

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. If you are in any doubt about the contents of this document and/or the action to be taken you should immediately consult your stockbroker, bank manager, solicitor, accountant or other independent financial adviser authorised under the Financial Services and Markets Act 2000 if you are in the United Kingdom or, if not, another appropriately authorised independent adviser.

If you have sold or otherwise transferred all your Tawa Existing Ordinary Shares, please forward this document, together with the accompanying Form of Proxy, as soon as possible to the purchaser or transferee or to the stockbroker, bank or other agent through whom the sale or transfer was effected as soon as possible for onward transmission to the purchaser or transferee. If you have sold only part of your holding of Tawa Existing Ordinary Shares you should retain these documents.

The distribution of this document together with the accompanying Form of Proxy into jurisdictions other than the UK may be restricted by law. Persons into whose possession these documents come should inform themselves about and observe any such restrictions. Any failure to comply with these restrictions may constitute a violation of the securities laws of any such jurisdiction.

All of the TAL Ordinary Shares which are to be distributed pursuant to the Demerger are to be distributed to holders of Tawa Ordinary Shares (other than Tawa US Shareholders) on the Share Register at the Demerger Record Time. Tawa US Shareholders will not receive TAL Ordinary Shares in connection with the Demerger.

This document has been prepared in connection with the demerger of the Risk Carrier Business from the Tawa Group and, unless the context otherwise requires, assumes that the Proposal Resolutions in the Notice of Meeting at the end of this document will be passed at the General Meeting to be held on 10 January 2014 and that the Demerger is effected.

The Directors, whose names are set out on page 6 of this document, and the Company, collectively and individually, accept responsibility for all the information contained in this document. To the best of the knowledge and belief of the Directors and the Company (who have taken all reasonable care to ensure that such is the case) the information contained in this document is in accordance with the facts and does not omit anything likely to affect the import of such information.

TAWA PLC

(Incorporated and registered in England and Wales under the Companies Act 1985 with registered number 04200676)

Proposed Reduction of Capital, Demerger of Tawa plc's Risk Carrier Business and Notice of General Meeting

Nominated Adviser and Broker Peel Hunt LLP

You should read the whole of this document. Your attention is drawn to the letter from the Chairman of the Company which is set out on pages 15 to 28 (inclusive) of this document which recommends that you vote in favour of the Resolutions to be proposed at the General Meeting referred to in this document. Whether or not you intend to attend the General Meeting, you are encouraged to complete and return the enclosed Form of Proxy in accordance with the instructions printed on the form.

Notice of a General Meeting of the Company to be held at the offices of DLA Piper UK LLP, 3 Noble Street, London EC2V 7EE at 10 a.m. on 10 January 2014 is set out at the end of this document. Shareholders will find enclosed with this document a Form of Proxy for use in connection with the Resolutions to be proposed at the General Meeting. To be valid the Form of Proxy must be completed and returned in accordance with the instructions printed thereon to the Registrar, so as to be received as soon as possible but in any event no later than 48 hours before the time fixed for the General Meeting, being 10 a.m. on 8 January 2014. The completion and return of the Form of Proxy will not preclude Shareholders from attending the General Meeting and voting in person should they subsequently wish to do so.

For a discussion of the risk factors relating to the Demerger and the TAL Ordinary Shares, please see "Risk Factors" in Part II.

Peel Hunt, which is authorised and regulated by the Financial Conduct Authority, is acting as nominated adviser to the Company in connection with the matters described in this document. Persons receiving this document should note that Peel Hunt will not be responsible to anyone other than the Company for providing the protections afforded to customers of Peel Hunt or for advising any other person on the arrangements described in this document. Peel Hunt has not authorised the contents of, or any part of this document and no liability whatsoever is accepted by Peel Hunt for the accuracy of any information or opinions contained in this document or for the admission of any information. No representation or warranty, express or implied, is made by Peel Hunt as to, and no liability whatsoever is accepted by Peel Hunt in respect of, any of the contents of this document (without limiting the statutory rights of any person to whom this document is issued).

It is the responsibility of any person receiving a copy of this document outside of the United Kingdom, to satisfy themselves as to the full observance of the laws and regulatory requirements of the relevant territory in connection therewith, including obtaining any governmental or other consents which may be required or observing any other formalities required to be observed in such territory and paying any other issue, transfer or taxes due in such other territory. Persons (including, without limitation, nominees and trustees) receiving this document should not distribute or send this document into any jurisdiction when to do so would, or might, contravene local security laws or regulations.

This document does not constitute or form part of any offer or instruction to purchase, subscribe for or sell any shares or other securities in Tawa or TAL nor shall it or any part of it or the fact of its distribution form the basis of, or be relied on in connection with, any contract therefor.

THE CONTENTS OF THIS DOCUMENT ARE NOT TO BE CONSTRUED AS LEGAL, FINANCIAL OR TAX ADVICE.

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OVERSEAS SHAREHOLDERS

The implications of the Demerger for, and the distribution of this document to, Overseas Shareholders may be affected by the laws of the relevant jurisdictions in which such Overseas Shareholders are located. Such Overseas Shareholders should inform themselves about, and observe, all applicable legal requirements.

Tawa US Shareholders will not receive TAL Ordinary Shares in connection with the Demerger. Tawa US Shareholders are being provided with this document solely to consider the Proposals.

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

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

Tawa Existing Ordinary Shares

The Tawa Existing Ordinary Shares have not been and will not be registered under the US Securities Act, or under the securities laws of any state or other jurisdiction of the United States and may not be offered or sold within the United States, except pursuant to an applicable exemption from, or in a transaction not subject to, the registration requirements of the US Securities Act and in compliance with any applicable securities laws of any state or other jurisdiction of the United States. There will be no offer of the Tawa Existing Ordinary Shares in the United States.

The Tawa Existing Ordinary Shares have not been approved or disapproved by the US Securities and Exchange Commission, any state securities commission in the United States or any US regulatory authority, nor have any of the foregoing authorities passed upon or endorsed the merits of the offering of the Tawa Existing Ordinary Shares or the accuracy or adequacy of this document. Any representation to the contrary is a criminal offence in the United States.

TAL Ordinary Shares

The TAL Ordinary Shares have not been and will not be registered under the US Securities Act, or under the securities laws of any state or other jurisdiction of the United States and may not be offered or sold within the United States, except pursuant to an applicable exemption from, or in a transaction not subject to, the registration requirements of the US Securities Act and in compliance with any applicable securities laws of any state or other jurisdiction of the United States. There will be no offer of the TAL Ordinary Shares in the United States and Tawa US Shareholders will not receive TAL Ordinary Shares in connection with the Demerger.

The TAL Ordinary Shares have not been approved or disapproved by the US Securities and Exchange Commission, any state securities commission in the United States or any US regulatory authority, nor have any of the foregoing authorities passed upon or endorsed the merits of the distribution of the TAL Ordinary Shares or the accuracy or adequacy of this document. Any representation to the contrary is a criminal offence in the United States.

FORWARD LOOKING STATEMENTS

Certain statements contained herein constitute forward-looking statements. The forward-looking statements contained herein include statements about the expected effects of the Reduction of Capital and the Demerger, the expected timing and scope of the Reduction of Capital and the Demerger and other statements other than in relation to historical facts. Forward-looking statements including, without limitation, statements typically containing words such as "intends", "anticipates", "targets", "estimates", "believes", "should", "plans", "will", "expects" and similar expressions or statements that are not historical facts are intended to identify those expressions or statements as forward-looking statements. The statements are based on the assumptions and assessments by the Board and are naturally subject to uncertainty and changes in circumstances. By their nature, forward looking statements involve risk and uncertainty and the factors described in the context of such forward-looking statements in this document could cause actual results and developments to differ materially from those expressed in or implied by such forward-looking statements. There are a number of factors that could cause actual results or developments to differ materially from those expressed or implied by such forward-looking statements. These factors include, but are not limited to, the satisfaction or waiver of the conditions to the Demerger, local and global political and economic conditions, future revenues of Tawa being lower than expected, expected cost savings from the Reduction of Capital and the Demerger or other future transactions not being realised fully or in line with expected timeframes, competitive pressures in the industry increasing, foreign exchange rate fluctuations and interest rate fluctuations (including those from any potential credit rating decline) and legal or regulatory developments and changes. Given these risks and uncertainties, investors should not place undue reliance on forward-looking statements.

Neither Tawa, nor any of its respective associates or directors, officers or advisers, provides any representation, assurance or guarantee that the occurrence of the events expressed or implied by any forward-looking statements contained herein will actually occur. Other than in accordance with their legal or regulatory obligations (including under the AIM Rules, the Disclosure and Transparency Rules of the Financial Conduct Authority and the City Code on Takeovers and Mergers), Tawa is not under any obligation and expressly disclaims any intention or obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

PRESENTATION OF FINANCIAL INFORMATION

The financial information contained in this document, including that financial information contained in a number of tables in this document, has been rounded to the nearest whole number of thousands. Therefore, the actual arithmetic total of the numbers in a column or row in a certain table may not conform exactly to the total figure given for that column or row. The rate of exchange used for information in this document is US\$1.56 to £1.

Certain non-IFRS measures such as earnings before interest, tax depreciation and amortisation ("**EBITDA**") before exceptional items and EBITDA after exceptional items have been included in the financial information, as the Directors believe that these provide important alternative measures with which to assess the Services Business' and the Risk Businesses' performance. You should not consider EBITDA before exceptional items and EBITDA after exceptional items as alternatives for revenue or operating profit which are IFRS measures. Additionally, the Company's calculation of EBITDA may be different from the calculation used by other companies and therefore comparability may be limited.

EXPECTED TIMETABLE OF PRINCIPAL EVENTS

<i>Event</i>	<i>Time and/or date 2013/2014</i>
Date of this document	20 December 2013
Latest time and date for receipt of Forms of Proxy	10 a.m. on 8 January 2014
General Meeting	10 January 2014
Initial directions hearing at the Court in respect of the Reduction of Capital	30 January 2014
Latest time and date for lodging transfers of Tawa Existing Ordinary Shares in order for the transferee to be registered at the Demerger Record Time	26 March 2014
Final Court hearing to confirm the Reduction of Capital	26 March 2014
Effective Date of the Reduction of Capital	26 March 2014
Date of publication of RNS announcement in respect of Tawa's financial results for the year ended 31 December 2013	28 March 2014
Demerger Record Time	5 p.m. on 28 March 2014*
Demerger Effective Date (transfer of TAL Ordinary Shares)	31 March 2014*
Expected date for despatch of definitive share certificates for TAL Ordinary Shares	By 31 May 2014

(1) The times and dates set out in the expected timetable of principal events above and mentioned throughout this document may be adjusted by Tawa in consultation with Peel Hunt, in which event details of the new times and dates will be notified to the London Stock Exchange, and where appropriate, to Shareholders.

(2) All references in this document to times are to London time unless otherwise stated.

* These dates are indicative only and will depend, amongst other things, on the dates on which the Court confirms the Reduction of Capital and on which the Reduction of Capital becomes effective.

DIRECTORS, SECRETARY AND ADVISERS

Directors	Mr Timothy Joseph Carroll (<i>Independent Non-Executive Director</i>) Mr Gilles Marie Jacques Erulin (<i>Chief Executive Officer</i>) Mr Colin Graham Bird (<i>Executive Director</i>) Mr Loic Philippe Marie-Joseph Brivezac (<i>Non-Executive Director</i>) Mr Anthony John Hamilton (<i>Independent Non-Executive Director</i>)
Company Secretary	Mr Christopher Harold Edward Jones
Company Website	www.tawapl.com
Registered Office	The Isis Building 193 Marsh Wall London E14 9SG
Nominated Adviser and Broker	Peel Hunt LLP Moor House 120 London Wall London EC2Y 5ET
Auditors	Mazars LLP Tower Bridge House St. Katherine's Way London E1W 1DD
Solicitors to the Company	DLA Piper UK LLP 3 Noble Street London EC2V 7EE
Registrars to the Company	Computershare Investor Services PLC The Pavilions Bridgwater Road Bristol BS18 8AE

DEFINITIONS

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

"Act"	the Companies Act 2006;
"Administrative Services Agreement"	the agreement dated 20 December 2013 entered into between Tawa and TAL in relation to the bilateral provision of services following the Demerger Effective Date, further details of which are set out in paragraph 7.2 of Part VI;
"AIM"	the market of that name operated by the London Stock Exchange;
"AIM Rules"	the AIM Rules for Companies published by the London Stock Exchange from time to time which set out the rules and responsibilities in relation to companies whose shares are admitted to trading on AIM;
"Artemis Group"	each of FinP (and successor holding company) and the Artemis Subsidiaries (and any successor holding company) from time to time (and for the purposes of this definition, holding company has the meaning ascribed in section 1162 of the Act), but for the avoidance of doubt shall not include TAL and any of its subsidiaries;
"Artemis Subsidiary"	a subsidiary undertaking in which FinP holds directly or indirectly at least 75 per cent. of the issued share capital or voting control (" 75% subsidiary ") and includes any undertaking which is itself at least a 75% subsidiary of another Artemis Subsidiary and " Artemis Subsidiaries " means more than one Artemis Subsidiary;
"Articles"	the articles of association of Tawa in force at the date of this document;
"Amended and Restated Relationship Agreement"	the amended and restated Tawa Relationship Deed, further details of which are set out in paragraph 7.4 of Part VI;
"Asta"	Asta Capital Limited;
"Asta Shareholders Agreement"	the shareholders agreement as defined in paragraph 7.6 of Part VI;
"BaFIN"	the German Federal Financial Supervisory Authority;
"Business Day"	a day, not being a Saturday, Sunday or public holiday, on which the clearing banks in London are generally open for business;
"CCC"	Continental Casualty Company;
"certificated form" or "in certificated form"	an ordinary share recorded on a company's share register as being held in certificated form (namely, not in CREST);

