

Beazley Announces Fully Underwritten Rights Issue and Placing

Rights Issue and Placing to Raise £150 million (net of expenses)

London, 13 February 2009

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Beazley Group plc (“Beazley”)

Fully underwritten Rights Issue and Placing to raise approximately £150 million (net of expenses) to support acquisition of US-based underwriting manager and expand existing underwriting activities at Lloyd’s

Rights Issue and Placing to raise £150 million (net of expenses)

- 9 for 19 fully underwritten Rights Issue of 165,589,635 new Ordinary Shares and Placing of 17,478,904 new Ordinary Shares at issue price of 86 pence per share
- The Issue Price represents:
 - an approximate 26% discount to the closing middle-market price of 117 pence per Ordinary Share on 5 February 2009 (being the last Business Day before the Company’s announcement noting media speculation regarding a potential capital raising); and
 - an approximate 21% discount to the closing middle-market price of 108.5 pence per Ordinary Share on 12 February 2009 (being the last Business Day before the announcement of the terms of the Rights Issue and Placing)

Reasons for the Rights Issue

- Positive trading outlook driven by improving rating environment following significant industry-wide reduction in (re)insurance capital and the effects of recent foreign exchange movements
- Rate improvements, already experienced in a number of core lines, expected to continue and extend across Beazley’s specialist book presenting new business and wider strategic opportunities
- Capital raising will enable the Group to take advantage of these conditions by providing:
 - Funds to support the expansion of the Group’s existing underwriting activities at Lloyd’s; and
 - Funds to acquire and support First State Management Group, Inc., a US-based underwriting manager specialising in commercial excess and surplus lines property coverage

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Commenting, Andrew Horton, Chief Executive Officer of Beazley said:

"We called a turn in the market last October and foresaw "significant opportunities" for Beazley. Opportunities to grow our Lloyd's business and our locally underwritten US business have increased since then, with January renewals confirming our expectations of premium rate rises in many classes.

"The acquisition of First State marks a significant step forward in the development of our US strategy, which focuses on gaining access to profitable business that would not normally come to London. We have reinsured the business underwritten by First State for many years and the expertise of their team and quality of their broker relationships is well known to us.

"In London, the rights issue will also support the growth of our specialist teams in markets that are now seeing diminished competition and a clear flight to quality from brokers and clients. In both the near and medium term, we see a range of attractive opportunities for profitable capital deployment across our core lines."

This summary should be read in conjunction with the detailed announcement which follows. Certain terms used in this summary are defined in the detailed announcement.

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Unless otherwise indicated in this announcement, the financial information contained in this announcement has been presented in Pounds Sterling.

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Cautionary note regarding forward-looking statements

This announcement includes statements that are, or may be deemed to be, "forward-looking statements". These forward-looking statements can be identified by the use of forward-looking terminology, including the terms "believes", "estimates", "anticipates", "expects", "intends", "plans", "goal", "target", "aim", "may", "will", "would", "could" or "should" or, in each case, their negative or other variations or comparable terminology. These forward-looking statements include all matters that are not historical facts. They appear in a number of places throughout this announcement and include statements regarding the intentions, beliefs or current expectations of the Directors, Beazley or the Beazley Group concerning, amongst other things, the results of operations, financial condition, liquidity, prospects, growth, strategies and dividend policy of the Beazley Group and the industries in which they operate.

By their nature, forward-looking statements involve risks and uncertainties because they relate to events and depend on circumstances that may or may not occur in the future and may be beyond Beazley's ability to control or predict. Forward-looking statements are not guarantees of future performance. The Beazley Group's actual results of operations, financial condition, liquidity, dividend policy and the development of the industries in which they operate may differ materially from the impression created by the forward-looking statements contained in this announcement. Further, actual developments in relation to the Rights Issue and Placing, may differ materially from those contemplated by forward-looking statements depending on certain factors which include, but are not limited to: the risk that Shareholders may not vote in favour of the Resolutions; the risk that the Beazley Group will not be able to obtain the required approvals or clearances from regulatory and other agencies and bodies on a timely basis or at all; the risk that the other conditions of the Rights Issue and Placing may not be satisfied on a timely basis or at all; the risk that the Beazley Group may not realise the anticipated benefits from the Rights Issue and Placing. In addition, even if the results of operations, financial condition, liquidity and dividend policy of the Beazley Group, and the development of the industry in which it operates, are consistent with the forward-looking statements contained in this announcement, those results or developments may not be indicative of results or developments in subsequent periods. Important factors that could cause these differences include, but are not limited to: general economic and business conditions; (re)insurance pricing volatility; industry trends; competition; the availability of debt and other financing on acceptable terms; changes in government and other regulation, including in relation to the (re)insurance industry; changes in political and economic stability; currency fluctuations (including the £/US\$ exchange rates); the Beazley Group's ability to integrate new businesses (including the acquisition of First State Management Group, Inc.) and changes in business strategy or development plans and other risks.

You are advised to read this announcement and the Prospectus, which is expected to be published today and the information incorporated by reference therein, in their entirety for a further discussion of the factors that could affect the Beazley Group's future performance and the industry in which it operates. In the light of these risks, uncertainties and assumptions, the events described in the forward-looking statements in this announcement may not occur.

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Rights Issue and Placing to raise £150 million (net of expenses)

1. Introduction

The Company proposes to raise approximately £150 million (net of expenses) by way of a 9 for 19 Rights Issue at 86 pence per New Share to Qualifying Shareholders and a Placing of 17,478,904 new Ordinary Shares at 86 pence per Placing Share.

