

5 July 2017

The Directors,

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Dear Sirs,

Acquisition of Novae Group plc by AXIS Capital Holdings Limited

1. Introduction

This letter relates to the offer by AXIS Capital Holdings Limited ("**AXIS**") or any wholly-owned subsidiary of AXIS it may incorporate or nominate to make the proposed acquisition ("**Bidco**") to be announced on 5 July 2017 for the recommended all cash acquisition of the entire issued share capital of Novae Group plc ("**Novae**") at 700 pence per share (the "**Acquisition**"). It is assumed for the purposes of this letter that the Acquisition will be structured by way of a scheme of arrangement (the "**Scheme**"). If the Acquisition is to be effected by way of a takeover offer rather than a Scheme, all arrangements set out in this letter shall continue to apply, save for any modifications necessary to reflect the mechanics of the takeover offer. In such circumstances, the Parties shall co-operate in good faith to determine what modifications are required in order to give effect to the intentions of the Parties set out in this letter.

This letter refers to the following incentive arrangements operated by Novae: (i) the Novae Long Term Incentive Plan 2007 (the "**2007 LTIP**"); (ii) the Novae 2017 Long Term Incentive Plan (the "**2017 LTIP**" and together with the 2007 LTIP, the "**LTIP Plans**"); (iii) the Novae Deferred Bonus Plan (the "**DBP**"); (iv) the Novae Share Incentive Plan 2007 (the "**2007 SIP**"); (v) the Novae Share Incentive Plan (the "**2017 SIP**"); (vi) the SVB Holdings plc All-Employee Share Ownership Plan (the "**AESOP**"); (vii) the Novae Senior Employee Share Plan; (the "**SESP**"); (viii) the Novae EVA Awards (the "**EVA Awards**"); and (ix) the 2015 deferred bonus award arrangements (the "**Deferred Bonus Awards**", and together, the "**Share Plans**").

2. Purpose of this Letter

The purpose of this letter is to record the agreement which Novae and AXIS (the "**Parties**") have reached in relation to certain employee-related matters arising as a result of the Acquisition.

3. Interpretation

Words and expressions defined in the rules of the relevant Share Plan have the same meaning in this letter, unless otherwise defined herein or the context otherwise requires.

The provisions agreed between the Parties in this letter shall prevail in the case of any conflict between this letter and any other relevant document or agreement.

4. Outstanding awards

The schedule to this letter sets out details of all ordinary shares in the capital of Novae ("**Novae Shares**") subject to subsisting awards under each of the Share Plans as at 3 July 2017. In addition, any dividend equivalents will be payable in cash in accordance with the rules of each plan on the vesting of an award.

Novae confirms that: (i) no options or awards have been granted under the Share Plans since 3 July 2017; and (ii) there are no rights to acquire Novae Shares granted by any member of the Novae group other than under the terms of the Share Plans.

5. The 2007 LTIP

- (A) AXIS acknowledges and agrees that, in consequence of the Acquisition, unvested awards granted under the 2007 LTIP will vest, subject to the achievement of the applicable performance conditions as determined by the Novae remuneration committee ("**Remuneration Committee**") in accordance with the 2007 LTIP rules and the terms of the relevant awards. Novae hereby confirms to AXIS that the Remuneration Committee has resolved that such awards will also be subject to the application of time pro-rating, on such reasonable basis as determined by the Remuneration Committee consistent with the 2007 LTIP rules.
- (B) AXIS acknowledges and agrees that the Remuneration Committee shall agree amendments to the rules of the 2007 LTIP so that awards granted under the plan will vest (to the extent they vest under paragraph (A) above) on the date on which the Scheme is sanctioned by the court (the "**Court Sanction Date**").

6. The 2017 LTIP

- (A) AXIS acknowledges and agrees that, in consequence of the Acquisition, unvested awards granted under the 2017 LTIP will vest, subject to the achievement of the applicable performance conditions as determined by the Remuneration Committee in accordance with the 2017 LTIP rules and the terms of the relevant awards. Novae hereby confirms to AXIS that the Remuneration Committee has resolved that such awards will also be subject to the application of time pro-rating, on such reasonable basis as determined by the Remuneration Committee consistent with the 2017 LTIP rules.