"Chiltington Group"	Chiltington International Holding GmbH, Chiltington Holdings Ltd, ASS Asserukanz Service und Sachverständigengesellschaft mbH, Chiltington Internacional SL, Chiltington International GmbH, Chiltington International Inc, Chiltington Internacional SA, Chiltington Internacional SA de CV, Chiltintgon International Limited, Professional Resource SA, Professional Resource Limited and C.I.R.A.S. Limited;
"Company" or "Tawa"	Tawa plc, a company incorporated in England and Wales with registered number 04200676;
"Continuing Tawa Group"	Tawa, the Chiltington Group, the Retained Risk Carrier Companies, Asta, Pro Insurance Solutions Ltd, Pro IS, Inc., Participant Run-Off (Pro) Iberica LSU, Stripe Global Services Ltd and each of their respective subsidiaries;
"Court"	the High Court of Justice of England and Wales;
"CREST"	the relevant system (as defined in the Uncertificated Securities Regulations 2001, as amended) in respect of which Euroclear UK & Ireland Limited is the operator;
"CX Re"	CX Reinsurance Company Ltd, company number 1086556;
"CX Re Agreement"	the share sale agreement dated 21 March 2006 made between Tawa and two other corporate entities, further details of which are set out in paragraph 7.9 of Part VI;
"CX Re Assets"	the CX Re Shares and Tawa's right to receive the (i) Deferred Consideration; and (ii) Incentive Payments;
"CX Re Dividends"	any dividends declared and paid by CX Re prior to the transfer of the CX Re Shares to TAL;
"CX Re Shares"	Tawa's 12.648 per cent. shareholding in CX Re comprising 43,500,321 'A' non-voting shares and 2,138 'B' voting shares in the share capital of CX Re;
"Deed"	the deed of assignment between QX Re and Tawa Management (Bermuda) Limited, further details of which are set out in paragraph 2 of Part III;
"Deferred Consideration"	deferred consideration payable to Tawa pursuant to and calculated in accordance with the terms of the CX Re Agreement, further details of which are set out in paragraph 2 of Part III;
"Demerger"	the proposed demerger of the Risk Carrier Business from the Tawa Group by way of dividend <i>in specie</i> of TAL Ordinary Shares as further contemplated by the Demerger Framework Agreement;
"Demerger Framework Agreement"	the agreement between Tawa and TAL relating to the Demerger entered into on 20 December 2013, a summary of the principal terms of which is set out in paragraph 7.1 of Part VI;

"Demerger Effective Date"	the date on which the Demerger becomes effective, expected to be 31 March 2014;
"Demerger Record Time"	5 p.m. on 28 March 2014;
"Demerger Resolution"	the resolution numbered 3 as set out in the Notice of General Meeting;
"Directors" or "Board"	the directors of the Company whose names are set out on page 6 of this document, or any duly authorised committee thereof, and "Director" means any one of them;
"Disclosure and Transparency Rules"	the Disclosure and Transparency Rules published by the Financial Conduct Authority from time to time;
"Euro" "€"	the official currency of certain of the member states of the European Union;
"Excess Assets"	all assets of QX Re which as a result of a judgment in or settlement of the Litigation are either (i) received by QX Re; or (ii) are no longer required to satisfy QX Re's obligations under the Transactional Documents;
"Existing TAL Subsidiaries"	Tawa Management Ltd and each of its subsidiaries being Q360 Ltd, Q360 Inc. and Tawa Management (Bermuda) Ltd;
"FinP"	Financière Pinault SCA, company number 0326234D;
"Form of Proxy"	the form of proxy accompanying this document for use in connection with the General Meeting;
"Free Assets"	Excess Assets that Tawa could pay as a dividend or otherwise release to its shareholders but for the Deed;
"General Meeting"	the general meeting (or any adjournment thereof) of Shareholders to be convened pursuant to the Notice of General Meeting;
"HIR"	Hamburger Internationale Ruckversicherung AG, company number HRB 561191;
"HIR Group"	HIR, Pavant International Re SA, PlusPunkt, Chiltington International Holding GmbH, Chiltington Holdings Ltd, Chiltington International Holdings Ltd, ASS Asserukanz Service- und Sachverständigengesellschaft mbH, Chiltington Internacional SL, Chiltington International GmbH, Chiltington Internacional SA, Chiltington Internacional SA de CV, Chiltintgon International Limited, Professional Resource SA, Professional Resource Limited and C.I.R.A.S. Limited;
"HIR Sale"	the proposed sale of HIR (excluding the Chiltington Group and PlusPunkt) to Compre Holdings Limited pursuant to the terms and conditions of the HIR Sale Contract;

"HIR Sale Contract"	the sale and purchase agreement relating to the sale of the entire issued share capital of HIR (excluding the Chilmington Group and PlusPunkt) to Compre Holdings Limited dated 20 December 2013;
"HMRC"	HM Revenue & Customs;
"Incentive Payment"	Tawa's right to receive an incentive payment from CX Re pursuant to an incentive agreement dated 21 March 2006 between CX Re, Tawa and CCC, further details of which are set out in paragraphs 7.9 and 8.4 of Part VI;
"Island Capital (Bermuda)"	Island Capital Ltd, company number 13350;
"Island Capital (Europe)"	Island Capital (Europe) Ltd, company number 5617472;
"KX Re"	KX Reinsurance company limited, company number 494416;
"Lincoln General Insurance Company (USA)"	Lincoln General Insurance Company, Tax ID number 23-2023242;
"Litigation"	any court litigation or arbitration proceeding relating to the Transactional Documents including but not limited to the action pending in Delaware federal court, Tawa plc v. Penn. Nat'l Mut. Cas. Ins. Co., No. 13-1427-LPS (D. Del.);
"Litigation Proceeds"	Tawa's right to receive any proceeds from the Litigation;
"Lloyd's"	the society incorporated by the Lloyd's Act 1871 with the name Lloyd's;
"London Stock Exchange"	London Stock Exchange plc;
"Natixis"	Natixis S.A., company number 542044524;
"Notice of General Meeting"	the notice convening the General Meeting set out at the end of this document;
"Overseas Shareholders"	Shareholders (or nominees of, or custodians or trustees for Shareholders) not resident in or nationals or citizens of, the United Kingdom;
"Overseas TAL Shareholders"	Qualifying TAL Shareholders (or nominees of, or custodians or trustees for Qualifying TAL Shareholders) not resident in or nationals or citizens of, the United Kingdom;
"Peel Hunt"	Peel Hunt LLP, a limited liability partnership whose registered office is at Moor House, 120 London Wall, London EC2Y 5ET;
"Penn National"	Pennsylvania National Mutual Casualty Insurance Company;
"PlusPunkt"	PlusPunkt marketing AG (a subsidiary of the HIR Group);
"Pocono"	Pocono Holdings Limited;
"PRA"	the UK Prudential Regulatory Authority, or any successor body;

"Pro Insurance Solutions"	Pro Insurance Solutions Limited, company number 02801404;
"Proposals"	the Reorganisation, the Reduction of Capital and the Demerger;
"Proposal Resolutions"	the resolutions numbered 1 and 3 to approve, <i>inter alia</i> , the Reduction of Capital and the Demerger to be proposed at the General Meeting, as set out in the Notice of General Meeting;
"PXRE (USA)"	PXRE Reinsurance Company, Tax ID number 06-1206728;
"Qualifying Tawa Shareholders"	Shareholders (other than Tawa US Shareholders) who are on the Share Register at the Demerger Record Time;
"Qualifying TAL Shareholders"	the holders of TAL Ordinary Shares who were on the Share Register at 5 p.m. on the 19 December 2013, being the day prior to the date of this document;
"QX Re"	QX Reinsurance Company Ltd, company number 45171;
"QX Re Economic Rights"	the assets to be transferred to Tawa Management (Bermuda) Limited pursuant to the Deed and the Litigation Proceeds;
"Reduction Court Hearing"	the hearing at which the Reduction Court Order is made;
"Reduction Court Order"	the order of the Court granted at the Reduction Court Hearing to confirm the Reduction of Capital;
"Reduction of Capital"	the proposed cancellation of the Company's share premium account, the proposed cancellation of 190,695 Tawa Existing Ordinary Shares held in treasury and the proposed reduction of the nominal value of each Tawa Ordinary Share from 10 pence to two pence each, under Part 17, Chapter 10 of the Act;
"Registrar"	Computershare Investor Services PLC, the Company's registrar and whose registered office is at The Pavilions, Bridgwater Road, Bristol BS99 6ZZ;
"Regulated Companies"	PXRE (USA), Island Capital (Bermuda), Island Capital (Europe) Ltd (UK), Walshire Assurance Company (USA) and Lincoln General Insurance Company (USA);
"Regulations"	the Uncertificated Securities Regulations 2001 (SI 2001 No. 01/3755), as amended;
"Regulatory Information Services"	has the same meaning as defined in the AIM Rules;
"Reorganisation"	intra-group reorganisation of the Tawa Group prior to the Demerger whereby the Transferring Companies will be transferred from the Tawa Group to TAL and QX Re will be transferred from Pocono to Tawa;
"Resolutions"	all of the resolutions to approve, <i>inter alia</i> , the Reduction of Capital, the Demerger and the change of name of Tawa to be proposed at the General Meeting, as set out in the Notice of General Meeting;

"Retained Risk Carrier Companies"	CX Re and QX Re, being those companies within the Continuing Tawa Group which have transferred certain economic rights to a member of the TAL Group, further details of which are set out in Part III;
"Risk Carrier Business"	the business of managing insurance companies in run-off and investments in broking and general agency businesses as carried on by the Transferring Companies and the Existing TAL Subsidiaries;
"run-off"	an insurer or reinsurer is in run-off when it stops issuing new policies and continues to adjust and pay claims under previously issued policies;
"SDRT"	stamp duty reserve tax;
"Services Business"	the business of underwriting as agent, claims management, agency management, systems development, consulting services and systems start-up to the (re)insurance industry as carried on by the Chilton Group, Asta, Pro Insurance Solutions Ltd, Pro IS, Inc., Participant Run-Off (Pro) Iberica LSU, Stripe Global Services Ltd and each of their respective subsidiaries;
"Shareholders"	holders of Tawa Existing Ordinary Shares and Tawa Ordinary Shares from time to time;
"Share Exchange Offer"	the arrangement to be offered by FinP whereby some or all of the TAL Ordinary Shares held by Qualifying TAL Shareholders can be exchanged for Tawa Ordinary Shares held by FinP;
"Share Register"	the register of members of the Company;
"Shoot Out"	a provision in the Asta Shareholders Agreement, as further described in paragraph 7.6 of Part VI;
"Sterling" "£" "p" or "pence"	United Kingdom pounds and pence sterling, respectively, the lawful currency of the United Kingdom;
"Subscription Agreement"	the subscription agreement entered into on 20 December 2013 between (1) Tawa; and (2) TAL, further details of which are set out in paragraph 2 of Part III;
"subsidiary"	has the meaning given in section 1159 of the Act;
"subsidiary undertaking"	has the meaning given in section 1162 of the Act;
"Takeover Code"	the City Code on Takeovers and Mergers;
"TAL"	Tawa Associates Limited, a company incorporated in England and Wales with registered number 04200683;
"TAL Articles"	the articles of association of TAL adopted conditional upon the Demerger becoming effective;
"TAL Board"	the board of directors of TAL from time to time;

"TAL Group"	TAL, the Existing TAL Subsidiaries and, assuming the Reorganisation completes in full, the Transferring Companies;
"TAL Ordinary Shares"	ordinary shares in the capital of TAL;
"TAL Shareholders"	holders of TAL Ordinary Shares from time to time;
"Tawa" or "Company"	Tawa plc, a company incorporated in England and Wales with registered number 04200676;
"Tawa Existing Ordinary Shares"	ordinary shares of 10 pence each in the capital of Tawa;
"Tawa Ordinary Shares"	the ordinary shares of 2 pence each in the capital of the Tawa resulting from the Reduction of Capital;
"Tawa Facility Agreement"	the multicurrency revolving credit facility agreement effective from 18 January 2012 entered into between (1) Tawa and (2) Natixis, further details of which are set out in paragraph 7.3 of Part VI;
"Tawa Group"	in respect of any period prior to the Demerger Effective Date, Tawa and its subsidiaries and subsidiary undertakings including those companies which form part of the TAL Group and, in respect of any period following the Demerger Effective Date, the Continuing Tawa Group;
"Tawa Relationship Deed"	the relationship deed entered into on 20 July 2007 between (1) Tawa; and (2) FinP, as amended and restated from time to time;
"Tawa US Shareholders"	holders of Tawa Existing Ordinary Shares and Tawa Ordinary Shares from time to time whose registered address is in the United States, as evidenced by the Share Register;
"TUPE"	the Transfer of Undertakings (Protection of Employment) Regulations 2008;
"Transactional Documents"	(i) the master transaction agreement by and among Penn National, QX Re, Pro IS, Inc., and Tawa dated 31 March 2011; (ii) the reinsurance agreement by and between Penn National and QX Re, dated 31 March 2011; (iii) the administrative services agreement by and between Penn National and Pro IS, Inc., dated 31 March 2011; (iv) the trust agreement by and among the QX Re, Penn National, and State Street Bank and Trust Company, dated 31 March 2011; and (v) the Guaranty Agreement by Tawa plc in favor of Penn National, dated 31 March 2011;
"Transferring Companies"	the Regulated Companies and ICL Holdings Incorporated, LGIC Holdings, LLC, Lodestar Marine Ltd, Pocono, Amberley Alternatives Assets Ltd and each of their respective subsidiaries;
"UK" or "United Kingdom"	the United Kingdom of Great Britain and Northern Ireland;
"uncertificated" or "in uncertificated form"	an ordinary share recorded on a company's share register 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 and the District of Columbia;
"US dollars" "dollars" "\$"	the United States dollar, the lawful currency of the United States;
"US Securities Act"	the US Securities Act of 1933, as amended;
"VAT"	value added tax; and
"WTH"	WT Holdings Inc.

All references to share premium amounts in this document have been rounded to one decimal place.

PART I
LETTER FROM THE CHAIRMAN

TAWA PLC

(Incorporated in England and Wales with registered number 04200676)

Registered Office
The Isis Building
193 Marsh Wall
London
E14 9SG

20 December 2013

Directors

Mr Timothy Joseph Carroll (*Independent Non-Executive Chairman*)

Mr Gilles Marie Jacques Erulin (*Chief Executive Officer*)

Mr Colin Graham Bird (*Executive Director*)

Mr Loic Philippe Marie-Joseph Brivezac (*Non-Executive Director*)

Mr Anthony John Hamilton (*Independent Non-Executive Director*)

To: Shareholders and, for information only, the holders of awards of Tawa Existing Ordinary Shares

Dear Shareholder,

**Proposed Reduction of Capital,
Demerger of Tawa plc's Risk Carrier Business
and
Notice of General Meeting**

1. Introduction

As you may be aware since the acquisitions by Tawa of Pro Insurance Solutions and the Chiltoning Group and the investment in Asta, Tawa comprises two main operating divisions: the Services Business (the provision of underwriting support, claims management, agency management, consulting services and system solutions to reinsurers) and the Risk Carrier Business (comprising the management of insurance companies in run-off and investments in broking and a managing general agency).

Following a strategic review to evaluate the best options for maximising Shareholder value, the Board has today announced its intention to demerge Tawa's operating divisions into two independent groups. The Board believes that the Services Business and the Risk Carrier Business will be better placed to pursue their respective strategies as separate and distinct legal entities.