The Issue Price of the Rights Issue and the Placing represents:

- an approximate 26% discount to the closing middle-market price of 117 pence per Ordinary Share on 5 February 2009 (being the last Business Day before the Company's announcement noting media speculation regarding a potential capital raising); and
- an approximate 21% discount to the closing middle-market price of 108.5 pence per Ordinary Share on 12 February 2009 (being the last Business Day before the announcement of the terms of the Rights Issue and Placing).

The Rights Issue and Placing is fully underwritten by Numis Securities Limited.

The Rights Issue and Placing is conditional, amongst other things, upon Shareholders' approval which will be sought at an Extraordinary General Meeting of the Company expected to be held on 18 March 2009 at 10:00 a.m.

2. Information on the Beazley Group PLC

Beazley is a global specialist insurance and reinsurance group, headquartered in London and listed on the London Stock Exchange's main market for listed securities, with underwriting operations in Lloyd's and the US and an international network of offices in France, Germany, Singapore, Hong Kong and Australia.

The Group's principal business is conducted through its managed syndicates at Lloyd's in the UK and the Beazley Insurance Company, Inc., an admitted carrier in all 50 states, in the US. In the UK, the Company's FSA regulated subsidiary, Beazley Furlonge Limited, acts as managing agent on behalf of the Group's Lloyd's syndicates which are fully-backed by Beazley capital, except Syndicate 623 which is backed by Lloyd's names. In the US, the Group writes business through its managing general agent, Beazley USA Services, Inc.

The Group's international activities are integrated onto a single operating platform and managed on a product line basis across six divisions, comprising Specialty Lines, Property, Marine, Reinsurance, Political Risks & Contingency, and Accident & Life.

3. Background to and reasons for the Rights Issue and Placing

Summary

The Board believes that the scale of recent underwriting and investment losses and corporate distress incurred by major (re)insurers has led to a significant fall in global underwriting capacity. This capacity reduction has been compounded by the withdrawal of alternative sources of underwriting capital owing to liquidity constraints within the wider financial services industry. As the supply of (re)insurance contracts and the industry reassesses the cost of its capital and the adequacy of its pricing, a consequent improvement in underwriting terms and conditions is occurring.

The Board believes that Beazley is strongly positioned to benefit from these improved trading conditions. Accordingly, the Board intends to use the proceeds of the Rights Issue and Placing to scale-up its operations and accelerate its strategic growth plans.

In summary, the reasons for the Rights Issue and Placing are for the Group to be able to provide, together with existing capital resources:

- approximately £51m to fund the acquisition of and capital support for First State, a US-based underwriting manager specialising in commercial excess and surplus lines property coverage; and
- approximately £103m of additional capital to support the expansion of the Group's existing underwriting activities driven by current and anticipated rating improvements and the effects of recent foreign exchange rate movements.

Underwriting market events: introduction

The availability of capital to underwrite (re)insurance risks dictates to a large extent the pricing environment in the industry. If the supply of such risk capital declines whilst the demand for (re)insurance remains comparatively undiminished, the rating conditions will improve for risk carriers. A lack of supply is typically caused by significant losses or a withdrawal of capital support.

In 2008, the Board believes that three events led to a sharp reduction in underwriting capital and consequently capacity. First of all, dramatic declines were witnessed in the value of equity and credit investments worldwide, with the (re)insurance industry reporting significant realised and unrealised losses on its investment portfolios, impacting adversely on its solvency, economic and rating agency capital. Secondly, the economic conditions associated with the sharp falls in asset values led to unprecedented levels of corporate distress creating considerable uncertainty over the future of certain – particularly US market – risk carriers. Thirdly, the (re)insurance industry experienced the second costliest year of insured catastrophe losses (estimated at US\$50bn) on record, in part as a result of hurricanes Gustav and Ike.

Underwriting market events: industry effects

A large proportion of the catastrophe losses were incurred by the industry in product lines in which the Group specialises, specifically offshore energy, US commercial property and reinsurance. Coupled with sharp balance sheet contractions, the Board believes these industry losses will precipitate a greater focus upon profitability as the (re)insurance industry is expected to target capital preservation over concerns for: (i) the opportunity and cost of raising replenishment capital from historically available sources; and (ii) an expected increase in rating agency scrutiny as greater transparency and prudence is demanded by governments and investors alike.

In addition, the Board believes that the current period of uncertainty surrounding the future of a number of (re)insurers will result in the emergence of two themes. First of all, certain risk carriers will be constrained in the volume of premium they are capable of writing, as overriding strategic concerns cause their appetite for risk to retrench. Secondly, there will be a flight to quality amongst insureds as they focus on underwriters' financial strength and seek to diversify the placement of risks amongst a greater number of carriers.

The Board considers these changes in risk management attitudes to constitute catalysts for an improved rating outlook which will extend across its core lines of business during 2009. Already, rate increases have been witnessed in the Group's catastrophe exposed portfolio. Recent research published by Guy Carpenter regarding 1 January 2009 reinsurance renewals relates that US property catastrophe rates increased by an average of 11% and rates for loss-affected Gulf of Mexico energy programmes increased by up to 30% to 40%.

