rules of the New Approved Option Scheme that had been in the rules of the Approved Option Scheme so as to treat all employees who cease employment for the reasons set out below in the same way. Therefore, the rules of the New Approved Option Scheme do not prohibit the grant of options to those employees within two years of their retirement date. In addition, if an optionholder ceases employment due to injury, disability, redundancy, retirement, pregnancy, sale of the employing company or business for which the optionholder works, options are not automatically exercisable on the date employment ceases, but on the third anniversary of the date of grant. Options will then only be exercisable to the extent that the relevant performance target is met and the number of shares over which an option is exercisable will be pro-rated to reflect the proportion of the three year vesting period that has elapsed at the date of cessation of employment. The rules allow the New Hiscox Bermuda Remuneration Committee discretion, however, not to pro rate options to reflect the time elapsed up to the date of cessation of employment and/or to allow options to be exercisable immediately following cessation of employment to the extent that the performance target is then met, if it believes that there are exceptional circumstances that warrant this.

New Unapproved Option Scheme

All employees and directors of New Hiscox Bermuda and its subsidiaries are eligible to participate in the Unapproved Option Scheme, though the New Unapproved Option Scheme will be operated on a selective basis. The terms of the New Unapproved Option Scheme (including the initial performance condition to apply to options) are broadly the same as the New Approved Option Scheme, except that the maximum value of New Hiscox Bermuda Shares in respect of which an employee may be granted an option (under the New Unapproved Option Scheme, the New Approved Option Scheme, the New Sharesave and the New International Sharesave) in any financial year of New Hiscox Bermuda is not £30,000 but 200 per cent. of the employee's salary. If the New Hiscox Bermuda Remuneration Committee is satisfied that there are exceptional circumstances, this limit may be exceeded. Also, the Remuneration Committee may, in its discretion, deliver cash rather than New Hiscox Bermuda Shares on the exercise of an option granted under the New Unapproved Option Scheme, such cash amount being equal to the difference between the market value of the New Hiscox Bermuda Shares subject to the option and the total exercise price that would have been paid to exercise the option. Further the Remuneration Committee may determine to allot or transfer shares with a value equal to such cash amount. The New Unapproved Option Scheme contains a schedule under which options that may benefit from a favourable tax treatment may be granted to employees in France.

The rules of the New Unapproved Option Scheme differ from the rules of the Unapproved Option Scheme in the same manner as the New Approved Option Scheme (see above).

New Performance Share Plan

The New Performance Share Plan provides for the grant of awards to any employees (including full-time directors) of New Hiscox Bermuda and its subsidiaries, though awards are granted on a selective basis. Awards may be in the form of options or a contingent right to acquire New Hiscox Bermuda Shares, and will generally vest, subject to the satisfaction of a specified performance condition, at the end of the three year period. However, awards may vest earlier in certain circumstances, for example on cessation of employment for certain reasons such as injury, disability, and retirement and in the case of certain corporate events, such as a change of control.

The initial performance condition applicable to awards under the New Performance Share Plan is the same as the performance condition which is applicable to normal awards granted after 22 June 2004 under the New Performance Share Plan and will be based on the Group's pre-tax ROE average over a three year period. An award will not vest at all if the ROE average is less than 8 per cent. If the ROE average equals 8 per cent., 40 per cent. of the Hiscox Shares under award will vest and if the ROE average equals 10 per cent., the award will vest in full, with vesting on a straight line basis in between. The New Hiscox Bermuda Remuneration Committee also has discretion to satisfy awards in cash rather than in New Hiscox Bermuda Shares. The New Performance Share Plan operates in conjunction with the New Bermuda Hiscox Employee Benefit Trust, which will be funded from time to time by New Hiscox Bermuda or its subsidiaries to purchase New Hiscox Bermuda Shares in the market in order to satisfy awards.

Following the introduction of new age-related discrimination legislation on 1 October 2006, it has been necessary to change certain provisions in the rules of the New Performance Share Plan that had been in the

rules of the Hiscox Performance Share Plan. The rules of the New Performance Share Plan do not prohibit the grant of awards to those within two years of their retirement date. In addition, if a participant ceases employment due to injury, ill-health, disability, retirement, or sale of the employing company or business for which the participant works, awards will vest only to the extent that the relevant performance target is met and the number of shares in respect of which an award will vest will be pro-rated to reflect the proportion of the vesting period that has elapsed at the date of cessation of employment. The rules allow the New Hiscox Bermuda Remuneration Committee discretion, however, not to pro rate awards to reflect the time elapsed up to the date of cessation of employment.

