

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.

If you are in any doubt about the Offer or the contents of this document or what action you should take, you should consult your stockbroker, bank manager, solicitor, accountant or other independent financial adviser who is duly authorised under the Financial Services and Markets Act 2000 (as amended) if you are resident in the United Kingdom or, if not, an appropriately authorised, independent adviser. The value of Brit Shares may go up or down. This communication has not been approved as a financial promotion or otherwise by any person named in it.

This document and any documents incorporated into it by reference should be read in conjunction with the accompanying Form of Acceptance (if you hold Brit Shares in certificated form), which forms part of this document.

If you have sold or otherwise transferred all of your Brit Shares, please send this document, together with the accompanying reply-paid envelope (for use in the UK only), but not the personalised Form of Acceptance, at once to the purchaser or transferee or to the stockbroker, bank or other agent through whom the sale or transfer was effected, for delivery to the purchaser or transferee. **However, the foregoing documents must not be forwarded or transmitted in or into any Restricted Jurisdiction or in or into any jurisdiction where to do so would constitute a violation of the relevant laws in that jurisdiction.** If you have sold or otherwise transferred only part of your holding of Brit Shares, you should retain these documents and consult the stockbroker, bank or other agent through whom the sale or transfer was effected. If you have recently purchased or otherwise acquired Brit Shares in certificated form, notwithstanding receipt of this document and any accompanying documents from the transferor, you should contact the Receiving Agent, Computershare Investor Services PLC, to obtain a personalised Form of Acceptance.

FAIRFAX
FINANCIAL HOLDINGS LIMITED

BRIT

Recommended Cash Offer

for

Brit PLC

by

FFHL Group Ltd.

an entity wholly-owned by Fairfax Financial Holdings Limited

Your attention is drawn to the letter from the Chairman of Brit, containing the recommendation of the directors of Brit to accept the offer, which is set out on pages 9 to 10 of this document. Your attention is also drawn to the letter from the President of FGL, which is set out on pages 11 to 21 of this document.

To accept the Offer in respect of certificated Brit shares, the Form of Acceptance should be completed, signed and returned as soon as possible, and in any event so as to be received by the Receiving Agent, Computershare Investor Services PLC, no later than 1.00 p.m. (London time) on the Closing Date.

Acceptances in respect of uncertificated Brit Shares should be made electronically through CREST so that the TTE instruction settles as soon as possible, and in any event not later than 1.00 p.m. (London time) on the Closing Date. If you are a CREST sponsored member, you should refer to your CREST sponsor as only your CREST Sponsor will be able to send the necessary TTE instruction to Euroclear.

The procedure for acceptance of the Offer is set out in paragraph 15 of Part 2 of this document, Sections C and D of Part 3 and, in respect of certificated Brit Shares, is further described in the Form of Acceptance. Accepting shareholders should note that they will be able to withdraw their acceptance of the Offer at any time prior to the Offer becoming or being declared unconditional in all respects, but not thereafter.

Unless otherwise determined by FGL, or required by the Code, and permitted by applicable law and regulation, the Offer shall not be capable of acceptance from or within a Restricted Jurisdiction. Accordingly, copies of this document and the accompanying Form of Acceptance and any other accompanying document must not be, directly or indirectly, mailed or otherwise forwarded, distributed or sent (including, without limitation, by way of facsimile, transmission, telephone or internet) in, into or from a Restricted Jurisdiction and persons receiving this document, the Form of Acceptance and any other accompanying document (including custodians, nominees and trustees) must not mail or otherwise distribute or send them in, into or from such jurisdictions as doing so may invalidate any purported acceptance of the Offer. The availability of the Offer to persons who are not resident in the United Kingdom may be affected by the laws of their relevant jurisdiction. Such persons should inform themselves about and observe any applicable legal or regulatory requirements of their jurisdiction.

RBC Europe Limited (trading as RBC Capital Markets), which is authorised by the PRA and regulated in the United Kingdom by the FCA and the PRA, is acting exclusively for Fairfax and FGL and no one else in connection with the Offer and will not be responsible to anyone other than Fairfax and FGL for providing the protections afforded to clients of RBC Capital Markets nor for providing advice in relation to the Offer or any other matter referred to in this document.

J.P. Morgan Limited, which conducts its UK investment banking business as J.P. Morgan Cazenove (“**J.P. Morgan Cazenove**”), is authorised and regulated in the United Kingdom by the FCA. J.P. Morgan Cazenove is acting as financial adviser and corporate broker exclusively for Brit and no one else in connection with the Offer and will not regard any other person as its client in relation to the matters in this document and will not be responsible to anyone other than Brit for providing the protections afforded to clients of J.P. Morgan Cazenove, nor for providing advice in relation to any matter referred to herein.

Numis Securities Limited (“**Numis**”) is authorised and regulated in the United Kingdom by the FCA. Numis is acting as financial adviser and broker exclusively for Brit and no one else in connection with the Offer and will not regard any other person as its client in relation to the matters in this document and will not be responsible to anyone other than Brit for providing the protections afforded to clients of Numis, nor for providing advice in relation to any matter referred to herein.

Willis Capital Markets & Advisory Limited (“**Willis Capital Markets**”) is authorised and regulated in the United Kingdom by the FCA. Willis Capital Markets is acting as financial adviser exclusively for Brit and no one else in connection with the Offer and will not regard any other person as its client in relation to the matters in this document and will not be responsible to anyone other than Brit for providing the protections afforded to clients of Willis Capital Markets, nor for providing advice in relation to any matter referred to herein.

Disclosure requirements of the Code

Under Rule 8.3(a) of the Code, any person who is interested in 1% or more of any class of relevant securities of an offeree company or of any securities exchange offeror (being any offeror other than an offeror in respect of which it has been announced that its offer is, or is likely to be, solely in cash) must make an Opening Position Disclosure following the commencement of the offer period and, if later, following the announcement in which any securities exchange offeror is first identified. An Opening Position Disclosure must contain details of the person’s interests and short positions in, and rights to subscribe for, any relevant securities of each of (i) the offeree company and (ii) any securities exchange offeror(s). An Opening Position Disclosure by a person to whom Rule 8.3(a) applies must be made by no later than 3.30 p.m. (London time) on the 10th Business Day following the commencement of the offer period and, if appropriate, by no later than 3.30 p.m. (London time) on the 10th Business Day following the announcement in which any securities exchange offeror is first identified. Relevant persons who deal in the relevant securities of the offeree company or of a securities exchange offeror prior to the deadline for making an Opening Position Disclosure must instead make a Dealing Disclosure.

Under Rule 8.3(b) of the Code, any person who is, or becomes, interested in 1% or more of any class of relevant securities of the offeree company or of any securities exchange offeror must make a Dealing Disclosure if the person deals in any relevant securities of the offeree company or of any securities exchange offeror. A Dealing Disclosure must contain details of the dealing concerned and of the person’s interests and short positions in, and rights to subscribe for, any relevant securities of each of (i) the offeree company and (ii) any securities exchange offeror(s), save to the extent that these details have previously been disclosed under Rule 8. A Dealing Disclosure by a person to whom Rule 8.3(b) applies must be made by no later than 3.30 p.m. (London time) on the Business Day following the date of the relevant dealing.

If two or more persons act together pursuant to an agreement or understanding, whether formal or informal, to acquire or control an interest in relevant securities of an offeree company or a securities exchange offeror, they will be deemed to be a single person for the purpose of Rule 8.3.

Opening Position Disclosures must also be made by the offeree company and by any offeror and Dealing Disclosures must also be made by the offeree company, by any offeror and by any persons acting in concert with any of them (see Rules 8.1, 8.2 and 8.4).

Details of the offeree and offeror companies in respect of whose relevant securities Opening Position Disclosures and Dealing Disclosures must be made can be found in the Disclosure Table on the Takeover Panel’s website at www.thetakeoverpanel.org.uk, including details of the number of relevant securities in issue, when the offer period commenced and when any offeror was first identified. You should contact the

Panel's Market Surveillance Unit on +44 (0)20 7638 0129 if you are in any doubt as to whether you are required to make an Opening Position Disclosure or a Dealing Disclosure.

Publication on Website and Availability of Hard Copies

This document, together with those documents listed in paragraph 15 of Part 7 to this document and all information incorporated into this document by reference to another source are available on Fairfax's website at www.fairfax.ca/britoffer and Brit's website at www.britinsurance.com/ir/fairfax-offer. For the avoidance of doubt, the content of such websites is not incorporated and does not form part of this document.

You may request a hard copy of this document and/or any information incorporated into this document by reference to another source by contacting the Receiving Agent, Computershare Investor Services PLC, at Corporate Actions Projects, Bristol, BS99 6AH or by telephone between 8.30 a.m. and 5.30 p.m. (London time) Monday to Friday (except UK public holidays) on 0870 889 3156 or, if calling from outside the United Kingdom, +44 (0) 870 889 3156. You may also request that all future documents, announcements and information to be sent to you in relation to the Offer should be in hard copy form.

Rounding

Certain figures included in this document have been subjected to rounding adjustments. Accordingly, figures shown for the same category presented in different tables may vary slightly and figures shown as totals in certain tables may not be an arithmetic aggregation of the figures that precede them.

Overseas Shareholders

The Offer is not being made, directly or indirectly, in, into or from a Restricted Jurisdiction where to do so would violate the laws in that jurisdiction, and the Offer is not capable of acceptance from or within a Restricted Jurisdiction. Accordingly, copies of this document, the Form of Acceptance and any accompanying document are not being, and must not be, directly or indirectly, mailed or otherwise forwarded, distributed or sent in, into or from a Restricted Jurisdiction where to do so would violate the laws in that jurisdiction, and persons receiving this document, the Form of Acceptance and any accompanying document (including custodians, nominees and trustees) must not mail or otherwise distribute or send them in, into or from such jurisdictions as doing so may invalidate any purported acceptance of the Offer. The availability of the Offer to Brit Shareholders who are not resident in the United Kingdom may be affected by the laws of the relevant jurisdictions in which they are resident. Such persons should read paragraph 15 of Part 2, and Section C of Part 3 (if such person holds Brit Shares in certificated form), or Section D of Part 3 (if such person holds Brit Shares in uncertificated form), and inform themselves of, and observe, any applicable legal or regulatory requirements of their jurisdictions.

Notice to Investors in France

The Offer has not been and will not be submitted to the clearance procedures (visa) of nor approved by the Autorité des marchés financiers. The Offer is not being made, directly or indirectly, to the public in France. Neither this Offer Document nor any other documents or offering materials relating to the Offer have been distributed or caused to be distributed and will not be distributed or caused to be distributed to the public in France. This Offer Document and any other documents or offering materials relating to the Offer may only be distributed or caused to be distributed to: (i) qualified investors (investisseurs qualifiés), acting for their own account, all as defined in, and in accordance with, Articles L. 411-2 and D. 411-1 of the French Code monétaire et financier and/or (ii) legal entities whose total balance sheet exceeds €5.0 million, or whose total annual turnover or revenues exceed €5.0 million, or which manage assets in excess of €5.0 million, or whose average annual headcount exceeds 50 persons, all as defined in, and in accordance with, Articles L. 341-2 1°, L. 411-2, D.341-1 and D.411-1 of the French Code monétaire et financier.

Notice To US Investors

The Offer is being made for securities of a United Kingdom company and Brit Shareholders in the United States should be aware that the Offer Document and any other documents relating to the Offer have been or will be prepared in accordance with the Code and UK disclosure requirements, format and style, all of which differ from those in the United States. Brit's financial statements, and all financial information that is included in the Offer Document, or any other documents relating to the Offer, have been or will be

prepared in accordance with IFRS and may not be comparable to financial statements of companies in the United States or other companies whose financial statements are prepared in accordance with US generally accepted accounting principles.

The Offer will be made in the United States pursuant to applicable US tender offer rules and securities laws and otherwise in accordance with the requirements of English law, the Code, the Panel, the London Stock Exchange and the FCA. **Accordingly, the Offer will be subject to disclosure and other procedural requirements, including with respect to withdrawal rights, offer timetable, settlement procedures and timing of payments that are different from those applicable under United States domestic tender offer procedures and law.** US investors should closely read paragraph 15(c) of Part 2 of this document, as well as Section B of Part 3 of this document, for further details. In particular, US investors should note that once the Offer is declared wholly unconditional, FGL will accept all Brit Shares that have by that time been validly tendered in acceptance of the Offer and will, in accordance with the Code, pay for all such accepted Brit Shares within 14 calendar days of such date, rather than the three trading days that US investors may be accustomed to in US domestic tender offers. Similarly, if the Offer is terminated or withdrawn, all documents of title will be returned to shareholders within 14 calendar days of such termination or withdrawal. Notwithstanding the foregoing, FGL will, to the extent practicable, pay for or return tendered Brit Shares within seven to ten calendar days from the relevant date.

Neither the SEC nor any US state securities commission has approved or disapproved the Offer or passed upon the adequacy or completeness of the Offer Document. It may be difficult for US holders of Brit securities to enforce their rights under any claim arising out of the US federal securities laws, since Fairfax, FGL and Brit are located outside of the United States, and some or all of their officers and directors may be resident outside of the United States.

In accordance with, and to the extent permitted by, the Code, normal UK market practice and Rule 14e-5 under the United States Securities Exchange Act of 1934, as amended (the “**Exchange Act**”), RBC Capital Markets and J.P. Morgan Cazenove, Numis and their affiliates may continue to act as exempt principal traders in Brit Shares on the London Stock Exchange and will engage in certain other purchasing activities consistent with their respective normal and usual practice and applicable law, including Rule 14e-5 under the Exchange Act. To the extent required to be disclosed in accordance with applicable regulatory requirements, information about any such purchases will be disclosed on a next day basis to the Panel and will be available from any Regulatory Information Service, including the Regulatory News Service on the London Stock Exchange website, www.londonstockexchange.com. To the extent that such information is required to be publicly disclosed in the United Kingdom in accordance with applicable regulatory requirements, this information will as applicable also be publicly disclosed in the United States.

Forward Looking Statements

This document and the documents incorporated by reference into it contain statements which are, or may be deemed to be, “forward-looking statements” which are prospective in nature. All statements other than statements of historical fact may be forward-looking statements. They are based on current expectations and projections about future events, and are therefore subject to risks and uncertainties which could cause actual results to differ materially from the future results expressed or implied by the forward-looking statements. Often, but not always, forward-looking statements can be identified by the use of forward-looking words such as “plans”, “expects”, “is expected”, “is subject to”, “budget”, “scheduled”, “estimates”, “forecasts”, “intends”, “anticipates”, “believes”, “targets”, “aims”, “projects” or words or terms of similar substance or the negative thereof, as well as variations of such words and phrases or statements that certain actions, events or results “may”, “could”, “should”, “would”, “might” or “will” be taken, occur or be achieved. Such statements are qualified in their entirety by the inherent risks and uncertainties surrounding future expectations.

Such forward-looking statements involve risks and uncertainties that could significantly affect expected results and are based on certain key assumptions. Many factors could cause actual results to differ materially from those projected or implied in any forward-looking statements. Due to such uncertainties and risks, readers are cautioned not to place undue reliance on such forward-looking statements, which speak only as of the date of this document. Any forward-looking statements made in this document on behalf of Fairfax, FGL or Brit are made as of the date of this document based on the opinions and estimates of directors of Fairfax, FGL or Brit, respectively. Each of Fairfax, FGL and Brit and their respective members, directors, officers, employees, advisers and any person acting on behalf of one or more of them, expressly disclaims any intention or obligation to update or revise any forward-looking or

other statements contained in this document, whether as a result of new information, future events or otherwise, except as required by applicable law. Neither Fairfax, FGL or Brit, nor their respective members, directors, officers or employees, advisers or any person acting on their behalf, provides any representation, assurance or guarantee that the occurrence of the events expressed or implied in any forward-looking statements in this document will actually occur.

No forward-looking or other statements have been reviewed by the auditors of Fairfax, FGL or Brit. All subsequent oral or written forward-looking statements attributable to Fairfax, FGL or Brit or their respective members, directors, officers, advisers or employees or any person acting on their behalf are expressly qualified in their entirety by the cautionary statement above.

No profit forecasts or estimates

Nothing in this document is intended or shall be deemed to be a forecast, projection or estimate of the future financial performance of Fairfax, FGL or Brit and no statement in this document should be interpreted to mean that earnings or earnings per share of those persons (where relevant) for the current or future financial years would necessarily match or exceed the historical published earnings or earnings per share of those persons (where relevant).

This document should be read as a whole and together with the information incorporated into it by reference and, in the case of Brit Shares held in certificated form, the Form of Acceptance. Brit Shareholders are recommended to seek financial advice from their stockbroker, bank manager, solicitor, accountant or other independent financial adviser authorised under the Financial Services and Markets Act 2000 (as amended) if they are resident in the United Kingdom or, if not, from another appropriately authorised independent financial adviser in the relevant jurisdiction.

TO ACCEPT THE OFFER:

If you hold Brit Shares in certificated form:

If you hold your Brit Shares, or any of them, in certificated form (that is, NOT in CREST), to accept the Brit Offer in respect of those Brit Shares, you should complete, sign and return the enclosed Form of Acceptance along with your valid share certificate(s) and/or any other relevant documents of title as soon as possible and, in any event, so as to be received by post at Computershare, Corporate Actions Projects, Bristol, BS99 6AH or by hand (during normal business hours) at the Receiving Agent, Computershare Investor Services PLC, at The Pavilions, Bridgwater Road, Bristol, BS13 8AE **by no later than 1.00 p.m. (London time) on the Closing Date**. Further details on the procedures for acceptance of the Offer if you hold any of your Brit Shares in certificated form are set out in paragraph 15(a) of Part 2 of this document, Section C of Part 3 to this document and in the accompanying Form of Acceptance. A reply-paid envelope for use within the UK only is enclosed for your convenience and may be used by holders of Brit Shares in certificated form in the UK for returning their Forms of Acceptance.

If you hold Brit Shares in uncertificated form:

If you hold your Brit Shares, or any of them, in uncertificated form (that is, in CREST), to accept the Offer in respect of those Brit Shares, you should follow the procedure for Electronic Acceptance through CREST so that the TTE instruction settles as soon as possible and, in any event, **by no later than 1.00 p.m. (London time) on the Closing Date**. Further details on the procedures for acceptance of the Offer if you hold any of your Brit Shares in uncertificated form are set out in paragraph 15(b) of Part 2 of this document and in Section D of Part 3 to this document. If you hold your Brit Shares through a CREST sponsored member, you should refer acceptance of the Offer to your CREST sponsor as only your CREST sponsor will be able to send the necessary TTE instruction to Euroclear.

The Offer shall remain open for acceptances until the Closing Date. Accepting shareholders should note that they will be able to withdraw their acceptance of the Offer at any time prior to the Offer becoming or being declared unconditional in all respects, but not thereafter, pursuant to paragraph 6 of Section B to Part 3 of this Offer Document.

**IF YOU WISH TO ACCEPT THE OFFER YOU SHOULD SUBMIT YOUR ACCEPTANCE
AS SOON AS POSSIBLE AND IN ANY EVENT
BY NO LATER THAN 1.00 P.M. (LONDON TIME) ON THE CLOSING DATE.
YOU ARE ADVISED TO READ THE WHOLE OF THIS DOCUMENT CAREFULLY.**

Helpline

If you have any questions relating to this document or the completion and return of the Form of Acceptance, please telephone the Receiving Agent, Computershare Investor Services PLC, between 8.30 a.m. and 5.30 p.m. Monday to Friday (except UK public holidays) on 0870 889 3156 or, if calling from outside the United Kingdom +44 (0)870 889 3156. Calls from landline providers typically cost up to 12 pence per minute. Calls from mobile networks cost between 5 pence and 40 pence per minute. Calls from outside the UK are chargeable at applicable international rates. Calls may be recorded and randomly monitored for security and training purposes. Lines are open from 8.30 a.m. until 5.30 p.m. (London time) Monday to Friday (excluding UK public holidays).

Please note that, for legal reasons, the Receiving Agent will only be able to provide you with information contained in this document and will be unable to give advice on the merits of the Offer or to provide legal, financial or taxation advice on the contents of this document.

EXPECTED TIMETABLE OF PRINCIPAL EVENTS

The date and terms set forth in the table below in connection with the Offer may change in accordance with the terms and conditions of the Offer as described in this document. References are to London time.

<u>Event</u>	<u>Expected time/date</u>
Posting of Offer Document	16 March 2015
20 business days after posting of Offer Document .	15 April 2015
Latest time for acceptance of the Offer	1.00 p.m. on the Closing Date
Expected date of payment of 2014 Dividends	30 April 2015
Date beyond which Offer will not be extended without consent of Apollo Shareholders, CVC Shareholders, Brit and the Panel	1.00 p.m. on 30 September 2015
Payment of consideration to Brit Shareholders who accept the Offer prior to the Offer becoming or being declared unconditional in all respects	No later than 10 calendar days after the Offer becoming or being declared unconditional in all respects
Payment of consideration to Brit Shareholders who accept the Offer after the date on which the Offer becomes or is declared unconditional in all respects but prior to 1.00 p.m. on the Closing Date	No later than 10 calendar days after the date of acceptance

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PART 1: LETTER OF RECOMMENDATION FROM THE CHAIRMAN OF BRIT

To Brit Shareholders

16 March 2015

Dear Brit Shareholder,

Recommended Offer for Brit Plc by FFHL Group Ltd.

1. Introduction

I am writing on behalf of the Brit Directors further to the announcement by the Boards of Fairfax and Brit on 17 February 2015 of the terms of a recommended cash offer by Fairfax to acquire, through its wholly owned subsidiary, FGL, the entire issued and to be issued ordinary share capital of Brit. Under the terms of the Offer, Brit Shareholders will be entitled to receive 305 pence in cash per Brit Share (including a cash dividend of 25p for Brit Shareholders as at the record date of 20 March 2015), valuing the Offer at approximately £1.22 billion. Further details of the Offer are set out in the letter from the President of FGL in Part 2 of this document.

2. Recommendation

The Brit Directors, who have been so advised by J.P. Morgan Cazenove, consider the financial terms of the Offer to be fair and reasonable. In providing its advice to the Brit Directors, J.P. Morgan Cazenove has taken into account the commercial assessments of the Brit Directors.

The Brit Directors unanimously recommend that Brit Shareholders accept the Offer, as Mark Cloutier, Hans-Peter Gerhardt and I, being the Brit Directors who hold Brit Shares, have irrevocably undertaken to do in respect of our own beneficial holdings of 1,387,157 Brit Shares representing, in aggregate, approximately 0.35 per cent. of the ordinary share capital of Brit in issue on 16 February 2015.

3. Background to and reasons for the Brit Directors' recommendation

Brit is a market-leading global specialty insurer and reinsurer, with a major presence in Lloyd's of London and a growing US and international presence. Following a transformation and streamlining process commencing in 2009, which included a rigorous re-underwriting of the core syndicate business alongside disposals of non-core operations, Brit has made outstanding progress in delivering attractive underwriting returns and capitalising on profitable growth opportunities. Since its IPO in April 2014, Brit has delivered attractive financial returns for its shareholders and the Offer represents a total return to investors since the IPO of 29.7 per cent, including the interim dividend of 6.25 pence declared on 13 August 2014.

While Brit has made meaningful strategic and financial progress as a standalone company, the current environment presents challenges for non-life and reinsurers globally. More specifically, insurance businesses have been impacted by the prolonged low interest rate environment and a softening of premium rates due to increased competitive pressures and continued surplus underwriting capacity across insurance and reinsurance markets. This trend is expected to continue and to lead to declining financial returns and more muted future growth prospects across the industry.

While the Brit Directors believe that Brit's present strategy and business model are capable of delivering growth and sustained profitability going forward, Brit faces the aforementioned industry challenges in the near term.

The Brit Directors believe the terms of the Offer provide Brit's Shareholders with an immediate and certain value which represents an attractive premium upfront compared to Brit's net tangible assets and share price.

The Brit Directors have also considered the terms of the Offer in relation to the value of Brit as a standalone company and believe the Offer recognises Brit's long term prospects and growth potential, taking into account the dynamics of the global market and competitive landscape in which Brit operates.

The Brit Directors believe that the Offer presents an attractive exit for Brit Shareholders that would allow them to realise their investment in cash at a premium. As part of their evaluation of the attractiveness of the Offer, the Brit Directors also recognise Brit's ownership structure and the irrevocable undertakings to accept the Offer from Brit's majority shareholders, the Apollo Shareholders and the CVC Shareholders, together representing 73.3 per cent of the ordinary share capital of Brit in issue on 16 February 2015. As

such, Brit Shareholders who do not accept the Offer may become minority shareholders in an unlisted company.

Furthermore, the Brit Directors believe Brit, its employees, brokers, clients and other stakeholders would greatly benefit from ownership by Fairfax given their global scale and financial resources to support future development of the business, whilst allowing Brit to continue to exist in name, culture and team under the umbrella of the Fairfax Group.

In making their recommendation, the Brit Directors have taken into consideration the intentions of Fairfax in respect of Brit, as set out in paragraph 8 of the letter from the President of FGL in Part 2.

4. Irrevocable undertakings

Fairfax and FGL have received irrevocable undertakings from the Apollo Shareholders to accept the Offer in respect of aggregate holdings of 158,999,085 Brit Shares, representing approximately 39.7 per cent. of the ordinary share capital of Brit in issue at close of business on 16 February 2015.

Fairfax and FGL have received irrevocable undertakings from the CVC Shareholders to accept the Offer in respect of aggregate holdings of 134,567,032 Brit Shares, representing approximately 33.6 per cent. of the ordinary share capital of Brit in issue at close of business on 16 February 2015.

Fairfax and FGL have also received irrevocable undertakings from Mark Cloutier, Hans-Peter Gerhardt and Dr Richard Ward, being the Brit Directors who hold Brit Shares, to accept the Offer in respect of aggregate holdings of 1,387,157 Brit Shares, representing approximately 0.35 per cent. of the ordinary share capital of Brit in issue at close of business on 16 February 2015.

Therefore, in total, Fairfax and FGL have received irrevocable undertakings to accept the Offer in respect of aggregate holdings of 294,953,274 Brit Shares, which represent approximately 73.7 per cent. of the ordinary share capital of Brit in issue on 16 February 2015.

5. Delisting

Your attention is drawn to paragraph 11 of Part 2 of this document in relation to FGL's intentions with regard to de-listing and cancellation of trading in Brit Shares.

6. Action to be taken to accept the Offer

Your attention is drawn to the letter from the President of FGL in Part 2 of this document, to Sections C and D of Part 3 of this document and the accompanying Form of Acceptance. The procedure for acceptance of the Offer is set out in paragraph 15 of the letter from the President of FGL in Part 2 of this document and, if you hold your shares in certificated form, in the Form of Acceptance.

If you wish to accept the Offer in respect of Brit Shares held in certificated form, you should complete, sign and return the Form of Acceptance in accordance with the instructions printed on it and set out in paragraph 15(a) of the letter from the President of FGL in Part 2 of this document and Section C of Part 3 of this document, together with any appropriate documents of title, so as to be received by post at Computershare, Corporate Actions Projects, Bristol, BS99 6AH or by hand (only during normal business hours) at the Receiving Agent, Computershare Investor Services PLC, at The Pavilions, Bridgwater Road, Bristol, BS13 8AE, as soon as possible and in any event so as to be received by no later than 1.00 p.m. on the Closing Date. A first class reply-paid envelope for use in the United Kingdom only is enclosed for your convenience.