Underwriting market events: opportunities for Beazley

At a time when rates are improving, certain market players have a diminished appetite for risk and prospective insureds are seeking placement diversification, the Board believes that Beazley is well positioned to access new business opportunities as a result of: (i) its extensive US office network; (ii) its ability to offer the benefits of placement diversification afforded by the syndicate structure within Lloyd's; and (iii) the strength of the Lloyd's franchise which attracts business by being able to provide greater underwriting capacity through its subscription market approach. With such access and Beazley's record of unbroken profitability since establishment, the Board is confident of its ability to leverage the Group's underwriting expertise to take advantage of the current and expected market opportunities in its core lines of business.

In the light of this view, the Group has undertaken a thorough review of its risk appetite in each of its lines of business. Consistent with its stated strategy, the Group is seeking to capitalise on market dislocation and achieve growth in those lines of business where underwriting terms and conditions are most attractive. In the near term, these include the offshore energy, large US commercial property and reinsurance accounts. Furthermore, the Board expects that the rate improvements already being experienced in its catastrophe exposed lines will extend to its other specialist businesses during 2009.

Use of proceeds: acquisition and capital support for First State

Today, the Group announced that it had reached agreement to acquire First State, a US-based underwriting manager specialising in commercial surplus lines property insurance, for a cash consideration of US\$35.4m (comprising US\$32.6m plus an expected dollar-for-dollar payment for net assets at closing of US\$2.8m) payable

upon completion. As at 30 November 2008, First State had gross assets of US\$10.6m. The transaction comprises the acquisition of the entire issued share capital of First State and the purchase of the renewal rights of all in-force policies.

First State provides access to one of the most reputable surplus property teams in the US market with an extensive distribution network and offices in Boston, Los Angeles, San Francisco, Atlanta, New York and Chicago. The team has built a strong track record of consistent profitability and is well known to the Group, as Beazley has participated in First State's reinsurance programme since at least 1993.

The Board believes that First State represents an excellent acquisition opportunity which is consistent with the Group's cycle management strategy of: (i) expanding its underwriting activities in catastrophe-related classes at times of attractive underwriting conditions; and (ii) diversifying its portfolio of specialist business into niche international markets which benefit from high barriers to entry.

The short-tail portfolio of business written by First State complements the longer-tail liability business written by the Beazley Group in the US, establishing a balanced book with associated capital efficiencies. Furthermore, Beazley is expecting to realise operational synergies by leveraging its existing US infrastructure.

Following completion, which is expected to occur towards the end of March or in early April 2009, the Directors expect First State to write annualised gross premiums of approximately US\$150m. The Beazley Group's share of these premiums, which will include an additional unearned premium reserve that forms part of the transaction, will be written through the parallel syndicate structure, where third party Lloyd's names participate in 19% of business through their support of Syndicate 623.

Subject to Lloyd's approval of the revised business plan for the 2009 year of account, the Directors expect to provide an additional £27m of capital to support the Group's proportion of premiums underwritten by First State. The Directors are confident that Lloyd's approval will be forthcoming. In the unlikely event that this is not the case, the proceeds from the Rights Issue and Placing currently assigned for the transaction will be used to support further expansion of the Group's existing underwriting activities at Lloyd's, to meet the revised business plan, as explained in further detail in paragraph 3.6 below.

Further details of the transaction will be contained in the Prospectus relating to the Rights Issue and Placing, which is expected to be published today. The acquisition of First State is not conditional upon the successful completion of the Rights Issue and/or Placing. The Rights Issue and Placing is not conditional upon the successful completion of First State.

Use of proceeds: capital support for expansion of existing underwriting activities

In accordance with the Group's focus on underwriting for profit rather than premium volume, Beazley had anticipated that it would reduce its underwriting capacity for 2009 in expectation of a further decline in renewal rates. However, following the significant improvement in market conditions and the improved rating outlook, a new business plan has been prepared to enable Beazley to respond positively and quickly to rate hardening in catastrophe exposed lines. In addition to this plan, the Board expects the current market to present both trading and corporate opportunities across its specialist non-catastrophe lines to which it will retain the flexibility to respond.

The table below sets out the proposed increase in gross written premiums and capital support for the 2009 underwriting year based on the revised business plan submitted to Lloyd's on 28 January 2009 and which is subject to Lloyd's approval. This plan takes account of:

- the revision in the exchange rate for US dollar-denominated business from £1:US\$1.99 to £1:US\$1.50, which reflects Lloyd's guidance and the Board's own view that the Group should adjust for sterling's recent weakness against the US dollar when producing its individual capital assessment (ICA) given the substantial US dollar-based business transacted by the Group;
- the expansion of the Group's existing underwriting activities to take advantage of the improving rating environment; and
- the new business volumes to be written into Lloyd's following the acquisition of First State.

	Additional premiums and capital arising from				
	Original proposal to Lloyd's for 2009⁽¹⁾	Revision of exchange rate to £1:US\$1.5⁽³⁾	Expansion of the Group's existing underwriting activities^{(2),(3)}	Acquisition of First State^{(2),(3)}	Revised proposal to Lloyd's for 2009^{(2),(3)}
Gross premiums written (£m)	876	219	110	100	1,305
Capital required (funds at Lloyd's) (£m)	360	70	33	27	490

Notes:

- (1) £1: US\$1.99
- (2) £1: US\$1.50
- (3) The revised premium and capital figures stated are subject to Lloyd's approval

The increased capital requirements shown above reflect the Group's focus on growth in short-tail catastrophe exposed lines currently experiencing the most attractive rating conditions. For 2009, the Group will increase its catastrophe risk appetite for a probabilistic 1 in 250 year US event to US\$510m (net of reinsurance) (2008: US\$340m). The Directors believe that this increase in the estimated probable maximum loss represents an appropriate increase to the Group's risk appetite during times of attractive pricing conditions. Furthermore, once the pro forma adjustments for the proceeds from the Rights Issue and the Placing have been taken into account, the increased estimated probable maximum loss as a percentage of net tangible assets as at 31 December 2008 represents an appropriate increase, in the opinion of the Directors, given the improving market conditions.