13. Material contracts

The following is a summary of each contract (not being a contract entered into in the ordinary course of business) (i) to which New Hiscox Bermuda or any member of the Hiscox Group is or has been a party within the two years immediately preceding the date of this document which is, or may be, material; or (ii) that has been entered into by New Hiscox Bermuda or any member of the Hiscox Group which contains any provision under which any member of the Hiscox Group has any obligation or entitlement which is material to the Hiscox Group as at the date of this document:

(a) November 2005 Facilities Agreement

On 7 November, 2005, Hiscox executed a new facilities agreement (the “Facilities Agreement”) containing a £137,500,000 letter of credit facility, a US\$134,000,000 term loan facility and a US\$91,000,000 revolving credit facility (together the “Facilities”) which were used in part to refinance in full the Previous Facilities Agreement (as described in the Capital Resources section of Part III of this document (Operating and Financial Review of the Hiscox Group)). The Facilities were initially provided by two financial institutions and subsequently syndicated to further financial institutions.

The letter of credit facility forming part of the Facilities was originally available to cover the 2006 and 2007 Year of Account Funds at Lloyd’s requirements. In September 2006 the banks agreed to an extension of the letter of credit facility by a further year such that it covers the 2008 Year of Account Funds at Lloyd’s requirements.

The term loan was originally repayable in two instalments in July 2006 and July 2007 and the revolving credit facility repayable in July 2008. In September 2006 the banks agreed to defer the July 2007 payment of the term loan such that this becomes due in July 2008 and to extend the revolving credit facility until 31 July 2009.

The Facilities contain conditions precedent to drawdown, representations, warranties and undertakings in favour of the lenders, including certain financial covenants and events of default which are usual for an agreement of this nature.

The Facility Agreement also permits, subject to certain consents being provided by the agent in respect of the Facility (such consent having been obtained in September 2006), the substitution of Hiscox plc as the Parent in the Facilities Agreement with New Hiscox Bermuda (a “Permitted Substitution”). The Permitted Substitution is subject to certain conditions, including the Scheme becoming effective.

Commission on the letter of credit facility is calculated at a rate of 1.1 per cent. per annum on the maximum actual and contingent liabilities of the banks under the letter of credit. Interest on the term loan facility and revolving credit facility is calculated at a margin of 1.3 per cent. per annum above LIBOR plus mandatory costs (if any) incurred by the lenders to compensate for compliance with regulatory requirements. Such interest is payable on the last day of each applicable interest period (as determined in accordance with the terms of the Facilities).

Certain fees, commissions, costs and expenses may be payable in respect of the Facilities. These include (i) the commitment commission detailed above, (ii) the reimbursement by Hiscox, from time to time on demand of the agent, of the agent and each arranger’s reasonable costs and expenses (including legal fees) together with any VAT thereon properly incurred in connection with the negotiation, preparation and execution of the Facilities Agreement and other finance documents and any fees in connection with waivers or amendments to the Facilities Agreement, (iii) the reimbursement by Hiscox of the cost of utilising the agent’s management time and/or other resources in connection with any step or action the agent deems appropriate or the banks require in connection with certain events under the Facilities Agreement such as waiver requests, amendments to finance documents and the preservation of rights under the Facilities Agreement, (iv) the payment of fees to the arrangers of the Facilities Agreement in consideration for their

arranging of the Facilities Agreement and to the agent for acting as the agent under the Facilities Agreement and (iv) the payment of all stamp, registration and other taxes to which the Facilities Agreement and any finance document entered into in connection with the Facilities Agreement is or may at any time be subject.

The Facilities are guaranteed by joint and several guarantees of Hiscox plc and Hiscox Insurance Holdings Limited which are irrevocable and unconditional.

The obligations under the Facilities are secured by (i) full fixed and (where applicable) floating charges and assignments over all of the assets of Hiscox plc and, following a Permitted Substitution (which will only occur once, among other things, the Scheme becomes effective), full security interests (subject to any legal restrictions) granted by New Hiscox Bermuda over all or substantially all of its assets, (ii) a share pledge granted by Hiscox Insurance Holdings Limited over the shares it holds in HIC which also includes a floating charge over all the assets of Hiscox Insurance Holding Limited, (iii) a share pledge granted by Hiscox International Holdings BV over the shares it holds in HICG and (iv) a share pledge granted by Hiscox over the shares it holds in Hiscox Bermuda.

(b) Deed of Undertaking in connection with the Hiscox pension scheme

The implementation of the Scheme and the subsequent transfer of HIB and HICG from Hiscox to New Hiscox Bermuda require clearance from the UK Pensions Regulator under the UK Pensions Act 2004. This clearance was obtained on 10 October 2006. In connection with the clearance application and as a result of negotiations with Hiscox Pension Trustees Limited, the trustees of the Hiscox pension scheme (the "Trustees"), Hiscox entered into a deed of undertaking dated 19 October 2006 (the **Undertaking**) pursuant to which Hiscox and New Hiscox Bermuda covenant to the Trustees not to implement any corporate reorganisation which would constitute a Type A event under the clearance guidance from the UK Pensions Regulator without the prior written consent of the Trustees and not to change the principal employer under the Hiscox pension scheme from Hiscox to any other entity without the prior written consent of the Trustees (such consent not to be unreasonably withheld). The Undertaking is conditional upon the Scheme becoming effective.