If you wish to accept the Offer in respect of Brit Shares held in uncertificated form (that is, shares held in CREST) your acceptance should be made electronically through CREST by following the procedure set out in paragraph 15(b) of the letter from the President of FGL in Part 2 of this document and Section D of Part 3 of this document, so that the TTE instruction settles as soon as possible and, in any event, no later than 1.00 p.m. on the Closing Date.

Your decision as to whether to accept the Offer will depend upon your individual circumstances. If you are in any doubt as to the action you should take, you should seek your own independent financial advice.

Yours faithfully

Dr. Richard Ward, Chairman
Brit PLC

PART 2: LETTER TO BRIT SHAREHOLDERS FROM THE PRESIDENT OF FGL

To Brit Shareholders

Dear Brit Shareholder,

16 March 2015

Recommended Offer for Brit PLC by FFHL Group Limited

1. Introduction

On 17 February 2015, the Boards of Fairfax and Brit announced the terms of a recommended cash offer to acquire, through FGL, an entity wholly-owned by Fairfax, the entire issued and to be issued ordinary share capital of Brit. Under the terms of the Offer, Brit Shareholders will be entitled to receive 305 pence in cash per Brit Share, valuing the Offer at approximately £1.22 billion.

Your attention is drawn to the letter of recommendation from the Chairman of Brit in Part 1 of this document which sets out the reasons why the Brit Directors unanimously recommend that Brit Shareholders accept the Offer.

Acceptances of the Offer should be received as soon as possible and, in any event, by not later than 1.00 p.m. on the Closing Date.

The procedure for acceptance of the Offer is set out in paragraph 15 of this letter, Sections C and D of Part 3 of this document and, in respect of certificated Brit Shares, is further described in the Form of Acceptance. Accepting shareholders should note that they will be able to withdraw their acceptance of the Offer at any time prior to the Offer becoming or being declared unconditional in all respects, but not thereafter.

The attention of Brit Shareholders who are not resident in the United Kingdom or who are citizens or nationals of other countries is drawn to paragraph 14 of this letter and paragraph 8 of Section B, paragraph (b) of Section C and/or paragraph (b) of Section D of Part 3 of this document and to the relevant provisions of the Form of Acceptance.

2. The Offer

Under the terms of the Offer, Brit Shareholders will be entitled to receive:

For each Brit Share: **305 pence in cash** (the “**Brit Offer Price**”), comprising:
 280 pence in cash (the “**Cash Amount**”)
 and
 the 2014 Dividends payable by Brit amounting to **25 pence in cash** to Brit Shareholders on the relevant record date.

The Brit Offer Price values the entire issued and to be issued ordinary share capital of Brit at approximately £1.22 billion and represents a premium of approximately:

- 20.2 per cent. to the six-month volume weighted average closing price of 253.8 pence per Brit Share as of close of business on 16 February 2015;
- 11.2 per cent. to the closing price of 274.2 pence per Brit Share on 16 February 2015; and
- 27.1 per cent. to the offer price of 240.0 pence per Brit Share set at its initial public offering on 28 March 2014.

The Brit Offer Price implies a price to net tangible assets multiple of 1.73x based on Brit’s net tangible assets of £704.4 million as at 30 June 2014, the last reported date prior to the 2.7 Announcement. This price to net tangible assets multiple of 1.73x is based on the Brit Offer Price, the number of issued ordinary shares of 400,452,960 and Brit’s net tangible assets of £704.4 million as at 30 June 2014 (the Cash Amount of 280 pence represents a multiple of 1.59x Brit’s net tangible assets per share of 176.2 pence as at 30 June 2014).

The Brit Shares will be acquired pursuant to the Offer on a fully paid basis and free from all liens, charges, equities, encumbrances, rights of pre-emption and other third party rights and interests of any nature whatsoever and together with all rights attaching to them on or after 17 February 2015 including, without

limitation, voting rights and the right to receive and retain in full all dividends and other distributions (if any) declared, paid or made on or after that date, other than:

(a) the 2014 Dividends;

and, if applicable,

(b) the First Interim Dividend; and

(c) the Second Interim Dividend,

which in each case may be retained by the relevant Brit Shareholder on and subject to the terms of paragraphs 2(i) and 2(j) of Section B of Part 3.

Acceptance of the Offer by a Brit Shareholder prior to the record date for any of the dividends referred to in this paragraph 2 will not prevent the accepting Brit Shareholder from becoming entitled to receive and retain such dividend.

The Offer is conditional, among other customary competition and merger clearances, on receiving the approval of the Prudential Regulation Authority in the UK, Lloyd's and the Financial Services Commission of Gibraltar. The Offer is also conditional on acceptances being received by FGL for not less than 70 per cent. of the Brit Shares to which the Offer relates (the "**Acceptance Condition**"). The acceptances of the Offer by the Apollo Shareholders and the CVC Shareholders pursuant to their irrevocable undertakings (see paragraph 3 below) will be sufficient to satisfy the Acceptance Condition. These entities have undertaken to accept the Offer as soon as is reasonably practicable and in any event within five Business Days following the posting of the Offer Document and, accordingly, it is expected that FGL will make an announcement to confirm that the Acceptance Condition has been satisfied on or prior to 23 March 2015. The detailed conditions are set out in Section A of Part 3.

3. Irrevocable Undertakings

Fairfax and FGL have received irrevocable undertakings from the Apollo Shareholders to accept the Offer in respect of aggregate holdings of 158,999,085 Brit Shares, representing approximately 39.7 per cent. of the ordinary share capital of Brit in issue at close of business on 16 February 2015.

Fairfax and FGL have received irrevocable undertakings from the CVC Shareholders to accept the Offer in respect of aggregate holdings of 134,567,032 Brit Shares, representing approximately 33.6 per cent. of the ordinary share capital of Brit in issue at close of business on 16 February 2015.

Fairfax and FGL have also received irrevocable undertakings from Mark Cloutier, Hans-Peter Gerhardt and Dr Richard Ward, being the Brit Directors who hold Brit Shares, to accept the Offer in respect of aggregate holdings of 1,387,157 Brit Shares, representing approximately 0.35 per cent. of the ordinary share capital of Brit in issue at close of business on 16 February 2015.

Therefore, in total, Fairfax and FGL have received irrevocable undertakings to accept the Offer in respect of aggregate holdings of 294,953,274 Brit Shares, which represent approximately 73.7 per cent. of the ordinary share capital of Brit in issue on 16 February 2015.

4. Strategic Rationale

Brit's position as a market-leading global specialty insurer and reinsurer, its major presence in Lloyd's and its disciplined approach to underwriting make it a natural candidate to join Fairfax's expanding European operations and global specialty insurance platform. Brit's growing US and international reach are also highly complementary to Fairfax's existing worldwide operations and will allow Fairfax to further diversify its risk portfolio.

In addition, Brit will be able to leverage Fairfax's existing expertise in the US and international insurance and reinsurance markets, thus enhancing Brit's global product offering and providing it with expanded underwriting opportunities and support.

The acquisition fits well within the Wider Fairfax Group, and we expect it to significantly raise our profile within Lloyd's marketplace. Brit is a leader in areas where other companies within our group have more limited activity. Both Advent and Newline, within the Wider Fairfax Group, will continue to be run independently of Brit.

FGL is confident that the combination of the Fairfax Group with Brit following completion of the Proposed Acquisition will offer greater scale and reach, and the Proposed Acquisition is expected to be earnings accretive to the Fairfax Group in the medium term. In light of the funding arrangements that Fairfax and FGL have in place to complete the Offer, save as disclosed elsewhere in this Offer document, full acceptance of the Offer is not expected to have any material effect on the net assets or liabilities of the Fairfax Group.

5. Dividends

(a) 2014 Dividends

The Brit Offer Price is comprised of the Cash Amount and the 2014 Dividends.

The 2014 Dividends were announced with the publication of Brit's preliminary results on 25 February 2015, and are in aggregate a cash amount of 25 pence per Brit Share. If the 2014 Dividends are cancelled prior to being paid, the Cash Amount shall be increased by 25 pence. The relevant record date for the 2014 Dividends is 20 March 2015. Brit Shareholders who have acquired their Brit Shares after the relevant record date for the 2014 Dividends will not receive the 2014 Dividends from Brit, and therefore the total amount received by accepting Brit Shareholders who acquire their Brit Shares after such record date shall only be the Cash Amount.

(b) Interim Dividends

In addition, if the Offer has not become or been declared unconditional in all respects at or prior to 1.00 p.m. on 30 June 2015, Brit shall (if lawful) declare an interim dividend of 6.25 pence per Brit Share in favour of holders of Brit Shares on the register on 30 June 2015 (the "**First Interim Dividend**"), such First Interim Dividend to be paid by no later than 7 July 2015, irrespective of whether or not the Offer subsequently becomes or is declared unconditional in all respects. Brit Shareholders who acquire their Brit Shares after 30 June 2015 will not receive the First Interim Dividend from Brit.

Further, if (i) the Offer has not become or been declared unconditional in all respects at or prior to 1.00 p.m. on 30 September 2015 and (ii) the Offer does not lapse at such time, Brit shall (if lawful) declare a further interim dividend of 6.25 pence per Brit Share in favour of holders of Brit Shares on the register on 30 September 2015 (the "**Second Interim Dividend**"), such dividend to be paid not later than 7 October 2015, irrespective of whether or not the Offer subsequently becomes or is declared unconditional in all respects. Brit Shareholders who acquire their Brit Shares after 30 September 2015 will not receive the Second Interim Dividend from Brit.

The declaration and payment of the First Interim Dividend or the Second Interim Dividend will have no impact on the Brit Offer Price unless the First Interim Dividend or the Second Interim Dividend exceeds 6.25 pence per Brit Share, in which case the Cash Amount, and therefore the Brit Offer Price, will be reduced by the excess amount per Brit Share.

(c) Acceptances

Acceptance of the Offer by a Brit Shareholder prior to the record date for any of the dividends referred to in this paragraph 5 will not prevent the accepting Brit Shareholder from becoming entitled to receive and retain such dividend.

6. Information on Fairfax and FGL

Fairfax is a holding company which, through its subsidiaries, is engaged in property and casualty insurance and reinsurance and investment management. Fairfax was founded in 1985 by its present Chairman and Chief Executive Officer, Prem Watsa. Fairfax has been under present management since 1985 and is headquartered in Toronto, Canada. Its common shares are listed on the Toronto Stock Exchange under the symbol FFH and in US dollars under the symbol FFH.U.

Fairfax operates through a decentralised operating structure, with autonomous management teams applying a focused underwriting strategy to its markets. Fairfax seeks to differentiate itself by combining disciplined underwriting with the investment of its assets on a total return basis, which it believes provides above-average returns over the long-term. Fairfax provides a full range of property and casualty products, maintaining a diversified portfolio of risks across classes of business, geographic regions and types of insureds.

Fairfax conducts its business through the following segments, with each of its continuing operations maintaining a strong position in its respective markets:

(a) **Reinsurance**

Fairfax's reinsurance business is conducted through OdysseyRe, Group Re, Advent and Polish Re. OdysseyRe is a US based underwriter of a full range of property and casualty reinsurance on a worldwide basis. Group Re (and its subsidiaries) primarily participate in the reinsurance of Fairfax's subsidiaries by quota share or through participation in third party reinsurance programs. Group Re also writes third party business. Advent, based in the UK, is a reinsurance and insurance company, operating through Syndicate 780 at Lloyd's, focused on specialty property reinsurance and insurance risks. Polish Re, based in Warsaw, Poland, writes reinsurance business in the Central and Eastern European regions.

(b) **Insurance**

Fairfax's insurance business is conducted across Canada, the US, Asia and Brazil, and covers the following lines:

- commercial and personal lines of property;
- casualty insurance primarily;
- commercial property;
- pet health insurance plans;
- workers' compensation insurance; and
- professional and specialty liability insurance.

Fairfax's invested assets have been managed by its wholly-owned investment management subsidiary, Hamblin Watsa, since September 1985 and Hamblin Watsa emphasises a conservative investment philosophy, seeking to invest Fairfax's assets on a total return basis, which includes realised and unrealised gains over the long-term, using a value-oriented approach.

Fairfax's insurance operations primarily use brokers to distribute their business and in some instances will distribute through agents or directly to the customer. They may also conduct business through third parties such as managing general agents where it is cost effective to do so and where Fairfax can control the underwriting process to ensure Fairfax risk management criteria are met. Fairfax insurance operations have relationships with many different types of brokers including independent retail brokers, wholesale brokers and national brokers depending on the particular jurisdiction. Each of these channels has its own distinct distribution characteristics and customers. Fairfax reinsurance operations are dependent primarily on a limited number of international reinsurance brokers.

FGL is a wholly-owned subsidiary of Fairfax incorporated in Ontario, Canada. The principal activity of FGL is to act as a holding company within the Wider Fairfax Group.

For the six months ended 31 December 2014, Fairfax reported profit before tax of US\$ 695.4 million. For the twelve months ended 31 December 2014, Fairfax reported profit before tax of US\$ 2,337.9 million, and as at 31 December 2014 had total assets of US\$ 36,131.2 million.

7. **Information on Brit**

Brit is a leading global specialty insurer and reinsurer, underwriting policies in the Lloyd's market across a broad range of commercial insurance and reinsurance classes with a strong focus on Property, Casualty and Energy business. Having streamlined its business in recent years, the Brit Group's underwriting is now focused on the Syndicate, which is one of the largest syndicates at Lloyd's (based on total owned underwriting capacity). The Syndicate is "aligned" (i.e. its sole Lloyd's member, Brit UW Limited, and its managing agent, Brit Syndicates Limited, are both in the same corporate group) and benefits from the strong financial strength ratings assigned to Lloyd's. The focus on the Lloyd's platform also affords the Brit Group significant capital and expense efficiencies which alongside its disciplined underwriting approach have enabled Brit to generate attractive returns in recent years.

8. Intentions

It is FGL's intention to retain control of Brit for the long term following completion of the Proposed Acquisition. However, it reserves the right to sell down minority positions in Brit after completion of the Proposed Acquisition, subject to FGL retaining control of Brit at all times, and to receiving appropriate regulatory approvals.

FGL recognises the success of the Chairman, Dr Richard Ward, and CEO, Mark Cloutier, of Brit, and the Brit senior management team in creating significant value in a relatively short period of time. FGL is fully supportive of the management's business plan and strategy, and intends to retain Mark Cloutier and the existing key management team. This will enable Brit to continue to be run on a decentralised basis and independently under that team's leadership post-acquisition, although there will be, from time to time, group-wide strategic meetings and senior level discussions involving the businesses owned by the Fairfax Group, in which Brit management will be expected to participate, which may have an effect on Brit's strategy or handling of particular material incidents as they arise.

Fairfax businesses operate on a decentralised basis, although asset and investment management is carried out centrally by Fairfax's wholly-owned investment management subsidiary, Hamblin Watsa, in Canada. Following the Offer becoming or being declared unconditional in all respects, FGL intends that Brit will follow this model. In the event that the small number of staff within Brit's existing investment management function are impacted, then Brit and FGL will seek to find other suitable alternative employment opportunities, failing which consideration will need to be given to possible redundancies. FGL has no intention to amend existing employment rights, including pension rights, of the management and employees.

Brit operates a defined benefit pension scheme for past and present employees which is closed to new members and to future accrual. Brit has previously agreed a recovery plan with the pension scheme trustee to repair any deficit in that scheme. FGL does not intend to make any changes to these arrangements.

FGL has no current intentions to change Brit's place of business, or to redeploy the fixed assets of Brit. Save as set out above, FGL's current plans for Brit do not involve any repercussions to the conditions of employment of Brit Group employees.

FGL does not expect to see Brit's business affected by the Offer, other than with respect to the matters mentioned above in this paragraph 8.

9. Financing and ratings

The Offer will be funded either through Fairfax's existing resources, or through committed financing it and FGL have obtained for the full amount of the consideration required from BMO pursuant to the Commitment Letter (further details of which are provided in paragraph 8(c) of Part 7), or through a combination of both. Fairfax also continues to consider all forms of financing that may be beneficial to its shareholders.

It is, however, Fairfax's current intention to fund the acquisition from its existing resources, which have been supplemented recently through the net proceeds of the following:

- (i) an agreement with a syndicate of underwriters led by BMO Capital Markets, under which the underwriters agreed to buy on a bought deal basis 1.15 million Subordinate Voting Shares at a price of C\$650.00 per Subordinate Voting Share for aggregate gross proceeds of C\$748 million (the "**Subordinate Voting Share Offering**");
- (ii) an issue in Canada of 9.2 million Preferred Shares, Series M ("**Series M Shares**") at a price of C\$25.00 per share, for aggregate gross proceeds of C\$230 million, on a bought deal basis to a syndicate of Canadian underwriters led by BMO Capital Markets, RBC Capital Markets and Scotia Capital Inc. (the "**Preferred Share Offering**"); and
- (iii) an issue of C\$350 million in aggregate principal amount of Senior Notes due 2025 on a bought deal basis to a syndicate of underwriters led by BMO Capital Markets, RBC Capital Markets and Scotiabank (the "**Notes Offering**").

The total gross proceeds of the Subordinate Voting Share Offering, Preferred Share Offering and Notes Offering are approximately US\$1.328 billion.

Fairfax intends to use the net proceeds of the Subordinate Voting Share Offering, the Preferred Share Offering and the Notes Offering, together with its existing cash and cash equivalent resources to fund the Offer, and continues to consider all forms of financing that may be beneficial to its shareholders. However, for cash confirmation purposes under Rule 24.8 of the Code, and as noted above, Fairfax and FGL have also obtained committed financing pursuant to the Commitment Letter for the full amount of the consideration required.

RBC Capital Markets, financial adviser to Fairfax, is satisfied that resources available to Fairfax are sufficient to satisfy in full the cash consideration payable to Brit Shareholders under the terms of the Offer.

Fairfax is assigned an issuer rating of Baa3 with a “Stable” outlook by Moody’s and a BBB issuer rating by DBRS with stable trend. Standard & Poor’s (“S&P”) recently affirmed the issuer credit rating on Fairfax to “BBB–”, however, following the announcement of the Offer, S&P revised the outlook rating of Fairfax to negative from stable, in light of a perceived reduction in the group’s capital adequacy.

10. Brit Share Plans

The Offer extends to any Brit Shares which are unconditionally allotted or issued under the Brit Share Schemes before the date on which the Offer closes.

Participants in the Brit Share Schemes will be contacted regarding the effect of the Offer on their rights under these schemes and provided with further details concerning the proposals which Fairfax is making to them. Details of these proposals will be set out in separate letters to be sent to participants in the Brit Share Schemes.

In the case of awards over shares under the Brit Long Term Incentive Plan, 35 per cent. of each award will vest at the time when the Offer becomes unconditional. The remainder of each award will lapse and Fairfax will offer participants the opportunity to receive replacement awards over shares in Fairfax. These replacement awards will take the form of either restricted stock or zero cost options over shares in Fairfax. The replacement awards will be granted on the basis of a Brit share value of 280p and with a face value equivalent to 60 per cent. of the existing award. These replacement awards will not be subject to any performance conditions and will vest in 2018. In the opinion of the Brit Directors, these replacement awards will be of equivalent value to the awards which lapse.

Brit has confirmed that it does not propose to grant awards under the Brit Long Term Incentive Plan in 2015. Fairfax has agreed that instead it will, following the Offer becoming unconditional, grant awards to Brit employees over restricted shares (or nil cost options over shares) in Fairfax with a value of approximately £4.8 million.

J.P. Morgan Cazenove has confirmed to the Board of Brit that it considers the proposed arrangements detailed above to be fair and reasonable for the purposes of the Code.

11. Delisting

If FGL receives acceptances under the Offer in respect of, and/or otherwise acquires, 75 per cent. or more of the voting rights in the Brit Shares and assuming that all of the other conditions of the Offer have been satisfied or waived (if capable of being waived), then FGL will seek to delist Brit from the main market of the London Stock Exchange and may convert Brit into a private limited company. In such circumstances, it is anticipated that the cancellation of Brit’s listing on the Official List and its cessation of trading will take effect no earlier than 20 Business Days following the date of which the Offer becomes or is declared unconditional in all respects.

12. Management Incentivisation

Fairfax may consider other incentivisation arrangements for Brit employees to take effect following completion, but no proposals have yet been made or any agreement reached, and only limited high level discussions between Fairfax and the Brit Directors have taken place.

13. United Kingdom taxation

The attention of Brit Shareholders is drawn to Part 6 to this document which sets out a general guide to certain aspects of the UK tax treatment of acceptance of the Offer, based on current legislation and practice.

If you are in any doubt about your own tax position or you are subject to taxation in any jurisdiction other than the United Kingdom, you should consult an appropriately qualified independent professional adviser immediately.

14. Overseas shareholders

The attention of Brit Shareholders who are citizens or residents of jurisdictions outside the United Kingdom or who are holding shares for such citizens or residents and any person (including, without limitation, any custodian, nominee or trustee) who may have an obligation to forward any document in connection with the Offer outside the United Kingdom is drawn to paragraph 8 of Section B, paragraph (c) of Section C and/or paragraph (b) of Section D of Part 3 to this document and to the relevant provisions of the Form of Acceptance, which they should read before taking any action.

The availability of the Offer to Brit Shareholders who are not resident in the United Kingdom may be affected by the laws of their relevant jurisdiction. Such persons should inform themselves of, and observe, any applicable legal or regulatory requirements of their jurisdiction. If you remain in any doubt, you should consult your professional adviser in the relevant jurisdiction without delay.

15. Procedure for acceptance of the Offer

Brit Shareholders who hold their Brit Shares in certificated form should read this paragraph 15 in conjunction with the Form of Acceptance and Sections B and C of Part 3 to this document. Brit Shareholders who hold their shares in uncertificated form (that is, through CREST), should read this section in conjunction with Sections B and D of Part 3 to this document. The instructions on the Form of Acceptance are deemed to form part of the terms of the Offer.

(a) Brit Shares held in certificated form (that is, not in CREST)

(i) Completion of the Form of Acceptance

To accept the Offer in respect of Brit Shares held in certificated form (that is, not in CREST), you must complete the Form of Acceptance in accordance with the instructions set out below and on the Form of Acceptance. You should complete separate Forms of Acceptance for Brit Shares held in certificated form but under different designations. If you have any queries as to how to complete the Form of Acceptance, please telephone the Receiving Agent, Computershare Investor Services PLC, between 8.30 a.m. and 5.30 p.m. Monday to Friday (except UK public holidays) on 0870 889 3156 or, if calling from outside the United Kingdom, +44 (0) 870 889 3156. **Additional Forms of Acceptance are available from the Receiving Agent upon request.**

To accept the Offer in respect of all your Brit Shares in certificated form, you must complete Box 1 and sign Box 2 of the enclosed Form of Acceptance. In all cases, if you are an individual, you must sign Box 2A on the Form of Acceptance in the presence of a witness who should also sign in accordance with the instructions printed on it. Any Brit Shareholder which is a company should execute Box 2B of the Form of Acceptance in accordance with the instructions printed on it. If you do not insert a number in Box 1 of the Form of Acceptance, or if you insert in Box 1 a number which is greater than the number of Brit Shares that you hold and you have signed Box 2, your acceptance will be deemed to be in respect of all the Brit Shares held by you.

To accept the Offer in respect of less than all your Brit Shares in certificated form, you must insert in Box 1 on the enclosed Form of Acceptance such lesser number of Brit Shares in respect of which you wish to accept the Offer in accordance with the instructions printed thereon. You should then follow the procedure set out in this paragraph (a) above in respect of such lesser number of Brit Shares.

(ii) Return of the Form of Acceptance

To accept the Offer in respect of Brit Shares held in certificated form, the completed, signed and (where applicable) witnessed Form of Acceptance should be returned by post at Computershare, Corporate Actions Projects, Bristol, BS99 6AH or (during normal business hours) by hand at the Receiving Agent, Computershare Investor Services PLC, at The Pavilions, Bridgwater Road, Bristol, BS13 8AE, together (subject to paragraph 15(a)(iii) below) with the relevant share certificate(s) and/or other document(s) of title, as soon as possible and, in any event, so as to be received not later than 1.00 p.m. on the Closing Date. A reply-paid envelope for use in the UK

only is enclosed for your convenience. No acknowledgement of receipt of documents will be given.

Any Form of Acceptance received in an envelope post-marked in any Restricted Jurisdiction or otherwise appearing to FGL or its agents to have been sent from any such Restricted Jurisdiction may be rejected as an invalid acceptance of the Offer. For further information on Brit Shareholders resident overseas, see paragraph 14 of this letter above.

(iii) Share certificates not readily available or lost

If your Brit Shares are in certificated form, a completed, signed and (where applicable) witnessed Form of Acceptance should be accompanied by the relevant share certificate(s) and/ or other document(s) of title. If for any reason the relevant share certificate(s) and/or other document(s) of title is/are not readily available or is/are lost, you should nevertheless complete, sign and lodge the Form of Acceptance as stated above so as to be received by post at Computershare, Corporate Actions Projects, Bristol, BS99 6AH or (during normal business hours) by hand at the Receiving Agent, Computershare Investor Services PLC, at The Pavilions, Bridgwater Road, Bristol, BS13 8AE, not later than 1.00 p.m. on the Closing Date. You should send with the Form of Acceptance any share certificate(s) and/or other document(s) of title which you may have available, accompanied by a letter stating that the remaining documents will follow as soon as possible or that you have lost one or more of your share certificate(s) and/or other document(s) of title.

You should then arrange for the relevant share certificate(s) and/or other document(s) of title to be forwarded as soon as possible. If you have lost your share certificate(s) and/or other document(s) of title, you should write as soon as possible to Brit's registrars, Computershare Investor Services PLC, requesting a letter of indemnity for the lost share certificate(s) and/or other document(s) of title which, when completed in accordance with the instructions given, should be returned by post at Computershare, Corporate Actions Projects, Bristol, BS99 6AH or (during normal business hours) by hand at the Receiving Agent, Computershare Investor Services PLC, at The Pavilions, Bridgwater Road, Bristol, BS13 8AE.

(iv) Validity of acceptances

Without prejudice to Sections B and C of Part 3 to this document, subject to the provisions of the Takeover Code, FGL reserves the right to treat as valid in whole or in part any acceptance of the Offer which is not entirely in order or which is not accompanied by the relevant share certificate(s) and/or other document(s) of title. In that event, no payment of cash under the Offer will be made until after the relevant share certificate(s) and/or other document(s) of title or indemnities reasonably satisfactory to FGL have been received.