In summary, the Directors believe Beazley will require £154m of additional capital under its revised business plan for the 2009 year of account (£150m of which will be from the proceeds of the Rights Issue and Placing and the balance of which will come from existing capital resources), comprising £24m of consideration relating to the First State acquisition (at an estimated foreign exchange rate of £1:US\$1.50) and £130m of funds at Lloyd's. This funds at Lloyd's requirement comprises: (i) £70m to support an increase in the Sterling value of US dollar denominated premiums arising from recent foreign exchange movements affecting the original 2009 business plan; (ii) £33m to support the Group's proposed premium increase for 2009; and (iii) £27m to support the new premiums to be written into Lloyd's from First State.

4. Dividend policy

The Company maintains a progressive dividend policy. The Board has today proposed a final dividend of 4.4p per share (2007: 4.0p) to bring the full year dividend for 2008 to 6.6p per share (2007: 6.0p). Such dividend will be payable to Shareholders who are on the register of members of the Company at the close of business on 13 March 2009 and will be payable on 30 April 2009.

5. Capital management

The Group has an active capital management policy, maximising available capital within the Group during periods when the Board believes that the capital can be deployed to support profitable underwriting and returning surplus capital to Shareholders when underwriting conditions are considered less favourable.

Consistent with this strategy, during the financial year ended 31 December 2008, the Group completed a share buyback programme and paid a special dividend to distribute a total of £60.3m to Shareholders, including ordinary dividends.

Share buybacks

In November 2007, following a review of the Group's capital position, the Board authorised a rolling on-market share buyback programme to return excess capital to Shareholders, which completed in May 2008. This buyback resulted in £28.3m of Ordinary Shares being repurchased by the Company (approximately 5% of the Company's issued share capital at the time).

Special dividend

The Board proposed a special dividend of 4p per Ordinary Share upon the announcement of the Group's results for the year ended 31 December 2007, which returned an additional £14m to Shareholders. At the time, this return of capital reflected the softening market and the Group's consequent reduction in underwriting activities in certain of its product lines at Lloyd's.

6. Current trading and prospects

The Group today also announced its preliminary results for the year ended 31 December 2008, which contains a full commentary on current trading and prospects.

Beazley continues to trade in line with the Board's expectations and the Board believes that, in the absence of abnormal losses, the Rights Issue and Placing is expected to enhance the Group's net assets and earnings per share in the medium term.

In addition, the Board believes that the Company's prospects for at least the current financial year are encouraging.

7. Principal terms of the Rights Issue

Beazley is proposing to offer 165,589,635 New Shares by way of a Rights Issue to Qualifying Shareholders at 86 pence per New Share, payable in full on acceptance by no later than 11.00 a.m. on 3 April 2009. The Rights Issue is expected to raise approximately £142.4m, before expenses.

The Issue Price represents:

- an approximate 26% discount to the closing middle-market price of 117 pence per Ordinary Share on 5 February 2009 (being the last Business Day before the Company's announcement noting media speculation regarding a potential capital raising); and
- an approximate 21% discount to the closing middle-market price of 108.5 pence per Ordinary Share on 12 February 2009 (being the last Business Day before the announcement of the terms of the Rights Issue and Placing).

The Rights Issue will be made on the basis of:

9 New Shares at 86 pence per New Share for every 19 Ordinary Shares

held by Qualifying Shareholders at 5.00 p.m. on the Record Date.

Entitlements to New Shares will be rounded down to the nearest whole number and fractional entitlements will not be allotted to Shareholders but will be aggregated and sold in the market for the benefit of the Company. Holdings of Ordinary Shares in certificated and uncertificated form will be treated as separate holdings for the purpose of calculating entitlements under the Rights Issue.

The Rights Issue is fully underwritten by Numis Securities Limited pursuant to the terms of the Placing and Underwriting Agreement.

The Rights Issue is conditional, amongst other things, upon:

- the Placing and Underwriting Agreement having become unconditional in all respects, save for the condition relating to Admission of the New Shares and Admission of the Placing Shares;
- Admission of the New Shares (nil paid) and Admission of the Placing Shares becoming effective not later than 8.00 a.m. on 19 March 2009 (or such later time and date as the Company and the Underwriter may agree); and
- the passing, without amendment, of the Resolutions (as described in paragraph 9 below).

The New Shares, when issued and fully paid, will rank *pari passu* in all respects with the existing issued Ordinary Shares, including the right to receive dividends or distributions made, paid or declared after the date of the Prospectus, except in respect of the 2008 final dividend of 4.4 pence per Ordinary Share announced by Beazley today. Application will be made to the UK Listing Authority and to the London Stock Exchange for the New 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 Admission will occur and that dealings in the New Shares (nil paid) will commence on the London Stock Exchange at 8.00 a.m. on 19 March 2009.