In addition, under a guarantee dated 19 October 2006 (the "Guarantee"), New Hiscox Bermuda agreed to guarantee to the Trustees the punctual performance by Hiscox of all its present and future obligations and liabilities (whether actual or contingent and whether owed jointly or severally and in any capacity whatsoever) to make payments to the Hiscox pension scheme up to a maximum amount equal to Hiscox's entire aggregate liability, on the date on which any liability under the Guarantee arises, in relation to the Hiscox pension scheme, were a debt under section 75(2) of the Pensions Act 1995 to have become due on that date.

(c) Declaration of Trust

A declaration of trust dated 18 October 2006 between Hiscox, New Hiscox Bermuda and Heritage Trust Limited (the "Trustee") in respect of the Dividend Access Share (the "Declaration of Trust"). Under the Declaration of Trust, Hiscox undertakes to allot and issue the Dividend Access Share to the Trustee. By way of consideration, the Trustee agrees to hold the Dividend Access Share for itself as to capital, and as to income for: (a) those holders of New Hiscox Bermuda Shares who elect to participate in the Dividend Access Mechanism from time to time in proportion to their respective entitlements; and (b) Hiscox as to the excess.

New Hiscox Bermuda and Hiscox undertake to pay the Trustee as remuneration for its services such amount as is agreed in writing between the parties from time to time plus any such value added tax as may be payable thereon and to pay or discharge on demand by the Trustee all costs, charges, liabilities and expenses properly and reasonably incurred by the Trustee in the performance of its obligations under the trust.

The Declaration of Trust is conditional on the Scheme becoming effective.

(d) Sponsor's Agreement

New Hiscox Bermuda, Hiscox and UBS entered into a sponsor's agreement on 23 October 2006 (the "Sponsor Agreement"). Under the Sponsor Agreement UBS was appointed to act as sponsor to New Hiscox Bermuda in connection with its application for Admission. New Hiscox Bermuda gave UBS certain customary warranties and undertakings regarding, among other things, the accuracy of information

contained in this document and concerning the Hiscox Group and its business. New Hiscox Bermuda and Hiscox have also indemnified UBS against any losses incurred in connection with the Admission.

14. Litigation

Save as disclosed on page 11 in the second and third paragraphs of the section headed “Litigation” in the General Risk Factors section of the Risk Factors in the Prospectus, no member of the Hiscox Group is or has been engaged in nor, so far as the Company is aware, has pending or threatened, any governmental, legal or arbitration proceedings which may have, or have had in the recent past (covering at least the 12 months preceding the date of this document), a significant effect on New Hiscox Bermuda’s and/or Hiscox Group’s financial position or profitability.

15. UK Taxation

General

The following statements summarise certain UK tax implications of the Scheme. They are based on current UK tax law and the current practice of HM Revenue & Customs, both of which are subject to change, possibly with retrospective effect. The statements are intended to apply only to Hiscox Shareholders who are resident (or, in the case of an individual, ordinarily resident) in the UK for UK tax purposes, who hold their Shares as an investment and who are the beneficial owners of those Shares. The statements are not intended to apply to certain classes of Hiscox Shareholders such as dealers in securities. Any Hiscox Shareholders who are in any doubt as to their tax position regarding the Scheme or who are subject to tax in a jurisdiction other than the UK should consult their own tax advisers.

Taxation of income

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

Taxation of capital gains

The Scheme will be a scheme of reconstruction for the purposes of UK taxation of capital gains. Accordingly, a Hiscox Shareholder holding less than 5 per cent. of the issued share capital of Hiscox who receives New Hiscox Bermuda Shares under the Scheme should be treated as not having made a disposal of his Hiscox Shares. Instead “roll-over” treatment should apply, which means that the New Hiscox Bermuda Shares should be treated as the same asset as the Hiscox Shares in respect of which they are issued and treated as acquired at the same time as those Hiscox Shares and for the same acquisition cost.

A subsequent disposal of New Hiscox Bermuda Shares may, depending on the holder’s circumstances, give rise to a liability to UK taxation of capital gains.

For a corporate Hiscox Shareholder, indexation allowance will continue to be available in respect of the acquisition cost of the Hiscox Shares which is rolled-over into the New Hiscox Bermuda Shares until the New Hiscox Bermuda Shares are disposed of. Broadly, indexation allowance increases the acquisition cost of an asset for tax purposes in line with the rise in the retail prices index, except that indexation allowance cannot be used to create or increase a loss for tax purposes.

If a Hiscox Shareholder, alone or together with persons connected with him, holds more than 5 per cent. of the Hiscox Shares, such a Hiscox Shareholder will be eligible for the “roll-over” treatment described above only if the Scheme is effected for bona fide commercial reasons and does not form part of a scheme or arrangement of which the main purpose, or one of the main purposes, is avoidance of liability to capital gains tax or corporation tax. Clearance has not been sought from HM Revenue and Customs under section 138 Taxation of Chargeable Gains Act 1992 that HM Revenue and Customs is satisfied that the Scheme will be effected for bona fide commercial reasons and will not form part of such a scheme or arrangement as the Board is not aware of any non-exempt Shareholders who along or together with persons connected with him, holds more than 5 per cent. of the issued share capital of Hiscox.