(b) **Brit Shares held in uncertificated form (that is, in CREST)**

(i) General

If your Brit Shares are in uncertificated form, to accept the Offer you should take (or procure the taking of) the action set out below to transfer the Brit Shares in respect of which you wish to accept the Offer to the appropriate escrow balance(s), specifying Computershare Investor Services PLC (in its capacity as a CREST participant under the Escrow Agent's participant ID referred to below) as the Escrow Agent, as soon as possible **and in any event so that the TTE instruction settles not later than 1.00 p.m. on the Closing Date**. Note that settlement cannot take place on weekends or bank holidays (or other times at which the CREST system is non-operational) — you should therefore ensure you time the input of any TTE instructions accordingly.

The input and settlement of a TTE instruction in accordance with this paragraph will (subject to satisfying the requirements set out in Sections C and D of Part 2) constitute an acceptance of the Offer in respect of the number of Brit Shares so transferred to escrow.

If you are a CREST sponsored member, you should refer to your CREST sponsor before taking any action. Only your CREST sponsor will be able to send the TTE instructions(s) to Euroclear in relation to your Brit Shares.

After settlement of a TTE instruction, you will not be able to access the Brit Shares concerned in CREST for any transaction or charging purposes. If the Offer becomes or is declared unconditional in all respects, the Escrow Agent will transfer the Brit Shares concerned in accordance with paragraph (d)(i) of Section D of Part 3 to this document.

You are recommended to refer to the CREST Manual issued by Euroclear for further information on the CREST procedure outlined below.

You should note that Euroclear does not make available special procedures, in CREST, for any particular corporate action. Normal system timings and limitations will therefore apply in connection with a TTE instruction and its settlement. You should therefore ensure that all necessary action is taken by you (or by your CREST sponsor) to enable a TTE instruction relating to your Brit Shares to settle prior to 1.00 p.m. on the Closing Date. In this connection, you are referred in particular to those sections of the CREST Manual concerning the practical limitations of the CREST system and timings.

(ii) To accept the Offer

To accept the Offer in respect of Brit Shares held in uncertificated form, you should send (or, if you are a CREST sponsored member, procure that your CREST sponsor sends) to Euroclear a TTE instruction in relation to such shares. A TTE instruction to Euroclear must be properly authenticated in accordance with Euroclear's specifications for transfers to escrow and must contain the following details:

- the ISIN number for the Brit Shares which is GB00BKR3L73;
- the number of Brit Shares in uncertificated form in respect of which the Offer is to be accepted (i.e. the number of Brit Shares to be transferred to escrow);
- the member account ID and participant ID of the accepting Brit Shareholder;
- the participant ID of the Escrow Agent (this is 3RA49);
- the member account ID of the Escrow Agent for the Offer (this is BRIFFH01);
- the intended settlement date (this should be as soon as possible and in any event no later than 1.00 p.m. on the Closing Date);
- the corporate action number for the Offer (this is allocated by Euroclear and shall be available on a screen from Euroclear);
- input with standard delivery instruction priority of 80; and
- the contact name and telephone number of the accepting Brit Shareholder inserted in the shared note field.

(iii) Validity of acceptances

Holders of Brit Shares in uncertificated form who wish to accept the Offer should note that a TTE instruction will only be a valid acceptance of the Offer as at the relevant Closing Date if it has settled on or before 1.00 p.m. on that date. A Form of Acceptance which is received in respect of Brit Shares held in uncertificated form may be treated as an invalid acceptance and may be disregarded.

The attention of Brit Shareholders holding Brit Shares in uncertificated form and who are citizens or residents of jurisdictions outside the UK is drawn to paragraph 8 of Part B and paragraph (b) of Section D of Part 3.

(iv) General

Normal CREST procedures (including timings) apply in relation to any Brit Shares that are, or are to be, converted from uncertificated to certificated form, or from certificated to uncertificated form, during the course of the Offer (whether any such conversion arises as a result of a transfer of Brit Shares or otherwise). Holders of Brit Shares who are proposing so to convert any such shares are recommended to ensure that the conversion procedures are implemented in sufficient time to enable the person holding or acquiring the shares as a result of the conversion to take all necessary steps in connection with an acceptance of the Offer (in particular, as regards

delivery of share certificate(s) and/or other documents of title or transfers to an escrow balance as described above) prior to 1.00 p.m. on the Closing Date.

If you are in any doubt as to the procedure for acceptance of the Offer, please contact the Receiving Agent, Computershare Investor Services PLC, at Computershare, Corporate Actions Projects, Bristol, BS99 6AH or by telephone between 8.30 a.m. and 5.30 p.m. Monday to Friday (except UK public holidays) on 0870 889 3156. You are reminded that, if you are a CREST sponsored member, you should contact your CREST sponsor before taking any action.

(c) Settlement

Subject to the Offer becoming or being declared unconditional in all respects (and except as provided in paragraph 8 of Section B of Part 3 to this document in the case of certain overseas shareholders), settlement of the consideration to which any Brit Shareholder (or the first-named shareholder in the case of joint holders) is entitled under the Offer will be effected: (i) in the case of acceptances received, complete in all respects, by the date on which the Offer becomes or is declared unconditional in all respects, within 14 calendar days or, to the extent practicable, seven to ten calendar days of such date; and (ii) in the case of acceptances received, complete in all respects, after such date but prior to the Closing Date, within 14 calendar days or, to the extent practicable, seven to ten calendar days of such receipt, in the following manner:

(i) Brit Shares in certificated form (that is, not in CREST)

Where an acceptance relates to Brit Shares in certificated form, settlement of any cash due will be despatched by first class post (or such other method as may be approved by the Panel) to accepting Brit Shareholders or their appointed agents (but not into any Restricted Jurisdiction). All such cash payments will be made in pounds sterling by cheque drawn on a branch of a United Kingdom clearing bank.

(ii) Brit Shares in uncertificated form (that is, in CREST)

Where an acceptance relates to Brit Shares in uncertificated form, the cash consideration to which the accepting Brit Shareholder is entitled will be paid by means of a CREST payment in favour of the accepting Brit Shareholder's payment bank in respect of the cash consideration due, in accordance with CREST payment arrangements. FGL reserves the right to settle all or any part of the consideration referred to in this paragraph, for all or any accepting Brit Shareholder(s), in the manner referred to in paragraph (c)(i) above, if, for any reason, it wishes to do so except in circumstances where an accepting Brit Shareholder has informed the Receiving Agent in writing prior to the Offer being declared unconditional in all respects that it is unwilling to accept settlement of the consideration by cheque.

(d) General

If the Offer does not become or is not declared unconditional in all respects:

- (i)** in the case of Brit Shares held in certificated form, the relevant Form of Acceptance, share certificate(s) and/or other document(s) of title will be returned by post (or by such other method as may be approved by the Panel) within 14 calendar days or, to the extent practicable, seven to ten calendar days of the Offer lapsing to the person or agent whose name and address (outside a Restricted Jurisdiction) is set out in the Form of Acceptance or, if none is set out, to the first-named holder at his or her registered address (provided that no such documents will be sent to an address in a Restricted Jurisdiction); and
- (ii)** in the case of Brit Shares held in uncertificated form, the Escrow Agent will, immediately after the lapsing of the Offer (or within such longer period as the Panel may permit, not exceeding 14 calendar days or, to the extent practicable, seven to ten calendar days of the lapsing of the Offer), give TFE instructions to Euroclear to transfer all Brit Shares held in escrow balances and in relation to which it is the Escrow Agent for the purposes of the Offer to the original available balances of the Brit Shareholders concerned.

All remittances, communications, notices, certificates and documents of title sent by, to or from Brit Shareholders or their appointed agents will be sent at their own risk.

(e) **Action to be taken**

(i) **If you hold Brit Shares in certificated form:**

If you hold your Brit Shares, or any of them, in certificated form (that is, NOT in CREST), to accept the Brit Offer in respect of those Brit Shares, you should complete, sign and return the enclosed Form of Acceptance along with your valid share certificate(s) and/or any other relevant documents of title as soon as possible and, in any event, so as to be received by post at Computershare, Corporate Actions Projects, Bristol, BS99 6AH or (during normal business hours) by hand at the Receiving Agent, Computershare Investor Services PLC, at The Pavilions, Bridgwater Road, Bristol BS99 8AE **by no later than 1.00 p.m. on the Closing Date**. Further details on the procedures for acceptance of the Offer if you hold any of your Brit Shares in certificated form are set out in paragraph 15(a) of this letter, Section C of Part 3 to this document and in the accompanying Form of Acceptance. A reply-paid envelope for use within the UK only is enclosed for your convenience and may be used by holders of Brit Shares in certificated form in the UK for returning their Forms of Acceptance.

(ii) **If you hold Brit Shares in uncertificated form:**

If you hold your Brit Shares, or any of them, in uncertificated form (that is, in CREST), to accept the Offer in respect of those Brit Shares, you should follow the procedure for Electronic Acceptance through CREST so that the TTE instruction settles as soon as possible and, in any event, **by no later than 1.00 p.m. on the Closing Date**. Further details on the procedures for acceptance of the Offer if you hold any of your Brit Shares in uncertificated form are set out in paragraph 15(b) of this letter and in Section D of Part 3 to this document. If you hold your Brit Shares through a CREST sponsored member, you should refer acceptance of the Offer to your CREST sponsor as only your CREST sponsor will be able to send the necessary TTE instruction to Euroclear.

The Offer shall remain open for acceptances until the Closing Date. Accepting shareholders should note that they will be able to withdraw their acceptance of the Offer at any time prior to the Offer becoming or being declared unconditional in all respects, but not thereafter, pursuant to paragraph 6 of Section B to Part 3 of this Offer Document.

Yours faithfully,

V. Prem Watsa
President and Director of FFHL Group Ltd.

For and on behalf of
FFHL Group Ltd.

PART 3: CONDITIONS AND FURTHER TERMS OF THE OFFER

Section A: Conditions of the Offer

The Offer complies with the Code, is governed by English law and is subject to the exclusive jurisdiction of the English courts. In addition, the Offer is subject to the following conditions:

Acceptance Condition

- (a) valid acceptances of the Offer being received (and not, where permitted, withdrawn) by no later than 1.00 p.m. on 15 April 2015 or the next following Business Day (or such later time(s) and/or date(s), falling no later than 1.00 p.m. on 30 September 2015, as FGL and Brit may agree) in respect of not less than 70 per cent. (or such lower percentage as FGL may, subject to the Code, decide) of the Brit Shares to which the Offer relates and of the voting rights attached to those shares, provided that this Condition shall not be satisfied unless FGL, together with its wholly owned subsidiaries (if any), shall have acquired or agreed to acquire (whether pursuant to the Offer or otherwise), Brit Shares which carry in aggregate more than 70 per cent. of the voting rights then normally exercisable at a general meeting of Brit, including for this purpose (except to the extent otherwise agreed by the Panel) any such voting rights attaching to Brit Shares that are unconditionally allotted or issued before the Offer becomes or is declared unconditional as to acceptances whether pursuant to the exercise of any outstanding subscription or conversion rights or otherwise.

For the purposes of this Condition:

- (i) Brit Shares which have been unconditionally allotted but not issued before the Offer becomes or is declared unconditional as to acceptances, whether pursuant to the exercise of any outstanding subscription or conversion rights or otherwise, shall be deemed to carry the voting rights they shall carry upon issue;
- (ii) the expression “**Brit Shares to which the Offer relates**” shall be construed in accordance with Chapter 3 of Part 28 of the Companies Act;
- (iii) Brit Shares (if any) that cease to be held in treasury before the Offer becomes or is declared unconditional as to acceptances are Brit Shares to which the Offer relates; and
- (iv) acquisitions of, or contracts to acquire, Brit Shares by FGL or by its associates to which sections 979(8) and (9) of the Companies Act apply shall be treated as valid acceptances and for these purposes “associates” shall be construed in accordance with section 988 of the Companies Act;

European Commission

- (b) insofar as the Offer falls within the scope of Council Regulation (EC) No 139/2004 (the “**Regulation**”):
- (i) the European Commission taking a decision, on terms reasonably satisfactory to FGL, that it does not intend to initiate proceedings under Article 6(1) of the Regulation in relation to the Offer or any matter arising from or relating to the Offer (or being deemed to have done so under Article 10(6) of the Regulation);
- (ii) if the European Commission makes a referral under Article 4(4) or 9(1) of the Regulation to the competent National Competition Authority (“**NCA**”) of any Member State other than the UK, that NCA taking a decision, on terms reasonably satisfactory to FGL, of equivalent effect to that set out in sub-paragraph (i) above;

Other anti-trust/merger clearances

- (c) in so far as the Offer meets the filing thresholds under the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended (“**HSR Act**”), the expiration or termination of the waiting period under the HSR Act;

Merger control clearance in any other jurisdiction

- (d) to the extent that any other merger control consents or approvals are required prior to the completion of the Offer according to the law of any other jurisdiction, all relevant notifications or filings having

been made, all appropriate waiting periods (including any extensions thereof) having expired, lapsed or been terminated and all such clearances or approvals having been granted (or being deemed to have been granted in accordance with the relevant law) provided that each such clearance or approval has an equivalent effect to the decision referred to in paragraph (b)(i) above and is on terms reasonably satisfactory to FGL;

Regulatory Clearances

- (e) the PRA notifying Fairfax or FGL pursuant to section 189(4)(a) of the Financial Services and Markets Act 2000 (“**FSMA**”) (or issuing a decision notice under section 189(7) FSMA, in terms which do not impose any conditions, obligations or restrictions on the Wider Fairfax Group or the Wider Brit Group that are material in the context of their respective businesses and/or the Proposed Acquisition) that it approves any acquisition or increase in control (as defined in sections 181 and 182 FSMA) over Brit Syndicates Limited by any member of the Wider Fairfax Group which, in either case, would take place as a result of the Proposed Acquisition or its implementation, or the PRA being treated as having given such approval under section 189(6) of FSMA;
- (f) the Financial Services Commission of Gibraltar (“**FSCG**”) approving the proposed acquisition of a qualifying holding in respect of Brit Insurance (Gibraltar) PCC Limited by each member of the Wider Fairfax Group that will acquire such a qualifying holding within the meaning of Act 1987-10 of Gibraltar (the Financial Services (Insurance Companies) Act) (as amended) either in writing or by virtue of the FSCG being treated as having such approval under section 39B(5) of such Act;
- (g) Lloyd’s giving its prior written consent, pursuant to: (i) paragraph 43 of the Lloyd’s Underwriting Byelaw, in respect of each member of the Wider Fairfax Group that will become a controller of Brit Syndicates Limited; and (ii) paragraph 12 of the Lloyd’s Membership Byelaw, in respect of each member of the Wider Fairfax Group that will become a controller of Brit UW Limited; in each case as would take place as a result of the Proposed Acquisition or its implementation and in each case within the meaning of the relevant byelaw;

Other third party clearances

- (h) other than in relation to the competition law and regulatory approvals referred to in paragraphs (b) to (g) above, no government or governmental, quasi-governmental, supranational, statutory, administrative or regulatory body or association, institution or agency (including any trade agency) or any court or other body (including any professional or environmental body) or person in any jurisdiction (each a “**Relevant Authority**”) having decided to take, institute or threaten any action, proceeding, suit, investigation, enquiry or reference or enacted, made or proposed and there not continuing to be outstanding any statute, regulation, order or decision that would or might reasonably be expected to (in any case which is material in the context of the Offer):
 - (i) make the Proposed Acquisition or other acquisition of Brit Shares, or control or management of Brit by FGL or any member of the Wider Fairfax Group void, unenforceable or illegal in any jurisdiction or directly or indirectly prohibit or otherwise restrict, delay or interfere with the implementation of, or impose additional conditions or obligations with respect to, or otherwise challenge or require amendment to the terms of, the Offer or the Proposed Acquisition or other acquisition of any Brit Shares, or control or management of Brit by FGL or any member of the Wider Fairfax Group;
 - (ii) require, prevent or delay the divestiture (or alter the terms of any proposed divestiture) by the Wider Fairfax Group or the Wider Brit Group of all or any part of their respective businesses, assets or properties or impose any material limitation on their ability to conduct their respective businesses and to own, control or manage their respective assets or properties;
 - (iii) impose any limitation on, or result in any delay in, the ability of any member of the Wider Fairfax Group to acquire or hold or to exercise effectively, directly or indirectly, all or any rights of ownership of shares or other securities (or the equivalent) in, or to exercise management control over, any member of the Wider Brit Group or on the ability of any member of the Wider Brit Group to hold or exercise effectively, directly or indirectly, all or any rights of ownership of shares or other securities (or the equivalent) in, or to exercise management control over, any other member of the Wider Brit Group;

- (iv) require any member of the Wider Fairfax Group or of the Wider Brit Group to acquire or offer to acquire any shares or other securities (or the equivalent) or interest in any member of the Wider Brit Group or any member of the Wider Fairfax Group owned by a third party (other than in the implementation of the Offer);
- (v) impose any limitation on, or result in any delay in, the ability of any member of the Wider Fairfax Group or the Wider Brit Group to integrate or co-ordinate its business, or any part of it, with the businesses or any part of the businesses of any other member of the Wider Fairfax Group and/or the Wider Brit Group;
- (vi) result in any member of the Wider Fairfax Group or any member of the Wider Brit Group ceasing to be able to carry on business under any name under which it presently does so; or
- (vii) otherwise adversely affect the business, assets, financial or trading position or profits or prospects of any member of the Wider Fairfax Group or of the Wider Brit Group,

and all applicable waiting and other time periods (including extensions thereof) during which any such Relevant Authority could decide to take, institute or threaten any such action, proceeding, suit, investigation, enquiry or reference having expired, lapsed or been terminated;

- (i) other than in relation to the competition law and regulatory approvals referred to in paragraphs (b) to (g) above, all material filings, applications and/or notifications which are necessary or reasonably considered appropriate by Fairfax or FGL having been made and all relevant waiting periods and other time periods (including any extensions thereof) under any applicable legislation or regulation of any jurisdiction having expired, lapsed or been terminated and all applicable statutory or regulatory obligations in any jurisdiction having been complied with in each case in respect of the Offer and the Proposed Acquisition or other acquisition of any shares or other securities in, or control or management of, Brit or any member of the Wider Brit Group by any member of the Wider Fairfax Group or the carrying on by any member of the Wider Brit Group of its business;
- (j) other than in relation to the competition law and regulatory approvals referred to in paragraphs (b) to (g) above, all material authorisations, orders, grants, recognitions, confirmations, licences, consents, clearances, permissions and approvals which are necessary or reasonably considered appropriate by Fairfax or FGL in any jurisdiction for or in respect of the Proposed Acquisition and other acquisition of any Brit Shares, or control of Brit, by FGL or any member of the Wider Fairfax Group being obtained on terms and in a form reasonably satisfactory to Fairfax or FGL from appropriate Relevant Authorities, or from any persons or bodies with whom any member of the Wider Fairfax Group or the Wider Brit Group has entered into contractual arrangements or material business relationships, and such authorisations, orders, grants, recognitions, confirmations, licences, consents, clearances, permissions and approvals, together with all authorisations, orders, grants, recognitions, confirmations, licences, consents, clearances, permissions and approvals necessary or reasonably considered appropriate for any member of the Wider Brit Group to carry on its business, remaining in full force and effect and no intimation of any intention to revoke, suspend, restrict or modify or not to renew any of the same having been made and all necessary statutory or regulatory obligations in any jurisdiction having been complied with;

Confirmation of absence of adverse circumstances

- (k) except as Disclosed, there being no provision of any agreement, arrangement, regulatory authorisation, status licence or other instrument to which any member of the Wider Brit Group is a party or by or to which any such member or any of its assets is or may be bound, entitled or subject which, as a result of the implementation of the Proposed Acquisition or other acquisition by FGL or any member of the Wider Fairfax Group of any Brit Shares, or change in the control or management of Brit or otherwise, would or might reasonably be expected to result in (in each case to an extent which is material in the context of the Wider Brit Group taken as a whole):
 - (i) any monies borrowed by or any other indebtedness (actual or contingent) of, or any grant available to, any such member of the Wider Brit Group becoming repayable, or capable of being declared repayable, immediately or earlier than the stated repayment date or the ability of such member to borrow monies or incur any indebtedness being withdrawn or inhibited;
 - (ii) the creation or enforcement of any mortgage, charge or other security interest over the whole or any material part of the business, property or assets of any such member of the Wider Brit Group

or any such mortgage, charge or other security interest (whenever arising or having arisen) becoming enforceable;

- (iii) any assets or interest of any such member of the Wider Brit Group being or falling to be disposed of or ceasing to be available to any member of the Wider Brit Group or any right arising under which any such asset or interest could be required to be disposed of or could cease to be available to any member of the Wider Brit Group;
- (iv) the interest or business of any such member of the Wider Brit Group in or with any other person, firm or company (or any agreements or arrangements relating to such interest or business) being terminated or adversely modified or affected;
- (v) any such member of the Wider Brit Group ceasing to be able to carry on business under any name under which it presently does so;
- (vi) the value of any such member of the Wider Brit Group or its financial or trading position or prospects being prejudiced or adversely affected;
- (vii) any such agreement, arrangement, regulatory authorisation, status, permission, licence or other instrument being terminated or adversely modified or any onerous obligation arising or any adverse action being taken or arising thereunder;
- (viii) the creation of any material liabilities (actual or contingent) by any such member of the Wider Brit Group; or
- (ix) any requirement on any such member to acquire, subscribe, pay up or repay any shares or other securities (or the equivalent);

and no event having occurred which, under any provision of any agreement, arrangement, licence or other instrument to which any member of the Wider Brit Group is a party or by or to which any such member or any of its assets may be bound or be subject, might reasonably be expected to result in any events or circumstances as are referred to in this paragraph (k) (in each case to an extent which is material in the context of the Wider Brit Group taken as a whole);

No material transactions, claims or changes in the conduct of the business of the Brit Group

- (l) except as Disclosed, no member of the Wider Brit Group having since 31 December 2014:
 - (i) issued or agreed to issue or authorised or proposed the issue of additional shares of any class, or securities convertible into, or exchangeable for, or rights, warrants or options to subscribe for or acquire, any such shares or convertible or exchangeable securities or transferred or sold (or agreed to transfer or sell) any shares out of treasury (except, where relevant, as between Brit and its wholly owned subsidiaries or between its wholly owned subsidiaries, save in connection with the on-going operation of the Brit Share Schemes (in accordance with their respective terms) or as provided for in the Co-operation Agreement;
 - (ii) recommended, declared, paid or made or resolved to recommend, declare, pay or make any bonus, dividend or other distribution, whether payable in cash or otherwise, in each case save for (i) the 2014 Dividends, (ii) the First Interim Dividend, (iii) the Second Interim Dividend and (iv) as between Brit and its wholly owned subsidiaries or between its wholly owned subsidiaries;
 - (iii) implemented or authorised any merger or demerger or (except for transactions between Brit and its wholly-owned subsidiaries, or between its wholly-owned subsidiaries or transactions in the ordinary course of business) acquired or disposed of or transferred, mortgaged or charged, or created any other security interest over, any asset or any right, title or interest in any asset (in each case to an extent which is material in the context of the Wider Brit Group taken as a whole);
 - (iv) entered into, or authorised the entry into, any joint venture, asset or profit sharing arrangement, partnership or merger of businesses or corporate entities (in each case to an extent which is material in the context of the Wider Brit Group taken as a whole);
 - (v) (except for transactions between Brit and its wholly-owned subsidiaries or between its wholly owned subsidiaries) other than pursuant to the Offer, implemented or authorised any reconstruction, amalgamation, scheme or other transaction or arrangement with a substantially equivalent effect (in each case to an extent which is material in the context of the Wider Brit Group taken as a whole and other than pursuant to the Proposed Acquisition);

- (vi) (except for transactions between Brit and its wholly-owned subsidiaries or between its wholly owned subsidiaries) purchased, redeemed or repaid any of its own shares or other securities or reduced or made or authorised any other change in its share capital;
- (vii) (except for transactions between Brit and its wholly-owned subsidiaries or between its wholly owned subsidiaries) made or authorised any material change in its loan capital or issued or authorised the issue of any debentures or incurred or increased any indebtedness or contingent liability;
- (viii) entered into, varied or terminated, or authorised the entry into, variation or termination of, any contract, commitment or arrangement (whether in respect of capital expenditure, real estate or otherwise) which is outside the ordinary course of business or which is of a long term, onerous or unusual nature or magnitude or which involves, or might reasonably be expected to involve, an obligation of a nature or magnitude which is materially restrictive on the business of any member of the Wider Brit Group (in each case to an extent which would be material in the context of the Wider Brit Group taken as a whole);
- (ix) been unable or deemed unable, or admitted in writing that it is unable, to pay its debts as they fall due or having stopped or suspended (or threatened to stop or suspend) payment of its debts generally or ceased or threatened to cease carrying on all or a substantial part of its business (in each case to an extent which is material in the context of the Wider Brit Group taken as a whole);
- (x) commenced negotiations with any of its creditors or taken any step with a view to rescheduling or restructuring any of its indebtedness or entered into a composition, compromise, assignment or arrangement with any of its creditors whether by way of a voluntary arrangement, scheme of arrangement, deed of compromise or otherwise (in each case to an extent which is material in the context of the Wider Brit Group taken as a whole);
- (xi) (other than in respect of a member of the Wider Brit Group which is dormant and solvent at the relevant time) taken any corporate action or had any legal proceedings started, served or threatened against it or any documents filed or faxed in court for its winding-up (voluntary or otherwise), dissolution or reorganisation (or for any analogous proceedings or steps in any jurisdiction) or for the appointment of a liquidator, provisional liquidator, receiver, administrator, administrative receiver, trustee or similar officer (or for the appointment of any analogous person in any jurisdiction) of all or any of its assets and revenues or had notice given of the intention to appoint any of the foregoing to it (in each case to an extent which is material in the context of the Wider Brit Group taken as a whole);
- (xii) except in the ordinary course of business, waived, compromised, settled, abandoned or admitted any dispute, claim or counter-claim whether made or potential and whether by or against any member of the Wider Brit Group (in each case to an extent which is material in the context of the Wider Brit Group taken as a whole);
- (xiii) made any material alteration to its constitutional documents;
- (xiv) entered into, or varied the terms of, or terminated or given notice of termination of, any service agreement or arrangement with any director or senior executive of any member of the Wider Brit Group;
- (xv) proposed, agreed to provide, or agreed to modify the terms of, any share option scheme, incentive scheme or other benefit relating to the employment or termination of employment of any person employed by any member of the Wider Brit Group, other than in accordance with the terms of the Proposed Acquisition other than as permitted pursuant to the Cooperation Agreement;
- (xvi) made or consented to any material change to the terms of the trust deeds constituting the pension schemes established for its directors and/or employees and/or their dependants or to the benefits which accrue, or to the pensions which are payable thereunder, or to the basis on which qualification for or accrual or entitlement to such benefits or pensions are calculated or determined, or to the basis upon which the liabilities (including pensions) of such pension schemes are funded or made, or agreed or consented to, any change to the trustees, other than in accordance with applicable law;

- (xvii) not surrendered or disclosed any agreement, arrangement, regulatory authorisation, status, permission, licence or other instrument of the kind referred to in this paragraph (l); or
 - (xviii) entered into any contract, commitment or arrangement or passed any resolution or made any offer (which remains open for acceptance) with respect to, or proposed or announced any intention to effect or propose, any of the transactions, matters or events referred to in this paragraph (l);
- (m) except as Disclosed, since 31 December 2014:
- (i) no adverse change having occurred, and no circumstances having arisen which would or might reasonably be expected to result in any adverse change in the business, assets, financial or trading position or profits or prospects of any member of the Wider Brit Group (in each case to an extent which is material in the context of the Wider Brit Group taken as a whole); and
 - (ii) no litigation, arbitration proceedings, prosecution or other legal proceedings in any jurisdiction having been threatened, announced, instituted or remaining outstanding by, against or in respect of any member of the Wider Brit Group or to which any member of the Wider Brit Group is a party (whether as claimant or defendant or otherwise) and no investigation by any Relevant Authority or other investigative body against or in respect of any member of the Wider Brit Group having been threatened, announced, instituted or remaining outstanding by, against or in respect of any member of the Wider Brit Group (in each case to an extent which is material in the context of the Wider Brit Group taken as a whole);
- (n) no contingent or other liability having arisen outside the ordinary course of business which would or might reasonably be expected to adversely affect any member of the Wider Brit Group (in each case to an extent which is material in the context of the Wider Brit Group taken as a whole); and
- (o) Fairfax not having discovered that (except as Disclosed):
- (i) any financial, business or other information concerning the Wider Brit Group publicly disclosed prior to 17 February 2015 at any time by any member of the Wider Brit Group is misleading, contains a misrepresentation of fact or omits to state a fact necessary to make the information contained therein not misleading (in each case to an extent which is material in the context of the Wider Brit Group taken as a whole);
 - (ii) any member of the Wider Brit Group is subject to any liability, contingent or otherwise, other than in the ordinary course of business (in each case to an extent which is material in the context of the Wider Brit Group taken as a whole); or
 - (iii) there is or is likely to be any obligation or liability (whether actual or contingent) to make good, repair, re-instate or clean up any property now or previously owned, occupied, operated or made use of or controlled by any past or present member of the Wider Brit Group under any environmental legislation, regulation, notice, circular or order of any Relevant Authority in any jurisdiction (in each case to an extent which is material in the context of the Wider Brit Group taken as a whole).