In order to achieve this separation, the Board is seeking Shareholder approval for the Demerger. There are several steps required to implement the Demerger, as follows:

- *the Reorganisation* - this involves the transfer of certain of the business and assets of the Risk Carrier Business to TAL, currently a wholly-owned subsidiary of Tawa, so that TAL holds all of the assets comprising the Risk Carrier Business;
- *the Reduction of Capital* - Tawa does not currently have sufficient distributable reserves to implement the Demerger and accordingly Tawa will be applying to the Court for the capital reduction which has the effect of increasing distributable reserves; the Reduction of Capital will involve the cancellation of Tawa's share premium account, the cancellation of 190,695

Tawa Existing Ordinary Shares held in treasury and the reduction in the nominal value of each Tawa Existing Ordinary Share; and

- *the Demerger* - the Demerger will be effected after the Reduction of Capital, by declaring a dividend *in specie* of TAL Ordinary Shares to Qualifying Tawa Shareholders.

The Demerger is conditional, *inter alia*, upon the approval of Shareholders at the General Meeting and the confirmation of the Reduction of Capital by the Court. Pursuant to AIM Rules, the Demerger requires Shareholder approval and accordingly the Demerger Resolution is being proposed.

The Demerger is expected to become effective on 31 March 2014.

If the Demerger proceeds, Shareholders will continue to own their Tawa Ordinary Shares and Shareholders (other than Tawa US Shareholders) who are registered on the Share Register at the Demerger Record Time will receive:

One TAL Ordinary Share for every one Tawa Ordinary Share,

then held by them.

Immediately following the Demerger becoming effective, the issued share capital of each of Tawa and TAL (excluding (i) the number of Tawa Ordinary Shares held by Tawa US Shareholders and (ii) the number of Tawa Existing Ordinary Shares held in treasury) will be the same.

It is proposed that, following the Demerger, Tawa will be the holding company for the Continuing Tawa Group whose business will comprise the Services Business. Further details of the mechanics of the Demerger are set out in Part III, including details of the Retained Risk Carrier Companies, which will remain part of the Continuing Tawa Group.

It is also proposed that Tawa change its name to Pro Insurance Solutions plc and change its ticker to PROG. The Tawa Ordinary Shares will continue to be traded on AIM. TAL will continue to be an unquoted private limited company.

The Board recognises that the Demerger will result in Qualifying Tawa Shareholders holding shares in two distinct legal entities, one publicly listed and one unlisted and further acknowledges that holding unlisted securities may create difficulty for some Shareholders. FinP has agreed to provide a share exchange offer (the Share Exchange Offer) whereby Qualifying TAL Shareholders will have the opportunity to exchange some or all of their TAL Ordinary Shares for Tawa Ordinary Shares held by FinP. Further details of these arrangements are contained in paragraph 9 of this Part I.

The purpose of this document is to:

- (i) set out the background to and reasons for the Proposals;
- (ii) explain why the Board believes that the Proposals are in the best interests of Shareholders as a whole;
- (iii) explain the steps required to be taken to implement the Proposals;
- (iii) explain the Resolutions to be put to Shareholders at the General Meeting to be held on 10 January 2014; and
- (iv) recommend that Shareholders vote in favour of the Resolutions.

2. Background to and reasons for the Demerger

The Tawa Group is a specialised investor in the insurance industry and has, since its formation in 2001, acquired six insurance companies in the run-off sector. Tawa has also reinsured a run-off portfolio through the establishment of a dedicated reinsurance vehicle in Bermuda. In April 2012 Tawa acquired the HIR Group which enabled the Tawa Group to offer a platform for European run-off portfolio transfers under European Union regulations.

Tawa also operates as an incubator for new projects, supporting professional teams aspiring to create new businesses in the insurance industry, and has to date launched three companies as part of this business initiative and consequently has investments in Lodestar Marine Ltd (a Marine business MGA) and Q360 Ltd (a reinsurance broker) as well as an investment in Stripe Global Services Ltd (a web based data processing system).

Focus on Services Business

In the last few years, Tawa has expanded significantly in the servicing arena of the international insurance industry with the acquisition of Pro Insurance Solutions, the Chilton Group, the creation of, and one-third participation in, a consortium for the acquisition of Asta and the establishment of a 66 person service platform in the US. The Services Business is the focus of the Tawa Group and the Board believes that the Risk Carrier Business would be better suited to being owned and managed as a separate legal entity.

Perceived impact of Risk Carrier Business on the Tawa Group

Following unsuccessful attempts to raise new equity, in September 2012 the Board announced that it was seeking potential offerors by means of a formal sale process in accordance with Rule 2.6 of the Takeover Code. As a result, a number of initial approaches were made by various parties; some potential offerors were attracted to the Risk Carrier Business, others to the Services Business, but all were willing only to value the Tawa Group at a level which fell short of what the Board felt could be recommended to Shareholders. It appears to the Board that the public markets better appreciate the profit driven Services Business and that the private markets better appreciate the Risk Carrier Business.

The Risk Carrier Business is currently valued at a significant discount to its stated net asset value (£77 million as at 30 June 2013). On 29 November 2013 Tawa issued a statement to the effect that claims against QX Re's reinsurance facility had increased by more than was expected and that it was highly likely to have to provide in full against the value of its investment in QX Re. On a pro forma basis therefore, the net asset value of the Risk Carrier Business as at 30 June 2013 has fallen by £18 million to £59 million. The net asset value of the Tawa Group as at 30 June 2013 would therefore have been £71 million compared to Tawa's market capitalisation on 16 December 2013 of £17 million. Notwithstanding the possible write down in equity of QX Re, the Directors believe that the Tawa Group as a whole is undervalued by the market. As a consequence the Board has considered a number of options with a view to maximising Shareholder value. These have included seeking new equity capital, accessing private equity funding and continuing to build the businesses.

Potential Benefits of the Demerger

Against this background, and recognising that the results of the Risk Carrier Business have, in recent years, prevented the Board from declaring dividends, the Board, having taken appropriate advice, believes that the Demerger should deliver additional value to Shareholders over time and has therefore concluded that the Demerger is in the best interests of Tawa as a whole. The Board has designed the Demerger with the intention of delivering additional value to Shareholders by:

- allowing the separate valuation of each business based on a typical EBITDA multiple valuation for the Services Business and based on a net asset valuation for the Risk Carrier Business;
- allowing Tawa and TAL to pursue their strategic objectives independently with greater individual control over resources and opportunities;
- developing bespoke management structures, focussed on the particular needs of each company;
- allowing the Services Business to become a focussed managed services business;
- increasing the potential for the Board to declare dividends in respect of the Services Business; and
- allowing the Services Business to separately raise capital as required.

The Demerger will create two distinct entities with different strategic, operational and economic characteristics and with separate management teams and boards of directors.

3. Information on the Services Business

The corporate entities forming the Services Business include Pro UK (including a branch in Zurich), Pro US and the Chiltington Group, which includes Ass Assekuranz Service - und Sachverständigen-gesellschaft mbH in Germany and Chiltington Internacional SA in Argentina. The 380 staff and the four territories covered (UK, Continental Europe, USA and South America) give the Services Business the capacity to provide international service to Tawa's key clients including in Asia where Tawa recently opened a Singapore-based run-off management operation to manage one of its client's businesses.

The Services Business is now operating under a single brand, Pro, having replaced the Chiltington brand. Pro is a well-established provider of services to the insurance industry, including underwriting support, claims management, broking support and consulting services, which are provided to a broad array of international clients across the insurance market. Services are provided from the UK (250 staff) USA (70 staff), Germany (40 staff) and Argentina (20 staff).

As part of its expansion into servicing the Lloyd's market, in January 2012 Tawa organised a consortium with Skuld Investment Limited and Paraline International, Ltd to acquire Asta, the leading turnkey Lloyd's managing agency services company. Each consortium member owns one third of the voting rights and 30 per cent. of the economic interest in Asta, with the remaining 10 per cent. being owned by Asta management. The consortium operates under the terms of the Asta Shareholders Agreement. After 15 January 2015, each Asta shareholder has the benefit of a "Shoot Out" clause, which, if triggered by any of the three shareholders who wants to transfer its shares, would enable the other Asta shareholders to acquire those transferring shares. This may therefore enable Tawa to gain a controlling interest in Asta or realise its interest in Asta. Please refer to paragraph 7.6 of Part VI for further details.

The Services Business has combined historic revenues of approximately £35 million based on the audited results for the financial year ended 31 December 2012 and £18 million based on the unaudited interim results for the six months to 30 June 2013. The Services Business made a loss before tax of £0.3 million for the year ended 31 December 2012 and reported a pre-tax profit of £1.9 million based on the unaudited interim results for the six months to 30 June 2013. Further financial information is set out in Part IV. Approximately 13 per cent. of revenues in the six months to 30 June 2013 arose through services provided to the Risk Carrier Business. The agreements under which these services are provided are on an arm's length basis and will continue for a minimum of 3 years following the Demerger. Further details of these agreements are set out in paragraph 7.8 of Part VI.

At the beginning of 2013 Tawa commissioned an international consultancy firm to conduct a strategic review of its overall business with a view to continuing its development while enhancing Shareholder

value. Following this review a number of projects are underway to develop the Services Business, with an objective of consolidating its market positioning and securing higher margin business. The Services Business is aiming to achieve significant growth over the next three years and its management will be strengthened following the appointment of Mr Artur Niemczewski as the new chief executive officer of the Services Business. It is intended that Mr Artur Niemczewski will be appointed to the Board with effect from the Demerger Effective Date and become Chief Executive Officer of Tawa at that time.

The Directors believe the key strengths of the Services Business are:-

- the Pro brand which is well regarded and respected in the insurance market;
- its blue chip client base and strength of offering to major insurers;
- its established track record of delivering solutions for complex mission critical systems;
- its on-going long term contracts which represented approximately 40 per cent. of Tawa's revenues in respect of the six month period ended 30 June 2013; and
- its interest in Asta.

4. Information on the Risk Carrier Business

Earlier this year the Tawa Group disposed of KX Re. Together with retained assets the sale resulted in a realisation of 76 per cent. of undiscounted net asset value, which is within the range currently used by run-off professionals in valuing such assets. The net asset value of the Risk Carrier Business was £77 million (as at 30 June 2013). On 29 November 2013, Tawa issued a statement to the effect that claims against QX Re's reinsurance facility had increased by more than was expected and that it was highly likely to have to provide in full against the value of its investment in QX Re. On a pro forma basis therefore, the net asset value of the Risk Carrier Business at 30 June 2013 has fallen by £18 million to £59 million. Remaining investments are in PXRE (USA) (NAV £26 million as at 30 June 2013) and Island Capital (Bermuda) (NAV £14 million as at 30 June 2013). Further financial information is set out in Part IV. On 25 November 2013, PXRE (USA) paid a \$12 million dividend to WTH.

Following completion of the Reorganisation the Risk Carrier Business will be entitled to the receivables from CX Re, the level of which is dependent on the outcome of litigation relating to the availability of tax losses which have been surrendered to Tawa's financial partners. Further details of this litigation is contained in paragraph 8.4 of Part VI. Work continues on the run-off of the Risk Carrier Business entities. Whilst retaining the potential to generate value, these entities carry discrete and substantial risks – PXRE (USA) on the outcome of World Trade Center claims; Island Capital (Bermuda) on the recovery of significant subrogated claims; and QX Re on the outcome of the litigation in respect of the rescission of a reinsurance contract. Further details of these claims are set out in paragraphs 8.1, 8.3, and 8.5 of Part VI.

In light of the above, the Board believes that the risk profile of the Risk Carrier Business is no longer suited to a listed company. Moreover the Board believes the discount of Tawa's market capitalisation to its net asset value prevents Tawa from raising equity.

Following the Demerger, TAL will be a distinct legal entity and the Board anticipates that the TAL Group business strategy will encompass the following areas:

- continuation of the run-off and downscaling of the Risk Carrier Business entities to seek to return value to TAL Shareholders;
- continuation of the efforts to maximise recoverables, for example the recovery by Island Capital (Bermuda) of the subrogated claims;

- conduct of the litigation set out in paragraphs 8.2 and 8.4 of Part VI to which the TAL Group is exposed to, pursuant to the terms of the Reorganisation; and
- continuation of the monitoring and development of Lodestar Marine Ltd. TAL will aim to continue assisting this business with a view to it becoming profitable.

TAL has informed Tawa that it has no plans to invest in new projects or initiatives and will seek to return as much value as possible to TAL Shareholders and will manage TAL in a manner to achieve this. The expected dividend policy of TAL is set out in paragraph 11 of this Part I.

5. Summary of how the Proposals are to be effected

Reorganisation

The Reorganisation is intended to effect the transfer of the business and assets of the Risk Carrier Business to TAL (other than the Retained Risk Carrier Companies and those business and assets of the Risk Carrier Business already owned by TAL). TAL is a private limited company. In connection with the Reorganisation, TAL has agreed, in exchange for the transfer of the business and assets of the Risk Carrier Business, to assume conduct and all obligations associated with certain litigation and guarantees of Tawa which relate to the Risk Carrier Business, in order to seek to protect the Services Business from the outcomes, positive or negative, of such litigation and guarantees.

The Demerger Framework Agreement provides for cross-indemnities principally designed to place financial responsibility for the obligations and liabilities in respect of any guarantee, indemnity or other undertaking provided by Tawa to the Risk Carrier Business with TAL and financial responsibility for the obligations and liabilities in respect of any guarantee, indemnity or other undertaking provided by TAL to the Services Business with Tawa, as from 1 January 2014.

The Reorganisation is subject to certain regulatory clearances, further details of which are set out in Part III.

Demerger

The Demerger is to be effected by Tawa declaring a dividend of the TAL Ordinary Shares to Qualifying Tawa Shareholders at a value equal to the book value of Tawa's shareholding in TAL. Tawa does not currently have sufficient distributable reserves to declare the dividend *in specie* to effect the Demerger. The Reduction of Capital will create sufficient distributable reserves to enable the dividend *in specie* to be declared and paid by cancelling Tawa's share premium account, cancelling 190,695 Tawa Existing Ordinary Shares held in treasury and reducing the nominal value of each Tawa Existing Ordinary Share.

The Demerger is subject to certain third party consents.

Further details of the Demerger are set out in Part III.

UK shareholders should benefit from the tax clearances summarised in Part V. Further details of the tax clearances applied for appear in Part V.