Further information regarding certain UK taxation consequences for certain categories of UK resident (or, in the case of an individual, ordinarily resident) Shareholder of holding and disposing of the New Hiscox Bermuda Shares and Depositary Interests is set out in paragraph 16 of Part V of the Prospectus.

Stamp duty and stamp duty reserve tax (SDRT)

No stamp duty or SDRT will generally be payable by Hiscox Shareholders as a result of the cancellation of Hiscox Shares and the issue of New Hiscox Bermuda Shares under the Scheme.

A general guide to the stamp duty and SDRT treatment of the New Hiscox Bermuda Shares and Depositary Interests is set out in paragraph 16 or Part V of the Prospectus.

16. Consent

Each of UBS and Rothschild has given and not withdrawn its written consent to the issue of this document with the inclusion herein of their letter and the references to their respective names in the form and context in which they appear.

17. Amendments to the Hiscox Articles

Part of the resolution to approve the Scheme relates to the approval of certain changes to the Hiscox Articles (conditional on the Scheme becoming effective). These changes are set out in full in the notice of Extraordinary General Meeting in Part 7 of this document.

The proposed new Article 3 and Article 3A set out in paragraphs (d)(i) and (ii) of the resolution relating to the Scheme create and set out the rights attaching to the Dividend Access Share.

The proposed new Article 143 set out in paragraph (d)(ii) of the resolution relating to the Scheme provides a mechanism to deal with existing rights over Hiscox Shares (for example under certain Hiscox Employees Share Schemes) and ensures that any Hiscox Shares issued after the adoption of the amendments to the Hiscox Articles and before 6:00 pm on the day before the date on which the Court confirms the reduction of capital will be subject to the Scheme. In addition, under the proposed new Article 143, if Hiscox issues Shares after the Scheme becomes effective other than to New Hiscox Bermuda (for example, to an optionholder or exercise of an option), New Hiscox Bermuda will automatically become entitled to acquire such Hiscox Shares in consideration for itself issuing or procuring the transfer of an equivalent number of New Hiscox Bermuda Shares. This mechanism is necessary because not all rights over Hiscox Shares can be transferred into rights over New Hiscox Bermuda Shares (see paragraph 11 of Part 4 for a more detailed explanation in relation to the Hiscox Employee Share Schemes).

18. Documents available for inspection

Copies of the following documents will be available for inspection at the offices of Allen & Overy LLP, One Bishops Square, London E1 6AO and at the registered office of Hiscox during normal business hours on any Business Day from the date of this document until the Scheme becomes effective or lapses and will also be available for inspection at the Extraordinary General Meeting and the Court Meeting:

- (a) the Memorandum and Articles of Association of Hiscox;
- (b) the New Hiscox Bermuda Memorandum of Association and New Hiscox Bermuda Bye-Laws;
- (c) the consent letters referred to in paragraph 16 above;
- (d) the audited consolidated financial statements of Hiscox for the three years ended 31 December 2003, 31 December 2004 and 31 December 2005;
- (e) the unaudited interim financial statements of Hiscox for the six months ended 30 June 2006;
- (f) the Prospectus; and
- (g) this Circular.

PART 5 DEFINITIONS

The following definitions apply throughout this document (except in those parts of this document containing the Scheme, the Notice of Extraordinary General Meeting and the Notice of Court Meeting, which contain separate definitions) unless the context requires otherwise.

Act or Companies Act	the Companies Act 1985 (as amended)
Admission	admission of the New Hiscox Bermuda Shares to the Official List and to trading on the London Stock Exchange's main market for listed securities and "Admission becoming effective" means it becoming effective in accordance with paragraph 3.2.7 of the Listing Rules and the Admission and Disclosure Standards published by the London Stock Exchange
Amended Hiscox Articles	the articles of association of Hiscox, as they are proposed to be amended at the EGM
Bermuda Companies Act	The Bermuda Companies Act 1981, as amended
Business Day	a day, other than a Saturday, Sunday or public holiday, on which banks are open for business in the City of London or Islands of Bermuda
certificated or in certificated form	in relation to a share or other security, a share or other security which is not in uncertificated form
Company's Registrars	Capita Registrars, a trading division of Capita IRG Plc
Conditions	the conditions to the Scheme which are set out in paragraph 5 of Part 2 of this document
Court	the High Court of Justice in England and Wales
Court Hearing	the hearing by the Court of the petition to sanction this Scheme
Court Meeting	the meeting of the Scheme Shareholders convened by order of the Court pursuant to section 425 of the Act to be held at 11.00 a.m. on 15 November 2006 to consider and, if thought fit, approve the Scheme, notice of which is set out in Part 6 of this document, and any adjournment thereof
Court Order	the order of the Court sanctioning this Scheme under section 425 of the Act
CREST	the system for the paperless settlement of trades in securities and the holding of uncertificated securities operated by CRESTCo in accordance with the CREST Regulations
CRESTCo	CRESTCo. Limited
CREST Regulations	the Uncertificated Securities Regulations 2001, as amended
Capita IRG Trustees	Capita IRG Trustees Limited
Depository Interests or DIs	the dematerialised depository interests in respect of the New Hiscox Bermuda Shares issued or to be issued by Capita IRG Trustees
Dividend Access Share	the dividend access share in the capital of Hiscox having a nominal value of £1 and having the rights attaching to it as set out in the Amended Hiscox Articles, to be allotted and issued to the Trustee pursuant to the Scheme
Effective Date	the day on which the Scheme becomes effective in accordance with its terms pursuant to Clause 7 of the Scheme
Extraordinary General Meeting or EGM	the extraordinary general meeting of Hiscox Shareholders to be held at 11.15 a.m. on 15 November 2006 (or as soon thereafter as the Court Meeting shall have been concluded or adjourned), notice of which is set out in Part 7 of this document, and any adjournment thereof