Section B: Further terms of the Offer

1. Definitions

Unless the context requires otherwise, any reference in this document and in the Form of Acceptance to:

- (i) “**acceptances of the Offer**” includes deemed acceptances of the Offer;
- (ii) the “**Acceptance Condition**” is to the condition as to acceptances in paragraph (a) of Section A of Part 3 and references to the Offer being unconditional as to acceptances shall be construed accordingly; and
- (iii) an “**extension of the Offer**” includes a reference to an extension of the date by which the Offer must become or be declared unconditional in all respects.

2. Certain further terms of the Offer

- (a) FGL reserves the right (subject to the requirements of the Code and the Panel) to waive, in whole or in part, the above Conditions in paragraphs (d) and (h) to (o) (inclusive) of Section A.
- (b) If FGL is required by the Panel to make an offer for Brit Shares under the provisions of Rule 9 of the Code, FGL may make such alterations to any of the above Conditions, including the Acceptance Condition, and terms of the Offer as are necessary to comply with the provisions of that Rule.
- (c) The Offer shall lapse unless all the above Conditions have been fulfilled or, where permitted, waived or, where appropriate, have been determined by FGL to be or remain satisfied, by 1.00 p.m. on 30 September 2015. Such date may not be further extended, other than with the agreement of Fairfax, Brit, the Apollo Shareholders, the CVC Shareholders and the Panel. Without prejudice to the preceding sentence, the Offer shall remain open until the Closing Date.
- (d) FGL shall be under no obligation to waive (if capable of waiver), to determine to be or remain satisfied or to treat as fulfilled any of the Conditions in paragraphs (d) and (h) to (o) (inclusive) by a date earlier than the latest date for the fulfilment of that condition notwithstanding that the other Conditions of the Offer may at such earlier date have been waived or fulfilled and that there are at such earlier date no circumstances indicating that any of such conditions may not be capable of fulfilment. However, Fairfax has agreed with Brit in the Co-operation Agreement that there shall be no suspension of, termination of, or other impact on the Proposed Acquisition as a result of any merger control or regulatory engagement process that does not relate to the Conditions in paragraphs (b), (c), (e), (f) and (g) of Section A.
- (e) Subject, in respect of the Apollo Shareholders, the CVC Shareholders and the Director Shareholders, to the irrevocable undertakings described more fully in paragraph 11 of Part 7, Brit Shareholders (including the Apollo Shareholders and the CVC Shareholders) who have accepted the Offer shall be entitled to withdraw their acceptance until the Offer has become or is declared unconditional in all respects (see paragraph 6 below). The Apollo Shareholders, the CVC Shareholders and the Director Shareholders have agreed with Fairfax and FGL that they will not withdraw their acceptances for so long as the Offer remains open for acceptance.
- (f) Notwithstanding the foregoing:
 - (i) FGL will not invoke non-fulfilment of any Condition to lapse the Offer prior to 1.00 p.m. on 30 September 2015;
 - (ii) to the extent that any Condition (other than the Conditions in paragraphs (b), (c), (e), (f) or (g) of Section A) has not been fulfilled or waived before 1.00 p.m. on 30 September 2015, FGL will waive all Conditions which have not been fulfilled or waived prior to such time unless the failure to fulfil any such Condition has occurred as a result of a change of law which has led to circumstances which are, in the opinion of the Panel, of such material significance in the context of the Offer (within the meaning of Rule 13 of the Code) as to permit Fairfax to invoke the relevant Condition, provided that Fairfax has agreed with Brit in the Co-operation Agreement that there shall be no suspension of, termination of, or other impact on the Proposed Acquisition as a result of any merger control or regulatory engagement process that does not relate to the Conditions in paragraphs (b), (c), (e), (f) and (g) of Section A;

- (iii) FGL will announce that the Acceptance Condition has been fulfilled no later than 5.00 p.m. on the Business Day following the date on which the Apollo Shareholders and the CVC Shareholders have accepted the Offer;
- (iv) FGL will not seek to bring forward the last time and date for fulfilment or waiver of any of the Conditions other than the Acceptance Condition to a time and date which is earlier than 1.00 p.m. on 30 September 2015 unless it announces at the same time that it has waived or is treating as fulfilled all of the Conditions as of such earlier time and date; and
- (v) FGL will not seek to extend the last time and date for fulfilment or waiver of any of the Conditions other than the Acceptance Condition to a time and date which is later than 1.00 p.m. on 30 September 2015, other than:
 - (A) in the case of each of (i) to (v) above inclusive, with the prior written approval of the Apollo Shareholders and the CVC Shareholders; or
 - (B) in the case of each of (i), (ii) (iv) and (v) above, for so long as the Apollo Shareholders and the CVC Shareholders have not accepted the Offer when required to do so under their irrevocable undertaking.
- (g) The Offer shall lapse if:
 - (i) in so far as the Offer or any matter arising from or relating to the Offer constitutes a concentration with a Community dimension within the scope of the Regulation, the European Commission either initiates proceedings under Article 6(1) of the Regulation or makes a referral under Article 9(1) of the Regulation to the CMA and the CMA makes a CMA Phase 2 Reference; or
 - (ii) in so far as the Offer or any matter arising from the Offer does not constitute a concentration with a Community dimension within the scope of the Regulation, the Offer or any matter arising from or relating to the Offer becomes subject to a CMA Phase 2 Reference,
 in each case before 1.00 p.m. on the date when the Offer becomes or is declared unconditional as to acceptances.
- (h) Under Rule 13.5 of the Code, FGL may not invoke a Condition so as to cause the Offer not to proceed, to lapse or any offer to be withdrawn unless the circumstances which give rise to the right to invoke the Condition are of material significance to FGL in the context of the Proposed Acquisition. The Condition contained in paragraph (b) of Section A is not subject to this provision of the Code.
- (i) If the 2014 Dividends are cancelled or reduced prior to being paid, the Cash Amount shall be increased by 25 pence or such lesser amount as is required to cause such aggregate amount to be the Brit Offer Price (without prejudice to paragraph (j) below). To the extent that the 2014 Dividends are or will be (i) transferred pursuant to the Offer on a basis that entitles FGL alone to receive such dividend and retain it or (ii) cancelled, the Cash Amount shall be equal to the Brit Offer Price (without prejudice to paragraph (j) below). Any adjustment in the Cash Amount in accordance with this paragraph will be the subject of an announcement and, for the avoidance of doubt, will not be regarded as constituting any revision or variation of the Offer. Acceptance of the Offer prior to the record date for any of the dividends referred to in this paragraph (i) will not prevent the accepting Brit Shareholder from becoming entitled to receive such dividend and retain it.
- (j) The Brit Shares shall be acquired under the Offer on a fully paid basis and free from all liens, charges, equities, encumbrances, rights of pre-emption and any other rights and interests of any nature whatsoever and together with all rights now and hereafter attaching thereto, including voting rights and the right to receive and retain in full all dividends and other distributions (if any) declared, made or paid on or after 17 February 2015 save for the 2014 Dividends, the First Interim Dividend and the Second Interim Dividend, if declared. Accordingly, (i) if the 2014 Final Dividend paid in respect of each Brit Share is greater or less than 25 pence per Brit Share, the Cash Amount shall be adjusted by an amount equal to the difference between 25 pence and the 2014 Final Dividend payable in respect of each Brit Share such that the total paid to Brit Shareholders for each Brit Share prior to the closing of the Offer, when aggregated with the 2014 Final Dividend paid to Brit Shareholders by Brit (and whether or not paid to the relevant accepting Brit Shareholders), shall be the Brit Offer Price, except insofar as the Brit Share is or will be transferred on a basis which entitles FGL alone to receive the 2014 Dividends; (ii) the declaration and payment of the First Interim Dividend and/or the Second

Interim Dividend shall have no impact on the Brit Offer Price unless and only to the extent the relevant dividend exceeds 6.25 pence per Brit Share, in which case the Cash Amount, and therefore the Brit Offer Price, shall be reduced by the excess amount per Brit Share except insofar as the Brit Share is or will be transferred on a basis which entitles FGL alone to receive the relevant interim dividend and (iii) insofar as a dividend and/or distribution and/or a return of capital is proposed, declared, made, paid or payable by Brit in respect of a Brit Share on or after 17 February 2015, in each case other than the 2014 Dividends, the First Interim Dividend and/or the Second Interim Dividend, the Cash Amount, and therefore the Brit Offer Price, shall be reduced by the amount of such dividend and/or distribution and/or return of capital, except insofar as the Brit Share is or will be transferred on a basis which entitles FGL alone to receive the dividend and/or distribution and/or return of capital.

- (k) If the Offer lapses, the Offer shall cease to be capable of further acceptance and accepting Brit Shareholders and FGL shall cease to be bound by Forms of Acceptance submitted at or before the time when the Offer so lapses.
- (l) The availability of the Offer to persons not resident in the United Kingdom may be affected by the laws of the relevant jurisdictions. Persons who are not resident in the United Kingdom should inform themselves about and observe any applicable requirements.
- (m) The Offer is not being made, directly or indirectly, in, into or from, or by use of the mails of, or by any means of instrumentality (including, but not limited to, facsimile, e-mail or other electronic transmission, telex or telephone) of interstate or foreign commerce of, or of any facility of a national, state or other securities exchange of, any jurisdiction where to do so would violate the laws of that jurisdiction and shall not be capable of acceptance by any such use, means, instrumentality or facility or from within such Restricted Jurisdiction (unless otherwise determined by FGL) and the Offer cannot be accepted by any such use, means or instrumentality or otherwise from any Restricted Jurisdiction.
- (n) The Offer is governed by English law and is subject to the jurisdiction of the English courts and to the Conditions and further terms set out in Part 3 (and, in the case of certificated Brit Shares, the Form of Acceptance). The Offer shall be subject to the applicable requirements of the Code, the Panel, the London Stock Exchange and the FCA.
- (o) Each of the Conditions shall be regarded as a separate Condition and shall not be limited by reference to any other Condition.

3. Acceptance Period

- (a) The Panel has granted permission, in accordance with Rule 31.7 of the Code, for the last day for satisfaction or waiver of the Conditions to be extended to 30 September 2015 (and this date may not be further extended, other than with the agreement of FGL, Brit, the Apollo Shareholders and the CVC Shareholders, as well as the consent of the Panel).
- (b) Without prejudice to (a) above, the Offer shall remain open for acceptance until the Closing Date. Other than in respect of the Apollo Shareholders, the CVC Shareholders and the Director Shareholders, each of whom have given commitments not to withdraw their acceptance for so long as the Offer remains open for acceptance (pursuant to the irrevocable undertakings described more fully below), all other Brit Shareholders who accept the Offer shall be entitled to withdraw their acceptances in accordance with paragraph 6 below until the Offer has become or is declared unconditional in all respects.
- (c) Although no revision is contemplated, if FGL revises the Offer, it will remain open for acceptance for a period of at least 14 calendar days (or such other period as may be permitted by the Panel) after the date on which FGL publishes the revised offer document. Except with the consent of Brit, the Apollo Shareholders, the CVC Shareholders and the Panel, FGL will not revise the Offer or publish any revised offer documentation after 16 September 2015, or, if later, the date which is 14 calendar days before the last date on which the Offer can become or is declared unconditional in all respects.
- (d) If a competitive situation arises (as determined by the Panel) after FGL has made a “no extension” statement and/or a “no increase” statement (as referred to in the Code) in relation to the Offer, FGL may, if it specifically reserved the right to do so at the time the statement was made (or otherwise with the consent of the Panel), choose not to be bound by or withdraw such statement and to extend or revise the Offer provided it complies with the requirements of the Code.

- (e) If Brit publishes material new information of the kind referred to in Rule 31.9 of the Code after 9 September 2015, FGL may choose not to be bound by a “no increase” and/or “no extension” statement if it specifically reserved the right to do so at the time such statement was made (or otherwise with the consent of the Panel) and be free to extend or revise the Offer if permitted to do so by the Panel, provided that it complies with the requirements of the Code.
- (f) If a competitive situation arises as determined by the Panel and is continuing on the Business Day immediately preceding 30 September 2015 and the Offer has not previously become or been declared unconditional in all respects, or been withdrawn or lapsed, FGL will enable holders of Brit Shares in uncertificated form, who have not already validly accepted the Offer but who have previously accepted a competing offer, to accept the Offer by special form of acceptance to take effect on 30 September 2015. The special form of acceptance shall constitute a valid acceptance of the Offer provided that:
 - (i) it is received by the Receiving Agent on or before 30 September 2015;
 - (ii) the relevant Brit Shareholder shall have applied to withdraw his acceptance of the competing offer but that the Brit Shares to which such withdrawal relates shall not have been released from escrow by the escrow agent to the competing offer before 30 September 2015; and
 - (iii) the Brit Shares to which the special form of acceptance relates are not transferred to escrow in accordance with the procedure for acceptance set out in the letter from the President of FGL contained in Part 2 of this document on or before 30 September 2015, but an undertaking is given that they will be so transferred as soon as possible thereafter.

Brit Shareholders wishing to use such special forms of acceptance should apply to the Receiving Agent, Computershare Investor Services PLC, by telephone between 8.30 a.m. and 5.30 p.m. Monday to Friday (except UK public holidays) on 0870 889 3156 on the Business Day preceding 30 September 2015 in order that such forms can be despatched. Notwithstanding the right to use such a special form for acceptance, holders of Brit Shares in uncertificated form may not use a Form of Acceptance (or any other purported acceptance form) for the purpose of accepting the Offer in respect of such shares.

4. **Acceptance condition**

- (a) Except with the consent of the Panel, for the purpose of determining at any particular time whether the Acceptance Condition is satisfied, FGL may only take into account acceptances received or purchases of Brit Shares made in respect of which all relevant documents and/or TTE instructions are received by the Receiving Agent:
 - (i) by 1.00 p.m. on 30 September 2015; or
 - (ii) if the Offer is extended with the consent of the Panel, Brit, the Apollo Shareholders and the CVC Shareholders, such later time(s) or date(s) as these parties may agree.

If the latest time at which the Offer may become or be declared unconditional in all respects is extended beyond 1.00 p.m. on 30 September 2015, acceptances received and purchases made in respect of which the relevant documents are received by the Receiving Agent after such time may only be taken into account with the agreement of the Panel (except where the Code permits otherwise).

- (b) Except as otherwise agreed by the Panel:
 - (i) an acceptance of the Offer will only be counted towards fulfilling the Acceptance Condition if the requirements of Note 4 and, if applicable, Note 6 on Rule 10 of the Code are satisfied in respect of it;
 - (ii) a purchase of Brit Shares by FGL or its nominee(s) or (if FGL is required by the Panel to make an offer for Brit Shares under Rule 9 of the Code) by a person acting in concert with FGL or its nominee(s), will only be counted towards fulfilling the Acceptance Condition if the requirements of Note 5 and, if applicable, Note 6 on Rule 10 of the Code are satisfied in respect of it;
 - (iii) Brit Shares which have been borrowed by FGL may not be counted towards fulfilling the Acceptance Condition; and
 - (iv) before the Offer may become or be declared unconditional in all respects the Receiving Agent shall issue a certificate to FGL or RBC Capital Markets (or their respective agents) which states the number of Brit Shares in respect of which acceptances have been received and not validly withdrawn, and the number of Brit Shares otherwise acquired, whether before or during the

Offer Period, which comply with the provisions of this paragraph 4. A copy of the certificate will be sent to the Panel as soon as possible after it is issued.

- (c) For the purpose of determining at any particular time whether the Acceptance Condition is satisfied FGL is not bound (unless required by the Panel) to take into account any Brit Shares which have been unconditionally allotted or issued or which arise as a result of the exercise of conversion rights before the determination takes place unless Brit or its agent has given written notice to FGL or the Receiving Agent, Computershare Investor Services PLC, at Computershare, Corporate Actions Projects, Bristol, BS99 6AH on behalf of FGL, containing relevant details of the allotment, issue or conversion. Notification by e-mail, telex, facsimile or other electronic transmission does not constitute written notice for this purpose.

5. Announcements

- (a) Without prejudice to paragraph 5(b) below, by 8.00 a.m. on the next Business Day (the “**relevant day**”) following the day on which the Offer is due to expire or becomes or is declared unconditional in all respects, or is revised or extended (or such later time(s) or date(s) as the Panel may agree), FGL will make an appropriate announcement through a Regulatory Information Service. The announcement will state (unless otherwise permitted by the Panel):

- (i) the total number of Brit Shares (A) for which acceptances of the Offer have been received (specifying the extent, if any, to which such acceptances have been received from any person(s) acting or deemed to be acting in concert with FGL for the purposes of the Offer) and (B) which were the subject of an irrevocable commitment or letter of intent procured by FGL or any person acting in concert with it;
- (ii) details of any Brit relevant securities in which FGL or any person acting in concert with it has an interest or in respect of which it has a right to subscribe, in each case specifying the nature of the interests or rights concerned and details of any short positions over Brit relevant securities held by FGL or any person acting in concert with it (whether conditional or absolute and whether in the money or otherwise) including any short position under a derivative, any agreement to sell or any delivery obligation or right to require another person to purchase or take delivery;
- (iii) details of any Brit relevant securities in respect of which FGL or any person acting in concert with it has an outstanding irrevocable commitment or letter of intent; and
- (iv) details of any relevant securities of Brit which FGL or any person acting in concert with it has borrowed or lent, save for any borrowed shares which have been either on-lent or sold,

and will specify the percentages of each class of relevant securities represented by these figures and the total number of shares which FGL may count towards the satisfaction of the Acceptance Condition.

- (b) Except as otherwise agreed by the Panel, in computing the number of Brit Shares represented by acceptances and/or purchases for the announcement, an acceptance or purchase will only be counted towards fulfilling the Acceptance Condition if the requirements of Notes 4, 5 and 6 (as applicable) on Rule 10 of the Code are satisfied. Subject to this, FGL may include or exclude, for announcement purposes, acceptances and purchases not in all respects in order or not accompanied by the relevant share certificate(s) and/or other document(s) of title and/or not accompanied by the relevant TTE instruction or which are subject to verification.
- (c) Any decision to extend the time and/or date by which the Offer must become or is declared unconditional in all respects may be made at any time up to, and will be announced by 8.00 a.m. on the 30 September 2015 or such later time(s) and/ or date(s) as the Panel may agree. The announcement will state the next expiry time and date unless the Offer is then unconditional in all respects, in which case a statement may instead be made that the Offer will remain open until further notice.
- (d) In this paragraph 5, references to the making of an announcement or the giving of notice by or on behalf of FGL include, in each case, the release of an announcement by FGL’s public relations consultants or RBC Capital Markets or other nominee of FGL (including Fairfax), in each case on behalf of FGL, to the press and/or the transmission by whatever means of an announcement to a Regulatory Information Service. An announcement made otherwise than through a Regulatory

Information Service will be notified simultaneously through a Regulatory Information Service (unless otherwise agreed by the Panel).

- (e) A copy of any announcement made by FGL in accordance with this paragraph 5 will be available, subject to certain restrictions relating to persons resident in Restricted Jurisdictions, for inspection on Fairfax's website at www.fairfax.ca/britoffer as soon as possible and in any event by no later than 12 noon on the Business Day following the announcement.
- (f) Without limiting the manner in which FGL may choose to make any public announcement and, subject to the obligations of FGL under applicable law and paragraph (e) above, FGL will have no obligation to publish, advertise or otherwise communicate any such public announcement other than by making a release to a Regulatory Information Service.

6. **Rights of withdrawal**

- (a) The Apollo Shareholders, the CVC Shareholders and the Director Shareholders have agreed with FGL that they will not withdraw their acceptances for as long as the Offer remains open for acceptance, unless the Offer lapses or is withdrawn. Acceptances of and elections by any other Brit Shareholders under the Offer are irrevocable, subject to the remainder of this paragraph 6.
- (b) An accepting Brit Shareholder may (unless the Panel agrees otherwise) withdraw his acceptance of the Offer by written notice or otherwise in accordance with paragraph (h) below at any time prior to FGL announcing that the Offer has become or is declared unconditional in all respects.
- (c) An accepting Brit Shareholder may not withdraw his acceptance of the Offer at any time after the time that FGL announces that the Offer has become or is declared unconditional in all respects.
- (d) All questions as to the validity (including time of receipt) of any notice of withdrawal will be determined by FGL whose determination (except as required by the Panel) will be final and binding. None of FGL, Fairfax, Brit, RBC Capital Markets, the Receiving Agent, or any other person, will be under any duty to give notification of any defects or irregularities in any notice of withdrawal or incur any liability for failure to give such notification or for any determination under this paragraph 6.
- (e) If an accepting Brit Shareholder withdraws his acceptance, all documents of title and other documents lodged with the Form of Acceptance will be returned as soon as practicable following the receipt of the withdrawal (and in any event within 14 days and, to the extent practicable, within seven to ten calendar days) and the Receiving Agent will immediately give instructions for the release of securities held in escrow.
- (f) Brit Shares in respect of which acceptances have been properly withdrawn in accordance with this paragraph 6 may subsequently be re-assented to the Offer by following one of the procedures described in paragraph 15 of Part 2 of this document at any time while the Offer remains open for acceptance.
- (g) In this paragraph 6, "written notice" (including any letter of appointment, direction or authority) means notice in writing signed by the relevant accepting Brit Shareholder (or his/their agent(s) duly appointed in writing and evidence of whose appointment satisfactory to FGL is produced with the notice) given by post at Computershare, Corporate Actions Projects, Bristol, BS99 6AH or (during normal business hours) by hand at the Receiving Agent, Computershare Investor Services PLC, at The Pavilions, Bridgwater Road, Bristol, BS13 8AE. Facsimile or other electronic transmission or copies will not be sufficient. A notice which is postmarked in, or otherwise appears to FGL or its agents to have been sent from any Restricted Jurisdiction may not be treated as valid.
- (h) In the case of Brit Shares held in uncertificated form, if withdrawals are permitted pursuant to paragraphs (a) and (b) above, an accepting Brit Shareholder may withdraw his acceptance through CREST by sending (or, if a CREST sponsored member, procuring that his CREST sponsor sends) an ESA instruction to settle in CREST in relation to each Electronic Acceptance to be withdrawn. Each ESA instruction must, in order for it to be valid and to settle, include the following details:
 - the number of Brit Shares to be withdrawn, together with their ISIN number which is GB00BKRV3L73;
 - the member account ID of the accepting shareholder, together with his participant ID;

- the member account ID of the Escrow Agent (this is BRIFFH01) included in the relevant Electronic Acceptance, together with the Escrow Agent's participant ID (this is 3RA49);
- the CREST transaction reference number of the Electronic Acceptance to be withdrawn;
- the intended settlement date for the withdrawal;
- the corporate action number for the Offer; and
- input with standard delivery instruction priority of 80.

Any such withdrawal will be conditional upon the Receiving Agent verifying that the withdrawal request is validly made. Accordingly, the Receiving Agent will on behalf of FGL reject or accept the withdrawal by transmitting in CREST a receiving agent reject (AEAD) or receiving agent accept (AEAN) message.

7. Revised Offer

- (a) Although no revision is contemplated, if FGL revises the Offer (from its original or previously revised form(s) and either in its terms and conditions or in the value or nature of the consideration offered or otherwise), the benefit of the revised offer will, subject to paragraphs 6(d) and 8 of this Section B, be made available to a Brit Shareholder who has accepted the Offer (in its original or any revised form(s)) and who has not validly withdrawn such acceptance (a "**previous acceptor**"). The acceptance of the Offer by or on behalf of a previous acceptor will, subject to paragraphs 7(d) and 8 below, be deemed an acceptance of the revised offer and will constitute the separate appointment of each of FGL and any director of FGL or persons authorised by FGL or RBC Capital Markets as its attorney and/or agent with authority:
- to accept the revised offer on behalf of such previous acceptor;
 - if the revised offer includes alternative form(s) of consideration, to make elections for and/or accept the alternative form(s) of consideration on his behalf in the proportions the attorney and/or agent in his absolute discretion thinks fit; and
 - to execute on his behalf and in his name all further documents (if any) and to do all things (if any) as may be required to give effect to such acceptances and/or elections.

In making any election and/or acceptance, the attorney and/or agent will take into account the nature of any previous acceptance(s) or election(s) made by or on behalf of the previous acceptor and other facts or matters he may reasonably consider relevant. The attorney and/or agent shall not be liable to any Brit Shareholder or any other person in making such election and/or acceptance or in making any determination in respect thereof.