The Demerger is conditional, *inter alia*, on:-

- the approval by Shareholders of the Proposal Resolutions;
- the confirmation of the Reduction of Capital by the Court;
- the tax clearance summarised in Part V being obtained from HMRC (which is not expected to be withheld);
- certain third party consents, as further described in Part III;

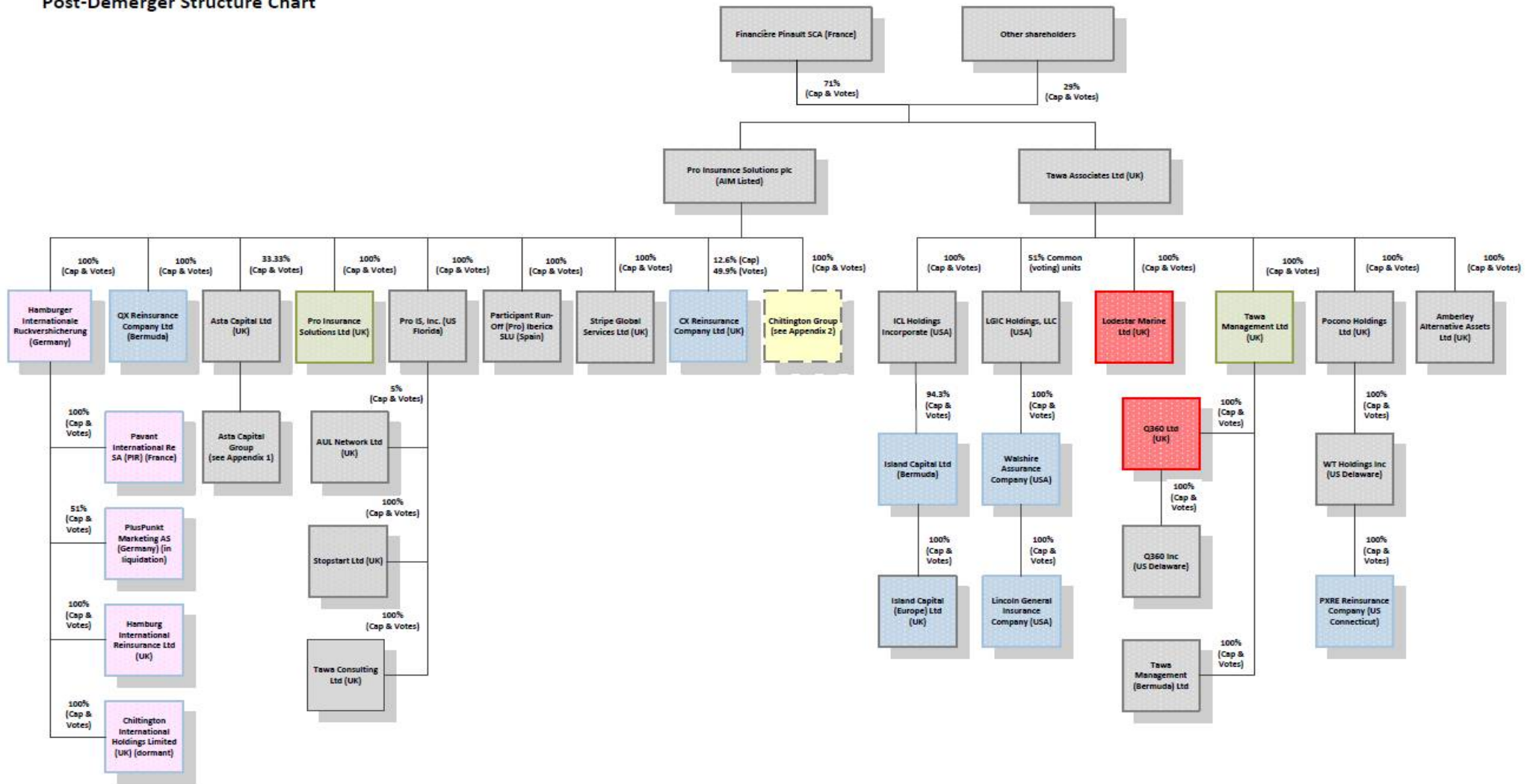
- consent from the Tawa Group's bank to continue to provide and amend (as necessary in the context of the Demerger) the existing debt facilities, further details of which are set out in paragraph 6 of this Part I, paragraph 7.3 of Part VI and paragraph 7.3 of Part VII; and
- no other events or developments having occurred or existing that, in the judgment of the Board, in its sole and absolute discretion, would make it inadvisable to effect the Demerger.

It should be noted that, although it is currently Tawa's intention that the Demerger should be concluded, Tawa is entitled not to proceed with the Demerger if at any time prior to the Board resolving to recommend the Demerger the Board considers that it would not be in the best interests of Shareholders as a whole.

Tawa will not have a shareholding in TAL following the Demerger. It is expected that Mr Gilles Erulin will be the only director common to both Tawa and TAL. With effect from the Demerger Effective Date, Mr Colin Bird will resign as a director of Tawa and will be appointed as a director of TAL.

Shown below is a structure chart of the Continuing Tawa Group and TAL Group immediately following the Demerger Effective Date (i.e. before the implementation of the Share Exchange Offer):

Post-Demerger Structure Chart



KEY

- Risk Carriers
- Insurance Intermediaries
- Appointed Representatives
- Pro Insurance Solutions plc has entered into a binding agreement to sell HIR to a third party (subject to BaFin change of control approval). It is not known whether this sale will have completed by the date of the demerger.
- The Chittington Group will be transferred back to Pro Insurance Solutions plc as part of the sale of HIR

6. Financial effects of the Demerger

The expected benefits of the Demerger are set out in paragraph 2 of this Part I. The illustrative effect of the Demerger on Tawa's assets and liabilities as at 30 June 2013 (as adjusted for the provision against the equity value of QX Re referred to above) would be to reduce net assets (excluding any goodwill write off) by an estimated £59 million. There will be no change to the illustrative net asset value of the Services Business (£12 million as at 30 June 2013). The illustrative effect of the Demerger on TAL's assets and liabilities as at 30 June 2013 would be to increase net assets by an estimated £59 million. Further financial information is contained in Part IV.

The Board expects one-off cash costs arising on the implementation of the Proposals to be approximately £1 million comprising restructuring, accountancy, legal, financial and corporate broking advice. These costs will be shared between Tawa and TAL.

As part of the Demerger it is intended that the Tawa Group's existing debt facilities (further details of which are set out in paragraph 7.3 of Part VI and paragraph 7.3 of Part VII) be amended as necessary to accommodate the structure of the Demerger and will continue to constitute separate and independent facilities which will service the Risk Carrier Business and the Services Business as follows:-

- a fully drawn committed facility of £10 million to 19 January 2015 in favour of Tawa; and
- a fully drawn committed facility of approximately \$15 million to 28 March 2015 in favour of a TAL Group company.

Tawa has received from its bank an in principle commitment to continue to provide the said facilities and consent to the Demerger subject to agreeing legally binding terms and documents, such agreement and provision of the said facilities being a condition to the Demerger.

In addition Tawa and TAL currently have a Euro 8 million facility with FinP at their disposal, of which approximately Euro 3.3 million has been drawn down. TAL will have access to this facility following the Demerger Effective Date and Tawa will have access to the same facility through arrangements to be agreed and approved by the boards of both TAL and Tawa which will enable them to draw in aggregate a maximum of Euro 8 million. Protocols for the withdrawal of funds by Tawa and TAL will also be agreed and approved by both boards.

7. Board structures

Tawa currently has a strong and experienced operational management team. Following the Demerger, this team will form the core of the operational management of the Services Business and will be continuing the operational management of the run-off insurance companies within the TAL Group for at least 3 years, ensuring appropriate continuity for both businesses. It is intended that Mr Artur Niemczewski, will be appointed as the new Chief Executive Officer of the Services Business from 1 February 2014 and will lead Tawa with effect from the Demerger Effective Date when it is intended that he is appointed to the Board and take up the position of Chief Executive Officer of Tawa. Mr Colin Bird will resign from the Board with effect from the Demerger Effective Date.

The names of the Directors are set out at the beginning of this document.

With effect from the completion of the Demerger, the directors of Tawa, to be renamed Pro Insurance Solutions plc, are expected to be:

- Mr Timothy Joseph Carroll - *Non-Executive Chairman*
- Mr Artur Niemczewski - *Chief Executive Officer*
- Mr Gilles Marie Jacques Erulin - *Non- Executive Director*
- Mr Loic Philippe Marie-Joseph Brivezac - *Non-Executive Director*

- Mr Anthony John Hamilton - *Non-Executive Director*

With effect from completion of the Demerger, the directors of TAL are expected to be:

- Mr Colin Graham Bird - *Chairman*
- Mr Gilles Marie Jacques Erulin - *Chief Executive Officer*
- Mr David Vaughan - *Executive Director*

The biographies of the individuals above are set out in paragraph 3.2 of Part VI and paragraph 2.3 of Part VII.

8. Relationship with FinP

The Tawa Relationship Deed will continue save for certain amendments to reflect the effect of the Demerger as set out in the Amended and Restated Relationship Agreement. Further details of the Amended and Restated Relationship Agreement are set out in paragraph 7.4 of Part VI.

9. TAL Articles

The TAL Articles include a number of provisions which are intended to protect minority TAL Shareholders. These provisions include tag-along rights and an obligation on the TAL Directors to call an annual general meeting. Further details of these provisions are set out in paragraph 6 of Part VII.

In addition, TAL will benefit from the statutory provisions of the Act applicable to private limited companies, such as statutory pre-emption rights on the allotment of TAL Ordinary Shares for cash.

10. Share Exchange Offer

The purpose of this paragraph is to provide details of a facility to be offered by FinP to certain TAL Shareholders. Tawa is not involved in the provision and/or administration of the Share Exchange Offer and if you are in any doubt as to the action to be taken you should consult your stockbroker, bank manager, solicitor, accountant or other independent financial adviser authorised under the Financial Services and Markets Act 2000 if you are in the United Kingdom or, if not, another appropriately authorised independent adviser.

FinP has agreed to provide the Share Exchange Offer to Qualifying TAL Shareholders (other than certain Overseas TAL Shareholders). Under the terms of the Share Exchange Offer, Qualifying TAL Shareholders (other than certain Overseas TAL Shareholders) may elect to exchange TAL Ordinary Shares acquired by them pursuant to the Demerger for Tawa Ordinary Shares held by FinP.

The Share Exchange Offer is only available to Shareholders on the register at 5 p.m. on 19 December 2013. Acquirers of Tawa Existing Ordinary Shares after 5 p.m. on 19 December 2013 will not be able to take advantage of the Share Exchange Offer.

FinP has agreed to make available at least 15 million Tawa Ordinary Shares pursuant to the Share Exchange Offer (15 million Tawa Ordinary Shares representing approximately 13 per cent. of Tawa's current issued share capital and approximately 19 per cent. of FinP's interest in Tawa's current issued share capital). Each Qualifying TAL Shareholder can propose one ratio at which it wishes to exchange all or part of its holding of TAL Ordinary Shares for Tawa Ordinary Shares held by FinP provided that the maximum ratio is no more than two Tawa Ordinary Shares held by FinP for one TAL Ordinary Share. It is intended that the Share Exchange Offer will be open for a period of 21 days following the Demerger Effective Date. Following the end of this period, FinP's information agent will compile the Share Exchange Offer elections on a rank basis. FinP reserves the right, in its absolute discretion, not to pro-rate elections which are made at the same ratio. In addition, FinP

reserves the right, in its absolute discretion, not to accept elections in respect of some or all of the TAL Ordinary Shares in order to ensure maximum participation in number of Qualifying TAL Shareholders.

The number of Tawa Ordinary Shares FinP will make available pursuant to the Share Exchange Offer will be at least 15 million. FinP may, in its absolute discretion, decide to make available further of its Tawa Ordinary Shares for use in connection with the Share Exchange Offer.

The availability of the Share Exchange Offer will be subject to a number of conditions, including:

- the Demerger having become effective;
- any regulatory and governmental approvals required for the operation of the Share Exchange Offer having been obtained;
- no legal proceedings, regulatory or other prohibitions or other events preventing or materially affecting the ability of FinP to effect the Share Exchange Offer; and
- no material adverse change having occurred in respect of (i) Tawa and/or TAL, and (ii) financial markets generally.

The Directors and certain officers who are Qualifying Tawa Shareholders intend not to participate in the Share Exchange Offer.

The Directors make no recommendation to Shareholders regarding the Share Exchange Offer. If you are in any doubt as to the action to be taken you should immediately consult your stockbroker, bank manager, solicitor, accountant or other independent financial adviser authorised under the Financial Services and Markets Act 2000 if you are in the United Kingdom or, if not, another appropriately authorised independent adviser.

Further details of the Share Exchange Offer will be sent to all TAL Qualifying Shareholders (other than certain Overseas TAL Shareholders) prior to the Demerger Effective Date.

The Share Exchange Offer will not affect the number of TAL Ordinary Shares received by Qualifying TAL Shareholders who do not make an election under the Share Exchange Offer.

11. Dividend policies

Continuing Tawa Group

Following the Demerger, and provided the Services Business develops as expected, the Continuing Tawa Group may generate sufficient profits and free cash flow to enable the Board to consider paying dividends relating to the financial year ending 31 December 2015. The declaration and payment of dividends by Tawa will be dependent upon its financial position, cash requirements, future prospects, profits available for distribution and other factors regarded by the Board as relevant at the time.

TAL

Following the Demerger, the TAL Directors do not anticipate paying dividends in the near future whilst the existing investments are in the process of being realised. It is intended that funds generated by the realisation of assets within the TAL Group will be paid to TAL Shareholders in the form of dividends or returns of capital.

12. Risk factors

Shareholders should consider carefully the risks and uncertainties set out in Part II along with all of the other information set out in this document. If any or a combination of the risks set out in Part II actually occurs, the value of the shares in Tawa and/or TAL may decline.

13. Share Scheme

Once approved, the Demerger will apply to all Qualifying Tawa Shareholders, including holders of Tawa Existing Ordinary Shares acquired before the Demerger Record Time upon the vesting of awards granted under the Share Scheme. Awards granted under the Share Scheme will not automatically vest as a consequence of the Demerger. This is because such awards are subject to certain performance criteria which are required to have been met within certain periods in order for the awards to vest.

There are currently 1,418,137 awards outstanding under the Share Scheme. In relation to the outstanding awards, one of the four performance conditions has been satisfied which means that under normal circumstances 198,539 awards (equal to approximately 14 per cent. of the outstanding awards and 0.18 per cent. of the current issued share capital of Tawa) would vest in May 2014. The Board has exercised its discretion under the terms of the Share Scheme to amend the Share Scheme to allow the 198,539 awards (to which the satisfied performance condition relates) to vest early. These awards will vest conditional upon the Demerger becoming effective, if the Demerger does not occur then the conditional vesting will not be effective and the awards will continue to subsist and vest in accordance with the Share Scheme.

It is intended that the awards will be satisfied by the delivery of 198,539 Tawa Ordinary Shares held as treasury shares. Following the Reduction of Capital and the satisfaction of the awards from Tawa Ordinary Shares held in treasury the Company will have 119,318 Tawa Existing Ordinary Shares held as treasury shares. The Share Scheme will continue for the benefit of Continuing Tawa Group employees following the Demerger.