Forms of Proxy	as the context may require, either or both of (i) the white form of proxy for use at the Court Meeting, and (ii) the blue form of proxy for use at the Extraordinary General Meeting, each of which accompanies this document
Hiscox or the Company	Hiscox plc, a company incorporated in England and Wales with registered number 2837811
Hiscox Articles	the articles of association of Hiscox
Hiscox Board or Board	the board of directors of Hiscox
Hiscox Directors or Directors	the directors of Hiscox, whose names are set out in paragraph 3 of Part 4 of this document
Hiscox Employee Share Schemes	the Unapproved Option Scheme, the Sharesave, the International Sharesave, the Approved Option Scheme and the Performance Share Plan each as described in paragraph 12.1 of Part 4 of this document
Hiscox Group	before the Effective Date, Hiscox and its subsidiaries and subsidiary undertakings and, after the Effective Date, New Hiscox Bermuda and its subsidiaries and subsidiary undertakings
Hiscox Insurance Company or HIC	Hiscox Insurance Company Limited, a FSA authorised insurance company which is a wholly-owned subsidiary of Hiscox
HIB or Hiscox Bermuda	Hiscox Insurance Company (Bermuda) Limited, an offshore insurance company which is a wholly owned subsidiary of Hiscox
HICG	Hiscox Insurance Company (Guernsey) Limited, an offshore insurance company which is a wholly owned subsidiary of Hiscox
Hiscox Shareholders or Shareholders	holders of Hiscox Shares from time to time
Hiscox Shares or Ordinary Shares or Shares	ordinary shares of 5 pence each in the capital of Hiscox
holder	a registered holder, including any person entitled by transmission
Listing Rules	the rules and regulations made by the Financial Services Authority in its capacity as the UK Listing Authority under the Financial Services and Markets Act 2000, and contained in the UK Listing Authority's publication of the same name
London Stock Exchange	London Stock Exchange plc
Meetings	the Court Meeting and the Extraordinary General Meeting and Meeting means either of them
New Hiscox Bermuda	Hiscox Ltd, an exempted limited liability company incorporated in Bermuda with registered number 38877
New Hiscox Bermuda Bye-Laws	the bye-laws of New Hiscox Bermuda
New Hiscox Bermuda Memorandum of Association	the memorandum of association of New Hiscox Bermuda
New Hiscox Bermuda Employee Share Schemes	the New Sharesave, the New International Sharesave, the New Approved Option Scheme, the New Unapproved Share Option Scheme and the New Performance Share Plan each as described in paragraph 12.2 of Part 4 of this document
New Hiscox Bermuda Shares	up to 414,687,055 shares of par value 5 pence each in the capital of New Hiscox Bermuda to be issued and credited as fully paid pursuant to the Scheme
New Shares	ordinary shares of 5 pence each in the capital of Hiscox created following the cancellation of the Scheme Shares which shall be of an aggregate nominal amount equal to the aggregate nominal amount of the shares cancelled and to be issued credited as fully paid to New Hiscox Bermuda pursuant to the Scheme less £1
Official List	the official list of the London Stock Exchange