- Although no revision is contemplated, if the Offer is revised, a revised offer document will be published. On the day of publication, FGL will publish the offer document on its website and will announce that the document has been so published. Where necessary, a circular containing the opinion of the Brit Directors on the revised offer will be published. On the day of publication, Brit will publish the offer document on its website and will announce that it has been so published. The Brit Directors will append to the offer document containing their opinion on such revised offer, a separate opinion from the representatives of its employees on the effects of the revised offer on employment, provided such opinion is received in good time before publication of the offer document. Where the opinion of the employee representatives is not received in good time before publication of the offer document, Brit will publish the employee representatives' opinion on its website and announce that it has been so published provided that the employee representatives' opinion is received no later than 14 days after the date on which the revised offer becomes or is declared unconditional in all respects.
- Although no revision is contemplated, if the revised offer document is published, both FGL and Brit will make the revised offer document readily and promptly available to the representatives of the employees of FGL and Brit respectively or, where there are no such representatives, to the employees themselves. Brit will make any circular published by it readily and promptly available to its employee representatives or, where there are no such representatives, to the employees themselves.
- The deemed acceptance and/or election referred to in paragraph (a) above shall not apply, if, as a result, a previous acceptor would (on such basis as RBC Capital Markets may reasonably consider appropriate) receive and/or retain (as appropriate) less in aggregate in consideration under the

revised offer or otherwise than he would have received and/or retained (as appropriate) in aggregate in consideration as a result of his acceptance of the Offer in the form originally accepted by such previous acceptor or on his behalf.

- (e) The deemed acceptance and/or election referred to in paragraph (a) above shall not apply, and the power of attorney and the authorities conferred by that paragraph shall not be exercised in the case of a previous acceptor who (i) lodges with the Receiving Agent, within 14 calendar days of publication of the revised offer documentation, a form of acceptance (or any other form issued on behalf of FGL) in which he validly elects to receive consideration under the revised offer in some other manner or (ii) sends (or, if a CREST sponsored member, procures that his CREST sponsor sends), in respect of Brit Shares in uncertificated form, an ESA instruction to settle in CREST in relation to each Electronic Acceptance in respect of which an election is to be changed. Each ESA instruction must, in order for it to be valid and to settle, include the following details:
- the number of Brit Shares in respect of which the changed election is made, together with their ISIN number which is GB00BKRV3L73;
 - the member account ID of the previous acceptor, together with his participant ID;
 - the member account ID of the Escrow Agent (this is BRIFFH01) included in the relevant Electronic Acceptance, together with the Escrow Agent's participant ID (this is 3RA49);
 - the CREST transaction reference number of the Electronic Acceptance in respect of which the election is to be changed;
 - the intended settlement date for the changed election;
 - the corporate action number for the Offer,
 - input with standard delivery instruction priority of 80,

and, in order that the desired change of election can be effected, must include the member account ID of the Escrow Agent relevant to the new election.

Any such change of election will be conditional upon the Receiving Agent verifying that the request is validly made. Accordingly, the Receiving Agent will on behalf of FGL reject or accept the requested change of election by transmitting in CREST a receiving agent reject (AEAD) or receiving agent accept (AEAN) message.

- (f) The powers of attorney and authorities conferred by this paragraph 7 and any acceptance of a revised offer and/or any election in relation to it shall be irrevocable unless and until the previous acceptor withdraws his acceptance having become entitled to do so under paragraphs 6(b) and 6(c) of this Section B.
- (g) FGL reserves the right to treat an executed Form of Acceptance or TTE instruction relating to the Offer (in its original or any previously revised form(s)) which is received (or dated) after the announcement or issue of any revised offer as a valid acceptance of the revised offer (and where applicable a valid election for the alternative forms of consideration). That acceptance will constitute a power of attorney and an authority in the terms of paragraph (a) above, *mutatis mutandis*, on behalf of the relevant Brit Shareholder.

8. Overseas shareholders

- (a) The making of the Offer in, or to persons resident in, or nationals or citizens of, jurisdictions outside the United Kingdom (“**overseas shareholders**”) or to persons who are custodians, nominees of or trustees for such persons may be prohibited or affected by the laws of the relevant jurisdiction. Such overseas shareholders should inform themselves about and observe any applicable legal requirements of such jurisdictions. It is the responsibility of any overseas shareholder wishing to accept the Offer to satisfy himself as to the full observance of the laws and regulatory requirements of the relevant jurisdiction in connection with the Offer, including obtaining any governmental, exchange control or other consents which may be required or the compliance with other necessary formalities needing to be observed and the payment of any issue, transfer or other taxes or duties or other requisite payments due in that jurisdiction. Any such overseas shareholder shall be responsible for any such issue, transfer or other taxes or duties or other payments by whomsoever payable and FGL (and any person acting on behalf of it) shall be fully indemnified and held harmless by such overseas

shareholders for any such issue, transfer or other taxes or duties or other payments which FGL (and any person acting on behalf of it) may be required to pay.

- (b) The Offer is not being made, directly or indirectly, in or into or by use of the mails of, or by any means or instrumentality (including, but not limited to, facsimile, e-mail or other electronic transmission, telex or telephone) of interstate or foreign commerce of, or of any facility of a national, state or other securities exchange of any area subject to its jurisdiction or any political division thereof, nor is it being made in any Restricted Jurisdiction and the Offer cannot be accepted by any such use, means or instrumentality or otherwise from within any Restricted Jurisdiction.
- (c) Copies of this document, the Form of Acceptance and any related documents are not being (unless determined otherwise by FGL in its sole discretion), and must not be, mailed or otherwise distributed or sent in, into or from any Restricted Jurisdiction including to Brit Shareholders or persons with information rights or participants in Brit Share Schemes with registered addresses in any Restricted Jurisdiction or to persons whom either FGL or RBC Capital Markets knows to be custodians, trustees or nominees holding Brit Shares for persons with registered addresses in any Restricted Jurisdiction. Persons receiving those documents (including, without limitation, custodians, nominees and trustees) should not distribute, mail or send them in, into or from any Restricted Jurisdiction or use such mails or any such means, instrumentality or facility for any purpose directly or indirectly in connection with the Offer, and so doing may render any purported acceptance of the Offer invalid.
- (d) Persons wishing to accept the Offer must not use the mails of any Restricted Jurisdiction or any such means, instrumentality or facility for any purpose directly or indirectly relating to acceptance of the Offer. All Brit Shareholders (including nominees, trustees of custodians) who may have a contractual or legal obligation, or may otherwise intend, to forward this document and/or Form of Acceptance, should read the further details in this regard which are contained in this paragraph 8 and in Part C and Section D of this Part 3 before taking any action. Envelopes containing Forms of Acceptance, evidence of title or other documents relating to the Offer should not be postmarked in any Restricted Jurisdiction or otherwise despatched from such jurisdictions and all acceptors must provide addresses outside any such Restricted Jurisdictions for the receipt of the consideration to which they are entitled under the Offer or for the return of the Form of Acceptance or documents of title.
- (e) Subject to the provisions of this paragraph 8 and applicable laws, a Brit Shareholder may be deemed NOT to have accepted the Offer if:
 - (i) he puts “No” in Box 3 of the Form of Acceptance and thereby does not make the representations and warranties set out in Section C of Part 3;
 - (ii) he completes Box 5 of the Form of Acceptance with an address in a Restricted Jurisdiction or has a registered address in a Restricted Jurisdiction and in any such case does not insert in Box 4 of the Form of Acceptance the name and address of a person or agent outside the Restricted Jurisdictions to whom he wishes the consideration to which he is entitled under the Offer to be sent;
 - (iii) he inserts in Box 4 of the Form of Acceptance the name and address of a person or agent in a Restricted Jurisdiction to whom he wishes the consideration to which he is entitled under the Offer to be sent;
 - (iv) in any case, the Form of Acceptance received from him is in an envelope postmarked in, or which otherwise appears to FGL or its agents to have been sent from a Restricted Jurisdiction; or
 - (v) he makes a Restricted Escrow Transfer pursuant to paragraph (f) below unless he also makes a related Restricted ESA instruction which is accepted by the Receiving Agent.

FGL reserves the right, in its sole discretion, to investigate, in relation to any acceptance, whether the representations and warranties set out in Section C or (as the case may be) Section D of Part 3 could have been truthfully given by the relevant Brit Shareholder and, if such investigation is made and as a result FGL determines (for any reason) that such representations and warranties could not have been so given, such acceptance may be rejected as invalid.

- (f) If a holder of Brit Shares in uncertificated form is unable to give the warranty set out in Section D of Part 3, but nevertheless can provide evidence satisfactory to FGL that he is able to accept the Offer in

compliance with all relevant legal and regulatory requirements, he may purport to accept the Offer by sending (or if a CREST sponsored member, procuring that his CREST sponsor sends) both:

- (i) a TTE instruction to a designated escrow balance detailed below (a “**Restricted Escrow Transfer**”); and
- (ii) one or more valid ESA instructions (a “**Restricted ESA instruction**”).

Such purported acceptance will not be treated as a valid acceptance unless both the Restricted Escrow Transfer and the Restricted ESA instruction(s) settle in CREST and FGL decides, in its absolute discretion, to exercise its right described in paragraph (k) below to waive, vary or modify the terms of the Offer relating to overseas shareholders, to the extent required to permit such acceptance to be made, in each case prior to the Closing Date. If FGL accordingly decides to permit such acceptance to be made, the Receiving Agent will on behalf of FGL accept the purported acceptance as an Electronic Acceptance on the terms of this document (as so waived, varied or modified) by transmitting in CREST a receiving agent accept (AEAN) message. Otherwise, the Receiving Agent will on behalf of FGL reject the purported acceptance by transmitting in CREST a receiving agent reject (AEAD) message. Each Restricted Escrow Transfer must, in order for it to be valid and to settle, include the following details:

- the ISIN number for the Brit Shares which is GB00BKRV3L73;
- the number of Brit Shares in uncertificated form in respect of which the Offer is to be accepted;
- the member account ID and participant ID of the accepting Brit Shareholder;
- the participant ID of the Escrow Agent specific to a Restricted Escrow Transfer (this is RESTRICT);
- the member account ID of the Escrow Agent (this is 3RA49);
- the intended settlement date (this should be as soon as possible and in any event no later than 1.00 p.m. on the Closing Date);
- the corporate action number for the Offer (this is allocated by Euroclear and shall be available on a screen from Euroclear);
- input with standard delivery instruction priority of 80; and
- the contact name and telephone number of the accepting Brit Shareholder inserted in the shared note field.

Each Restricted ESA instruction must, in order for it to be valid and to settle, include the following details:

- the ISIN number for the Brit Shares which is GB00BKRV3L73;
- the number of Brit Shares in uncertificated form relevant to that Restricted ESA instruction;
- the member account ID and participant ID of the accepting Brit Shareholder;
- the participant ID of the Escrow Agent (this is 3RA49);
- the member account ID of the Escrow Agent specific to a Restricted Escrow Transfer (this is RESTRICT);
- the CREST transaction ID of the Restricted Escrow Transfer to which the Restricted ESA instruction relates;
- the intended settlement date (this should be as soon as possible and in any event no later than 1.00 p.m. on the Closing Date);
- the corporate action number for the Offer (this is allocated by Euroclear and shall be available on a screen from Euroclear); and
- input with standard delivery instruction priority of 80.

- (g) If any person, despite the restrictions described above and whether pursuant to a contractual or legal obligation or otherwise, forwards this document, the Form of Acceptance or any related document in, into or from any Restricted Jurisdiction or uses the mails or any means or instrumentality (including,

but not limited to, facsimile, e-mail or other electronic transmission, telex or telephone) of interstate or foreign commerce of, or any facility of a national, state or other securities exchange of, any Restricted Jurisdiction in connection with that forwarding, that person should:

- (i) inform the recipient of such fact;
 - (ii) explain to the recipient that such action may invalidate any purported acceptance by the recipient; and
 - (iii) draw the attention of the recipient to this paragraph 8.
- (h) Notwithstanding the above, FGL may in its sole and absolute discretion provide cash consideration to a resident of any Restricted Jurisdiction if requested to do so by or on behalf of that person if FGL is satisfied, in that particular case, that to do so would not constitute a breach of any securities or other relevant legislation of such Restricted Jurisdiction, as appropriate.
- (i) FGL reserves the right to notify any matter, including the making of the Offer, to all or any Brit Shareholders:
- (i) with a registered address outside the United Kingdom; or
 - (ii) whom either FGL or RBC Capital Markets knows to be a custodian, trustee or nominee holding Brit Shares for persons who are citizens, residents or nationals of jurisdictions outside the United Kingdom,

by announcement in the United Kingdom through a Regulatory Information Service or in any other appropriate manner or by notice in the London Gazette or paid advertisement in one or more newspapers published and circulated in the United Kingdom. Such notice shall be deemed to have been sufficiently given, despite any failure by any such Brit Shareholder to receive or see that notice. A reference in this document to a notice or the provision of information in writing by or on behalf of FGL is to be construed accordingly. No such document will be sent to an address in any Restricted Jurisdiction.

- (j) If any written notice from a Brit Shareholder withdrawing his acceptance in accordance with paragraph 6(b) and 6(c) of Section B is received in an envelope postmarked in, or which otherwise appears to FGL or its agents to have been sent from a Restricted Jurisdiction, FGL reserves the right, in its absolute discretion, to treat that notice as invalid.
- (k) The provisions of this paragraph 8 and/or any other terms of the Offer relating to overseas shareholders may be waived, varied or modified as regards specific Brit Shareholders or on a general basis by FGL in its sole discretion. Subject to this discretion, the provisions of this paragraph 8 supersede any terms of the Offer inconsistent with them. References in this paragraph 8 to a Brit Shareholder shall include the person or persons making an Electronic Acceptance and the person or persons executing a Form of Acceptance and, in the event of more than one person executing the Form of Acceptance, the provisions of this paragraph 8 apply to them jointly and severally.

Overseas shareholders should inform themselves about and observe any applicable legal or regulatory requirements. If you are in any doubt about your position, you should consult your appropriate adviser in the relevant jurisdiction.

9. Notice To US Investors

- (a) The Offer is being made for securities of a United Kingdom company and Brit Shareholders in the United States should be aware that the Offer Document and any other documents relating to the Offer have been or will be prepared in accordance with the Code and UK disclosure requirements, format and style, all of which differ from those in the United States. Brit's financial statements, and all financial information that is included in the Offer Document, or any other documents relating to the Offer, have been or will be prepared in accordance with IFRS and may not be comparable to financial statements of companies in the United States or other companies whose financial statements are prepared in accordance with US generally accepted accounting principles.
- (b) The Offer will be made in the United States pursuant to applicable US tender offer rules and securities laws and otherwise in accordance with the requirements of English law, the Code, the Panel, the London Stock Exchange and the FCA. **Accordingly, the Offer will be subject to disclosure and other procedural requirements, including with respect to withdrawal rights, offer timetable, settlement**

procedures and timing of payments that are different from those applicable under United States domestic tender offer procedures and law. US investors should closely read paragraph 15(c) of Part 2 of this document, as well as Section B of Part 3 of this document, for further details. In particular, US investors should note that once the Offer is declared wholly unconditional, FGL will accept all Brit Shares that have by that time been validly tendered in acceptance of the Offer and will, in accordance with the Code, pay for all such accepted Brit Shares within 14 calendar days of such date, rather than the three trading days that US investors may be accustomed to in US domestic tender offers. Similarly, if the Offer is terminated or withdrawn, all documents of title will be returned to shareholders within 14 calendar days of such termination or withdrawal. Notwithstanding the foregoing, FGL will, to the extent practicable, pay for or return tendered Brit Shares within seven to ten calendar days.

- (c) Neither the SEC nor any US state securities commission has approved or disapproved the Offer or passed upon the adequacy or completeness of the Offer Document. It may be difficult for US holders of Brit securities to enforce their rights under any claim arising out of the US federal securities laws, since FGL and Brit are located outside of the United States, and some or all of their officers and directors may be resident outside of the United States.
- (d) In accordance with, and to the extent permitted by, the Code, normal UK market practice and Rule 14e-5 under the United States Securities Exchange Act of 1934, as amended (the “**Exchange Act**”), RBC Capital Markets and J.P. Morgan Cazenove and their affiliates may continue to act as exempt principal traders in Brit Shares on the London Stock Exchange and will engage in certain other purchasing activities consistent with their respective normal and usual practice and applicable law, including Rule 14e-5 under the Exchange Act. To the extent required to be disclosed in accordance with applicable regulatory requirements, information about any such purchases will be disclosed on a next day basis to the Panel and will be available from any Regulatory Information Service, including the Regulatory News Service on the London Stock Exchange website, www.londonstockexchange.com. To the extent that such information is required to be publicly disclosed in the United Kingdom in accordance with applicable regulatory requirements, this information will as applicable also be publicly disclosed in the United States.

10. General

- (a) If the Offer lapses for any reason:
 - (i) neither FGL nor any person acting, or deemed to be acting, in concert with FGL for the purposes of the Offer may, pursuant to the Code, make an offer (whether inside or outside the United Kingdom) for Brit Shares for a period of one year following the date of such lapse, except with the consent of the Panel;
 - (ii) in respect of Brit Shares held in certificated form, Forms of Acceptance, share certificates and other documents of title will be returned by post within 14 calendar days (and, to the extent practicable, within seven to ten calendar days) of the Offer lapsing, at the risk of the Brit Shareholder in question, to the person or agent whose name and address is set out in the relevant box on the Form of Acceptance or, if none is set out, to the first-named holder at his registered address. No such documents will be sent to an address in any Restricted Jurisdiction; and
 - (iii) in respect of Brit Shares held in uncertificated form, the Receiving Agent will immediately after the Offer lapses (or within such longer period as the Panel may permit, not exceeding 14 calendar days (and, to the extent practicable, within seven to ten calendar days) of the Offer lapsing) give TFE instructions to Euroclear to transfer all Brit Shares held in escrow balances and in relation to which it is the Escrow Agent for the purposes of the Offer to the original available balances of the relevant Brit Shareholders.
- (b) Except with the consent of the Panel:
 - (i) settlement of the consideration to which any Brit Shareholder is entitled under the Offer will be implemented in full in accordance with the terms of the Offer without regard to any lien, right of set-off, counterclaim or other analogous right to which FGL or RBC Capital Markets may otherwise be, or claim to be, entitled against that Brit Shareholder; and
 - (ii) settlement of the consideration to which any Brit Shareholder is entitled will be effected in the manner prescribed in paragraph 15(c) of the letter from the President of FGL contained in Part 2

of this document not later than 14 calendar days or, to the extent practicable, seven to ten calendar days after the date on which the Offer becomes or is declared unconditional in all respects or within seven to ten calendar days of the date of receipt of a valid and complete acceptance, whichever is the later.

FGL reserves the right not to send any consideration to an address in any Restricted Jurisdiction.

- (c) The terms, provisions, instructions and authorities contained in or deemed to be incorporated in the Form of Acceptance constitute part of the terms of the Offer. Words and expressions defined in this document have the same meaning when used in the Form of Acceptance unless the context requires otherwise. The provisions of Part 3 shall be deemed to be incorporated and form part of the Form of Acceptance.
- (d) If the expiry date of the Offer is extended, a reference in this document and in the Form of Acceptance to 30 September 2015 will (except in the definition of Offer Period and where the context requires otherwise) be deemed to refer to the expiry date of the Offer as so extended.
- (e) The Offer is made in respect of all Brit Shares issued and unconditionally allotted or issued prior to the date on which the Offer closes (or such earlier date as FGL may, subject to the rules of the Code or with the consent of the Panel, determine). Any omission or failure to send this document, the Form of Acceptance or any other document relating to the Offer and/or notice required to be sent under the terms of the Offer to, or any failure to receive the same by, any person to whom the Offer is, or should be, made shall not invalidate the Offer in any way or create any implication that the Offer has not been made to any such person. Subject to the provisions of paragraph 8 of this Section B, the Offer is made to any Brit Shareholder to whom this document and the Form of Acceptance or any related document may not be sent or by whom such documents may not be received, and these persons may request these documents from the Receiving Agent, Computershare Investor Services PLC, on 0870 889 3156 between 8.30 a.m. and 5.30 p.m. Monday to Friday (except UK public holidays).
- (f) Subject to the Code, and notwithstanding any other provision of this Part 3, FGL reserves the right to treat as valid in whole or in part any acceptance of the Offer if received by the Receiving Agent or otherwise on behalf of FGL which is not entirely in order or in correct form or which is not accompanied by (as applicable) the relevant share certificate(s) and/or other relevant document(s) or the relevant TTE instruction or is received by it at any place or places or in any form or manner determined by either the Receiving Agent or FGL otherwise than as set out in this document or in the Form of Acceptance. In that event, no payment of cash under the Offer will be made until after the acceptance is entirely in order and (as applicable) the relevant transfer to escrow has settled or the relevant share certificate(s) and/or other document(s) of title or satisfactory indemnities have been received by the Receiving Agent.
- (g) If the Offer becomes or is declared unconditional in all respects and FGL has, by virtue of its shareholdings and acceptances of the Offer, acquired Brit Shares carrying 75 per cent. or more of the voting rights of Brit, FGL intends to apply to the London Stock Exchange and the FCA respectively, to cancel trading in Brit Shares on the London Stock Exchange's main market for listed securities and the listing of the Brit Shares from the Official List. It is anticipated that the cancellation of Brit's listing on the Official List and admission to trading on the London Stock Exchange's market for listed securities will take effect no earlier than 20 Business Days following the date on which the Offer becomes or is declared unconditional in all respects, provided FGL has, by virtue of its shareholdings and acceptances of the Offer, acquired Brit Shares carrying 75 per cent. or more of the voting rights of Brit.
- (h) No acknowledgement of receipt of any Form of Acceptance, transfer by means of CREST, communication, notice, share certificate(s) or document(s) of title will be given by or on behalf of FGL. All communications, notices, certificates, documents of title and remittances to be delivered by or sent to or from Brit Shareholders (or their designated agents) will be delivered by or sent to or from them (or their designated agent(s)) at their own risk.
- (i) The Offer is made on 16 March 2015 and is capable of acceptance from that date. Forms of Acceptance, copies of this document and any related documents may be requested from the Receiving Agent on 0870 889 3156 between 8.30 a.m. and 5.30 p.m., Monday to Friday (except UK public holidays).

- (j) The Offer, all acceptances of the Offer and all elections in respect of it are governed by and will be construed in accordance with English law. The courts of England have exclusive jurisdiction to settle any dispute arising from or connected with the Offer, all acceptances of the Offer and all elections in respect of it.
- (k) In relation to any Electronic Acceptance, FGL reserves the right to make such alterations, additions or modifications to the terms of the Offer as may be necessary or desirable to give effect to any purported acceptance of the Offer, whether in order to comply with the facilities or requirements of CREST, or otherwise, provided such alterations, additions or modifications are consistent with the requirements of the Code or are otherwise made with the consent of the Panel.
- (l) For the purposes of this document, the time of receipt of a TTE instruction, an ESA instruction or an Electronic Acceptance shall be the time at which the relevant instruction settles in CREST.
- (m) Any references in this Part to the return or despatch of documents by post shall extend to the return or despatch by such other method as the Panel may approve.

Section C: Form of Acceptance for Brit Shares in certificated form

This Section C applies to Brit Shares in certificated form. If you hold all your Brit Shares in uncertificated form, you should ignore this Section C and instead read Section D.

For the purposes of this Section C of Part 3 and the Form of Acceptance, the phrase “**Brit Shares in certificated form comprised in the acceptance**” shall mean the number of Brit Shares inserted in Box 1 of the Form of Acceptance or, if no number, the word “ALL”, any other word or marking, or a number greater than the relevant Brit Shareholder’s holding of Brit Shares is inserted in Box 1, the greater of:

- (i) the relevant Brit Shareholder’s entire holding of Brit Shares in certificated form as disclosed by details of the register of members made available to the Receiving Agent prior to the time the relevant Form of Acceptance is processed by them;
- (ii) the relevant Brit Shareholder’s entire holding of Brit Shares in certificated form as disclosed by details of the register of members made available to the Receiving Agent prior to the latest time for receipt of Form(s) of Acceptance, which can be taken into account in determining whether the Offer is unconditional as to acceptances; and
- (iii) the number of Brit Shares in certificated form in respect of which certificates or an indemnity in lieu thereof is received.