Further details of the terms and conditions of the Rights Issue and of the Placing and Underwriting Agreement will be contained in the Prospectus relating to the Rights Issue and Placing which is expected to be published today. Overseas Shareholders in particular should refer to the Prospectus for further information on their ability to participate in the Rights Issue.

8. Principal terms of the Placing

The Company intends to raise approximately £15m (before expenses) by way of the Placing, through the issue of 17,478,904 new Ordinary Shares to placees procured by Numis Securities Limited, at a subscription price of 86 pence per Placing Share. The Placing has been fully underwritten by Numis Securities Limited. The subscription price of 86 pence per Placing Share represents:

- an approximate 26% discount to the closing middle-market price of 117 pence per Ordinary Share on 5 February 2009 (being the last Business Day before the Company's announcement noting media speculation regarding a potential capital raising); and
- an approximate 21% discount to the closing middle-market price of 108.5 pence per Ordinary Share on 12 February 2009 (being the last Business Day before the announcement of the terms of the Rights Issue and Placing).

The Placing is conditional, amongst other things, upon:

- Admission of the Placing Shares and the New Shares (nil-paid) becoming effective not later than 8.00 a.m. on 19 March 2009; and
- the passing, without amendment, of the Resolutions (as described in paragraph 9 below).

The Placing Shares, when issued and fully paid, will rank *pari passu* in all respects with the existing issued Ordinary Shares, including the right to receive dividends or distributions made, paid or declared after the date of the Prospectus except in respect of the 2008 final dividend of 4.4 pence per Ordinary Share announced by Beazley today. Application will be made to the UK Listing Authority and to the London Stock Exchange for the Placing 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 Admission of the Placing Shares will occur and that dealings in the Placing Shares will commence on the London Stock Exchange at 8.00 a.m. on 19 March 2009.

Further details of the terms and conditions of the Rights Issue and of the Placing and Underwriting Agreement will be contained in the Prospectus relating to the Rights Issue and Placing which is expected to be published today.

9. Extraordinary general meeting

The Extraordinary General Meeting is expected to be held at the offices of the Company, Plantation Place South, 60 Great Tower Street, London EC3R 5AD at 10.00 a.m. on 18 March 2009. The Extraordinary General Meeting is being held for the purpose of considering and, if thought fit, passing resolutions to approve the Placing and to grant the requisite authorities under the Companies Act to increase the Company's share capital and to allot and issue the New Shares and the Placing Shares.

The notice convening the Extraordinary General Meeting and setting out the full text of the Resolutions will be contained in the Prospectus relating to the Rights Issue and Placing which is expected to be published today.

10. Other Information

The Capital Raising will result in 183,068,539 Ordinary Shares being issued, representing approximately 49.5% of Beazley's existing issued share capital and 33.1% of Beazley's enlarged issued share capital immediately following completion of the Rights Issue and Placing.

The full terms and conditions of the Rights Issue and Placing, including the procedure for acceptance and payment and the procedure in respect of rights not taken up, will be set out in the Prospectus, which is expected to be published today. The Prospectus will also contain the notice of the Extraordinary General Meeting which is expected to be held on 18 March 2009.

11. EXPECTED Timetable

The key principal events are as follows:

	<u>2009</u>
Record date for final dividend for year ended 31 December 2008	close of business on 13 March
Last time and date for receipt of Forms of Proxy for Extraordinary General Meeting	10.00 a.m. on 16 March
Record Date for entitlement under the Rights Issue for Qualifying CREST Shareholders and Qualifying Non-CREST Shareholders	5:00 p.m. on 16 March
Extraordinary General Meeting	10.00 a.m. on 18 March
Despatch of Provisional Allotment Letters (to Qualifying Non-CREST Shareholders only) ⁽¹⁾ .	18 March
Start of subscription period	19 March
Ordinary Shares marked "ex-rights" by the London Stock Exchange	8:00 a.m. on 19 March
Dealings in New Shares, nil paid, commence on the London Stock Exchange	8.00 a.m. on 19 March
Nil Paid Rights credited to stock accounts in CREST of Qualifying CREST Shareholders only ⁽¹⁾	8.00 a.m. on 19 March
Nil Paid Rights and Fully Paid Rights enabled in CREST	8.00 a.m. on 19 March
Admission and commencement of dealings in Placing Shares	8.00 a.m. on 19 March
CREST accounts credited in respect of Placing Shares	8.00 a.m. on 19 March
Despatch of share certificates to certificated holders in respect of the Placing Shares	by no later than 27 March
Recommended latest time and date for requesting withdrawal of Nil Paid Rights or Fully Paid Rights from CREST (i.e. if Nil Paid Rights or Fully Paid Rights are in CREST and the Shareholder wishes to convert them to certificated form)	4.30 p.m. on 30 March
Recommended latest time for depositing renounced Provisional Allotment Letters, nil or fully paid, into CREST or for dematerialising Nil Paid Rights or Fully Paid Rights into a CREST stock account (i.e. if your Nil Paid Rights and Fully Paid Rights are represented by a Provisional Allotment Letter and you wish to convert them to uncertificated form)	3.00 p.m. on 31 March
Latest time and date for splitting Provisional Allotment Letters, nil or fully paid	3.00 p.m. on 1 April
Latest time and date for acceptance, payment in full and registration of renunciation of Provisional Allotment Letters⁽³⁾	11.00 a.m. on 3 April
Dealings in New Shares, fully paid, commence on the London Stock Exchange	8.00 a.m. on 6 April
New Shares, fully paid, credited to CREST stock accounts	6 April