Overseas Persons	Scheme Shareholders who are resident in, ordinarily resident in, or citizens of, jurisdictions outside the United Kingdom
Proposals	the Scheme and other matters to be considered at the Meetings
Prospectus	the prospectus dated 23 October 2006 relating to New Hiscox Bermuda and the New Hiscox Bermuda Shares, prepared in accordance with the Prospectus Rules
Prospectus Rules	the prospectus rules of the UK Listing Authority made under section 73A of the Financial Services and Markets Act 2000
Registrar of Companies	the Registrar of Companies in England and Wales
Rothschild	NM Rothschild & Sons Limited of New Court, St. Swithin's Lane, London EC4P 4DU
Scheme or Scheme of Arrangement	the scheme of arrangement proposed to be made under section 425 of the Act between Hiscox and the holders of Scheme Shares as set out in Part 3 of this document, with or subject to any modification, addition or condition approved or imposed by the Court and agreed to by Hiscox and New Hiscox Bermuda
Scheme Record Time	6.00 p.m. on the Business Day immediately preceding the Effective Date
Scheme Shareholders	a holder of Scheme Shares as appearing in the register of members of Hiscox at the Scheme Record Time
Scheme Shares	(i) the Hiscox Shares in issue at the date of this document; (ii) all (if any) additional Hiscox Shares issued after the date of this document and before the Voting Record Time; and (iii) all (if any) further Hiscox Shares which may be in issue immediately before the confirmation by the Court of the reduction in capital provided for by Clause 1 of the Scheme in respect of which the original, or any subsequent, holders shall have agreed in writing to be so bound.
SEC	the US Securities and Exchange Commission
Securities Act	US Securities Act of 1933, as amended
Special Resolution	the special resolution to be proposed at the Extraordinary General Meeting
subsidiary or subsidiary undertaking	have the meanings given by the Companies Act
Trustee	Heritage Trust Limited of Polygon Hall, Le Marchant Street, St Peter Port, Guernsey GY1 4EL
UBS Investment Bank or UBS	UBS Limited of 1 Finsbury Avenue, London EC2M 2PP
UK Listing Authority	the Financial Services Authority acting in its capacity as the competent authority for the purposes of Part VI of the Financial Services and Markets Act 2000 and in the exercise of its functions in respect of the Admission to the Official List otherwise than in accordance with Part VI of FSMA
uncertificated or in uncertificated form	in relation to a share or other security, a share or other security title to which is recorded on the relevant register of the share or security concerned as being held in uncertificated form in CREST and title to which, by virtue of the CREST Regulations, may be transferred by means of CREST
United Kingdom or UK	the United Kingdom of Great Britain and Northern Ireland
Voting Record Time	6.00 p.m. (London time) on 13 November 2006 or, if the Court Meeting is adjourned, 48 hours before the time appointed for any adjourned Court Meeting

**PART 6
NOTICE OF COURT MEETING**

**IN THE HIGH COURT OF JUSTICE
CHANCERY DIVISION
COMPANIES COURT
DEPUTY REGISTRAR SCHAFFER**

No. 7465 of 2006

IN THE MATTER OF HISCOX PLC

– and –

IN THE MATTER OF THE COMPANIES ACT 1985

NOTICE IS HEREBY GIVEN that by an Order dated 20 October 2006 made in the above matters the Court has directed a meeting to be convened of the holders of the ordinary shares of 5 pence each in the capital of Hiscox plc (the **Company**) (the **Ordinary Shares**), for the purpose of considering and, if thought fit, approving (with or without modification) a scheme of arrangement (the **Scheme of Arrangement**) proposed to be made between the Company and the holders of the Scheme Shares (as defined in Scheme of Arrangement) and that such meeting will be held at the registered office of Hiscox plc at 1 Great St. Helen's, London, EC3A 6HX at 11.00 a.m. on 15 November 2006, at which place and time all holders of the said shares are requested to attend.

A copy of the Scheme of Arrangement and a copy of the explanatory statement required to be furnished pursuant to section 426 of the Companies Act 1985 are incorporated in the document of which this notice forms part.

Shareholders may vote in person at the said meeting or they may appoint another person, whether a member of the Company or not, as their proxy to attend and vote in their stead. A white Form of Proxy for use at the said meeting is enclosed with this notice.

Completion of the Form of Proxy will not prevent a holder of Ordinary Shares attending and voting at the said meeting.

It is requested that the white Form of Proxy (together with any power of attorney or other authority under which it is signed, or a notarially certified copy of such power of authority) be lodged with the Company's Registrar, Capita Registrars, The Registry, 34 Beckenham Road, Beckenham, Kent, BR3 4TU not less than 48 hours before the time appointed for the said meeting but if forms are not so lodged they may be handed to the Chairman at the meeting.

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

The Company, pursuant to Regulation 41 of the Uncertificated Securities Regulations 2001, specifies that only those shareholders registered in the register of members of the Company as at 6.00 p.m. (London time) on 13 November 2006 or, in the event that the Court Meeting is adjourned, in the register of members 48 hours before the time of any adjourned meeting shall be entitled to attend or vote in respect of the number of shares registered in their name at the relevant time. Changes to entries in the relevant register of members after 6.00 p.m. (London time) on 13 November 2006 or, in the event that the Court Meeting is adjourned, less than 48 hours before the time of any adjourned meeting shall be disregarded in determining the rights of any person to attend or vote at the Court Meeting. By the said Order, the Court has appointed Robert Hiscox, or failing him, Bronek Masojada, or failing him, Stuart Bridges to act as chairman of the said meeting and has directed the chairman to report the result thereof to the Court.