- (B) AXIS acknowledges and agrees that awards granted under the 2017 LTIP will vest (to the extent they vest under paragraph (A) above) on the Court Sanction Date in accordance with the rules of the 2017 LTIP.

7. The SESP

AXIS acknowledges and agrees that, in consequence of the Acquisition, all unvested awards granted under the SESP will vest on the Court Sanction Date in respect of such number of Novae Shares as may be determined by the Remuneration Committee in accordance with the SESP rules. Novae hereby confirms to AXIS that the Remuneration Committee has resolved that such awards will be subject to the application of time pro-rating, on such reasonable basis as determined by the Remuneration Committee in accordance with the SESP rules.

8. Rolled-over award

- (A) The number of Novae Shares by which an award under the LTIP Plans or the SESP is reduced to reflect the period of time between the Court Sanction Date and the end of the period over which the performance condition would be measured in the ordinary course under the LTIP Plans, or, in the case of an award under the SESP, the end of the relevant vesting period, in accordance with paragraphs 5 to 7 above, shall be referred to as the "Time Proration Reduction".
- (B) To the extent that the vesting of an award granted under the LTIP Plans and the SESP is reduced following the application of the Time Proration Reduction by the Remuneration Committee, AXIS and Novae agree that such portion of the award shall not lapse and shall instead be exchanged (on a mandatory basis) promptly following the Effective Date for an award of new AXIS shares vesting equally over three years (the "**Replacement Award**"). The Replacement Award will have a value equal to the Time Proration Reduction multiplied by 700 pence.
- (C) If the recipient of a Replacement Award: (i) is dismissed for gross misconduct; (ii) resigns to work for a competitor of Bidco, Novae or the enlarged group; or (iii) voluntarily resigns prior to the date on which the Replacement Award vests, then his Replacement Award shall immediately lapse. If an employee leaves in any other circumstances, the Replacement Award shall vest on the normal timetable, unless Novae agrees that it shall vest on some other earlier date. If a Replacement Award vests on an individual leaving employment, it shall vest on a pro rata basis, reflecting the period of time elapsed between the Effective Date and the normal vesting date of that Replacement Award.

9. The DBP

AXIS acknowledges and agrees that all unvested awards granted under the DBP will vest in full on the Court Sanction Date in consequence of the Acquisition in accordance with the DBP rules.

10. The EVA Awards and Deferred Bonus Awards

AXIS acknowledges and agrees that all unvested EVA Awards and Deferred Bonus Awards granted under the EVA letters or individual bonus letters (as applicable) will vest in full

immediately prior to the Court Sanction Date in consequence of the Acquisition in accordance with the terms of the EVA letters or individual bonus letters (as applicable).

11. The 2017 SIP, the 2007 SIP and the AESOP

- (A) The Parties acknowledge and agree that Novae Shares held in the SIP trust on behalf of the SIP participants will participate in the Scheme (on the same terms as for other Novae Shareholders). Novae confirms that as at today's date there are no unallocated Novae Shares held within the SIP trust.
- (B) The Parties acknowledge and agree that the acquisition of "Partnership Shares" under the SIP may continue in accordance with the SIP rules until the last normal monthly purchase date before the Court Sanction Date.

12. The Novae Employee Benefit Trust

- (A) As at the date of this letter, the Novae Employee Benefit Trust (the "**EBT**") holds 1,027,994 Novae Shares. Unless all unallocated Novae Shares have been used to satisfy awards vesting in the normal course prior to the date on which the Scheme becomes effective in accordance with its terms (the "**Effective Date**"), the Parties agree that the trustee of the EBT will be requested (on terms agreed between the Parties) to agree to satisfy certain awards vesting as a consequence of the Acquisition, using these unallocated Novae Shares in priority to Novae issuing Novae Shares or paying cash to satisfy such awards. In the event that the trustee of the EBT does not agree to such a request, then any cash in the trust will be used to repay loans outstanding to Novae.
- (B) In order to satisfy awards vesting as a consequence of the Acquisition which are in excess of the 1,027,994 Novae Shares held by the EBT, Novae may: (i) issue new Novae Shares to the EBT; (ii) recommend to the EBT that it purchase additional Novae Shares in the market; or (iii) cash cancel any such awards to the extent permitted under the relevant scheme rules.