Without prejudice to the terms of the Form of Acceptance and the provisions of Sections A and B of this Part 3, each Brit Shareholder by whom, or on whose behalf, a Form of Acceptance is executed and lodged with the Receiving Agent (subject to the rights of withdrawal set out in this document), irrevocably undertakes, represents, warrants and agrees to and with FGL, RBC Capital Markets and the Receiving Agent (so as to bind him, his personal or legal representatives, heirs, successors and assigns) that:

- (a) the execution of a Form of Acceptance whether or not any Boxes are completed and whether or not the Form of Acceptance is validly executed as a deed shall constitute:
 - (i) an acceptance of the Offer in respect of the number of Brit Shares in certificated form inserted or deemed to be inserted in Box 1 of the Form of Acceptance; and
 - (ii) an undertaking to execute any further documents, take any further action and give any further assurances which may be required to enable FGL to obtain the full benefit of this Section C of Part 3 and/or to perfect any of the authorities expressed to be given hereunder and otherwise in connection with his acceptance of the Offer;

in each case on and subject to the terms set out or referred to in this document and the Form of Acceptance and that, subject only to the rights of withdrawal set out in paragraph 6 of Section B of Part 3, each such acceptance and undertaking shall be irrevocable. If no Boxes are completed, the total number of Brit Shares inserted in Box 1 is greater than the number of Brit Shares in certificated form comprised in the acceptance, or the word “ALL”, any other word or marking is inserted in Box 1, or the acceptance is otherwise completed incorrectly, but the Form of Acceptance is signed, it will be deemed to be an acceptance of the Offer in respect of all the Brit Shares in certificated form comprised in the acceptance;

- (b) he is irrevocably and unconditionally entitled to sell and transfer the beneficial ownership of the Brit Shares comprised or deemed to be comprised in such acceptance and that such shares are sold fully paid and free from all liens, charges, equities, encumbrances, rights of pre-emption and other interests of any nature whatsoever and together with all rights attaching to them on or after 17 February 2015, including, without limitation, voting rights and, subject to paragraphs 2(i) and 2(j) of this Section B, the right to receive and retain in full all dividends and other distributions (if any) declared, paid or made, or any other return of capital (whether by reduction of share capital or share premium account or otherwise) made, on or after that date;
- (c) unless “NO” is inserted in Box 3 of the Form of Acceptance such Brit Shareholder:
 - (i) has not received or sent copies or originals of this document, the Form of Acceptance or any related documents in, into or from a Restricted Jurisdiction;
 - (ii) has not, in connection with the Offer or the execution or delivery of the Form of Acceptance, utilised, directly or indirectly, the mails of, or any means or instrumentality (including, without limitation, facsimile, e-mail or other electronic transmission, telex, telephone, internet or other

- forms of electronic communication) of interstate or foreign commerce of, or of any facility of a national securities exchange of, any Restricted Jurisdiction;
- (iii) is accepting the Offer from outside a Restricted Jurisdiction and was outside such jurisdictions when the Form of Acceptance was delivered;
 - (iv) is not acting on a non-discretionary basis (as agent, nominee, custodian, trustee or otherwise) for a principal, unless such agent or fiduciary is an authorised employee of such principal or such principal has given any instructions with respect to the Offer from outside a Restricted Jurisdiction; and
 - (v) if such Brit Shareholder is a citizen, resident or national of a jurisdiction outside the United Kingdom, he has observed the laws and regulatory requirements of the relevant jurisdiction in connection with the Offer, obtained all requisite governmental, exchange control or other consents, complied with all other necessary formalities and paid any issue, transfer or other taxes or duties or other requisite payments due in any such jurisdiction in connection with such acceptance and that he has not taken or omitted to take any action that will or may result in FGL, RBC Capital Markets or any other person acting in breach of the legal or regulatory requirements of any such jurisdiction in connection with the Offer or his acceptance of the Offer;
- (d) in relation to Brit Shares in certificated form, the execution of the Form of Acceptance and its delivery constitute (subject to the Offer becoming or being declared unconditional in all respects and to the Brit Shareholder not having validly withdrawn his acceptance) the irrevocable appointment of any directors of, or any person authorised by, FGL as his attorney with an irrevocable instruction and authorisation to such attorney to:
- (i) complete and execute all or any form(s) of transfer, renunciation and/or other documents at the discretion of such agent and/or attorney in relation to the Brit Shares comprised in the acceptance in favour of FGL or such other persons as FGL or its agents may direct;
 - (ii) deliver any form(s) of transfer, renunciation and/or other document(s) at the discretion of such agent and/or attorney together with any share certificate or other document(s) of title for registration relating to such Brit Shares within six months of the end of the Offer Period; and
 - (iii) take any other action as may, in the reasonable opinion of such agent and/or attorney, be necessary or desirable for the purposes of, or in connection with the acceptance of the Offer and to vest in FGL (or its nominees) the full legal title and beneficial ownership of Brit Shares in certificated form comprised in the acceptance;
- (e) in relation to Brit Shares in certificated form, the execution of the Form of Acceptance and its delivery constitute an irrevocable instruction and authorisation (subject to the Offer becoming or being declared unconditional in all respects in accordance with its terms and to the Brit Shareholder not having validly withdrawn his acceptance):
- (i) to Brit or its agents to procure the registration of the transfer of the Brit Shares in certificated form comprised in the acceptance and the delivery of the share certificate(s) and other document(s) of title in respect of the Brit Shares to FGL or as it may direct;
 - (ii) to FGL, RBC Capital Markets or their respective agents, to procure the issue and despatch by post (or such other method as may be approved by the Panel) of a cheque in respect of any cash consideration to which such Brit Shareholder is entitled under the Offer at such Brit Shareholder's risk, to the person or agent whose name and address (outside the Restricted Jurisdictions unless otherwise permitted by FGL) is set out in Box 1 or Box 6 of the Form of Acceptance (as applicable), or, if none is set out, to the first-named holder at his registered address (outside the Restricted Jurisdictions unless otherwise permitted by FGL); and
 - (iii) to FGL, Fairfax or their respective agents, to record, act and rely on any mandates, instructions, consents or instruments in force relating to payments, notices or distributions which have been entered in the records of the Wider Fairfax Group in respect of his holding of Brit Shares (until such are revoked or varied);
- (f) the execution of the Form of Acceptance constitutes the giving of authority to each of FGL, RBC Capital Markets and the Receiving Agent and their respective director(s), partners and agents within the terms set out in Section B and Part C of this Part 3;

- (g) unless the Panel otherwise gives its consent, subject to the Offer becoming or being declared unconditional in all respects (or if the Offer would become or be declared unconditional in all respects or lapse on the outcome of the resolution in question), in respect of Brit Shares in relation to which the Offer has been accepted or deemed to be accepted (which acceptance has not been validly withdrawn) and pending registration in the name of FGL or as it may direct:
- (i) FGL or its agents shall be authorised to direct the exercise of any votes and any or all other rights and privileges (including the right to call a general or separate class meeting of Brit) attaching to the Brit Shares in certificated form comprised or deemed to be comprised in such acceptance;
 - (ii) the execution of a Form of Acceptance by a Brit Shareholder shall constitute with regard to such Brit Shares in certificated form comprised in the acceptance:
 - (A) an authority to Brit or its agents to send any notice, circular, warrant or other document or communication which may be required to be sent to him as a member of Brit to FGL at its registered office;
 - (B) an irrevocable authority to any directors of, or person authorised by FGL or RBC Capital Markets or their respective agents to sign any document and do such things as may, in the reasonable opinion of that agent and/or attorney, be necessary or desirable in connection with the exercise of any votes or other rights or privileges attaching to the Brit Shares held by him in certificated form (including, without limitation, signing any consent to short notice of a general or separate class meeting as his agent and/or attorney and on his behalf and executing a form of proxy appointing any person nominated by FGL to attend general and separate class meetings of Brit and attending any such meeting and exercising the votes attaching to the Brit Shares comprised or deemed to be comprised in such acceptance on his behalf; and
 - (C) the agreement of such Brit Shareholder not to exercise any such rights without the consent of FGL and the irrevocable undertaking not to appoint a proxy for or to attend any such general or separate class meeting of Brit;
- (h) he will deliver to the Receiving Agent, or procure the delivery to the Receiving Agent of, his certificate(s) or other document(s) of title in respect of those Brit Shares in certificated form comprised in the acceptance and not validly withdrawn by him or an indemnity acceptable to FGL, as soon as possible, and in any event within six months of the end of the Offer Period;
- (i) he will ratify each and every act or thing which may be done or effected by FGL, RBC Capital Markets or the Receiving Agent or any of their respective directors or agents in the exercise of any of the powers and/or authorities under this Section C;
- (j) if any provision of Section B or this Section C shall be unenforceable or invalid or shall not operate so as to afford FGL, RBC Capital Markets or the Receiving Agent or any of their respective directors, agents or persons authorised by them, or Brit or any of its agents the benefit of the authority expressed to be given therein, he will, with all practicable speed, do all such acts and things and execute all such documents that may be necessary or desirable to enable FGL, RBC Capital Markets and/or the Receiving Agent and any of their respective directors, agents or persons authorised by them or Brit or any of its agents to secure the full benefit of Sections B or this Section C;
- (k) he is irrevocably and unconditionally entitled to sell and transfer the beneficial ownership of the Brit Shares comprised or deemed to be comprised in such acceptance and that such shares are sold fully paid free from all liens, charges, equities, encumbrances, rights of pre-emption and other third party rights and interests of any nature whatsoever and together with all rights attaching to them on or after 17 February 2015 including, without limitation, voting rights and the right to receive and retain in full all dividends and other distributions (if any) declared, paid or made on or after that date other than the 2014 Dividends and, if applicable:
- (i) the First Interim Dividend; and
 - (ii) the Second Interim Dividend,
- which in each case may be retained by the relevant Brit Shareholder on and subject to the terms of paragraphs 2(i) and 2(j) of Section B.

- (l) the terms of the Offer shall be deemed to be incorporated in, and form part of, the Form of Acceptance which shall be read and construed accordingly;
- (m) the Form of Acceptance shall be deemed to be delivered on the date of its execution and shall take effect as a deed on such date;
- (n) the execution of the Form of Acceptance constitutes the Brit Shareholder's submission to the exclusive jurisdiction of the courts of England in relation to all matters arising in connection with the Offer and the Form of Acceptance; and
- (o) he is not a client (as defined in the FCA Handbook) of RBC Capital Markets in connection with the Offer.

A reference in this Section C to a Brit Shareholder includes a reference to the person or persons executing the Form of Acceptance and in the event of more than one person executing a Form of Acceptance the provisions of this Section C will apply to them jointly and to each of them.

Section D: Electronic Acceptance

This Section D applies to Brit Shares in uncertificated form. If you hold all your Brit Shares in certificated form, you should ignore this Section D and instead read Section C.

For the purposes of this Section D of Part 3, the phrase “**Brit Shares in uncertificated form comprised in the acceptance**” shall mean the number of Brit Shares which are transferred by the relevant Brit Shareholder by Electronic Acceptance to an escrow account by means of a TTE instruction.

Without prejudice to the provisions of Sections A and B of Part 3, each Brit Shareholder by whom, or on whose behalf, an Electronic Acceptance is made (subject to the rights of withdrawal set out in this document), irrevocably undertakes, represents, warrants and agrees to and with FGL, RBC Capital Markets and the Receiving Agent (so as to bind him, his personal or legal representatives, heirs, successors and assigns) that:

(a) the Electronic Acceptance shall constitute:

- (i) an acceptance of the Offer in respect of the number of Brit Shares in uncertificated form to which the TTE instruction relates; and
- (ii) an undertaking to execute any documents, take any further action and give any further assurances which may be required to enable FGL to obtain the full benefit of this Section D of Part 3 and/or to perfect any of the authorities expressed to be given hereunder and otherwise in connection with his acceptance of the Offer,

in each case on and subject to the terms set out or referred to in this document and that, subject to the rights of withdrawal set out in paragraph 6 of Section B of Part 3, each such acceptance, election and undertaking shall be irrevocable;

(b) such Brit Shareholder:

- (i) has not received or sent copies or originals of this document, the Form of Acceptance or any related documents in, into or from a Restricted Jurisdiction;
- (ii) has not otherwise utilised in connection with the Offer, directly or indirectly, the mails of, or any means or instrumentality (including, without limitation, facsimile, e-mail or other electronic transmission, telex, telephone, internet or other forms of electronic communication) of interstate or foreign commerce of, or of any facility of a national securities exchange of, any Restricted Jurisdiction;
- (iii) is accepting the Offer from outside any Restricted Jurisdiction and was outside those jurisdictions at the time of the input and settlement of the relevant TTE instruction(s);
- (iv) is not acting on a non-discretionary basis (as agent, nominee, custodian, trustee or otherwise) for a principal, unless such agent or fiduciary is an authorised employee of such principal or such principal has given any instructions with respect to the Offer from outside a Restricted Jurisdiction; and
- (v) if such Brit Shareholder is a citizen, resident or national of a jurisdiction outside the United Kingdom, he has observed the laws and regulatory requirements of the relevant jurisdiction in connection with the Offer, obtained all requisite governmental, exchange control or other consents, complied with all other necessary formalities and paid any issue, transfer or other taxes or duties or other requisite payments due in any such jurisdiction in connection with such acceptance and that he has not taken or omitted to take any action that will or may result in FGL, RBC Capital Markets or any other person acting in breach of the legal or regulatory requirements of any such jurisdiction in connection with the Offer or his acceptance of the Offer;

(c) the Electronic Acceptance constitutes, subject to the Offer becoming unconditional in all respects in accordance with its terms and subject to such Brit Shareholder not having validly withdrawn his acceptance, the irrevocable appointment of FGL as the Brit Shareholder’s attorney with an irrevocable instruction to such attorney to do all such acts and things as may, in the reasonable opinion of such attorney, be necessary or desirable for the purpose of, or in connection with, the acceptance of the Offer and to vest in FGL (or its nominees), upon the Offer becoming unconditional in all respects, the full legal and beneficial ownership of Brit Shares in uncertificated form comprised in the acceptance;

- (d) the Electronic Acceptance constitutes the irrevocable appointment of the Receiving Agent as the accepting Brit Shareholder's Escrow Agent and attorney with an irrevocable instruction and authorisation:
 - (i) upon the Offer becoming unconditional in all respects in accordance with its terms and subject to such Brit Shareholder not having validly withdrawn his acceptance, to transfer to FGL (or to such other person or persons as FGL or its agents may direct) by means of CREST all or any of the Brit Shares in uncertificated form which are the subject of a TTE instruction in respect of that Electronic Acceptance; and
 - (ii) if the Offer does not become or be declared unconditional in all respects, to give instructions to Euroclear immediately after the Offer lapses (or within such longer period as the Panel may permit, not exceeding 14 calendar days of the Offer lapsing) to transfer all such Brit Shares to the original balance of the accepting Brit Shareholder;
- (e) the Electronic Acceptance constitutes (subject to the Offer becoming unconditional in all respects in accordance with its terms and to the Brit Shareholder not having validly withdrawn his acceptance) an irrevocable instruction and authorisation, subject to the provisions of paragraph 7 of Section B, to FGL or its agents to procure the making of a CREST payment obligation in favour of the Brit Shareholder's payment bank in accordance with the CREST payment arrangements in respect of any cash consideration to which such shareholder is entitled under the Offer, provided that FGL may (if, for any reason, it wishes to do so except in circumstances where a Brit Shareholder has informed the Receiving Agent in writing prior to the Offer being declared unconditional in all respects that it is unwilling to accept settlement of the consideration by cheque) determine that all or any part of such cash consideration shall be paid by cheque despatched by post (or by such other method as may be approved by the Panel) at the risk of the Brit Shareholder, provided that in the case of a Brit Shareholder whose registered address is in a Restricted Jurisdiction, such cheques shall be despatched to the first named holder at an address outside any Restricted Jurisdiction stipulated by such holder or as otherwise determined by FGL;
- (f) the Electronic Acceptance constitutes the giving of authority to each of FGL and RBC Capital Markets and their respective director(s), partners and agents within the terms set out in paragraph 7 and paragraphs 8(f), (h) and (i) of Section B and in this Section D of Part 3;
- (g) unless the Panel otherwise gives its consent, subject to the Offer becoming unconditional in all respects (or if the Offer would become or be declared unconditional in all respects or lapse on the outcome of the resolution in question), in respect of Brit Shares in relation to which the Offer has been accepted or deemed to be accepted (which acceptance has not been validly withdrawn) and pending registration in the name of FGL or as it may direct:
 - (i) FGL or its agents shall be authorised to direct the exercise of any votes and any or all other rights and privileges (including the right to call a general or separate class meeting of Brit) attaching to the Brit Shares in uncertificated form comprised or deemed to be comprised in the acceptance; and
 - (ii) an Electronic Acceptance by a Brit Shareholder shall constitute with regard to such Brit Shares in uncertificated form comprised in the acceptance:
 - (A) an authority to Brit or its agents to send any notice, circular, warrant or other document or communication which may be required to be sent to him as a member of Brit (including any share certificate(s) or other document(s) of title issued as a result of a conversion of such Brit Shares into certificated form) to FGL at its registered office;
 - (B) an irrevocable authority to any directors of, or person authorised by FGL or its directors to sign any document and do such things as maybe necessary or desirable in connection with the exercise of any votes or other rights or privileges attaching to the Brit Shares held by him (including, without limitation, signing any consent to short notice of a general or separate class meeting as his attorney and on his behalf and executing a form of proxy appointing any person nominated by FGL to attend general and separate class meetings of Brit and attending any such meeting (and any adjournment thereof) and exercising the votes attaching to the Brit Shares in uncertificated form comprised or deemed to be comprised in the acceptance; and

- (C) the agreement of such Brit Shareholder not to exercise any such rights without the consent of FGL and the irrevocable undertaking not to appoint a proxy for or to attend such general or separate class meeting of Brit;
- (h) if, for any reason, any Brit Shares in respect of which a TTE instruction has been effected in accordance with paragraph 15(b)(ii) of the letter from the President of FGL contained in Part 2 of this document are converted to certificated form, he will (without prejudice to paragraph (g) of Part D) immediately deliver, or procure the immediate delivery of the share certificate(s) or other document(s) of title in respect of all such Brit Shares that are so converted to the Receiving Agent at the address specified in paragraph 6(g) of Section B or to FGL at its registered office or as FGL or its agents may direct; and he shall be deemed upon conversion to undertake, represent, warrant and agree in the terms set out in Section C in relation to such Brit Shares without prejudice to the application of this Section D so far as FGL deems appropriate;
- (i) the creation of a CREST payment obligation in favour of his payment bank in accordance with the CREST payment arrangements as referred to in paragraph (e) of this Section D will, to the extent of the obligation so created, discharge in full any obligation of FGL or RBC Capital Markets to pay to him the cash consideration to which he is entitled under the Offer;
- (j) he will do all such acts and things as shall, in the reasonable opinion of FGL be necessary or desirable to enable the Receiving Agent to perform its functions as Escrow Agent for the purposes of the Offer or to vest in FGL or its nominee(s), upon the Offer becoming unconditional in all respects and subject to the Electronic Acceptance not having been validly withdrawn, the Brit Shares in uncertificated form comprised or deemed to be comprised in the acceptance;
- (k) he will ratify each and every act or thing which may be done or effected by FGL, its directors or the Receiving Agent or any of their respective directors or agents or by Brit or its agents, as the case may be, in the proper exercise of any of the powers and/or authorities under this Section D;
- (l) if any provision of Section B or this Section D of Part 3 shall be unenforceable or invalid or shall not operate so as to afford FGL, RBC Capital Markets or the Receiving Agent or any of their respective directors, agents or persons authorised by them, or Brit or any of its agents the benefit of the authority expressed to be given therein, he will, with all practicable speed, do all such acts and things and execute all such documents that may be necessary or desirable to enable FGL, RBC Capital Markets and/or the Receiving Agent and any of their respective directors, agents or persons authorised by them or Brit or any of its agents to secure the full benefit of Section B or this Section D of Part 3;
- (p) he is irrevocably and unconditionally entitled to sell and transfer the beneficial ownership of the Brit Shares comprised or deemed to be comprised in such acceptance and that such shares are to be sold fully paid free from all liens, charges, equities, encumbrances, rights of pre-emption and other third party rights and interests of any nature whatsoever and together with all rights attaching to them on or after 17 February 2015 including, without limitation, voting rights and the right to receive and retain in full all dividends and other distributions (if any) declared, paid or made on or after that date other than the 2014 Dividends and, if applicable,
- (i) the First Interim Dividend; and
- (ii) the Second Interim Dividend,
- the rights to receive and retain each of which shall be retained by the relevant Brit Shareholder on and subject to the terms of paragraphs 2(i) and 2(j) of Section B;
- (m) the making of an Electronic Acceptance constitutes the Brit Shareholder's submission to the exclusive jurisdiction of the courts of England in relation to all matters arising in connection with the Offer;
- (n) by virtue of Regulation 43 of the Regulations the making of an Electronic Acceptance constitutes an irrevocable power of attorney by the CREST member accepting the Offer in the terms of all the powers and authorities expressed to be given in paragraphs 7 and 8(f), (h) and (i) of Section B, Section C (where applicable by virtue of paragraph (h) above) and Section D to FGL, the Receiving Agent, RBC Capital Markets or any of their respective directors or agents or Brit or its agents set out in Part 3; and
- (o) he is not a client (as defined in the FCA Handbook) of RBC Capital Markets in connection with the Offer.

A reference in Section D of Part 3 to a Brit Shareholder includes a reference to the person or persons making an Electronic Acceptance and, in the event of more than one person making an Electronic Acceptance, the provisions of this Part D will apply to them jointly and to each of them.

PART 4: INFORMATION INCORPORATED BY REFERENCE

Your attention is drawn to the following documents that are incorporated by reference into this offer document in accordance with Rule 24.15:

<u>Document</u>	<u>Website where document is available for inspection</u>
Fairfax Group financials:	
Fairfax Financial Holdings Limited Annual Report 2014: Consolidated financial statements for the year ended 31 December 2014, pp. 25-207	www.fairfax.ca/financials
Fairfax Financial Holdings Limited Annual Report 2013: Consolidated financial statements for the year ended 31 December 2013, pp. 22-207	
Brit PLC financials	
Brit PLC: Preliminary financial results for the year ended 31 December 2014 - 25 February 2015	www.britinsurance.com/financials
Brit PLC 2014 Half Year Report—13 August 2014	
Brit PLC: Financial results for the year ended 31 December 2013	
Brit PLC: Financial results for the year ended 31 December 2012	
List of material contracts, pp. 334-339 of the Brit IPO prospectus.	www.britinsurance.com/ir

Request for hard copies

You may request a hard copy of the above information incorporated into this document by reference by contacting the Receiving Agent at Computershare, Corporate Actions Projects, Bristol, BS99 6AH or by telephone between 8.30 a.m. and 5.30 p.m. Monday to Friday (except UK public holidays) on 0870 889 3156. Please note that calls may be monitored or recorded. A hard copy of the information incorporated into this document by reference will not be sent to you unless requested from FGL in accordance with the instructions above.

No incorporation of website information

Save as expressly referred to herein, neither the content of Fairfax's website nor the content of any website accessible from hyperlinks on Fairfax's website, is incorporated by reference into, or forms part of, this document.

PART 5: SOURCES OF INFORMATION AND BASES OF CALCULATION

1. As at the close of business on 16 February 2015, Brit had in issue 400,452,960 shares. The International Securities Identification Number for the Brit Shares is GB00BKRV3L73.
2. The value attributed to Brit's existing issued and to be issued ordinary share capital as implied by the Brit Offer Price stated in paragraph 2 of Part 2 is based upon the 400,452,960 Brit Shares in issue on 16 February 2015 plus a maximum of 1,038,546 Brit Shares which will be the result of vesting options.
3. The price to net tangible assets multiple of 1.73x is based on the Brit Offer Price, the number of issued ordinary shares of 400,452,960 and Brit's net tangible assets of £704.4 million as at 30 June 2014, the last reported date before the 2.7 Announcement (the Cash Amount of 280 pence represents a multiple of 1.59x Brit's net tangible assets per share of 176.2 pence as at 30 June 2014).
4. Unless otherwise stated, the financial information on Fairfax is extracted from Fairfax's financial results for the year ended 31 December 2014 and Fairfax's Interim Report for the six months ended 30 June 2014.
5. Unless otherwise stated, the financial information on Brit is extracted from Brit's 2014 Interim report and the Interim Management Statement released on 12 November 2014.
6. The market prices of the Brit Shares have been derived from the Daily Official List and represent Closing Prices of the relevant date(s).
7. The offer price of the Brit Shares set at Brit's initial public offering is derived from the pricing announcement released by Brit dated 28 March 2014.
8. Volume weighted average closing prices are derived from Bloomberg.
9. The US dollar/Sterling exchange rate used for converting certain fees payable by Fairfax is US\$1 = £0.6782, as reported by Bloomberg at close of business on 13 March 2015.

PART 6: TAXATION

United Kingdom taxation

The comments set out below are based on current UK tax law as applied in England and Wales and HM Revenue & Customs (“HMRC”) published practice (which may not be binding on HMRC) as at the date of this document, both of which are subject to change, possibly with retrospective effect. They are intended as a general guide to certain limited aspects of the UK tax treatment of acceptance of the Offer and apply only to Brit Shareholders who are resident for tax purposes in the UK at all relevant times and to whom “split year” treatment does not apply who hold Brit Shares as an investment (other than under an individual savings account) and who are the absolute beneficial owners thereof. The discussion does not address all possible tax consequences relating to an investment in Brit Shares. Certain categories of Brit Shareholders, including those carrying on certain financial activities, (including market makers, brokers, dealers, intermediaries and persons connected with depository arrangements or clearance services, to whom special rules may apply), those subject to specific tax regimes or benefitting from certain reliefs and exemptions, those connected with Brit and those who have (or are deemed to have) acquired their Brit Shares by reason of an office or employment may be subject to special rules and this summary does not apply to such shareholders.

Brit Shareholders who are in any doubt about their tax position, or who are resident or otherwise subject to taxation in a jurisdiction outside the United Kingdom, should consult their own professional advisers immediately.

(a) UK Taxation of Chargeable Gains

A Brit Shareholder’s liability to UK taxation of chargeable gains in respect of the disposal of Brit Shares pursuant to the Offer will depend on that shareholder’s individual circumstances.

The sale of Brit Shares by a Brit Shareholder pursuant to the Offer will constitute a disposal, or part disposal, of the relevant Brit Shares for the purposes of UK capital gains tax or UK corporation tax on chargeable gains (as applicable). Such a disposal or part disposal may give rise to a liability to UK taxation of chargeable gains depending on the Brit Shareholder’s individual circumstances (including the availability of exemptions, reliefs and allowable losses) and, in particular, the Brit Shareholder’s base cost in their holding of Brit Shares.

For Brit Shareholders within the charge to UK corporation tax (but which do not qualify for the substantial shareholdings, or any other, exemption in respect of their Brit Shares) indexation allowance may be available to reduce any chargeable gain arising (but not to create or increase an allowable loss) on the disposal of Brit Shares.

(b) Taxation of dividends — UK income tax payers

An individual Brit Shareholder who receives the 2014 Dividends in respect of the Brit Shares will generally be liable to UK income tax in respect of the dividend. Subject to certain conditions an individual Brit Shareholder will generally be entitled to a tax credit in respect of that dividend, equal to one-ninth of the amount of the cash dividend received.

The 2014 Dividends will be subject to UK income tax at the rate of 10 per cent. on the amount of the dividend and the associated one-ninth tax credit in the hands of an individual Brit Shareholder who is liable to UK income tax at the basic rate. This means that the tax credit will generally satisfy in full the UK income tax liability of such individual Brit Shareholder with respect to such a dividend.

An individual Brit Shareholder who is liable to UK income tax at the higher rate will generally be subject to UK income tax at the rate of 32.5 per cent. on the amount of the dividend and the associated one-ninth tax credit. The tax credit will only partially satisfy that individual Brit Shareholder’s UK income tax liability with respect to such a dividend and, accordingly, such Brit Shareholders will generally be liable for additional tax of 22.5 per cent. of the amount of the dividend and the associated one-ninth tax credit or 25 per cent. of the cash dividend received.

An individual Brit Shareholder who is liable to UK income tax at the additional rate will generally be subject to UK income tax at the rate of 37.5 per cent. on the amount of the dividend and the associated one-ninth tax credit. As is the case for higher rate taxpayers, the tax credit will not fully match that Brit Shareholder’s UK income tax liability with respect to such a dividend. Accordingly, such Brit Shareholders

will generally be liable for an additional tax of 27.5 per cent. of the dividend and the associated one-ninth tax credit.

Whether an individual Brit Shareholder who is liable to UK income tax in respect of a dividend is liable to that tax at the higher or additional rate or not will depend on the particular circumstances of that Brit Shareholder.

(c) Taxation of dividends — UK corporation tax payers

Brit Shareholders within the charge to UK corporation tax which are “small companies” (for the purposes of UK taxation of dividends) will not generally be subject to tax on dividends from Brit.

Other Brit Shareholders within the charge to UK corporation tax will not be subject to tax on dividends from Brit so long as the dividends fall within an exempt class and certain conditions are met. In general, dividends paid on non-redeemable shares that do not carry any present or future preferential rights to dividends or to the company’s assets on its winding up and dividends paid to a person holding less than 10 per cent. of the issued share capital of the payer (or any class of that share capital) are examples of dividends that fall within an exempt class.

(d) No payment of tax credit

A Brit Shareholder (whether an individual or a company) who is not liable to tax on dividends from Brit will not be entitled to claim payment of the tax credit in respect of those dividends.

(e) Taxation of Cash Amount if increased because the 2014 Dividends are not paid

In the event that for any reason the 2014 Dividends are not paid by Brit, Brit Shareholders will receive an amount in respect of the 2014 Dividends as additional consideration for the purchase of their Brit Shares. The additional consideration should be subject to capital gains tax as set out in more detail below.

(f) UK stamp duty and UK stamp duty reserve tax (“SDRT”)

No UK stamp duty or SDRT should be payable by Brit Shareholders as a result of accepting the Offer.

THE ABOVE SUMMARY IS INTENDED ONLY AS A GENERAL GUIDE TO THE TAXATION POSITION UNDER UK TAX LEGISLATION AND DOES NOT CONSTITUTE TAX OR LEGAL ADVICE. ANY PERSON WHO IS IN DOUBT AS TO HIS TAXATION POSITION OR WHO REQUIRES MORE DETAILED INFORMATION SHOULD CONSULT HIS OWN PROFESSIONAL TAX ADVISER.