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

Dated 23 October 2006

Allen & Overy LLP
One Bishops Square
London E1 6AO
Solicitors for the Company

PART 7
NOTICE OF EXTRAORDINARY GENERAL MEETING

Hiscox plc

(Registered in England and Wales No. 2837811)

NOTICE IS HEREBY GIVEN that an EXTRAORDINARY GENERAL MEETING of Hiscox plc (the **Company**) will be held at the registered office of Hiscox plc at 1 Great St. Helen's, London, EC3A 6HX on 15 November 2006 at 11.15 a.m. (or as soon thereafter as the Court Meeting (as defined in the document of which this notice forms part) shall have been concluded or adjourned)), for the purpose of considering and, if thought fit, passing the following resolution which will be proposed as a special resolution:

SPECIAL RESOLUTION

THAT for the purpose of giving effect to the scheme of arrangement dated 23 October 2006 between the Company and the holders of its Scheme Shares (as defined in the said scheme), a print of which has been produced to this meeting and for the purposes of identification signed by the Chairman thereof in its original form or subject to such modification, addition or condition approved or imposed by the Court (the **Scheme**):

- (a) the Scheme be approved and the Directors of the Company be authorised to take all such action as they may consider necessary or appropriate for carrying the Scheme into effect;
- (b) the share capital of the Company be reduced by cancelling and extinguishing all the Scheme Shares (as defined in the Scheme);
- (c) subject to and forthwith upon the said reduction of capital (the **Reduction of Capital**) taking effect and notwithstanding anything to the contrary in the articles of association of the Company:
 - (i) the share capital of the Company be increased to its former amount by the creation of:
 - (A) such number of ordinary shares of 5 pence each as shall be equal to the number of Scheme Shares cancelled pursuant to paragraph (b) above less twenty shares (the **New Shares**); and
 - (B) one dividend access share of £1 having the rights attached to it as set out in the Articles of Association of the Company as they are proposed to be amended in accordance with paragraph (d) below (the **Dividend Access Share**);
 - (ii) the reserve arising in the books of account of the Company as a result of the Reduction of Capital be capitalised and applied in paying up in full at par:
 - (A) the New Shares so created, such New Shares to be allotted and issued credited as fully paid to New Hiscox Bermuda and/or its nominee(s); and
 - (B) the Dividend Access Share, such Dividend Access Share to be allotted and issued credited as fully paid to Heritage Trust Limited;
 - (iii) the Directors of the Company be generally and unconditionally authorised for the purposes of section 80 of the Companies Act 1985 to allot the New Shares and the Dividend Access Share referred to in paragraph (c)(ii) above, provided that: (1) the maximum aggregate nominal amount of the shares which may be allotted under this authority is £20,734,352.75; (2) this authority shall expire on 23 October 2007; and (3) this authority shall be in addition and without prejudice to any other authority under the said section 80 previously granted and in force on the date on which this resolution is passed;
- (d) conditional on the Scheme becoming effective, the Articles of Association of the Company be amended by:
 - (i) the replacement of Article 3 with new Article 3 below:

“Authorised Capital

3 The authorised share capital of the Company at the date of adoption of these articles is £30,000,001 divided into 600,000,000 ordinary shares of 5p each (**ordinary shares**) and one dividend access share of £1 (the **dividend access share**). The dividend access share shall have the special rights and privileges and is subject to the restrictions set out in Article 3A.”; and

- (ii) the adoption and inclusion of the following new Articles as Article 3A and Article 143:

“3A. Dividend Access Share

- (A) The profits which the Company may decide to distribute in respect of any financial year or other period for which its accounts are made up shall be applied in paying to the holder of the dividend access share in priority to any payment to the holders or holder of the ordinary shares such amount of dividend as the board resolves to distribute on the dividend access share.
- (B) On a return of capital on a winding up (or otherwise) (but not in respect of any redemption or purchase of shares by the Company) the assets of the Company available for distribution to its members shall be applied in paying to the holder of the dividend access share and in priority to the holders of the ordinary shares a sum equal to the capital paid up on the dividend access share.
- (C) The Company shall (subject to the Acts) on 31 December 2015 redeem the dividend access share and at any time prior to that date the Company may (subject to the Acts) redeem the dividend access share, in each case, for a sum equal to the nominal value of the dividend access share. If the Company is not permitted by the Acts to redeem the dividend access share on any such date it shall redeem it as soon after that date as it shall be permitted under the Acts. The Company shall give at least 14 days’ notice in writing of any such redemption and shall specify the date on which the redemption is to be effective and the place at which the certificate for (or such other evidence (if any) as the board may require to prove title to) the dividend access share is to be preserved for redemption. Subject to delivery of such documents to the Company required by the relevant notice (or waiver by the Company of the requirement for such delivery) the Company shall redeem the dividend access share on the relevant redemption date and pay to the holder by cheque by post at the risk of the holder the amount due in respect of that redemption.
- (D) The dividend access share does not entitle the holder to receive notice of or to attend or speak or vote (whether on a show of hands or on a poll) at general meetings of the Company or at any meeting of any class of shareholders of the Company.
- (E) The board may, in its absolute discretion and without giving a reason, refuse to register the transfer of the dividend access share and shall refuse to register the transfer of the dividend access share if approval to such transfer has not been granted in writing by Hiscox Ltd, a company incorporated in Bermuda, with company registration number 38877 (the **Parent**).
- (F) The board shall not declare or pay any dividend or other distribution on the dividend access share in respect of any financial year or other period for which its accounts are made up which would result in the aggregate amount of dividend to be paid by the Parent and the Company on the dividend access share exceeding the aggregate amount of dividend declared by the Parent in respect of such financial year or other period.