14. Taxation

The attention of Shareholders is drawn to Part V.

Shareholders who are in any doubt as to their tax position or who are subject to tax in a jurisdiction other than the UK should contact their professional adviser immediately. The absence of any reference to the tax consequences of the Demerger for Shareholders who are subject to tax in any other particular jurisdiction should not be taken to imply that the implementation of the Demerger might not have adverse tax consequences for such Shareholder.

15. Overseas Shareholders

If you hold Tawa Existing Ordinary Shares at the Demerger Record Time, but you are a Tawa US Shareholder, you will receive this document and a Form of Proxy to be able to vote on the Resolutions, but you will not be eligible to participate in the Demerger (and so will not receive any TAL Ordinary Shares) or the Share Exchange Offer.

The implications of the Demerger for Overseas Shareholders may be affected by the laws of the jurisdiction in which they are resident or otherwise located. Overseas Shareholders should inform themselves about and observe all applicable legal requirements.

It is the responsibility of any person into whose possession this document comes to satisfy themselves as to the full observance of the laws of the relevant jurisdiction in connection with the delivery of the TAL Ordinary Shares pursuant to the Demerger, including the obtaining of any governmental, exchange control or other consents which may be required and/or compliance with other necessary

formalities which are required to be observed and the payment of any issue, transfer or other taxes or levies due in such jurisdiction.

This document has been prepared for the purpose of complying with English law and the AIM Rules and the information disclosed may not be the same as that which would have been disclosed if this document had been prepared in accordance with the laws of jurisdictions outside the UK.

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

THIS DOCUMENT DOES NOT CONSTITUTE AN OFFER TO SELL OR THE SOLICITATION OF AN OFFER TO BUY ANY SECURITY.

16. General Meeting

You will find set out at the end of this document a Notice of General Meeting of the Company to be held at the offices of DLA Piper UK LLP, 3 Noble Street, London EC2V 7EE on 10 January 2014 at 10.00 a.m. at which the Resolutions will be proposed.

The four resolutions that are to be proposed at the General Meeting are:

- (1) *Approval of the Reduction of Capital*
- (2) *Approval of off-market share buy-backs*
- (3) *Approval of the Demerger*
- (4) *Approval of the change of name of Tawa to Pro Insurance Solutions plc*

17. Action to be taken

You will find enclosed with this document a Form of Proxy for use at the General Meeting.

Whether or not you intend to attend the General Meeting, you are requested to complete and sign the enclosed Form of Proxy and return it in accordance with the instructions printed on it. Completed Forms of Proxy should be returned, if posted in the UK, in the pre-paid envelope provided, to the Registrars, Computershare Investor Services PLC, The Pavilions, Bridgwater Road, Bristol, BS99 6ZY, as soon as possible and, in any event, so as to be received by 10.00 a.m. on 8 January 2014. The completion and return of a Form of Proxy will not preclude you from attending and voting in person at the General Meeting, or at any adjournment thereof, if you so wish and are so entitled.

The Notice of General Meeting is set out at the end of this document.

Your attention is drawn to the risk factors of the Demerger in Part II, further details of the Proposals in Part III, the financial information in Part IV, the additional information on Tawa in Part VI and the additional information on TAL in Part VII.

Shareholders are advised to read the whole of this document and not to rely only on the summary information contained in this letter.

18. Documents available

Copies of this document will be available to the public, free of charge, at Tawa's registered office and the offices of Peel Hunt during usual business hours on any weekday (Saturdays, Sundays and public holidays excepted) from the date of this document until the conclusion of the General Meeting. The document is also available on Tawa's website, www.tawapl.com

19. Recommendations

The Directors, having consulted with Peel Hunt, consider that the Resolutions are in the best interests of the Company and Shareholders. Accordingly, each of the Directors recommend that Shareholders vote in favour of the Resolutions as each Director has undertaken to do in respect of Tawa Existing Ordinary Shares in which he is interested, amounting in aggregate to 1,888,020 Tawa Existing Ordinary Shares, representing approximately 1.7 per cent of the issued share capital of Tawa on 19 December 2013 (being the latest practicable date prior to publication of this document).

Tawa has received irrevocable undertakings to vote in favour of the Resolutions from FinP and certain members of Tawa management in respect of 83,216,342 Tawa Existing Ordinary Shares, representing approximately 73.4 per cent. of the issued share capital of Tawa on 19 December 2013 (being the latest practicable date prior to the publication of this document).

Yours faithfully

Tim Carroll

Independent Non-Executive Chairman

PART II RISK FACTORS

If the Demerger proceeds, Qualifying Tawa Shareholders, who previously had an indirect interest in the Risk Carrier Business, will have a direct interest in TAL and, accordingly, will be directly subject to risks affecting the Risk Carrier Business, which they were previously indirectly exposed to through their ownership in Tawa, its results of operations and its financial condition.

This section addresses the existing and future material risks that relate to the Proposals, Tawa (in the context of the Demerger), TAL (in the context of the Demerger) and the TAL Ordinary Shares. The risks below are not the only ones that the Continuing Tawa Group and the TAL Group will face. Some risks are not yet known and some that are not currently deemed material could later turn out to be material. All of these risks could materially affect the Continuing Tawa Group or the TAL Group, their respective incomes, operating profits, earnings, net assets, liquidity and capital resources. In such a case, the market price of Tawa Ordinary Shares and/or the value of TAL Ordinary Shares may decline and Shareholders could lose all or part of their investment. Shareholders and prospective investors should read this section in conjunction with this entire document.

Risks relating to the Proposals

(A) The Demerger may not complete

Completion of the Demerger is subject, among other things, to the approval of the Demerger by Shareholders at the General Meeting and confirmation of the Reduction of Capital by the Court. If completion of the Demerger does not occur, the Risk Carrier Business will remain part of the Tawa Group, which may result in a delay in the execution of the business plan of the Risk Carrier Business and/or the Services Business. The Services Business and the rest of the Tawa Group may be unable to realise the benefits that the Board has stated that it believes will result from the Demerger. This could have an adverse impact on Tawa's business, reputation, financial condition and/or operating results.

(B) Regulatory approvals and consents may not be obtained

The Reorganisation, require in some cases, change of control approval and other consents by regulators in a number of jurisdictions. Arrangements have been included in the Demerger Framework Agreement for the Reorganisation to proceed notwithstanding the failure to obtain one or more regulatory consents within a reasonable timeframe, save that a Regulated Company will not transfer to TAL pursuant to the Reorganisation if appropriate regulatory approval is not obtained with respect to such company. The Board has also reserved the right not to proceed with the Reorganisation if Tawa has not received one or more required regulatory approvals, or regulatory consents or if such approval includes, in the sole judgment of the Board, unduly burdensome conditions. Failure to obtain such approvals and/or consent may result in the Demerger not completing and may therefore result in a delay or failure in the execution of the business plan of the Risk Carrier Business and/or the Services Business and the rest of the Tawa Group which may mean that the Services Business and the rest of the Tawa Group will be unable to realise the benefits that the Board has stated that it believes will result from the Demerger. This could have an adverse impact on Tawa's business, reputation, financial condition and/or operating results.

(C) Third party consents

Tawa and its subsidiaries are party to a number of agreements which contain provisions (a) restricting dealings with the share capital of certain companies which are the subject of the Reorganisation, (b) with respect to third party charges over shares in certain companies which are the subject of the Reorganisation and/or (c) requiring change of control consents which will be triggered by the Demerger. Consent to the Demerger will be required in a number of cases from third parties and such

consent may be withheld. Where the restrictions arise in commercial contracts and consent is not obtained, there is a risk that the contracts will be terminated or a claim for damages might be made.

(D) Shared Services/Resources

Many of the intellectual property and information technology services and resources relied upon by members of the Tawa Group and the TAL Group are shared. As many of the Tawa entities who receive the benefit of these services will transfer to the TAL Group pursuant to the Reorganisation, their continued receipt of those services after the Demerger may breach the assignment clauses which exist in many of the contracts unless consent is obtained. Consent to the assignment of benefits under those contracts from the relevant counterparties will need to be sought and there is a risk that if consent cannot be obtained entities within the TAL Group may need to enter into new service agreements for the benefit of the TAL Group.

(E) After the Demerger, each of the Continuing Tawa Group and the TAL Group could fail to meet the challenges involved in operating successfully as a stand-alone business

Although the Board expects that the Demerger will result in benefits to both the Continuing Tawa Group and the TAL Group, either the Continuing Tawa Group and/or the TAL Group may not realise those benefits because of challenges relating to operating successfully as a stand-alone business. These challenges include (i) demonstrating to interested parties that the Demerger will not result in adverse changes in standards of business and impairment of relationships with customers or employees; (ii) retaining key personnel; (iii) distraction of management; and (iv) difficulty in effectively marketing and communicating the capabilities of the Continuing Tawa Group and/or the TAL Group as a successful stand-alone business. Any failure of the Continuing Tawa Group and/or the TAL Group to meet the challenges involved in setting up and/or separating its systems and functions, operating as a stand-alone business or to realise any of the anticipated benefits of the Demerger could have an adverse impact on the relevant group's business, reputation, financial condition and/or operating results.

(F) Tawa and TAL will have indemnification obligations in favour of each other

Tawa and TAL have entered into the Demerger Framework Agreement that governs the allocation of the assets and liabilities of the businesses between the Continuing Tawa Group and the TAL Group, their obligations to each other following the Demerger and their respective indemnity obligations. The Demerger Framework Agreement provides for cross-indemnities principally designed to place financial responsibility for the obligations and liabilities of the Risk Carrier Business with TAL and financial responsibility for the obligations and liabilities of the Services Business with Tawa. Some of these indemnities are unlimited in terms of amount and duration and the amounts payable by the TAL Group or the Continuing Tawa Group (as the case may be) pursuant to such indemnity obligations could be significant and could have an adverse impact on the relevant group's business (as the case may be), financial condition and/or operating results.

(G) Adequate lending facilities may not be secured

Tawa has received in principle commitments from its bank and FinP to continue to provide the facilities described in Part I. The Demerger is conditional upon agreeing legally binding terms and documents with respect to the continuation of the Natixis facilities (further details of which are set out in paragraph 7.3 of Part VI and paragraph 7.3 of Part VII). While the Board believes such facilities will be secured, there can be no guarantee this will be the case.

The Continuing Tawa Group will have access to the facility with Fin P (further details of which are set out in paragraph 7.4 of Part VII) through arrangements to be agreed and approved by the boards of both Tawa and TAL. Protocols for the withdrawal of funds by them will be agreed by both boards. Drawings by TAL on this facility may restrict Tawa's ability to draw funds on the same facility and vice versa.

Notwithstanding the provision of the facilities, the Continuing Tawa Group will be thinly capitalised with a pro forma net asset value of £12 million as at 30 June 2013 and if adequate funds are not available to satisfy the requirements of the Continuing Tawa Group and/or the TAL Group, the Continuing Tawa Group and/or the TAL Group may be required to reduce its scope of operations and activities which could have an adverse impact on the relevant group's business reputation, financial condition and/or operational results.

(H) *HMRC tax clearance might not be obtained*

The Demerger is conditional upon HMRC tax clearance which has been applied for. Whilst it is not expected that the clearance will be withheld, there cannot be no certainty that HMRC will grant the tax clearance.

(I) *Dependence on key personnel*

The Services Business and the Risk Carrier Business are managed by a number of key personnel, including executive directors and a senior management team, many of whom have significant experience within the Tawa Group or the TAL Group, as the case may be, and who may be difficult to replace. The loss of senior personnel could have a material adverse effect on the Services Business or the Risk Carrier Business. In addition, the future success of the Services Business and the Risk Carrier Business will depend on their continued ability to attract, motivate and retain highly skilled and qualified personnel. There can be no assurance that key personnel will continue to be employed by the Services Business and the Risk Carrier Business or will be able to attract and retain qualified personnel in the future or meet their remuneration requirements, although Tawa provides long-term incentive plans (in the form of the Share Scheme) to aid in the attraction and retention of key personnel. Further, the cost base associated with the remuneration of key personnel may increase significantly. The failure to attract and retain key personnel, or the cost of doing so, could materially adversely affect the Services Business and the Risk Carrier Business and their reputations, financial condition and/or operating results.

The employment of certain employees who are key to the Risk Carrier Business may not automatically transfer pursuant to TUPE such employees will instead be asked to voluntarily accept employment with the TAL Group. There is a small risk that some employees will not transfer to the relevant new entity correctly and/or voluntarily and as such the Risk Carrier Business may not be able to perform its functions without the necessary employees engaged in the correct entities following the Demerger.

Risks relating to Tawa (in the context of the Demerger)

The operations of the Continuing Tawa Group following the Demerger will be smaller and its activities less diverse than the current Tawa Group. Should any one of the Continuing Tawa Group's operations under-perform, this could have a larger impact on the Continuing Tawa Group than it would have had on the Tawa Group prior to the Demerger.

(B) *The effect of the Demerger*

The Demerger may result in additional overhead costs and disruption to the day-to-day administration of the Services Business. The Demerger may result in increased administrative and regulatory costs and burdens that are not reflected in historical financial statements.

(C) *Significant trading volumes of Tawa Ordinary Shares in the public market in the period following the Demerger and subsequently could impact the share price*

Following the Demerger there may be a period of relatively high volume trading in Tawa Ordinary Shares as Shareholders take into account the implications of the Demerger. The Directors are unable to predict whether substantial amounts of Tawa Ordinary Shares will be sold or purchased in the open

market following the Demerger. Sales of a substantial number of Tawa Ordinary Shares after the Demerger, or the perception that these sales might occur, could depress the market price of Tawa Ordinary Shares.

(D) The pro-forma financial information included in this document is not indicative of the Tawa Group's future results

The pro-forma financial information contained in Part IV has been prepared for illustrative purposes only. Due to its nature, such information is unaudited and addresses a hypothetical situation. Accordingly, it does not reflect what Tawa's results of operations and financial position would have been had TAL been an independent company during the period presented, or may not be indicative of what Tawa's results of operations, financial position and cash flows may be when TAL is an independent company.

Risks relating to TAL (in the context of the Demerger)

(A) TAL Shareholders will lose certain corporate/regulatory protections in respect of TAL

If the Demerger completes TAL Shareholders will lose certain corporate and regulatory rights/protections in respect of TAL which they currently have the benefit of as a result of TAL forming part of the Tawa Group.