Expected date of despatch of definitive share certificates for the
New Shares in certificated form

by no later than 15 April

Notes:

- (1) Subject to certain restrictions relating to certain Shareholders with registered addresses, or who are resident, outside the UK, which will be set out in the Prospectus.
- (2) The times set out in the expected timetable of principal events above and mentioned throughout this document are times in London unless otherwise stated, and may be adjusted by the Company in consultation with or, if required, with the agreement of the Underwriter, in which event details of the new times and dates will be notified to the UK Listing Authority, the London Stock Exchange and, where appropriate, Shareholders.
- (3) A Shareholder Helpline will be available to answer queries on the procedure for acceptance and payment, details of which will be set out in the Prospectus. For legal reasons, the Shareholder Helpline will be unable to give advice on the merits of the Rights Issue or to provide legal, financial, tax or investment advice.

This announcement does not constitute or form part of any offer or invitation to purchase, otherwise acquire, subscribe for, sell, otherwise dispose of or issue, or any solicitation of any offer to sell, otherwise dispose of, issue, purchase, otherwise acquire or subscribe for, any security.

This announcement is an advertisement and does not constitute a prospectus. Nothing in this announcement should be interpreted as a term or condition of the Rights Issue and Placing. Any decision to purchase, otherwise acquire, subscribe for, sell or otherwise dispose of any Provisional Allotment Letter, Nil Paid Rights, Fully Paid Rights, New Shares and/or Placing Shares must be made only on the basis of the information contained in and incorporated by reference into the Prospectus. Copies of the Prospectus will be available on publication from Beazley's registered office. The Prospectus will also be available for inspection during usual business hours on any weekday (Saturdays, Sundays and Bank Holidays are excepted) from the date of its publication until Admission at the offices of Allen & Overy LLP, One Bishops' Square, London E1 6AD.

Numis Securities Limited, which is authorised and regulated in the United Kingdom by the Financial Services Authority, is acting exclusively as sponsor, stockbroker, lead manager, lead underwriter and joint financial advisor to the Company in connection with the Rights Issue and Placing and for no one else and will not be responsible to anyone other than the Company for providing the protections afforded to customers of Numis Securities Limited, or for providing advice in relation to the Rights Issue and Placing or any other matters referred to in this announcement.

Lexicon Partners Limited, which is authorised and regulated in the United Kingdom by the Financial Services Authority, is acting exclusively as joint financial adviser to the Company in connection with the Rights Issue and Placing and for no one else and will not be responsible to anyone other than the Company for providing the protections afforded to customers of Lexicon Partners Limited, or for providing advice in relation to the Rights Issue and Placing or any other matters referred to in this announcement.

Numis Securities Limited, as underwriter of the Rights Issue and Placing may, in accordance with applicable legal and regulatory provisions and subject to the Placing and Underwriting Agreement, engage in transactions in relation to the Nil Paid Rights, the Fully Paid Rights, the New Shares, the Placing Shares, and/or related instruments for their own account for the purpose of hedging their underwriting exposure or otherwise. Except as required by applicable law or regulation, Numis Securities Limited does not propose to make any public disclosure in relation to such transactions.

No person has been authorised to give any information or to make any representations other than those contained in this announcement and, if given or made, such information or representations must not be relied on as having been authorised by Beazley, Numis Securities Limited or Lexicon Partners Limited. Subject to the Listing Rules, the Prospectus Rules and the Disclosure and Transparency Rules, the issue of this announcement shall not, in any circumstances, create any implication that there has been no change in the affairs of the business of the Beazley Group since the date of this announcement or that the information in it is correct as at any subsequent date.

The information contained herein is restricted and is not for release, publication or distribution, directly or indirectly, in whole or in part in, into or from the United States, Canada, Australia, or Japan or any other jurisdiction where to do so would constitute a violation of the relevant laws of such jurisdiction. The Nil Paid Rights, the Fully Paid Rights, any Provisional Allotment Letters, the New Shares and the Placing Shares have not been and will not be registered under the securities laws of such jurisdictions and may not be offered, sold, taken up, exercised, resold, renounced, transferred or delivered, directly or indirectly, within such jurisdictions except pursuant to an exemption from and in compliance with any applicable securities laws.

The distribution of this announcement, the Prospectus and/or the Provisional Allotment Letters and/or the transfer or offering of Nil Paid Rights, Fully Paid Rights, New Shares or Placing Shares into jurisdictions other than the United Kingdom is or may be restricted by law. Persons into whose possession this announcement or any such document comes should inform themselves about and observe any such restrictions. Any failure to comply with these restrictions may constitute a violation of the securities laws of any such jurisdiction.

This announcement and the information contained herein is not an offer of securities for sale or solicitation to buy any securities in the United States. This announcement and the information contained herein is not for distribution in or into the United States. The Nil Paid Rights, the Fully Paid Rights, the New Shares and the Placing Shares have not been and will not be registered under the US Securities Act or with any securities regulatory authority of any state or other jurisdiction. The Nil Paid Rights, the Fully Paid Rights, the New Shares and the Placing Shares may not be offered, sold, taken up, exercised, resold, renounced, transferred or delivered within the United States except in certain transactions exempt from, or not subject to, the registration requirements of the US Securities Act. There will be no public offer of the Nil Paid Rights, the Fully Paid Rights, the New Shares or the Placing Shares in the United States.