13. Novae Articles of Association

- (A) If the Acquisition is effected by way of the Scheme, the Parties agree that shareholder approval will be sought for an amendment to the articles of association of Novae so that any Novae Shares issued after the Scheme Record Time pursuant to the vesting of awards under the Share Plans will be compulsorily acquired by AXIS and/or its nominee on the same terms as were available to other Novae Shareholders under the Scheme.
- (B) For the purposes of this letter, the "**Scheme Record Time**" is the time and date that will be specified as such in the Scheme document (being the document to be dispatched to Novae shareholders including the particulars required by section 897 of the Companies Act 2006 and containing and setting out the full terms and conditions of the Scheme) or such other time as Novae and AXIS may agree.

14. Timing

The Parties agree that the Scheme Record Time shall take place after the Court Sanction Date to allow those participants in the Share Plans who acquire Novae Shares on or before the Court Sanction Date to have those Novae Shares acquired by the Bidder and dealt with through the Scheme.

15. General

- (A) The Parties agree that AXIS or Bidco will acquire the Novae Shares which are issued or transferred to participants in the Share Plans as a result of awards vesting under the Share Plans on the same terms and for the same consideration as is available to other Novae Shareholders under the Acquisition.
- (B) Vesting and settlement under the Shares Plans as described in this letter shall be subject to the usual deductions for applicable taxes and national insurance and similar social security deductions or contributions.

16. Annual Bonus

- (A) AXIS acknowledges and accepts that, prior to the Effective Date, Novae may carry out annual pay reviews and appraisals, promotion rounds, and bonus determinations, in each case, in the ordinary course of business, and in line with past practice.
- (B) Subject to paragraph (C) below, AXIS acknowledges and agrees that Novae operates an annual incentive scheme for its employees and that Novae shall continue to operate these arrangements for the performance periods constituting the financial years ending 31 December 2017 in accordance with its normal practice and in a manner consistent with historic practice.
- (C) AXIS agrees that the Remuneration Committee may determine the employee performance ratings for the financial year ending 31 December 2017 (the "**relevant financial year**") as at the earlier of 31 December 2017 and the Effective Date. If the Effective Date occurs after the end of February 2018, the Remuneration Committee may determine and Novae may pay bonus awards in the normal course. If the Effective Date occurs prior to the end of February 2018, AXIS agrees that: (i) (to the extent the Effective Date has occurred prior to 31 December 2017), employees shall continue to participate in the same or an equivalent incentive scheme in respect of the remainder of the financial year; (ii) that the Remuneration Committee may determine an employee's performance rating for the relevant financial year (regardless of whether or not the Effective Date occurs prior to such time) and, after the Effective Date, AXIS and Novae shall have due regard to such performance rating when determining the final quantum of such employee's bonus; and (iii) as well as having such regard to each employee's performance rating, shall treat all manner of employees fairly and equally, and in a manner (so far as practicable) consistent with past practice and so as not to prejudice the amount of an employee's bonus on the basis of

whether or not such employee may be retained by the wider group after the Effective Date.

17. Directors' and officers' insurance

- (A) If and to the extent such obligations are permitted by law, for six years after the Effective Date, AXIS shall procure that the members of the Novae group honour and fulfil their respective obligations (if any) existing as at the date of this letter to indemnify their respective directors and officers and to advance expenses, in each case with respect to matters existing or occurring at or prior to the Effective Date.
- (B) AXIS acknowledges that Novae may purchase directors' and officers' liability insurance cover for both current and former directors and officers of the Novae group, including directors and officers who retire or whose employment is terminated as a result of the Acquisition, for acts and omissions up to and including the Effective Date, in the form of runoff cover for a period of six years following the Effective Date. Such insurance cover shall be with reputable insurers and provide cover, in terms of amount and breadth, substantially the same as that provided under the Novae group's directors' and officers' liability insurance as at the date of this letter.