The principal effects that the Demerger will have on TAL Shareholders are as follows:

- there will be no formal market mechanism enabling TAL Shareholders to trade TAL Ordinary Shares through the market. Share transfers may be effected after the date of the Demerger by depositing a duly executed and stamped stock transfer form together with an appropriate share certificate with Computershare Investor Services PLC. While the TAL Ordinary Shares will remain freely transferrable subject to the provisions of the TAL Articles, they may be more difficult to sell compared to shares of companies quoted on AIM. It may also be more difficult for TAL Shareholders to determine the value of the TAL Ordinary Shares at any given time;
- TAL will not be bound to publicly announce material events, nor to publicly announce interim or final results;
- TAL will not be required to comply with the corporate governance requirements applicable to UK-listed companies;
- TAL will not be subject to the Disclosure and Transparency Rules of the Financial Conduct Authority and will not be required to disclose major shareholdings in TAL;
- TAL will not be subject to the AIM Rules. TAL Shareholders would therefore not be afforded the protections given by the AIM Rules. Such protections include the requirement to be notified of certain events including, amongst other things, substantial transactions (the size of which results in a 10 per cent. threshold being reached under any one of the class tests), related party transactions and the requirement to obtain shareholder approval for reverse takeovers (the size of which results in a 100 per cent. threshold being reached under any one of the class tests) and fundamental changes in TAL's business; and
- TAL will not be subject to the Takeover Code. TAL Shareholders would not therefore be afforded the protections given by the Takeover Code in the event that an offer is made to acquire a controlling interest (as defined in the Takeover Code) in TAL.

Shareholders should be aware that if the Demerger takes effect, they will at that time hold shares in a company whose shares are not admitted to trading on AIM and the matters set out above will affect TAL from the date the Demerger becomes effective.

(B) Effect of Demerger

The Demerger may result in additional overhead costs and some potential disruption to the administration of the Risk Carrier Business in the short term. Demerging the Risk Carrier Business may result in increased administrative and regulatory costs and burdens that are not reflected in historical financial statements.

(C) General uncertainty related to the Demerger could harm the TAL Group

The TAL Group's current and prospective partners may, in response to the Demerger, delay or defer their decisions to progress or enter into a commercial relationship with the TAL Group or current partners may attempt to regulate or revoke existing agreements. If the Risk Carrier Business' current and prospective partners delay or defer their decisions or partners attempt to renegotiate or revoke existing agreements, the financial position of the TAL Group could materially deteriorate.

(D) The pro-forma financial information included in this document is not indicative of the TAL Group's future results

The pro-forma financial information contained in Part IV has been prepared for illustrative purposes only. Due to its nature, such information is unaudited and addresses a hypothetical situation. Accordingly, it does not reflect what TAL's results of operations and financial position would have been had TAL been an independent company during the period presented, or may not be indicative of what TAL's results of operations, financial position and cash flows may be when TAL is an independent company.

(E) Provision of intra-group services and increased costs after the Demerger for TAL

The Risk Carrier Business has historically relied on the Tawa Group for certain corporate functions and services, including information technology, finance, accounting, payroll, treasury, insurance, tax administration, human resources, legal, public relations and strategic development functions and services. After the Demerger, whilst TAL has agreed that certain of these functions will remain outsourced to Tawa, the TAL Group will operate independently of the Continuing Tawa Group and so TAL will need to replicate certain facilities, systems, infrastructure and personnel to which the TAL Group may no longer have access after the Demerger. The TAL Group may incur costs associated with developing and implementing its own limited support functions in these areas.

Tawa and TAL have entered into the Administrative Services Agreement in order to ensure the continuation or orderly discontinuance, as appropriate, of certain services and arrangements. Some of these services and arrangements are provided to the Tawa Group by third parties, and, although the Directors do not consider it likely that any external suppliers will not continue to provide these services at their current levels in the short term, there can be no assurance that external suppliers will continue to provide the same level of pricing, support and upgrades (including during the term of the Administrative Services Agreement) following the Demerger. Their failure to do so could have an adverse effect on the results of the operations and financial condition of TAL. Please refer to paragraph 7.2 of Part VI for a summary of the Administrative Services Agreement.

(F) Litigation risks

TAL is assuming the litigation risk in a number of actions relating to the Risk Carrier Business in which Tawa is the plaintiff, and is assuming the risk relating to guarantees given in relation to the Risk Carrier Business. There can be no guarantee that these actions will be successful, or that the

guarantees will not be called, in which event TAL will be exposed to adverse awards and/or costs which are not reflected in historical financial statements.

Risks relating to TAL Ordinary Shares

(A) TAL Ordinary Shares will be unquoted

Upon the Demerger becoming effective, Qualifying Shareholders will receive unquoted TAL Ordinary Shares. TAL Ordinary Shares will not be listed or traded on any exchange or other trading facility and this will significantly limit the liquidity and marketability of TAL Ordinary Shares.

(B) There is no public trading of TAL Ordinary Shares

There can be no assurance that an active trading market for the TAL Ordinary Shares will develop or, if one does develop, that it will be sustained. If an active trading market does not develop or is not maintained, the liquidity and value of the TAL Ordinary Shares could be adversely affected.

(C) Source of funds

If future revenues are not sufficient to finance the Risk Carrier Business' strategies, the TAL Group may need to raise additional capital from equity or debt sources. Equity financing may be dilutive to TAL Shareholders or result in the issuance of securities whose rights, preference and privileges are senior to those of TAL Shareholders. If any such future funding requirements are met through debt financing, the TAL Group may be required to adhere to covenants restricting its future operational and financial activities. If the TAL Group is unable to secure additional funds when needed or cannot do so on terms it finds acceptable, it may be unable to continue downscaling its operations or expand its operations, take full advantage of future opportunities or respond adequately to business pressures, any of which may have a materially adverse effect on its business and results of operations.

(D) There is no guarantee that dividends will be paid

There can be no assurances that TAL will pay dividends. If it determines that it will pay dividends, there can be no assurance that it will be able to pay dividends in the future. Under English company law, a company can only pay cash dividends to the extent that it has distributable reserves and cash available for this purpose. As a holding company, TAL's ability to pay dividends will be affected by a number of factors, including having sufficient distributable reserves and its ability to receive sufficient dividends from its subsidiaries.

PART III FURTHER DETAILS OF THE PROPOSALS

1. Background

Tawa has two business divisions, an insurance Risk Carrier Business and an insurance Services Business. The proposal is for Tawa to demerge the Risk Carrier Business to its Shareholders so as to effectively "de-list" the Risk Carrier Business. The intention is for this to be achieved by Tawa transferring its shareholdings in the Transferring Companies and its economic interest in the Retained Risk Carrier Companies to TAL in consideration for TAL Ordinary Shares. The intended result is that TAL will become the holding company for the Risk Carrier Business and Tawa will become the holding company for the Services Business. However, due to the specific nature of the consents required to transfer the Retained Risk Carrier Companies, it is only possible to transfer the economic value of such Retained Risk Carrier Companies to TAL (see paragraph 2 below). The shares in such companies will not be transferred to TAL as part of the Reorganisation and will remain with Tawa until such time that it is possible to transfer the Retained Risk Carrier Companies to TAL. The demerger of the Risk Carrier Business will be achieved by transferring the entire issued share capital of TAL to Qualifying Tawa Shareholders by way of dividend *in specie*. Demerging the Risk Carrier Business will, therefore, involve three phases - the Reorganisation, the Reduction of Capital and dividend *in specie*. Further details with respect to each phase are set out below.

2. Reorganisation

The Reorganisation will involve transferring Tawa's shareholdings in the Transferring Companies and its economic interest in the Retained Risk Carrier Companies to TAL (subject to receipt of required regulatory approvals and/or third party consents). Although technically HIR would fall within the Risk Carrier Business, Tawa entered into the HIR Sale Contract, pursuant to which Compre Holdings Limited will acquire the entire issued share capital of HIR, subject to BaFIN change of control approval. Further details of the HIR Sale Contract are set out in paragraph 7.7 of Part VI. However, certain subsidiaries of HIR, which form the Chilton Group and PlusPunkt, fall within the Services Business and will be transferred from HIR to Tawa prior to completion of the HIR Sale. If the HIR Sale does not complete, then HIR will remain a subsidiary of Tawa and the Board will consider at that time the steps to be taken in respect of HIR which may or may not involve HIR remaining in the Continuing Tawa Group.

Tawa and/or TAL will apply to the relevant regulators for any necessary clearances to transfer Tawa's interests in the Regulated Companies to TAL. In some cases change of control permissions will be required; in others only notifications or non-objections will be required. The expected timetable of principal events on page 5 of this document is based on the expected timing of clearances and change of control permissions from the relevant regulators. If this timing changes and/or regulators seek extensions to the time period(s) within which they can consider the clearances and/or change of control permissions, this may impact on the expected timetable. Tawa will, in consultation with Peel Hunt, notify new times and dates to the London Stock Exchange, and where appropriate, Shareholders.

Completion of each of the transfers of the Transferring Companies is subject to (i) Shareholder approval of the Proposal Resolutions; and (ii) Court approval of the Reduction of Capital.

Retained Risk Carrier Companies

CX Re

CX Re forms part of the Risk Carrier Business and, as such, it is Tawa's intention that CX Re be transferred to TAL. Due to the specific nature of the consents required to transfer the CX Re Shares to TAL it is proposed that Tawa transfers the economic value it holds in CX Re to TAL (but not the legal or the beneficial ownership of the CX Re Shares). To achieve the transfer of the economic value

of CX Re to TAL, Tawa and TAL have entered into a subscription agreement ("**Subscription Agreement**"). The Subscription Agreement provides that:

Subscription for TAL Ordinary Shares - Tawa will subscribe for TAL Ordinary Shares in consideration for (i) the nominal value of such TAL Ordinary Shares; and (ii) a premium payable following the Demerger;

Right to funds received - if, and to the extent that Tawa receives any Deferred Consideration, Incentive Payments or CX Re Dividends it will remit such sum(s) to TAL; and

Consents - Subject to receiving certain third party consents and regulatory change of control approval with respect to the transfer of CX Re Shares, Tawa intends to transfer the CX Re Assets to TAL in settlement of the premium payable for the TAL Ordinary Shares. Tawa and TAL will use their reasonable endeavours to seek the necessary consents (including PRA change of control approval) to enable Tawa to transfer the CX Re Assets to TAL following the Demerger.

QX Re

QX Re is a subsidiary of Pocono. QX Re and Pocono form part of the Risk Carrier Business. Pocono is a Transferring Company and will transfer to TAL as part of the Reorganisation. It is Tawa's intention that QX Re be transferred to the TAL Group. However, due to the specific nature of the consents required to transfer QX Re out of the Tawa Group by way of the Demerger, it is proposed that QX Re remains with the Tawa Group, but that the economic value in QX Re is transferred to the TAL Group. To achieve this, Pocono and Tawa have entered into a share purchase agreement, pursuant to which Pocono will transfer its shareholding in QX Re to Tawa, subject to various consents. To achieve the transfer of QX Re's economic value to the TAL Group, QX Re has executed a deed with Tawa Management (Bermuda) Ltd, an existing indirect subsidiary of TAL, pursuant to which QX Re agrees subject to various conditions to transfer Free Assets (if any) to Tawa Management (Bermuda) Ltd. In addition Tawa has entered into a deed of assignment with Pocono pursuant to which Tawa agrees to transfer any proceeds it receives as a result of a judgment in or settlement of the Litigation.

The completion of the Reorganisation is not a condition to the Demerger becoming effective. The Transferring Companies will form part of the TAL Group prior to the Demerger becoming effective. The Board's intention is to transfer the Retained Risk Carrier Companies that remain as subsidiaries of Tawa to TAL after the Demerger has completed in accordance with the terms of the Demerger Framework Agreement.

3. Reduction of Capital

Tawa does not have sufficient distributable reserves to pay the dividend *in specie* to effect the Demerger. For this reason, Tawa must go through the court approved capital reduction process in order to cancel its share premium account and reduce the nominal value of each Tawa Existing Ordinary Share to result in distributable reserves which will then enable it to declare and pay the dividend *in specie* to effect the Demerger.

The Reduction of Capital will involve (a) the cancellation of Tawa's share premium account; (b) the cancellation of 190,695 Tawa Existing Ordinary Shares held in treasury and (c) the reduction in the nominal value of each Tawa Existing Ordinary Share. The Reduction of Capital, together with other existing distributable reserves, are expected to amount to approximately \$132.4 million.

Upon such cancellation, the distributable reserves created will be used to effect a special dividend to Shareholders by way of a dividend *in specie* of the TAL Ordinary Shares. Any balance remaining after the payment of such dividend *in specie* will comprise distributable reserves of Tawa going forward.

The Reduction of Capital requires the approval by Shareholders by way of a special resolution to be proposed at the General Meeting. The Reduction of Capital must also be confirmed by the Court. The Reduction of Capital will not become effective until registration by the Registrar of Companies of a copy of the Reduction Court Order and statement of capital confirming the Reduction of Capital.

The Company has in the past undertaken certain off market buy back transactions of 190,695 Tawa Existing Ordinary Shares but these were inadvertently not legally effective. Those 190,695 Tawa Existing Ordinary Shares purportedly acquired as a consequence of the off market buyback transactions are held by the Company in treasury. The Board therefore proposes that the 190,695 Existing Ordinary Shares held in treasury be cancelled as contemplated by Resolution 1 contained in the Notice of General Meeting.

As outlined on page 5 of this document, the Reduction Court Hearing to confirm the Reduction of Capital is expected to be held on 26 March 2014, and the Reduction of Capital is expected to become effective on 26 March 2014.

In circumstances where a cancellation of a company's share premium account and a reduction in the nominal value of a company's ordinary shares creates distributable reserves which are used to pay a dividend to shareholders, the Court may require protection of those creditors of the company whose debts remain outstanding as at the date on which the cancellation of the company's share premium account and the reduction in the nominal value of the company's ordinary shares becomes effective, unless such creditors agree otherwise. Tawa is seeking the consent of certain of its creditors. If so required by the Court, appropriate arrangements will need to be made for the protection of any other creditors of Tawa whose debts will remain outstanding as at the date on which the Reduction of Capital becomes effective. If Tawa is unable in the timetable proposed to obtain either a consent from, or unable or unwilling to provide security where security is required for all such creditors, then the amount released by the Reduction of Capital, when the Reduction of Capital is confirmed by the Court, will remain un-distributable for the time being until any outstanding consents have been obtained, security where security is required has been put in place, or the relevant obligations have been discharged.

4. Demerger

If the Demerger proceeds, Shareholders will continue to own their Tawa Ordinary Shares and Shareholders (other than Tawa US Shareholders) who are registered on the Share Register at the Demerger Record Time will receive:

One TAL Ordinary Share for every one Tawa Ordinary Share,

then held by them.

Immediately following the Demerger becoming effective, the issued share capital of each of Tawa and TAL (excluding (i) the number of Tawa Ordinary Shares held by Tawa US Shareholders and (ii) the Tawa Existing Ordinary Shares held in treasury) will be the same.