No statement in this announcement is intended as a profit forecast or a profit estimate and no statement in this announcement should be interpreted to mean that earnings per Ordinary Share for the current or future financial years would necessarily match or exceed the historical published earnings per Ordinary Share.

Prices and values of, and income from, securities may go down as well as up and an investor may not get back the amount invested. It should be noted that past performance is no guide to future performance. Persons needing advice should consult an independent financial adviser.

Unless otherwise indicated in this announcement, the financial information contained in this announcement has been presented in Pounds Sterling.

Neither the content of the Company's website (or any other website) nor the content of any website accessible from hyperlinks on the Company's website (or any other website) is incorporated into, or forms part of, this announcement.

This announcement has been prepared for the purposes of complying with applicable law and regulation in the United Kingdom and the information disclosed may not be the same as that which would have been disclosed if this announcement had been prepared in accordance with the laws and regulations of any jurisdiction outside of the United Kingdom.

The address of Numis Securities Limited is The London Stock Exchange Building, 10 Paternoster Square, London EC4M 7LT, United Kingdom. The address of Lexicon Partners Limited is 1 Paternoster Square, London EC4M 7DX.

Cautionary note regarding forward-looking statements

This announcement includes statements that are, or may be deemed to be, "forward-looking statements". These forward-looking statements can be identified by the use of forward-looking terminology, including the terms "believes", "estimates", "anticipates", "expects", "intends", "plans", "goal", "target", "aim", "may", "will", "would", "could" or "should" or, in each case, their negative or other variations or comparable terminology. These forward-looking statements include all matters that are not historical facts. They appear in a number of places throughout this announcement and include statements regarding the intentions, beliefs or current expectations of the Directors, Beazley or the Beazley Group concerning, amongst other things, the results of operations, financial condition, liquidity, prospects, growth, strategies and dividend policy of the Beazley Group and the industries in which they operate.

By their nature, forward-looking statements involve risks and uncertainties because they relate to events and depend on circumstances that may or may not occur in the future and may be beyond Beazley's ability to control or predict. Forward-looking statements are not guarantees of future performance. The Beazley Group's actual results of operations, financial condition, liquidity, dividend policy and the development of the industries in which they operate may differ materially from the impression created by the forward-looking statements contained in this announcement. Further, actual developments in relation to the Rights Issue and Placing, may differ materially from those contemplated by forward-looking statements depending on certain factors which include, but are not limited to: the risk that Shareholders may not vote in favour of the Resolutions; the risk that the Beazley Group will not be able to obtain the required approvals or clearances from regulatory and other agencies and bodies on a timely basis or at all; the risk that the other conditions of the Rights Issue and Placing may not be satisfied on a timely basis or at all; the risk that the Beazley Group may not realise the anticipated benefits from the Rights Issue and Placing. In addition, even if the results of operations, financial condition, liquidity and dividend policy of the Beazley Group, and the development of the industry in which it operates, are consistent with the forward-looking statements contained in this announcement, those results or developments may not be indicative of results or developments in subsequent periods. Important factors that could cause these differences include, but are not limited to: general economic and business conditions; (re)insurance pricing volatility; industry trends; competition; the availability of debt and other financing on acceptable terms; changes in government and other regulation, including in relation to the (re)insurance industry; changes in political and economic stability; currency fluctuations (including the E/US\$ exchange rates); the Beazley Group's ability to integrate new businesses (including the acquisition of First State Management Group, Inc.) and changes in business strategy or development plans and other risks.

You are advised to read this announcement and the Prospectus, which is expected to be published today and the information incorporated by reference therein, in their entirety for a further discussion of the factors that could affect the Beazley Group's future performance and the industry in which it operates. In the light of these risks, uncertainties and assumptions, the events described in the forward-looking statements in this announcement may not occur.

Other than in accordance with their legal or regulatory obligations (including under the Listing Rules, the Prospectus Rules and the Disclosure and Transparency Rules), neither Beazley nor Numis Securities Limited nor Lexicon Partners Limited nor any of their officers, directors, employees or agents undertakes any obligation to update or revise publicly any forward-looking statement, whether as a result of new information, future events or otherwise.

Definitions

In this announcement, the following expressions have the meaning ascribed to them unless the context otherwise requires:

Act or Companies Act	the Companies Act 1985, as amended, or, as the context requires, the Companies Act 2006, as amended.
Admission	the admission of the New Shares (nil paid and fully paid) to the Official List becoming effective in accordance with the Listing Rules and the admission of such shares (nil paid and fully paid) to trading on the London Stock Exchange's market for listed securities becoming effective in accordance with the Admission and Disclosure Standards.
Admission and Disclosure Standards	the "Admission and Disclosure Standards" of the London Stock Exchange, containing, among other things, the admission requirements to be observed by companies seeking admission to trading on the London Stock Exchange's main market for listed securities.
Admission of the New Shares	the admission of the New Shares (nil paid and/or fully paid as the context requires) to the Official List becoming effect in accordance with the Listing Rules and the admission of such shares (nil paid and fully paid) to trading on the London Stock Exchange's main market for listed securities becoming effective in accordance with the Admission and Disclosure Standards.
Admitted Carrier	an insurance company authorised to do business in the US. An agreement is entered into which stipulates the terms and conditions under which a business must conduct within a state in the US.
Beazley or the Company	Beazley Group plc, a public limited company incorporated in England and Wales with registered number 4082477.
Beazley Group or Group	the Company and each of its subsidiaries and subsidiary undertakings from time to time, including, where the context requires, First State Management Group, Inc.
Board	the Directors of Beazley.
Business Day	a day (other than a Saturday, Sunday or public holiday) on which banks are generally open for business in the City of London for the transaction of normal banking business.
Capacity	the maximum amount of premiums that can be accepted by a syndicate. Capacity also refers to the amount of insurance coverage allocated to a particular policyholder or in the marketplace in general.
Capital Raising	the Rights Issue and Placing.
Certificated or in Certificated Form	in relation to a share or other security, a share or other security which is not in uncertificated form.
CREST	the relevant system, as defined in the CREST Regulations (in respect of which Euroclear UK is the operator as defined in the CREST Regulations).
Directors	the executive Directors and non-executive Directors of the Company as at today's date.
Disclosure and Transparency Rules	the rules relating to the disclosure of information made in accordance with Section 73A(3) of the FSMA.
Excluded Territories and each	Australia, Canada, and Japan.