143 Scheme of Arrangement

- (A) For the purpose of this Article 143, references to the Scheme are to the scheme of arrangement between the Company and the Scheme Shareholders dated 23 October 2006 under Section 425 of the Act in its original form or with or subject to any modification, addition or condition approved or imposed by the Court and (save as defined in this Article) expressions defined in the Scheme shall have the same meaning in this Article.
- (B) Notwithstanding any other provisions of these Articles, if any Ordinary Shares are allotted and issued to any person (a **New Member**) other than New Hiscox Bermuda and/or its nominee or nominees after the time at which this Article becomes effective and before 6:00 pm on the day before the date on which the Court confirms the Reduction of Capital, such Ordinary Shares shall be allotted and issued subject to the terms of the Scheme and shall be Scheme Shares for the purposes thereof and the New Member, and any subsequent holder other than New Hiscox Bermuda and/or its nominee or nominees, shall be bound by the terms of the Scheme.
- (C) Subject to the Scheme becoming effective, if the Ordinary Shares are issued and allotted to a New Member at or after 6:00 pm on the day before the date on which the Court confirms the Reduction of Capital (the **Post-Scheme Shares**), they will immediately be transferred to New Hiscox Bermuda and/or its nominee in consideration of and conditional upon the issue or

transfer to the New Member of one New Hiscox Bermuda Share for each Post-Scheme Share so transferred. Any New Hiscox Bermuda Shares issued pursuant to this Article 143(C) to the New Member will be credited as fully paid and will rank equally in all respects with all New Hiscox Bermuda Shares in issue at the time and will be subject to the New Hiscox Bermuda Memorandum of Association and Bylaws.

- (D) The number of New Hiscox Bermuda Shares to be issued or transferred to the New Member under this Article 143 may be adjusted by the directors of the Company in such manner as the Company's auditors may determine on any reorganisation or material alteration of the share capital of either the Company or of New Hiscox Bermuda or any other return of value to holders of New Hiscox Bermuda Shares, provided always that any fractions of a New Hiscox Bermuda Share shall be disregarded and shall be aggregated and sold for the benefit of New Hiscox Bermuda.
- (E) In order to give effect to any such transfer required by Article 143(C), the Company may appoint any person to execute and deliver a form of transfer on behalf of the New Member in favour of New Hiscox Bermuda and/or its nominee or nominees and to agree for and on behalf of the New Member to become a member of New Hiscox Bermuda. Pending the registration of New Hiscox Bermuda as a holder of any Post-Scheme Shares to be transferred pursuant to this Article 143, New Hiscox Bermuda shall be empowered to appoint a person nominated by the directors of the Company to act as attorney on behalf of the holder of the Post-Scheme Shares in accordance with such directions as New Hiscox Bermuda may give in relation to any dealings with or disposal of the Post-Scheme Shares (or any interest therein), exercising any rights attached thereto or receiving any distribution or other benefit accruing or payable in respect thereof and any holder of Post-Scheme Shares shall exercise all rights attached thereto in accordance with the directions of New Hiscox Bermuda but not otherwise. The Company shall not be obliged to issue a certificate to the New Member for the Post-Scheme Shares.”; and

(e) conditional on the Scheme becoming effective the Company's shares be de-listed from the Official List.

By order of the Board

Stuart John Bridges
Company Secretary

23 October 2006

Registered office:

1 Great St. Helen's
London
EC3A 6HX

Notes:

1. A member of the Company entitled to attend and vote at this meeting is entitled to appoint one or more proxies to attend and, on a poll, vote instead of him or her. A proxy need not be a member of the Company.
2. A blue Form of Proxy is enclosed with this notice. Instructions for use are shown on the form. Lodging a form of proxy will not prevent the shareholder from attending and voting in person.
3. To be valid, the blue Form of Proxy (together with any power of attorney or authority under which it is signed, or a notarially certified copy of such power or authority) must be received at the offices of the Company's Registrar, Capita Registrars, Proxy Department, The Registry, 34 Beckenham Road, Beckenham, Kent, BR3 4TU, not less than 48 hours before the time appointed for the meeting or, as the case may be, the adjourned meeting.
4. To be entitled to attend and vote at the meeting (and for the purpose of the determination by the Company of the number of votes cast), members must be entered on the Company's register of members at 6.00 p.m. on 13 November 2006 or, in the event that the meeting is adjourned, on the Company's register of members at 6.00 p.m. on the date two days before the date of any adjourned meeting.
5. Copies of the Company's Articles of Association as proposed to be amended by the special resolution set out in the notice of meeting are available for inspection at the offices of Allen & Overy LLP at One Bishops Square, London E1 6AO during normal business hours on a weekday until the time when the Scheme becomes effective in accordance with its terms and will also be available for inspection at the place of the meeting for at least 15 minutes prior to and during the meeting.