Following the Demerger, Tawa will be the holding company of the Continuing Tawa Group whose business will comprise the Services Business. However, Tawa will still legally own the shares in the Retained Risk Carrier Companies for a period of time following the Demerger (albeit the economic interest will have passed to TAL). On 20 December 2013, Tawa entered into the HIR Sale Contract for HIR and its subsidiaries (excluding the Chiltington Group and PlusPunkt) to be sold to Compre Holdings Limited. For further information regarding these matters, please refer to paragraph 2 of Part III.

Shareholders are being asked to approve the Demerger in accordance with the Articles. The Demerger Resolution is set out in the Notice of General Meeting.

Conditions

The Demerger is conditional on, *inter alia*, the following matters:

- (a) the approval by the Shareholders of the Proposal Resolutions;
- (b) the confirmation of the Reduction of Capital by the Court;
- (c) the tax clearance summarised in Part V being obtained from HMRC (which is not expected to be withheld);
- (d) certain third party consents, as further described in this Part III; and
- (e) no other events or developments having occurred or existing that, in the judgment of the Board, in its sole and absolute discretion, would make it inadvisable to effect the Demerger.

It should be noted that, although it is currently Tawa's intention that the Demerger should be concluded, Tawa is entitled to decide not to proceed with the Demerger at any time prior to the Board resolving to recommend the Demerger if it determines that it would not be in the best interests of Shareholders as a whole.

Dealings and share certificates

The latest time and date for lodging transfers of Tawa Existing Ordinary Shares with the Registrar in order to be registered by the Demerger Record Time is 5.00 p.m. on 26 March 2014. The entitlement to receive TAL Ordinary Shares pursuant to the Demerger is not transferable.

If the Proposal Resolutions are passed, no action needs to be taken by Shareholders to receive TAL Ordinary Shares pursuant to the Demerger.

Definitive share certificates in respect of TAL Ordinary Shares are expected to be posted to Shareholders by 31 May 2014. Share certificates will be despatched at the TAL Shareholders' risk to their registered address on the Share Register. In the case of joint holders, certificates will be despatched to the person whose name appears first on the Share Register. Prior to despatch of definitive share certificates in respect of those TAL Ordinary Shares, it is intended that transfers of those TAL Ordinary Shares will be certified against the register of members of TAL. No temporary documents of title for TAL Ordinary Shares will be issued.

Information for Overseas Shareholders

If you hold Tawa Existing Ordinary Shares at the Demerger Record Time, but you are a Tawa US Shareholder, you will receive this document and a Form of Proxy to be able to vote on the Resolutions, but you will not be eligible to participate in the Demerger (and so will not receive any TAL Ordinary Shares) or the Share Exchange Offer.

Overseas Shareholders may be affected by the laws of other jurisdictions in relation to the Demerger. Overseas Shareholders should inform themselves about and observe all applicable legal requirements.

It is the responsibility of any person into whose possession this document comes to satisfy themselves as to the full observance of the laws of the relevant jurisdiction in which they reside or are otherwise located in connection with the delivery of TAL Ordinary Shares in connection with the Demerger, including the obtaining of any governmental, exchange control or other consents which may be required and/or compliance with other necessary formalities which are required to be observed and the payment of any transfer or other taxes or levies due in such jurisdiction.

This document has been prepared for the purpose of complying with English law and the AIM Rules and the information disclosed may not be the same as that which would have been disclosed if this document had been prepared in accordance with the laws of jurisdictions outside the UK.

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

THIS DOCUMENT DOES NOT CONSTITUTE AN OFFER TO SELL OR THE SOLICITATION OF AN OFFER TO BUY ANY SECURITY.

PART IV FINANCIAL INFORMATION

Nature of financial information

The financial information contained in the following Sections A, B, C and D is drawn from the segment income and results contained in the notes to the published accounts of the Tawa Group; the audited annual accounts for the year ended 31 December 2012 and the unaudited interim report for the six months ended 30 June 2013. Shareholders should read the whole of this document and not just rely on the information contained in this Part IV.

The financial information in this document has been compiled on the basis of accounting policies set out in the annual accounts. The rate of exchange used for this information is US\$1.56 to £1.

We refer your attention to the announcement made on 29 November 2013 referred to in paragraphs 2 and 4 of Part I which has implications for the net assets of the run-off segment.

The financial information contained in this Part IV does not constitute statutory accounts for any company within the meaning of section 240 of the Act.

Section A

Section A has been extracted from the income statements from the audited accounts for the year ended 31 December 2012 and the unaudited interim report for the 6 months ended 30 June 2013. Section A is in US dollars, the reporting currency of Tawa.

Section B

The unaudited proforma financial information set out in Section B has been prepared to illustrate what the net income of the Services Business might have been had the Demerger taken place on 1 January 2013 and the Services Business had traded for six months to 30 June 2013. Section B is in Sterling as it is expected that this will be the reporting currency of the Services Business from 1 January 2014.

Section C

The unaudited proforma financial information set out in Section C has been prepared to illustrate what the net income of the Risk Carrier Business might have been had the Demerger taken place on 1 January 2013 and the Risk Carrier Business had traded for six months to 30 June 2013. Section C is in US dollars as it is expected that this will be the reporting currency of the Risk Carrier Business from 1 January 2014.

Section D

The unaudited pro forma balance sheets set out in Section D have been prepared to illustrate what the assets and liabilities of the Services Business and the Risk Carrier Business might have been had the Demerger taken place on 30 June 2013.

The information, which is provided for illustrative purposes only because of its nature, addresses a hypothetical situation and therefore does not represent the Services Business' or the Risk Carrier Business' actual financial position or results as at 30 June 2013, nor does it necessarily represent what the Services Business' or Risk Carrier Business' financial position or results might be in the future.

**PART IV
FINANCIAL INFORMATION**

SECTION A – GROUP FINANCIAL INFORMATION

We set out below, without modification, the segmental note to the Company for the year ended 31 December 2012.

Tawa plc Notes to the audited consolidated financial statements

For the year ended 31 December 2012

6. Segment income and results

For the year ended 31 December 2012	Underwrit- ing run-off and	CXRe underwrit- ing run-off	Service providers	Other corporate activities	Intra- group	Reconcilia- tion to financial	Total
	\$m	\$m	\$m	\$m	\$m	\$m	\$m
Continuing operations							
Income							
Insurance premium expense	(0.2)	0.2	-	-	-	(0.2)	(0.2)
Insurance premium ceded to reinsurers	(0.1)	(0.4)	-	-	-	0.4	(0.1)
Commission income	-	-	-	1.1	-	-	1.1
Net earned premium expense	(0.3)	(0.2)	-	1.1	-	0.2	0.8
Revenue from consultancy and run-off services	-	-	37.1	12.1	(16.2)	-	33.0
Investment return	7.4	4.5	0.2	0.1	-	(4.5)	7.7
Other income	2.7	-	8.1	0.3	-	-	11.1
Total other income	10.1	4.5	45.4	12.5	(16.2)	(4.5)	51.8
Total income	9.8	4.3	45.4	13.6	(16.2)	(4.3)	52.6
Insurance claims and loss adjustment expenses	(9.3)	(3.0)	-	-	-	3.0	(9.3)
Insurance claims and loss adjustment expenses	(2.6)	(2.0)	-	-	-	2.0	(2.6)
Net insurance claims	(11.9)	(5.0)	-	-	-	5.0	(11.9)
Segment expenses	(3.6)	(0.1)	(45.9)	(23.5)	16.2	0.1	(56.8)
Segment results of operating activities before recognising negative goodwill	(5.7)	(0.8)	(0.5)	(9.9)	-	0.8	(16.1)
Negative goodwill recognised	-	-	-	0.3	-	-	0.3
Impairment of goodwill	-	-	-	-	-	-	-
Segment results of operating activities	(5.7)	(0.8)	(0.5)	(9.6)	-	0.8	(15.8)
Share of results of associate	-	-	-	(1.2)	-	-	(1.2)
Finance costs	(1.6)	-	-	(3.4)	-	-	(5.0)
Taxation	(2.3)	0.6	0.1	1.9	-	(0.6)	(0.3)
Loss for the period from discontinued operations	-	-	-	-	-	(0.2)	(0.2)
Segment (loss)/profit for the period	(9.6)	(0.2)	(0.4)	(12.3)	-	-	(22.5)

We set out below, without modification, the unaudited financial information for the Company for the six months ended 30 June 2013.

Tawa plc Notes to the unaudited consolidated financial statements

For the period ended 30 June 2013

Segment income and results

	Underwriting run-off and	CXRe underwriting run-off	Service providers	Other corporate activities	Discontinued operations	Intra-group	Reconciliation to financial	Total
For the period ended 30 June 2013	\$m	\$m	\$m	\$m		\$m	\$m	\$m
Continuing operations								
Income								
Insurance premium expense	0.3	-	-	-	-	-	-	0.3
Insurance premium ceded to reinsurers	-	(0.1)	-	-	-	-	0.1	-
Commission income	-	-	-	1.9	-	-	-	1.9
Net earned premium expense	0.3	(0.1)	-	1.9	-	-	0.1	2.2
Revenue from consultancy and run-off services	-	-	20.6	4.7	-	(4.6)	-	20.7
Investment return	1.9	(2.2)	-	(0.3)	(0.4)	-	2.2	1.2
Other income	0.4	0.2	0.9	(0.6)	(0.2)	-	(0.2)	0.5
Total other income	2.3	(2.0)	21.5	3.8	(0.6)	(4.6)	2.0	22.4
Total income	2.6	(2.1)	21.5	5.7	(0.6)	(4.6)	2.1	24.6
Insurance claims and loss adjustment expenses	(2.5)	7.3	-	0.1	0.4	-	(7.3)	(2.0)
Insurance claims and loss adjustment expenses	0.5	(1.2)	-	-	-	-	1.2	0.5
Net insurance claims	(2.0)	6.1	-	0.1	0.4	-	(6.1)	(1.5)
Segment expenses	(1.8)	(3.5)	(19.7)	(11.8)	(0.1)	4.6	3.5	(28.8)
Segment results of operating activities before recognising negative goodwill	(1.2)	0.5	1.8	(6.0)	(0.3)	-	(0.5)	(5.7)
Negative goodwill recognised	-	-	-	-	-	-	-	-
Impairment of goodwill	-	-	-	-	-	-	-	-
Segment results of operating activities	(1.2)	0.5	1.8	(6.0)	(0.3)	-	(0.5)	(5.7)
Share of results of associate	-	-	-	1.3	-	-	0.1	1.4
Finance costs	(1.0)	-	-	(0.7)	-	-	-	(1.7)
Taxation	(0.1)	-	(0.2)	(0.1)	-	-	-	(0.4)
Loss for the period from discontinued operations	-	-	-	(21.3)	0.3	-	0.4	(20.6)
Segment (loss)/profit for the period	(2.3)	0.5	1.6	(26.8)	-	-	0.0	(27.0)

**PART IV
FINANCIAL INFORMATION**

**SECTION B - UNAUDITED PRO FORMA FINANCIAL INFORMATION ON TAWA (THE
SERVICES BUSINESS)**

Tawa

For the 6 months to 30 June 2013 - Unaudited

Segment income and results

For the 6 months to 30 June 2013	£000
Continuing operations	
Income	
Revenue from consultancy and run-off services	13,354
Investment return	-
Other income	577
Total income	13,931
Segment expenses	(12,932)
Pro Operating profit	999
Allocated central costs	(733)
Pro EBITDA	266
Share of Asta EBITDA	995
EBITDA	1,261

**PART IV
FINANCIAL INFORMATION**

SECTION C - PRO FORMA FINANCIAL INFORMATION ON TAL (THE RISK BUSINESS)

TAL

For the 6 months to 30 June 2013 - Unaudited

Segment income and results

For the 6 months to 30 June 2013	Underwriting run-off and insurance \$000	CX Re underwriting run-off \$000	Incubators \$000	Other corporate \$000	Consolidation adjustments \$000	Total \$000
Continuing operations						
Income						
Insurance premium expense	300	(32)	-			267
Insurance premium ceded to reinsurers	(19)	(127)	-			(145)
Commission income	-	-	1,895			1,895
Net earned premium expense	281	(159)	1,895	-	-	2,017
Revenue from consultancy and run-off services	-	-		3,369	(3,369)	-
Investment return	1,903	(2,197)	-		-	(293)
Other income	353	235	-		-	588
Total other income	2,257	(1,961)	-	3,369	(3,369)	295
Total income	2,537	(2,120)	1,895	3,369	(3,369)	2,312
Insurance claims and loss adjustment expenses	(2,473)	7,266	-	-	-	4,792
Insurance claims and loss adjustment expenses recovered from reinsurers	451	(1,224)	-	-	-	(772)
Net insurance claims	(2,022)	6,042	-	-	-	4,020
Segment expenses	(1,812)	(3,410)	(3,755)	(4,208)	3,369	(9,815)
Segment results of operating activities before recognising negative goodwill	(1,296)	511	(1,860)	(839)	-	(3,483)

**PART IV
FINANCIAL INFORMATION**

SECTION D - PRO FORMA CONSOLIDATED BALANCE SHEETS

Pro forma consolidated balance sheets

Reconciliation to 30 June 2013 Interim Report & Accounts

As at 30 June 2013	Tawa plc US\$ million	TAL US\$ million	Combined US\$ million	Tawa plc Interim Report & Accounts US\$ million	QX Re Possible Increase in reserves US\$ million	Tawa plc: capital reorganisation - Share capital US\$ million	Tawa plc: distribution to TAL & issue of shares by TAL US\$ million	Tawa plc: write down in value of goodwill US\$ million	Combined US\$ million
Assets									
Cash and cash equivalents	16.0	30.5	46.4	46.4					46.4
Investments: Debt and equity securities	0.1	172.9	173.0	173.0					173.0
Loans and receivables including insurance receivables	7.8	34.4	42.3	42.4					42.4
Reinsurers' share of technical provisions	0.0	8.1	8.1	8.1					8.1
Property, plant and equipment	1.8	0.2	2.0	2.0					2.0
Deferred assets	0.1	47.7	47.8	47.8					47.8
Interests in associates	10.2	4.9	15.1	15.1					15.1
Other intangible assets	1.0	(0.0)	1.0	1.0					1.0
Goodwill	9.6	0.0	9.6	22.8				(13.2)	9.6
	46.7	298.7	345.4	358.6	0.0	0.0	0.0	(13.2)	345.4
Equity									
Share capital	4.4	86.1	90.6	22.2		(17.8)	86.1		90.6
Share premium	0.0	0.0	0.0	110.6		(110.6)			0.0
Other reserves	(0.0)	0.0	(0.0)	4.0		(4.0)			0.0
Retained earnings	14.8	4.6	19.4	14.3	(28.0)	132.4	(86.1)	(13.2)	19.3
Total equity attributable to equity holders	19.2	90.7	109.9	151.1	(28.0)	0.0	0.0	(13.2)	109.9
Non-Controlling Interest	(0.4)	1.3	0.9	0.9					0.9
Total Equity	18.8	92.0	110.8	152.0	(28.0)	0.0	0.0	(13.2)	110.8
Liabilities									
Creditors arising out of reinsurance operations	0.0	61.5	61.5	61.5					61.5
Other liabilities	12.7	25.3	38.0	38.0					38.0
Financial liabilities - borrowings	15.3	36.8	52.1	52.1					52.1
Technical provisions	0.0	83.0	83.0	55.0	28.0				83.0
Total liabilities	27.9	206.6	234.6	206.6	28.0	0.0	0.0	0.0	234.6
Total liabilities & equity	46.7	298.7	345.4	358.6	0.0	0.0	0.0	(13.2)	345.4

PART V UK TAXATION

The summary below does not constitute tax or legal advice. Any person who is in any doubt as to their tax position, or who is subject to taxation in any jurisdiction other than the United Kingdom, should consult their own professional adviser without delay.