an Excluded Territory	
Extraordinary General Meeting	the extraordinary general meeting of Beazley which is expected to be held at 10:00 a.m. on 18 March 2009, notice of which will be set out in the Prospectus.
Financial Services Authority or FSA	the Financial Services Authority of the United Kingdom.
First State	First State Management Group, Inc.
Form of Proxy	the form of proxy for use at the Extraordinary General Meeting.
FSMA	the Financial Services and Markets Act 2000, as amended.
Fully Paid Rights	rights to acquire the New Shares, fully paid.
Funds at Lloyd's or FAL	funds held in trust at Lloyd's to support a member's underwriting activities.
Gross Premiums Written	amounts payable by the insured, excluding any taxes or duties levied on the premium, including any brokerage and commission deducted by intermediaries.
Individual Capital Assessment or ICA	the individual capital assessment provided by the Company to set out the amount of capital required by the Group to reflect underwritten risk.
Issue Price	86 pence per New Share.
Listing Rules	the Listing Rules made by the FSA under Part VI of FSMA.
Lloyd's	The Society and Corporation of Lloyd's created and governed by the Lloyd's Acts 1871-1982, including the Council of Lloyd's and its delegates and other persons through whom the Council may act, as the context may require.
London Stock Exchange	London Stock Exchange plc.
New Shares	ordinary shares to be allotted and issued pursuant to the Rights Issue.
Nil Paid Rights	rights to acquire the New Shares, nil paid.
Non-CREST Shareholder	a Shareholder who does not hold their Ordinary Shares in CREST.
Official List	The Official List of the FSA pursuant to Part VI of FSMA.
Ordinary Shares or Shares	the ordinary shares of 5 pence each in the share capital of the Company (including, if the context requires, the New Shares).
Overseas Shareholders	shareholders with registered addresses outside the United Kingdom or who are citizens or residents of countries outside the United Kingdom.
Placing	the placement of the Placing Shares under the Placing and Underwriting Agreement.
Placing and Underwriting Agreement	the placing and underwriting agreement dated 13 February 2009 between the Company and the Underwriter relating to the Rights Issue and Placing.
Placing Shares	the 17,478,904 new Ordinary Shares which have been placed pursuant to the Placing and Underwriting Agreement.
Pounds Sterling or £	the lawful currency of the United Kingdom.
Preliminary Results Announcement	the announcement by Beazley of its audited preliminary financial statements for the Group on 13 February 2009.
Prospectus	the prospectus document which is expected to be published on 13 February 2009 in relation to the Capital Raising.
Prospectus Rules	the Prospectus Rules published by the FSA under Section 73A of FSMA.
Provisional Allotment Letter or	the renounceable provisional allotment letter expected to be sent to

PAL	Qualifying Non-CREST Shareholders in respect of the New Shares to be provisionally allotted to them pursuant to the Rights Issue.
Qualifying CREST Shareholders	Qualifying Shareholders holding Ordinary Shares in uncertificated form in CREST.
Qualifying Non-CREST Shareholders	Qualifying Shareholders holding Ordinary Shares in Certificated Form.
Qualifying Shareholders	holders of Ordinary Shares on the register of members of the Company at the Record Date with the exclusion of Shareholders with a registered address in or resident in, one of the Excluded Territories or subject to certain exceptions, the United States.
Record Date	5.00 p.m. on 16 March 2009.
Resolutions	the resolutions to be proposed at the Extraordinary General Meeting in connection with the Rights Issue and Placing, notice of which will be set out in the Prospectus.
Rights	rights to the New Shares pursuant to the Rights Issue.
Rights Issue	the proposed issue by way of rights of New Shares to Qualifying Shareholders on the basis described in the Prospectus and, in the case of Qualifying Non-CREST Shareholders, in the Provisional Allotment Letter.
Shareholder	A holder of Ordinary Shares from time to time.
Stock Account	an account within a member account in CREST to which a holding of a particular share or other security in CREST is credited.
Surplus Lines Insurer	an insurer that underwrites surplus lines insurance in the USA. Lloyd's underwriters are surplus lines insurers in all jurisdictions of the USA except Kentucky and the US Virgin Islands.
UK Listing Authority or UKLA	the FSA in its capacity as the competent authority for the purposes of Part VI of FSMA 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.
Underwriter	Numis Securities Limited.
United Kingdom or UK	the United Kingdom of Great Britain and Northern Ireland.
United States or US	the United States of America, its territories and possessions, any state of the United States and the District of Columbia.
US Securities Act or Securities Act	the United States Securities Act 1933, as amended.