18. Contracts (Rights of Third Parties) Act 1999

- (A) Paragraphs 16(C) and 17 are intended to confer benefits on and be enforceable by the third parties referred to therein (the "**Relevant Third Parties**").
- (B) Subject to paragraph 18(A) above, the parties do not intend that any term of this letter should be enforceable, by virtue of the Contract (Rights of Third Parties) Act 1999, by any person who is not party to this letter.
- (C) The Parties may vary or amend this letter without the consent of any of the Relevant Third Parties, except that any variation or amendment of paragraph 17 shall require consent of each Relevant Third Party affected by the variation or amendment.

19. Employee Communications

Novae agrees it shall:

- (A) prepare, in a form to be agreed between Novae and AXIS, communications (which may be in electronic form) to be sent jointly from Novae and AXIS and/or Bidco to participants in the Share Plans; and
- (B) arrange for the delivery of such communications at the same time as, or as soon as reasonably practicable after, the posting of the Scheme Circular (or such later time as the parties and the Panel may agree).

20. Acknowledgements

- (A) AXIS's acknowledgements in paragraphs 5 to 7, 9, 10, 11 and 16 of this letter do not impose any contractual restrictions or obligations on any member of the Novae group or their boards of directors.
- (B) The parties agree that, if the Takeover Panel determines that any provision of this agreement that requires Novae to take or not take action, whether as a direct obligation or on a condition to any other person's obligation (however expressed), is not permitted by Rule 21.2 of the Takeover Code, that provision shall have no effect and shall be disregarded.

21. Entire Agreement

This letter and any documents referred to herein, constitute the entire agreement between the Parties in relation to the subject matter of this letter and, save as may be expressly referred to herein, supersede and extinguish any prior drafts, agreements, undertakings, representations, warranties and arrangements of any nature whatsoever, whether or not in writing, relating thereto.

22. Governing Law

This letter shall be governed by and construed in accordance with English law. Any matter, claim or dispute, whether contractual or non-contractual, arising out of or in connection with this undertaking is to be governed by and determined in accordance with English law and shall be subject to the exclusive jurisdiction of the English courts.

It is the intention of each of the Parties that this letter be executed and delivered as a deed.

SCHEDULE

Figures in the table below as at 3 July 2017

	2015 DBA	2016 DBA	2017 DBA	LTIP	EVA	SESP	Total Vesting
2018 Vesting Awards	49,125	169,116	95,539	228,835	108,200	556,686	1,207,501
2019 Vesting Awards	0	169,104	95,532	192,500	108,200	584,733	1,150,069
2020 Vesting Awards	0	0	95,525	0	108,200	588,238	791,963
2021 Vesting Awards	0	0	0	0	0	0	0
2022 Vesting Awards				248,442			248,442
Outstanding unvested awards*	49,125	338,220	286,596	669,777	324,600	1,729,657	3,397,975

*The figures in the table assume that the awards vest in full with no time pro-rating applied and that the performance conditions for the LTIP awards are satisfied. Assuming time pro-rating is applied with a closing date of 30 September 2017 then the total number of outstanding unvested awards would be 369,607 for the LTIP and 881,672 for the SESP.

Shares in Trust as at 07.06.2017: 1,027,994

M.K. Jisk

Executed as a deed by Novae Group plc acting by a director in the presence of:

Signature of witness:

Julie McLeod

Name of witness (please print):

JULIE McLEOD

Occupation:

CHARTERED SECRETARY

Address (please print):

21 LOMBARD STREET
LONDON
EC3N 9AH

C. D. Brooks
General Counsel

Executed as a deed by AXIS Capital Holdings Limited acting by an officer who, in accordance with laws of Bermuda, is acting under the authority of the company in the presence of:

Signature of witness:

Brenda Reese

Name of witness (please print):

Brenda Reese

Occupation:

Ex. Abst.

Address (please print):

11680 Great Oaks Way
Alpharetta, GA 30022