PART 7: ADDITIONAL INFORMATION

1. Responsibility

- (a) The FGL Directors, whose names are set out in paragraph 4(a) below (the “**Fairfax Responsible Parties**”), accept responsibility for: (i) the information in this document relating to FGL, the FGL Directors and their respective connected persons; (ii) the information contained in this document relating to Fairfax; and (iii) all other information contained in this document other than information relating to Brit for which responsibility is taken by the Brit Responsible Parties pursuant to paragraph (b) below. To the best of the knowledge and belief of the Fairfax Responsible Parties (who have taken all reasonable care to ensure that such is the case), the information contained in this document for which they accept responsibility is in accordance with the facts and does not omit anything likely to affect the import of such information.
- (b) The Brit Directors, whose names are set out in paragraph 4(b) below (the “**Brit Responsible Parties**”), accept responsibility for the information contained in this document relating to Brit, the Brit Directors and their close relatives and related trusts and companies. The Brit Directors confirm that to the best of their knowledge and belief, having taken all reasonable care to ensure that such is the case, the information contained in this document for which they accept responsibility is in accordance with the facts and does not omit anything likely to affect the import of such information.

2. Information on Fairfax and FGL

Fairfax is a holding company which, through its subsidiaries, is engaged in property and casualty insurance and reinsurance and investment management. Fairfax was founded in 1985 by the present Chairman and Chief Executive Officer, Prem Watsa. Fairfax has been under present management since 1985 and is headquartered in Toronto, Canada. Its common shares are listed on the Toronto Stock Exchange under the symbol FFH and in US dollars under the symbol FFH.U.

Prem Watsa, the Chairman and Chief Executive of Fairfax, holds approximately 42.6% of the total voting rights attached to all classes of Fairfax shares. These voting rights are held through direct holdings and his ownership of the Sixty Two Investment Company Limited. Mr Watsa does not hold any other assets relevant to the business of Brit.

Mr Watsa has served as Chairman of Fairfax and Vice President of Hamblin Watsa since 1985 and has over 40 years’ experience in the financial services industry. Mr. Watsa formerly served as Vice President of GW Asset Management from 1983 to 1984 and in various positions, ultimately as a Vice President, with Confederation Life Investment Counsel from 1974 to 1983. Mr Watsa is a CFA charterholder, and has an MBA from the Richard Ivey School of Business of the University of Western Ontario.

FGL is a private company incorporated and registered in Canada which has its registered office at 95 Wellington Street West, Suite 800, Toronto ON, M5J 2N7, Canada. FGL is a wholly owned, direct subsidiary of Fairfax.

The principal activity of FGL is to act as holding company within the Wider Fairfax Group and in this capacity it will hold the ordinary shares in the capital of Brit.

3. Information on Brit

Brit is a market-leading global specialty insurer and reinsurer, with a major presence in Lloyd’s of London and a growing US and international presence.

Following a transformation and simplification process commencing in 2009, which included a rigorous re-underwriting of the core syndicate business alongside disposals of non-core operations, Brit has made outstanding progress in delivering attractive underwriting returns and capitalising on profitable growth opportunities. Since its IPO in April 2014, Brit has delivered attractive financial returns for its shareholders and the Brit Offer Price represents a total return to investors since the IPO of 29.7 per cent. including the interim dividend of 6.25 pence declared on 13 August 2014.

4. Directors

- (a) The directors of FGL and their positions in FGL are as follows:

<u>Name</u>	<u>Position</u>
V. Prem Watsa	President and Director
Eric P. Salsberg	Vice President and Director
Ronald Schokking	Vice President, Treasurer and Director
Paul Rivett	Director

The principal executive office of FGL and the business address of each of the directors of FGL is 95 Wellington Street West, Toronto, Ontario, Canada, M5J 2N7.

- (b) The Brit Directors and their positions in Brit are as follows:

<u>Name</u>	<u>Position</u>
Dr. Richard Ward	Chairman
Mark Cloutier	Chief Executive Officer
Jonathan Feuer	Non-Executive Director
Sachin Khajuria	Non-Executive Director
Gernot Lohr	Non-Executive Director
Kamil Salame	Non-Executive Director
Ipe Jacob	Senior Independent Non-Executive Director
Hans-Peter Gerhardt	Independent Non-Executive Director
Maarten Hulshoff	Independent Non-Executive Director
Willem Stevens	Independent Non-Executive Director

The registered office of Brit and the business address of each of the Brit Directors is Brit PLC, 55 Bishopsgate, London, EC2N 3AS.

5. Market quotations

Set out below are the Closing Prices of Brit Shares on:

- (a) the first dealing day in each of the six months immediately before the date of this document;
(b) 16 February 2015 (the last dealing day before the commencement of the Offer Period); and
(c) 13 March 2015 (the latest practicable date before the publication of this document).

<u>Date</u>	<u>Brit Shares (pence)</u>
1 September 2014	259.3
1 October 2014	238.5
3 November 2014	251.0
1 December 2014	252.0
2 January 2015	271.5
2 February 2015	269.1
16 February 2015	274.2
2 March 2015	303.2
13 March 2015	304.5

6. Interests and dealings

- (a) For the purposes of this paragraph 6:

- (i) “**acting in concert**” with a party means any such person acting or deemed to be acting in concert with that party for the purposes of the Code and/or the Offer. Persons who will be presumed to be acting in concert with other persons include:

- (A) a company, its parent, subsidiaries and fellow subsidiaries and their associated companies and companies of which such companies are associated companies, all with each other (for this purpose ownership or control of 20 per cent. or more of the equity share capital of a company is regarded as the test of associated company status);

- (B) a company with any of its directors (together with their close relatives and related trusts and companies);
- (C) connected advisers (and persons controlling, controlled by or under the same control as such connected advisers) with their clients;
- (D) the pension funds of the company or any company covered in (a) above;
- (ii) “**arrangement**” includes indemnity or option arrangements and any agreement or understanding, formal or informal, of whatever nature relating to relevant securities which may be an inducement to deal or refrain from dealing;
- (iii) “**connected advisers**” includes an organisation which (i) is advising FGL or (as the case may be) Brit in relation to the Offer; (ii) is corporate broker to FGL or (as the case may be) Brit; (iii) is advising a person acting in concert with FGL or (as the case may be) Brit in relation to the Offer or in relation to the matter which is the reason for that person being a member of the concert party; or (iv) is advising a relevant company in relation to the Offer;
- (iv) “**control**” means an interest, or interests, in shares carrying in aggregate 30 per cent. or more of the voting rights attributable to the capital of a company which are currently exercisable at a general meeting, irrespective of whether such interest or interests give de facto control;
- (v) “**dealing**” includes: (i) the acquisition or disposal of securities, of the right (whether conditional or absolute) to exercise or direct the exercise of the voting rights attaching to securities, or of general control of securities; (ii) the taking, granting, acquisition, disposal, entering into, closing out, termination, exercise (by either party) or variation of an option (including a traded option contract) in respect of any securities; (iii) subscribing or agreeing to subscribe for securities; (iv) the exercise or conversion, whether in respect of new or existing securities, of any securities carrying conversion or subscription rights; (v) the acquisition of, disposal of, entering into, closing out, exercise (by either party) of any rights under, or variation of, a derivative referenced, directly or indirectly, to securities; (vi) entering into, terminating or varying the terms of any agreement to purchase or sell securities; and (vii) any other action resulting, or which may result, in an increase or decrease in the number of securities in which a person is interested or in respect of which he has a short position;
- (vi) “**derivative**” includes any financial product whose value in whole or in part is determined directly or indirectly by reference to the price of an underlying security;
- (vii) “**disclosure date**” means the latest practicable date before the publication of this document, which is 13 March 2015;
- (viii) “**disclosure period**” means the period commencing on 17 February 2014 (the date twelve months prior to the commencement of the Offer Period) and ending on the disclosure date;
- (ix) A person has an “**interest**” or is “**interested**” in securities if he has a long economic exposure, whether absolute or conditional, to changes in the price of those securities and in particular covers: (i) legal title and beneficial ownership (i.e. the ability to exercise, or control the exercise of, voting rights); (ii) the right, option or obligation to acquire, call for or take delivery of securities under an option or derivative; and (iii) the situation where a person holds a derivative referenced to, or which may result in, a long position in securities;
- (x) “**relevant securities**” includes (i) Brit Shares and any other securities of Brit conferring voting rights; (ii) equity share capital of Brit or, as the context requires, FGL; and (iii) securities of Brit or, as the context requires, FGL carrying conversion or subscription rights into any of the foregoing; and
- (xi) “**short position**” means any short position (whether conditional or absolute and whether in the money or otherwise) including any short position under a derivative, any agreement to sell or any delivery obligation or right to require another person to purchase or take delivery.

(b) **Persons acting in concert with Fairfax**

In addition to the directors of Fairfax and FGL (together with their close relatives and related trusts), and the members of the Wider Fairfax Group the only person who is acting, or deemed to be acting, in

concert with FGL for the purposes of the Offer is RBC Capital Markets, whose registered office is at Riverbank House, 2 Swan Lane, London, EC4R 3BF, financial adviser to FGL.

(c) Persons acting in concert with Brit

In addition to the Brit Directors (together with their close relatives and related trusts), Brit Group companies, the persons acting, or deemed to be acting, in concert with Brit for the purposes of the Offer are:

- (i) J.P. Morgan Cazenove, whose registered office is at 25 Bank Street, Canary Wharf, London, E14 5JP, financial adviser and corporate broker to Brit;
- (ii) Numis, whose registered office is at 10 Paternoster Square, London EC4M 7LT, financial adviser and corporate broker to Brit; and
- (iii) Willis Capital Markets, whose registered office is at The Willis Building, 51 Lime Street, London, EC3M 7DQ, financial adviser to Brit.

(d) Interests in relevant securities of Brit

- (i) As at close of business on the disclosure date, the interests, rights to subscribe and short positions in the relevant securities of Brit held by the Brit Directors and their close relatives and related trusts and companies were as follows:

<u>Name</u>	<u>Number of Brit Shares</u>
Dr Richard Ward	102,750
Mark Cloutier	1,204,813
Hans-Peter Gerhardt	79,594

- (ii) As at close of business on the disclosure date, the following awards in the relevant securities of Brit had been granted to the Brit Directors and remained outstanding:

<u>Name</u>	<u>Brit Share Plan</u>	<u>Maximum number of Brit Shares under award</u>	<u>Date of grant</u>	<u>Vesting Date</u>
Mark Cloutier . .	Brit PLC All-Employee Share Plan	1,490	24 June 2014	24 June 2017
Mark Cloutier . .	Brit PLC Long-Term Incentive Plan	219,406	16 September 2014	50% of the awards vest on 16 September 2017, a further 25% on 16 September 2018 and the final 25% on 16 September 2019

- (iii) As at close of business on the disclosure date, neither RBC Capital Markets nor any person with whom RBC Capital Markets has any arrangement, was interested in, had rights to subscribe for, or any short positions in any relevant securities in Brit that are required to be disclosed under the Code.
- (iv) As at close of business on the disclosure date, subject to paragraph 6(d)(iii) above, none of Fairfax or FGL, any member of the Fairfax Group, any of the directors of FGL, any of such directors' close relatives or any related trusts or companies, nor any person deemed to be acting in concert with Fairfax or FGL, nor any person with whom Fairfax or FGL or any person acting in concert with Fairfax or FGL has an arrangement, was interested in, had any rights to subscribe for, or had any short positions in, any relevant securities of Brit.
- (v) As at close of business on the disclosure date, save as disclosed in paragraphs 6(d)(i) and (ii) above, none of the Brit Directors, nor any of such directors' close relatives or any related trusts or companies, nor any person deemed to be acting in concert with Brit, nor any person with whom Brit or any person acting in concert with Brit has an arrangement, was interested in, had any rights to subscribe for, or had any short positions in any relevant securities in Brit.

(e) **Dealings in relevant securities of Brit**

- (i) During the disclosure period, subject to paragraph 6(e)(ii) below, none of Fairfax or FGL, any member of the Fairfax Group, any of the directors of FGL, any of such directors' close relatives or any related trusts or companies, nor any person deemed to be acting in concert with Fairfax or FGL, nor any person with whom Fairfax or FGL or any person acting in concert with Fairfax or FGL, had dealings in any relevant securities in Brit.
- (ii) Save as disclosed below, during the disclosure period neither RBC Capital Markets nor any person with whom RBC Capital Markets has an arrangement had any dealings in any relevant securities in Brit that are required to be disclosed under the Code.

Dealings by RBC Capital Markets

<u>Date</u>	<u>Transaction</u>	<u>Number of Brit Shares</u>	<u>Price</u>
7 July 2014	Bought	40,000	249.53p
8 July 2014	Bought	40,000	247.02p
11 July 2014	Bought	1,304	244.47p
31 July 2014	Bought	31,496	243.11p
1 August 2014	Bought	27,200	243.12p
4 August 2014	Bought	40,000	240.96p
14 August 2014	Sold	50,919	251.71p
15 August 2014	Sold	29,081	251.74p

- (iii) During the disclosure period, none of the Brit Directors, nor any of such directors' close relatives or any related trusts or companies, nor any person deemed to be acting in concert with Brit, nor any person with whom Brit or any person acting in concert with Brit has an arrangement, had dealings in any relevant securities in Brit.

(f) **Interests in relevant securities of Fairfax or FGL**

As at the close of business on the disclosure date, none of Brit or the Brit Directors, nor any of such directors' close relatives or any related trusts or companies was interested in, had any rights to subscribe for, or had any short positions in any relevant securities in Fairfax or FGL on the disclosure date.

(g) **Dealings in relevant securities of Fairfax or FGL**

During the disclosure period, none of Brit or the Brit Directors, nor any of such directors' close relatives or any related trusts or companies, had dealings in any relevant securities in Fairfax or FGL.

(h) **General**

Save as disclosed above in this paragraph 6, as at the disclosure date,

- (i) neither Fairfax nor FGL nor any person acting in concert with Fairfax or FGL has borrowed or lent any relevant securities of Brit (including for these purposes any financial collateral arrangements of the kind referred to in Note 4 on Rule 4.6 of the Code) during the disclosure period, save for any borrowed shares which have been either on-lent or sold;
- (ii) neither Brit nor any person acting in concert with Brit has borrowed or lent any relevant securities of Brit (including for these purposes any financial collateral arrangements of the kind referred to in Note 4 on Rule 4.6 of the Code) during the disclosure period, save for any borrowed shares which have been either on-lent or sold;
- (iii) neither Fairfax or FGL nor any person acting in concert with Fairfax or FGL has entered into or taken any action to unwind any financial collateral arrangements in respect of any relevant securities of Brit during the disclosure period; and
- (iv) save for the irrevocable undertakings given by the Apollo Shareholders, the CVC shareholders and the Directors Shareholders, as referred to in paragraph 11 below, there is no agreement, arrangement or understanding (including any compensation arrangement) between Fairfax, FGL, or any person acting in concert with them and any of the directors, recent directors, shareholder or recent shareholders of Brit, or any person recently interested in the shares of Brit, having any connection with or dependence upon the offer.

7. Service contracts, directors' letters of appointment and remuneration

Save as disclosed below, there are no other service contracts or letters appointing a director in force between any Brit Director and Brit or any of its subsidiaries, and no such contract or letter has been entered into or amended during the six months preceding the date of this document. Set out below is a summary of the key terms of the service contracts and letters of appointment of the Brit Directors:

<u>Name</u>	<u>Date of contract</u>	<u>Unexpired term</u>	<u>Notice period</u>	<u>Basic annual salary/ current fee</u>
Executive Director				
Mark Cloutier	27 March 2014	n/a	6 months	£450,000 ¹
Non-Executive Directors				
Dr Richard Ward	27 March 2014	15 months	3 months	£250,000
Jonathan Feuer	27 March 2014	15 months	None	No fee
Sachin Khajuria	27 March 2014	15 months	None	No fee
Gernot Lohr	27 March 2014	15 months	None	No fee
Kamil Salame	27 March 2014	15 months	None	No fee
Ipe Jacob	27 March 2014	15 months	3 months	£150,000
Hans-Peter Gerhardt	27 March 2014	15 months	3 months	CHF162,000
Maarten Hulshoff	27 March 2014	15 months	3 months	£75,000 ²
Willem Stevens	27 March 2014	15 months	3 months	£75,000

Notes:

- 1 With effect from 1 April 2015, Mark Cloutier's salary will be increased by £50,000 per annum.
- 2 With effect from 1 April 2015, Maarten Hulshoff will receive an additional fee of £15,000 per annum as remuneration for his chairmanship of the Investment Committee of the Company.

Under the terms of his service contract, Mark Cloutier is entitled to a salary (reviewed annually), membership of the Brit Long Term Incentive Plan and bonus plan, pension contributions, private health cover, permanent health cover and life assurance cover. Brit may put Mark Cloutier on garden leave during his notice period and can elect to terminate employment by making a payment equivalent to the basic salary in lieu of the whole or the remaining part of the notice period. Payments in lieu of notice may be paid in monthly instalments over the length of the notice period with such instalments to be reduced or to cease upon the director receiving payment from a new position. In addition, Mark Cloutier's employment is terminable with immediate effect in certain specific circumstances, for instance where he commits a material or persistent breach of his obligations under his service agreement.

Under their letters of appointment, the Non-Executive Directors (being all Brit Directors apart from Mark Cloutier) serve for an initial two year period subject to annual re-appointment at the annual general meeting. The appointment of the Independent Non-Executive Directors (being Ipe Jacob, Hans-Peter Gerhardt, Maarten Hulshoff, Willem Stevens, and Dr Richard Ward) is terminable by either party on three months' written notice. The appointment of the non-independent Non-Executive Directors (being Kamil Salame, Jonathan Feuer, Sachin Khajuria and Gernot Lohr) will terminate on the individual resigning from his office with the Company and on termination of the applicable relationship agreement between the Company and the CVC Shareholders or the Apollo Shareholders (as appropriate).

Save as described above, no Director has any right to commission from, or profit sharing arrangements with, the Company.

8. Material contracts of Fairfax and FGL

The following contracts have been entered into by Fairfax or FGL otherwise than in the ordinary course of business since 17 February 2013 (the date two years prior to the start of the Offer Period) and are or may be material to FGL.

(a) Confidentiality agreement

On 5 February 2015, Fairfax and Brit entered into a confidentiality agreement in a customary form in relation to the Offer, pursuant to which they each undertook, subject to certain exceptions, to keep information relating to one another confidential and to not disclose it to third parties. Unless terminated earlier, the confidentiality obligations will remain in force for two years from the date of the agreement.

(b) Co-operation Agreement

On 17 February 2015, Fairfax and Brit entered into a co-operation agreement whereby the parties agreed to take certain steps to effect the completion of the Proposed Acquisition (the “**Co-operation Agreement**”).

The Co-operation Agreement clarified the intentions of the parties towards the existing share schemes of Brit. Each of Fairfax and Brit agreed that Brit may, following announcement of its results for the year ended 31 December 2014, grant awards over shares in Brit, up to certain thresholds, under and in accordance with the rules of Brit’s Long Term Incentive Plan and Deferred Share Plan. Participants in the Brit all employee share plan will, in accordance with the trust deed and rules of the plan and applicable legislation, be entitled to participate in the Offer on the same terms as other Brit Shareholders. Awards under international incentive plans will vest in accordance with their respective rules.

The Co-operation Agreement also includes an acknowledgement from Fairfax that each of the 2014 Dividends, the First Interim Dividend and the Second Interim Dividend were, or shall be, permitted on the terms set out in this document.

The Co-operation Agreement also includes undertakings by Fairfax and Brit to co-operate to satisfy certain Conditions.

(c) Bid Facility Commitment Letter

On 16 February 2015, Fairfax and Bank of Montreal (“**BMO**”) entered into a bid facility commitment letter agreement (the “**Commitment Letter**”).

Under the terms of the Commitment Letter, BMO has agreed to provide a £1,224,550,000 non-revolving facility (the “**Facility**”) to either Fairfax or FGL for the purpose of financing all or a portion of the Proposed Acquisition and to pay related fees and related transaction expenses. The fees include a non-refundable underwriting fee equal to 0.125 per cent. of the full amount of the Facility, and a commitment fee equal to a per annum rate of 0.35 per cent. of the uncanceled maximum amount of the Facility, payable from the date of execution until termination or initial drawdown.

The Facility may be drawn in a single advance no later than 30 September 2015, failing which the Facility shall expire. If drawn, the Facility shall be repayable by Fairfax on demand at BMO’s sole discretion and, in any event, within 30 days following draw down.

The Facility would carry interest at an annual rate equal to the GBP LIBOR Rate plus 3.00 per cent. per annum calculated on the principal amount of the advance from the date on which the advance is made until it is repaid in full. Interest shall accrue daily and be payable at the end of the interest period of the advance (and if not paid when due compounded monthly at the same rate).

(d) Bought-deal financing

On 19 February 2015, Fairfax announced that it had entered into an agreement with a syndicate of underwriters led by BMO Capital Markets (the “**Subordinate Voting Share Underwriting Agreement**”), under which the underwriters agreed to buy the Subordinate Voting Shares on a bought deal basis, at a price of C\$650.00 per Subordinate Voting Share for gross proceeds of C\$650 million. On 23 February 2015, Fairfax filed a prospectus supplement to its short form base shelf prospectus dated December 19, 2014 in respect of the offering with the applicable Canadian securities regulatory authorities. The offering closed on 3 March 2015.

Fairfax intends to use the net proceeds of the offering to partially fund the Offer. If the acquisition of Brit is not successfully completed, Fairfax intends to use the net proceeds to augment its cash position, to increase short-term investments and marketable securities held at the holding company level, to refinance or retire outstanding debt and other corporate obligations of Fairfax and its subsidiaries from time to time and for general corporate purposes.

The Subordinate Voting Shares Underwriting Agreement includes the following key terms:

- (i) Each underwriter (being BMO Nesbitt Burns Inc., which acts on behalf of the other Underwriters, RBC Dominion Securities Inc., Scotia Capital Inc., CIBC World Markets Inc. and TD Securities Inc.) severally agrees to purchase a set percentage of the Subordinate Voting Shares (amounting to 1,000,000 shares in aggregate) on the price terms of the offering set out above and to offer such shares to the public pursuant to the relevant offering documentation.

- (ii) Fairfax granted the underwriters a non-assignable option, exercisable within 30 days of (and not earlier than) the offering closing date (the “**Over-Allotment Option**”), to purchase up to an additional 15 per cent. Subordinate Voting Shares. The Over-Allotment Option can only be used to cover over-allotments made in connection with the offering and for market stabilisation. This option has now been exercised.
- (iii) Fairfax has agreed to pay an underwriting fee equal to 4.0 per cent. of the gross proceeds from the offering. The Subordinate Voting Shares Underwriting Agreement provides that the underwriters will be paid a fee per share on account of underwriting services rendered in connection with the offering, which fee will be paid out of the proceeds of the offering. The fee is set at C\$26.00 per Subordinate Voting Share.
- (iv) There are certain conditions precedent to closing, including approval of listing of the Subordinate Voting Shares and additional shares from the Over-Allotment Option by the Toronto Stock Exchange.
- (v) Fairfax indemnifies the underwriters and their directors, officers, agents, employees and affiliates against certain regulatory violations under the Canadian prospectus and US placement memorandum relating to the offering. Fairfax further indemnifies against breach of applicable securities law generally and breach of its obligations under the Subordinate Voting Shares Underwriting Agreement.
- (vi) The underwriters can terminate the Subordinate Voting Shares Underwriting Agreement in certain circumstances including, but not limited to: the occurrence of a material change or new or undisclosed material fact, or any change in law, that would have a significant effect on the market price of the underwritten shares; certain regulatory proceedings; a change in law that operates to prevent, suspend or restrict trading; or the underwriters being unable to allocate or being prohibited from selling 100,000 or more shares to potential investors as a result of restrictions imposed on the method of allocation by the underwriters to ensure compliance with the Code. The underwriters are, however, obliged to take up and pay for all of the Subordinate Voting Shares that are purchased under the Subordinate Voting Shares Underwriting Agreement.

(e) **Preferred Share Offering**

On 19 February 2015, Fairfax announced that it had entered into an agreement with a syndicate of underwriters led by BMO Capital Markets (the “**Preferred Share Underwriting Agreement**”), under which the underwriters agreed to buy the Series M Shares on the terms of the Preferred Share Offering. On 24 February 2015, Fairfax filed a prospectus supplement to its short form base shelf prospectus dated 19 December 2014 in respect of the Preferred Share Offering with the applicable Canadian securities regulatory authorities. The Preferred Share Offering closed on 3 March 2015.

Fairfax intends to use the net proceeds of the Preferred Share Offering to partially fund the Offer. If the acquisition of Brit is not successfully completed, Fairfax intends to use the net proceeds to augment its cash position, to increase short-term investments and marketable securities held at the holding company level, to refinance or retire outstanding debt and other corporate obligations of Fairfax and its subsidiaries from time to time, and for general corporate purposes.

The Preferred Share Underwriting Agreement includes the following key terms:

- (i) Each underwriter (being BMO Nesbitt Burns Inc., which acts on behalf of the other Underwriters, RBC Dominion Securities Inc., Scotia Capital Inc., CIBC World Markets Inc. National Bank Financial Inc., TD Securities Inc., Canaccord Genuity Corp., Desjardins Securities Inc., GMP Securities L.P. and Cormark Securities Inc. severally agrees to purchase a set percentage of the Preferred Shares (amounting to 8,000,000 shares in aggregate) on the price terms of the Preferred Share Offering set out above and to offer such shares to the public pursuant to the relevant offering documentation.
- (ii) Fairfax grants the underwriters a non-assignable option, exercisable within two business days prior to the offering closing date, at a price of C\$25.00 per option share, having an aggregated purchase price of C\$50 million. This option has now been exercised.
- (iii) Fairfax has agreed to pay an underwriting fee equal to the sum of the following amounts (a) 1 per cent of the aggregate gross proceeds to Fairfax of the shares purchased by the underwriters and sold by the underwriters to certain institutions, and (b) 3 per cent. of the aggregate gross proceeds to Fairfax of the shares purchased by the underwriters other than the shares referred to in (a).

- (iv) There are certain conditions precedent to closing, including approval of listing of the Series M Shares by the Toronto Stock Exchange.
- (v) Fairfax indemnifies the underwriters and their directors, officers, agents, employees and affiliates against certain regulatory violations under the Canadian prospectus and US placement memorandum relating to the offering. Fairfax further indemnifies against breach of applicable securities law generally and breach of its obligations under the Preferred Share Underwriting Agreement.
- (vi) The underwriters can terminate the Preferred Share Underwriting Agreement in certain circumstances, including the occurrence of a material change or new or undisclosed material fact, or any change in law, that would have a significant effect on market price of the underwritten shares, regulatory proceedings, a change in law that operates to prevent, suspend or restrict trading, or the underwriters being unable to allocate or being prohibited from selling 800,000 or more shares to potential investors as a result of restrictions imposed on the method of allocation by the underwriters to ensure compliance with the Code. The underwriters are, however, obliged to take up and pay for all of the Series M Shares that are purchased under the Preferred Share Underwriting Agreement.

(f) Notes Offering

Pursuant to an underwriting agreement dated 24 February 2015 (the “**Notes Underwriting Agreement**”), Fairfax agreed to sell and the underwriters severally agreed to purchase all of the senior notes offered at 99.114 per cent. of the principal amount per note payable to Fairfax against delivery of such notes. The offering closed on 3 March 2015.

The obligations of the underwriters under the Notes Underwriting Agreement may be terminated upon the occurrence of certain stated events including, but not limited to: the occurrence of a material change or new or undisclosed material fact, or any change in law, that would have a significant adverse effect on market price of the notes; certain regulatory proceedings; a change in law that, in the opinion of the underwriter, acting reasonably, seriously adversely affects, or will seriously adversely affect, the financial markets or our business on a consolidated basis and such event would be expected to have a significant adverse effect on the market price or value of the notes; or the underwriters being unable to allocate or being prohibited from selling C\$35m or more principal value of notes to potential investors as a result of restrictions imposed on the method of allocation by the underwriters to ensure compliance with the Code. The underwriters are, however, obliged to take up and pay for all of the notes that are purchased under the Notes Underwriting Agreement.

The Notes Underwriting Agreement provides that the underwriters will be paid 0.75 per cent. of the gross principal amount of notes sold to institutional investors and 1.75 per cent. of the gross principal amount of notes sold to retail investors. Notes with an aggregate principal amount of US\$50 million have been allocated to retail investors.

The offering price of the notes offered under the notes prospectus supplement was determined by negotiation between Fairfax and the underwriters. After a reasonable effort has been made to sell all of the notes at the offering price, subject to applicable law, the underwriters may subsequently reduce and thereafter change, from time to time, the price at which the notes are offered to an amount not greater than the offering price. The compensation realized by the underwriters will be decreased by the amount that the aggregate price paid by purchasers for the notes is less than the gross proceeds paid to us by the underwriters.

The underwriters may not, throughout the distribution period, bid for or purchase notes. The foregoing restriction is subject to certain exceptions, as long as the bid or purchase is not engaged in for the purpose of creating actual or apparent active trading in or raising the price of such securities.

Fairfax has been advised that, in connection with the offering and subject to the foregoing, the underwriters may over-allot or effect transactions which stabilize or maintain the market price of the notes at a level above that which might otherwise prevail in the open market. Such transactions, if commenced, may be discontinued at any time.

Fairfax has agreed to indemnify the underwriters against certain liabilities, including liabilities under Canadian provincial and territorial securities legislation. There is no public market for the notes and Fairfax do not intend to list the notes on any exchange.

Fairfax has agreed that it will not, directly or indirectly, without the prior written consent of BMO Nesbitt Burns Inc., RBC Dominion Securities Inc. and Scotia Capital Inc., on behalf of the underwriters, such consent not to be unreasonably withheld or delayed, issue, or announce its intention to issue, any debt

securities (other than the notes and any bank financing), for a period commencing on the closing date of the offering and ending 90 days after the closing date.

To comply with the provisions of the Code in connection with the Offer, purchasers of the notes pursuant to the notes prospectus supplement will be deemed to have represented and agreed that either: (i) the purchaser and its affiliates (being entities controlled by the purchaser or under common control with it) do not legally or beneficially own any shares issued by Brit, and that it and its affiliates will not acquire any legal or beneficial interest in shares issued by Brit until an announcement is made by FGL that the Offer has (a) become or been declared unconditional as to acceptances, or (b) lapsed or been withdrawn; or the purchaser has established effective information barriers between (a) its departments involved in making decisions relating to investments in debt instruments and (b) its (and its affiliates') departments responsible for trading or making investment decisions in relation to equity investments.

(g) BlackBerry Subscription Agreement

On 4 November 2013, Fairfax signed a subscription agreement with BlackBerry Limited (“**BlackBerry**”). Under the terms of this agreement, Fairfax agreed to purchase, through its subsidiaries, US\$250,000,000 aggregate principal amount of 6 per cent. unsecured subordinated convertible debentures (the “**Debentures**”) maturing on 13 November 2020 of BlackBerry. The Debentures are convertible, at the option of the holder, into common shares of BlackBerry (“**Common Shares**”) at a price of US\$10 per Common Share. Under the terms of this subscription agreement, Fairfax was also granted an option to purchase an additional US\$250,000,000 principal amount of Debentures within 30 days of the initial issuance of the Debentures.

On 8 January 2014, Fairfax exercised its option and agreed to purchase the additional US\$250,000,000 aggregate principal amount of Debentures through its subsidiaries.

9. Material contracts of Brit

Save for the Co-operation Agreement (as described in section 8, above) and as described at pages 334-339 of the Brit IPO Prospectus, no contracts have been entered into by the Company or any of its subsidiaries other than in the ordinary course of business, within the period of two years prior to the date of this document.

10. Offer-related arrangements

Details of the Confidentiality Agreement and the Cooperation Agreement are set out in paragraph 8 of this Part 7, above.

11. Irrevocable undertakings

As at the close of business on 13 March 2015 (the latest practicable date before the date of this document), FGL had procured the following irrevocable undertakings in respect of aggregate holdings of 294,953,274 Brit Shares, which represent approximately 73.7 per cent. of the ordinary share capital of Brit in issue on 16 February 2015, to accept, or procure the acceptance of, the Offer:

Brit Directors’ irrevocable undertakings

The following Brit Directors have given an irrevocable undertaking to accept, or procure the acceptance of, the Offer, made substantially on the terms and subject to the conditions contained in the 2.7 announcement, within five Business Days following the positing of the Offer Document, representing approximately 0.35 per cent. of the ordinary share capital of Brit in issue at close of business on 16 February 2015:

<u>Name</u>	<u>Number of Brit Shares in respect of which undertaking is given¹</u>	<u>Percentage of Brit’s issued share capital</u>
Dr Richard Ward	102,750	0.03%
Mark Cloutier	1,204,813	0.30%
Hans-Peter Gerhardt	79,594	0.02%
Total	<u>1,387,157</u>	<u>0.35%</u>

Notes

1 The numbers referred to in this table refer only to those Brit Shares which the relevant director is beneficially entitled to or is otherwise able to control the exercise of, including the ability to procure the transfer of such share. The undertakings cover any

Brit Shares that may be issued or allotted to Dr Richard Ward, Mark Cloutier and/or Hans-Peter Gerhardt before closing of the Offer pursuant to any award under the Brit Share Schemes.

These irrevocable undertakings cease to be binding if the Offer, when made, does not become effective or otherwise lapses in accordance with its terms, or the Offer is withdrawn.

The undertakings given by the Brit Directors listed above prevent them from exercising any right or withdrawal of any acceptance of the Offer where such a right is exercisable under the Code, or otherwise selling all or any part of their respective Brit Shares into the market.

Brit Shareholders' irrevocable undertakings

The following Brit Shareholders have given an irrevocable undertaking to accept, or procure the acceptance of, the Offer, made on the terms contained in the 2.7 announcement, as soon as practicable after, and in any event no later than the date falling five Business Days after, the publication of the Offer Document, representing, in the case of (A) the Apollo Shareholders, approximately 39.7 per cent of the ordinary share capital of Brit in issue at close of business on 16 February 2015; and (B) the CVC Shareholders, approximately 33.6 per cent. of the ordinary share capital of Brit in issue at close of business on 16 February 2015:

<u>Name</u>	<u>Number of Brit Shares in respect of which undertaking is given</u>	<u>Percentage of Brit's issued share capital</u>
Apollo Shareholders		
AP Achilles Holdings (EH-1), LLC	116,939,174	29.2%
AP Helios Co-Invest, L.P.	3,635,842	0.9%
AP Selene Co-Invest, L.P.	38,424,069	9.6%
Total	<u>158,999,085</u>	<u>39.7%</u>
CVC Shareholders		
White Poolco Holdings Limited	121,232,281	30.3%
Bishop L.P.	13,334,751	3.3%
Total	<u>134,567,032</u>	<u>33.6%</u>

Pursuant to the terms of the irrevocable undertakings with the Apollo Shareholder and the CVC Shareholders, FGL and Fairfax have agreed as follows:

- (i) FGL will not invoke non-fulfilment of any Condition to lapse the Offer prior to 1.00 p.m. on 30 September 2015;
 - (ii) to the extent that any Condition (other than the Conditions in paragraphs (b), (c), (e), (f) or (g) of Section A of Part 3) has not been fulfilled or waived before 1.00 p.m. on 30 September 2015, FGL will waive all Conditions which have not been fulfilled or waived prior to such time unless the failure to fulfil any such Condition has occurred as a result of a change of law which has led to circumstances which are, in the opinion of the Panel, of such material significance in the context of the Offer (within the meaning of Rule 13 of the Code) as to permit Fairfax to invoke the relevant Condition;
 - (iii) FGL will announce that the Acceptance Condition has been fulfilled no later than 5.00 p.m. on the Business Day following the date on which the Apollo Shareholders and the CVC Shareholders have accepted the Offer;
 - (iv) FGL will not seek to bring forward the last time and date for fulfilment or waiver of any of the Conditions other than the Acceptance Condition to a time and date which is earlier than 1.00 p.m. on 30 September 2015 unless it announces at the same time that it has waived or is treating as fulfilled all of the Conditions as of such earlier time and date; and
 - (v) FGL will not seek to extend the last time and date for fulfilment or waiver of any of the Conditions other than the Acceptance Condition to a time and date which is later than 1.00 p.m. on 30 September 2015,
- other than:
- (A) in the case of each of (i) to (v) above inclusive, with the prior written approval of the Apollo Shareholders and the CVC Shareholders; or

(B) in the case of each of (i), (ii) (iv) and (v) above, for so long as the Apollo Shareholders and the CVC Shareholders have not accepted the Offer when required to do so under their irrevocable undertaking.

These irrevocable undertakings cease to be binding if the Offer, once made, lapses or is withdrawn.

The irrevocable undertakings given by the Apollo Shareholders and the CVC Shareholders will prevent them from (i) accepting or irrevocably undertaking to accept a competing offer at a higher price than the Brit Offer Price at the relevant time, (ii) exercising any right of withdrawal of any acceptance of the Offer where such a right is otherwise exercisable under the Code, or (iii) otherwise selling all or any part of their respective Brit Shares into the market.

12. Financing

The consideration payable by FGL under the terms of the Offer, which values the entire issued and to be issued ordinary share capital of Brit at approximately £1.22 billion, will be financed either by Fairfax's existing resources, or by committed financing Fairfax and FGL have obtained from BMO for the full amount of the consideration pursuant to the Commitment Letter (further details of which are provided in paragraph 8(c) of this Part 7), or by a combination of both. Fairfax also continues to consider all forms of financing that may be beneficial to its shareholders.

On 19 and 20 February 2015 and as subsequently updated on 3 March 2015, Fairfax announced that it had entered into the following financing arrangements:

- (i) the Subordinate Voting Share Offering for aggregate gross proceeds of C\$748 million;
- (ii) the Preferred Share Offering for aggregate gross proceeds of C\$230 million; and
- (iii) the Notes Offering for C\$350 million.

Fairfax intends to use the net proceeds of the Subordinate Voting Share Offering, the Preferred Share Offering and the Notes Offering, together with its existing cash and cash equivalent resources to fund the Offer and continues to consider all forms of financing that may be beneficial to its shareholders. However, for cash confirmation purposes under Rule 24.8 of the Code, Fairfax and FGL have also obtained committed financing pursuant to the Commitment Letter for the full amount of the consideration required.

RBC Capital Markets, financial adviser to Fairfax, is satisfied that resources available to Fairfax are sufficient to satisfy in full the cash consideration payable to Brit Shareholders under the terms of the Offer.

13. Bases of calculation and sources of information

In this document, unless otherwise stated or the context otherwise requires, the bases and sources used are as described in Part 5.

14. Other Information

- (a) Except as disclosed in this document, there is no agreement, arrangement or understanding by which any securities acquired in pursuance of the Offer will be transferred to any other person, but FGL reserves the right to transfer any such shares to any member of the Fairfax Group.
- (b) Neither the payment of interest on, nor the repayment of, nor the security for, any liability (contingent or otherwise) of FGL will depend to any significant extent on the business of Brit.
- (c) Each of RBC Capital Markets and J.P. Morgan Cazenove has given and not withdrawn its written consent to the issue of this document with the references to its name in the form and context in which they appear.
- (d) Except as disclosed in this document, the Brit Directors are not aware of any significant change in the financial or trading position of Brit since 31 December 2014 (the date to which the latest audited accounts of Brit were prepared/the date up to, and in respect of, which Brit has made its latest preliminary statement of annual results).
- (e) Except as disclosed in this document, implementation of the Offer is not expected to have a significant effect on the assets or liabilities of FGL.

- (f) The aggregate fees and expenses expected to be incurred by FGL and/or Fairfax in connection with the Offer are estimated to amount to between £11,405,000 and £21,412,000 excluding applicable VAT. Set out below are the estimates of fees and expenses expected to be incurred in relation to:
- (i) financing arrangements: between US\$10,000,000 (approximately £6,782,000) and US\$24,000,000 (approximately £16,277,000) excluding applicable VAT and depending on whether discretionary fees are paid;
 - (ii) financial and corporate broking advice: £3,000,000, including legal advice given to Fairfax and FGL but excluding applicable VAT;
 - (iii) legal advice: between £1,600,000 and £2,100,000 excluding applicable VAT (legal fees are estimated as a range as they are charged by reference to hourly rates and, at the latest practicable date prior to this document, the residual amount of legal work required is uncertain);
 - (iv) other professional services: between £13,000 and £15,000 excluding applicable VAT; and
 - (v) other costs and expenses: between £10,000 and £20,000 excluding applicable VAT (other costs and expenses are estimated as a range as fees and expenses incurred in relation to the printing and publication of this document are charged, to an extent, by reference to time incurred and, at the latest practicable date prior to this document, the residual amount of work required is uncertain).

Where fees, costs or expenses are payable in US dollars, they have been converted to sterling for the purposes of this paragraph 14 at a US dollar: sterling exchange rate of US\$1 = 0.6782.

- (g) The aggregate fees and expenses expected to be incurred by Brit in connection with the Offer are estimated to amount to between £5,808,000 and £6,308,000 excluding applicable VAT. Set out below are the estimates of fees and expenses expected to be incurred in relation to:
- (i) financial and corporate broking advice: between £2,900,000 and £3,400,000 excluding applicable VAT;
 - (ii) legal advice: £2,750,000 excluding applicable VAT;
 - (iii) accounting advice: £75,000 excluding applicable VAT;
 - (iv) public relations costs: £50,000 excluding applicable VAT; and
 - (v) other professional services: £33,000 excluding applicable VAT.

15. Documents available for inspection

Copies of the following documents are available for inspection on Fairfax's website at www.fairfax.ca/britoffer and Brit's website at www.britinsurance.com/ir/fairfax-offer until the end of the Offer (including any related competition reference period):

- (a) this document and the Form of Acceptance;
- (b) the bylaws of FGL;
- (c) the articles of association of Brit;
- (d) the irrevocable undertakings to accept the Offer referred to in paragraph 11 above;
- (e) the Confidentiality Agreement;
- (f) the Cooperation Agreement;
- (g) the Commitment Letter; and
- (h) the written consent of J.P. Morgan Cazenove referred to in paragraph 14(c) above.

For the avoidance of doubt, the contents of the Fairfax website and the Brit website are not incorporated into, and do not form part of this Offer Document, save for the information specifically incorporated by references pursuant to Part 4.

PART 8: DEFINITIONS

The following definitions apply throughout this document unless the context otherwise requires:

“2014 Dividends”	means the 2014 Final Dividend and the 2014 Special Dividend
“2014 Final Dividend”	means the 12.5 pence per Brit share final dividend declared by the Board of Brit in respect of the year ended 31 December 2014, and announced with the publication of Brit’s preliminary results on 25 February 2015
“2014 Special Dividend”	means the 12.5 pence per Brit share special dividend declared by the Board of Brit in respect of the year ended 31 December 2014, and announced with the publication of Brit’s preliminary results on 25 February 2015
“2.7 Announcement”	the joint announcement of Brit and Fairfax on 17 February 2015 regarding the firm intention of FGL to make an offer for the issued and to be issued share capital of Brit
“Acceptance Condition”	the acceptance condition to the Offer, as set out in paragraph (a) of Section A of Part 3 to this document
“Apollo Shareholders”	AP Achilles Holdings (EH-1), LLC, AP Helios Co-Invest, L.P. and AP Selene Co-Invest, L.P.
“BMO”	Bank of Montreal
“Brit”	Brit PLC, a company incorporated in England and Wales with registered number 08821629
“Brit Directors”	the directors of Brit
“Brit Group”	Brit and its subsidiary undertakings and, where the context permits, each of them
“Brit IPO Prospectus”	means Brit’s prospectus of 28 March 2014
“Brit Offer Price”	the headline price offered to Brit Shareholders under the terms of the Offer, being 305 pence in cash for each Brit Share, comprising the Cash Amount and the 2014 Dividends
“Brit Shareholders”	the holders of Brit Shares from time to time
“Brit Shares”	the issued and to be issued ordinary shares of 1 pence each in the capital of Brit, being 400,452,960 in issue as at the date of this announcement, and up to a further 1,038,546 ordinary shares to be issued prior to close of the Offer as a result of vesting options under the Brit Share Schemes, each a “Brit Share”
“Brit Share Schemes”	the share schemes operated by Brit and its subsidiaries, being the Brit Long Term Incentive Plan, the Brit PLC 2014 International Free Share Incentive Plan and the Brit All-Employee Share Plan
“Business Day”	a day (other than Saturdays, Sundays and public holidays in the UK) on which banks are open for business in the City of London (and, for the purposes of the Acceptance Condition and paragraph 2(c) of Section B to Part 3, in New York)
“Cash Amount”	the cash amount of 280 pence payable by FGL under the Offer in respect of each Brit Share, as adjusted in accordance with the terms of the Offer
“certificated” or “certificated form”	in relation to a share or other security, a share or other security title to which is recorded in the relevant register of the share or other security as being held in certificated form (that is, not in CREST)

“Closing Date”	means the later of (a) 15 April 2015 and (b) the date falling 14 calendar days following the day on which the Offer becomes or is declared unconditional in all respects
“Closing Price”	the closing middle market price of a Brit Share as derived from the Daily Official List on any particular date
“CMA”	the Competition and Markets Authority, a UK statutory body established under the Enterprise and Regulatory Reform Act 2013 or any successor thereto
“CMA Phase 2 Reference”	a referral to the Chair of the Competition and Markets Authority for the constitution of a group under Schedule 4 to the Enterprise and Regulatory Reform Act 2013
“Code”	the City Code on Takeovers and Mergers issued from time to time by the Panel on Takeovers and Mergers
“Commitment Letter”	the letter agreement between Fairfax and BMO referred to in paragraph 8(c) of Part 7 to this document
“Companies Act”	the (United Kingdom) Companies Act of 2006 (including the schedules thereto), as amended
“Computershare” or “Receiving Agent”	Computershare Investor Services PLC
“Condition”	the conditions to the Offer set out in Section A of Part 3 to this document
“Confidentiality Agreement”	the confidentiality agreement dated 5 February 2015 between Brit and FGL as referred to in paragraph 8(a) of Part 7 to this document
“Co-operation Agreement”	the agreement between Brit and Fairfax referred to in paragraph 8(b) of Part 7 to this document
“CREST”	the relevant system (as defined in the Regulations) in respect of which Euroclear is the operator (as defined in CREST)
“CREST Manual”	the manual issued by Euroclear for further information on the CREST procedure
“CREST member”	a person who is, in relation to CREST, a system member (as defined in the Regulations)
“CREST participant”	a person who is, in relation to CREST, a system participant (as defined in the Regulations)
“CREST payment”	has the meaning given in the CREST Manual issued by Euroclear
“CREST sponsor”	a person who is, in relation to CREST, a sponsoring system participant (as defined in the Regulations)
“CREST sponsored member”	a CREST member admitted to CREST as a sponsored member under the sponsorship of a CREST sponsor
“CVC”	CVC European Equity V Limited
“CVC Shareholders”	White Poolco Holdings Limited and Bishop L.P.
“Daily Official List”	the daily official list of the London Stock Exchange
“Dealing Disclosure”	a dealing disclosure made in accordance with Rule 8 of the Code
“Director Shareholders”	Dr Richard Ward, Mark Cloutier and Hans-Peter Gerhardt

“ Disclosed ”	the information disclosed by, or on behalf of, Brit (i) in the annual report and accounts for Brit for the financial year ended 31 December 2013, (ii) the interim accounts for Brit for the six month period ended 30 June 2014, (iii) in any announcement to a regulatory information service by, or on behalf of, Brit, prior to the publication of the announcement of a firm in intention to make an offer for Brit on 17 February 2015 and (iv) the prospectus published by Brit in connection with its Initial Public Offering in April 2014
“ Electronic Acceptance ”	the inputting and settling of a TTE instruction which constitutes or is deemed to constitute an acceptance of the Offer on the terms set out in this document
“ ESA instruction ”	an Escrow Account Adjustment Input (AESN), transaction type
“ ESA ”	(as described in the CREST Manual issued by Euroclear)
“ Escrow Agent ”	Capita Registrars, in its capacity as escrow agent (as described in the CREST Manual issued by Euroclear)
“ Euroclear ”	Euroclear UK & Ireland Limited
“ Exchange Act ”	the United States Securities Exchange Act of 1934, as amended
“ Fairfax ”	Fairfax Financial Holdings Limited
“ Fairfax Group ”	Fairfax and its subsidiary undertakings and, where the context permits, each of them
“ FCA ”	Financial Conduct Authority
“ FGL ”	FFHL Group Limited
“ First Interim Dividend ”	the interim dividend of 6.25 pence per Brit Share to be declared and paid (if lawful) by Brit in the event that the Offer has not been declared unconditional in all respects at or prior to 1.00 p.m. on 30 June 2015
“ Form of Acceptance ”	the Form of Acceptance, Authority and Election for use by Brit Shareholders in connection with the Offer
“ FSA ”	Financial Services Authority or its successor from time to time
“ FSA Handbook ”	the handbook of rules made by the FSA as amended from time to time
“ FSCG ”	The Financial Services Commission of Gibraltar, or any successor thereto
“ FSMA ”	the Financial Services and Markets Act 2000 (as amended from time to time)
“ Hamblin Watsa ”	Hamblin Watsa Investment Counsel Ltd.
“ IFRS ”	international accounting standards and international financial reporting standards and interpretations thereof, approved or published by the International Accounting Standards Board and adopted by the European Union
“ J.P. Morgan Cazenove ”	J.P. Morgan Limited, which conducts its UK investment banking business as J.P. Morgan Cazenove
“ Lloyd’s ” or “ Lloyd’s of London ”	The Society of Lloyd’s created by the Lloyd’s Acts 1871-1982, or any successor thereto
“ London Stock Exchange ”	the London Stock Exchange plc or its successor from time to time
“ member account ID ”	the identification code or number attached to any member account in CREST

“Numis”	Numis Securities Limited
“Offer”	the recommended cash offer made by FGL to acquire the entire issued and to be issued share capital of Brit on the terms and subject to the conditions set out in this document and the Form of Acceptance and, where the context so requires, any subsequent revision, variation, extension or renewal of such offer and includes any election available in connection with it
“Offer Document”	this document
“Offer Period”	the period commencing on (and including 17 February 2015) and ending on whichever of the following dates shall be the latest: (i) 1.00 p.m. on 30 September 2015; (ii) the date on which the Offer lapses; and (iii) the date on which the Offer becomes or is declared unconditional as to acceptances
“Official List”	the Official List of the FSA
“Panel”	the Panel on Takeovers and Mergers, or any successor thereto
“participant ID”	the identification code or membership number used in CREST to identify a CREST member or other CREST participant
“PRA”	Prudential Regulation Authority
“Proposed Acquisition”	the proposed acquisition of Brit by FGL pursuant to the terms of the Offer
“Receiving Agent”	Computershare Investor Services PLC
“Regulations”	the Uncertificated Securities Regulations 2001
“Regulatory Information Service”	any information service authorised from time to time by the FCA for the purpose of disseminating regulatory announcements
“Relevant Authority”	has the meaning given to it in paragraph 1(h) Section A to Part 3 of this document
“relevant securities”	as the context requires, (i) Brit Shares and other securities of Brit carrying voting rights; (ii) equity share capital of Brit or, as the context requires, FGL; and (iii) securities of Brit or, as the context requires, of FGL carrying conversion or subscription rights into any of the foregoing
“Restricted Jurisdiction”	any jurisdiction where the extension or availability of the Offer would breach any applicable law or regulation
“SEC”	United States Securities and Exchange Commission
“Second Interim Dividend”	the interim dividend of 6.25 pence per Brit Share to be declared and paid (if lawful) by Brit in the event that the Offer has not been declared unconditional in all respects at or prior to 1.00 p.m. on 30 September 2015
“Significant Interest”	in relation to an undertaking, a direct or indirect interest of 20 per cent. or more of (i) the total voting rights conferred by the equity share capital (as defined in section 548 of the UK Companies Act) of such undertaking or (ii) the relevant partnership interest
“TFE instruction”	a Transfer from Escrow instruction (as described in the CREST Manual issued by Euroclear)
“TTE instruction”	a Cash Offer TTE instruction or other Transfer to Escrow instruction (as described in the CREST Manual issued by Euroclear) (as the context requires)
“UK” or “United Kingdom”	United Kingdom of Great Britain and Northern Ireland

“uncertificated” or “in uncertificated form”	a share or other security title to which is recorded in the relevant register of the share or security as being held in uncertificated form, in CREST, and title to which, by virtue of the Regulations may be transferred by means of CREST
“US” or “United States”	the United States of America, its territories and possessions, any state of the United States, the District of Columbia and all other areas subject to its jurisdiction
“Wider Brit Group”	Brit and its subsidiaries, subsidiary undertakings, associated undertakings and any other body corporate, partnership, joint venture or person in which Brit and all such undertakings (aggregating their interests) have a Significant Interest
“Wider Fairfax Group”	Fairfax and its subsidiaries, including FGL, subsidiary undertakings, associated undertakings and any other body corporate partnership, joint venture or person in which Fairfax and all such undertakings (aggregating their interests) have a Significant Interest and any person who has a Significant Interest in Fairfax (other than any member of the Wider Brit Group)
“Willis Capital Markets”	Willis Capital Markets & Advisory Limited

For the purposes of this document, **“subsidiary”**, **“subsidiary undertaking”**, **“undertaking”** and **“associated undertaking”** have the respective meanings given thereto by the Companies Act.

All references to **“pounds”**, **“pounds Sterling”**, **“Sterling”**, **“£”**, **“pence”**, **“penny”** and **“p”** are to the lawful currency of the United Kingdom.

All references to **“US\$”** are to US dollars, the lawful currency of the United States.

All references to **“C\$”** are to Canadian dollars, the lawful currency of Canada.

All the times referred to in this document are London times unless otherwise stated.

All references to close of business are to close of business London time.

References to the singular include the plural and vice versa.