The following statements are intended only as a general guide to current UK law and HMRC published practice (both of which are subject to change at any time, possibly with retrospective effect). They relate only to certain limited aspects of the UK taxation treatment of Shareholders and are intended to apply only to persons who are resident and, if individuals domiciled in the United Kingdom for UK tax purposes, who are absolute beneficial owners of Tawa Existing Ordinary Shares (otherwise than through a self invested personal pension) and who hold them as investments (and not as securities to be realised in the course of a trade). The tax position of certain Shareholders who are subject to special rules, such as dealers in securities, broker-dealers, insurance companies, authorised unit trusts and open ended investment companies and collective investment schemes, are not considered in this section.

Description of tax effect of Demerger for UK shareholders

The comments below are made on the basis that a clearance application has been submitted to HMRC that the proposed transactions will be carried out for bona fide commercial reasons and that HMRC will give clearance that tax avoidance is not a main purpose of the transactions.

The Demerger will not be implemented unless and until clearance on this matter has been received from HMRC

1. Taxation of income

Direct distribution Demerger

Clearance will be sought from HMRC under section 1091 of the Corporation Tax Act 2010 that it is satisfied that the Demerger will qualify as an exempt distribution within the meaning of section 1076 of that Act. Accordingly, Shareholders should neither incur any liability to tax on income nor should they be entitled to any tax credit in respect of the Demerger.

Transactions in securities

In certain circumstances, Chapter 1 of Part 13 of the Income Tax Act 2007 may apply where a person obtains a tax advantage as a consequence of a "transaction in securities". Under these provisions, HMRC can take steps in order to counteract a tax advantage obtained or obtainable by a person in consequence of any transaction or transactions in securities.

Clearance has been sought from HMRC under section 701 of the Income Tax Act 2007 confirming that it is satisfied that the transactions involved in the Demerger are such that no notice under section 698 of that Act should be served in respect of the proposed transactions.

2. Taxation of chargeable gains

Reduction of Capital

Shareholders should not be treated as making a disposal or part disposal of their Tawa Existing Ordinary Shares upon the Reduction of Capital, and so no chargeable gain or allowable loss should arise.

Demerger

The effect of clearance under section 1091 of the Corporation Tax Act 2010 will be that Shareholders should not be treated, by virtue of the receipt of TAL Ordinary Shares under the Demerger, as making a disposal or part disposal of their Tawa Existing Ordinary Shares for the purposes of taxation of chargeable (i.e. capital) gains.

The TAL Ordinary Shares issued to each Shareholder who is registered on the share register at the Demerger Record Time should be treated as the same asset and as having been acquired at the same time as the Tawa Existing Ordinary Shares. On this basis, Shareholders should not incur a liability to taxation of chargeable gains in respect of the Demerger.

A Shareholder's base cost for existing Tawa Existing Ordinary Shares is to be apportioned between his Tawa Existing Ordinary Shares and TAL Ordinary Shares by reference to the market value on the date the Tawa Existing Ordinary Shares trade ex-dividend (being two Business Days prior to the Demerger Record Time).

Subsequent disposal of Tawa Ordinary Shares

A subsequent disposal or deemed disposal of Tawa Ordinary Shares by a Shareholder who is resident in the United Kingdom for tax purposes may, depending on individual circumstances (including the availability of exemptions and reliefs), give rise to a chargeable gain or an allowable loss for the purposes of United Kingdom taxation on chargeable gains.

3. Stamp duty and stamp duty reserve tax ("SDRT")

No stamp duty or SDRT should generally arise on the transfer of TAL Ordinary Shares pursuant to the Demerger. Subsequent transfers for value of TAL Ordinary Shares will generally be subject to stamp duty or SDRT. The amount of stamp duty or SDRT payable on the transfer is generally calculated at the rate of 0.5% of the amount or value of the consideration given (in the case of stamp duty, rounded up to the nearest £5). Stamp duty and SDRT will normally be the liability of the purchaser or transferee of the TAL Ordinary Shares.

Description of tax effect of acquiring TAL Ordinary Shares in connection with the Demerger

4. Taxation of Dividends

TAL is not required to withhold tax from dividends paid.

Individuals

Individual TAL Shareholders receiving a dividend also receive a notional tax credit in respect of the dividend equal to one ninth of the amount of the dividend paid (or 10 per cent. of the combined amount of the tax credit and the dividend). The amount of the dividend received by such an individual TAL Shareholder and the associated tax credit form part of the TAL Shareholder's income for UK tax purposes.

The rate of income tax on dividends is 10 per cent. for individuals not liable to tax at a rate above the basic rate. For such individuals, the tax credit therefore discharges their income tax liability and no further tax is due. Individual TAL Shareholders who are subject to the higher rate of income tax are liable to tax on dividends at the rate of 32.5 per cent. After taking account of the tax credit, such TAL Shareholders will have further tax to pay equal to 22.5 per cent. of the combined amount of the dividend and the tax credit, or 25 per cent. of the net dividend paid. Individual TAL Shareholders who are subject to the additional rate of income tax are liable for tax on dividends at the rate of 37.5 per cent. After taking account of the tax credit, such TAL Shareholders will have further tax to pay equal to 27.5 per cent. of the

combined amount of dividend and the tax credit or approximately 30.56 per cent. of the net dividend paid.

TAL Shareholders who are not liable to UK tax on dividends, including pension funds and charities, are not entitled to claim repayment of the tax credit (or any part of it).

Companies

TAL Shareholders within the charge to UK corporation tax which are "small companies" (for the purposes of UK taxation of dividends) will not be subject to UK tax on dividends from TAL. Other TAL Shareholders within the charge to UK corporation tax will not be subject to UK tax on dividends (including dividends from TAL) provided the dividends fall within an exempt class and certain conditions are met. In general, dividends paid on shares that are "ordinary shares" for UK tax purposes and are not redeemable, 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.

5. Capital Gains

A disposal of TAL Ordinary Shares by a TAL Shareholder may, depending upon the TAL Shareholder's circumstances, give rise to a liability to UK taxation on chargeable gains.

Individuals

Where an individual TAL Shareholder disposes of TAL Ordinary Shares at a gain, capital gains tax will be payable to the extent that the gain exceeds any unutilised portion of the annual exemption (£10,900 for 2013/14) and after taking account of any capital losses (and other reliefs or exemptions) available to the individual.

For individuals, capital gains tax will be charged at 18 per cent. where the individual's taxable income and gains are less than the upper limit of the income tax basic rate band (for 2013/14 £32,010, after any personal allowance and subject to any gift aid payments made). To the extent that any chargeable gains when aggregated with income arising in a tax year exceed the upper limit of the income tax basic rate band, capital gains tax will be charged at 28 per cent.

Where a TAL Shareholder disposes of the TAL Ordinary Shares at a loss, the loss should be available to offset against other current year gains or carried forward to offset against future gains. In certain circumstances, the loss may be available to offset against taxable income in the current year (depending upon, *inter alia*, the circumstances of TAL and the TAL Shareholder).

Companies

Where a TAL Shareholder is within the charge to corporation tax, a disposal of TAL Ordinary Shares may give rise to a chargeable gain (or allowable loss) for the purposes of UK corporation tax, depending on the circumstances and subject to any available exemption or relief. Corporation tax is charged on chargeable gains at the rate applicable to that company (up to 23 per cent. for the financial year 1 April 2013 to 31 March 2014, reducing to up to 21 per cent. for the financial year 1 April 2014 to 31 March 2015). Indexation allowance may reduce the amount of chargeable gain that is subject to corporation tax but may not create or increase any allowable loss.

6. Inheritance Tax

Individual and trustee TAL Shareholders domiciled or deemed to be domiciled in any part of the UK may be liable on occasions to inheritance tax ("**IHT**") on the value of any TAL

Ordinary Shares held by them. IHT may also apply to individual shareholders who are not domiciled in the UK although relief under a double tax convention may then apply.

Under current law, the main occasions on which IHT is charged are on the death of the TAL Shareholder, on any gifts made during the seven years prior to the death of the TAL Shareholder, and on certain lifetime transfers, including transfers to trustees or appointments out of trusts to beneficiaries, save in very limited circumstances. Special rules also apply to close companies and trustees of settlements.

The inheritance tax rules are complex and TAL Shareholders should consult an appropriate professional adviser in any case where they think the rules may be relevant.

7. Share Exchange Offer

This Part V is only a general guide and TAL Shareholders who wish to make use of the Share Exchange Offer should consult their own professional adviser without delay.

PART VI
ADDITIONAL INFORMATION ON TAWA

1. Responsibility statement

The Directors, whose names are set out in paragraph 3 below, and the Company, collectively and individually, accept responsibility for the information contained in this document. To the best of the knowledge and belief of the Directors and the Company (who have taken all reasonable care to ensure that such is the case), the information contained in this document is in accordance with the facts and does not omit anything likely to affect the import of such information.

2. Incorporation and registered office

2.1 The Company was incorporated and registered in England and Wales as a private company limited by shares on 17 April 2001 (registered number 04200676) with the name Tawa UK Limited. On 13 June 2007, the Company changed its name to Tawa Limited. On 10 July 2007, the Company was re-registered as a public company limited by shares with the name Tawa plc.

2.2 The Company is domiciled in England and Wales and its registered and head office is at The Isis Building, 193 Marsh Wall, London E14 9SG.

3. Directors of the Company

3.1 The Directors are currently:

<i>Name</i>	<i>Position</i>
Mr Timothy Carroll	<i>Independent Non-Executive Chairman</i>
Mr Gilles Erulin	<i>Chief Executive Officer</i>
Mr Colin Bird	<i>Executive Director</i>
Mr Loic Brivezac	<i>Non-Executive Director</i>
Mr Anthony Hamilton	<i>Independent Non-Executive Director</i>

3.1 With effect from the Demerger Effective Date:

3.1.1 Mr Colin Bird will resign as a director of Tawa and his service contract with Tawa will be novated to TAL;

3.1.2 Mr Gilles Erulin will resign as the chief executive officer of Tawa and his service contract with Tawa will be novated to TAL, but he will be appointed as a non-executive director of Tawa; and

3.1.3 it is intended that Mr Artur Niemczewski will be appointed to the Board as the new chief executive officer of Tawa.

3.2 The biographies of the Directors (and of Mr Artur Niemczewski) are set out below:

Mr Timothy Joseph Carroll - Independent Non-Executive Chairman

Mr Carroll joined the Board in March 2011 and was appointed Chairman in June 2013. He is an experienced business leader, with significant London Market and Lloyd's experience, including roles as CEO of Swiss Re's UK holding company, CEO Europe of GE Insurance Solutions and US President and CEO of GE Reinsurance Inc. Mr Carroll has held a number of high profile industry positions including President of the Insurance Institute of London. He received the Chartered Insurance Institute's medal for distinguished service in 2008.

Mr Gilles Erulin - Chief Executive Officer

Mr Erulin has been Global Head of Insurance for Groupe Artémis since 2000 and previously headed its Merger and Acquisitions Group. He was responsible for the creation in 2001 of Tawa. Mr Erulin managed the acquisition of Aoba (Japan) by Groupe Artémis, the first life insurance company ever acquired 100 per cent by overseas investors in Japan, and supervised that company's run-off strategy from 1999. He managed the sale of Aoba (Japan) in September 2004 to Prudential Life of Japan. He was appointed to the Board of Tawa in April 2001.

Mr Colin Bird - Director

Mr Bird formed the Tawa Group in 2001 with financial backing from Groupe Artémis. Mr Bird is responsible for the Tawa insurance companies, being the CEO of CX RE. In that role he handles the relationships with the regulators, the boards and the manager. Mr Bird was previously the Financial Services Leader and Head of Risk Management for the Global Financial Advisory Services division of PwC, a member of its Global Insurance Leadership Team and an elected member of the firm's Global and UK Supervisory Boards.

Mr Loïc Brivezac - Non-Executive Director

Mr Brivezac has served on the Board of Tawa plc since January 2013, having previously been on the board from June 2007 to June 2012. Loïc joined Financière Pinault in September 1999, first as an accounting manager and then, from January 2006, as the financial controller manager. Prior to joining Financière Pinault, Mr Brivezac was an auditor at Adexi SA from 1990-1997 and an accounting manager at Capri Enterprises SNC (Real Estate) from 1997-1999. Mr Brivezac is also a director on a number of company boards as Groupe Artémis representative including Christie's International plc and Stade Rennais football club.

Mr Anthony Hamilton - Independent Non-Executive Director

Mr Hamilton joined the Board of Tawa in March 2004 having previously served on the board of CX Re. Mr Hamilton began his business career in the City of London and in New York where he worked for the investment banks Schroders and Morgan Grenfell. In 1978 he joined the investment bank Fox-Pitt, Kelton ("**FPK**"). He was a principal shareholder and served as Executive Chairman of FPK from 1994 until FPK was acquired by Swiss RE in March 1999. Mr Hamilton retired from his executive responsibilities at FPK in 2004 and as a director of Swiss RE Capital Markets Limited in 2006. During his time at FPK he served on the boards of a number of insurance companies. Until April 2013, Mr Hamilton was for 20 years a director and Chairman of AXA Equity and Law plc and Chairman of AXA UK plc, the holding company of AXA's UK insurance interests. During that period, he was also a member of the Group Board of AXA Paris, of the AXA Remuneration Committee and Chairman of the AXA Group Audit Committee. He serves on the board of directors of AXA Financial Inc. New York and as Chairman of its Investment and Finance Committees.

Mr Artur Niemczewski - Proposed Chief Executive Officer

Mr Niemczewski will take the position of Chief Executive Officer for the Services Business with effect from 1 February 2014, following leading the successful turnaround and sale of Garwyn Group Ltd as Chief Executive Officer.

With nearly twenty years' experience within insurance and the financial industry, Mr Niemczewski is a successful and passionate business transformation leader with a track record in improving business performance.

Over the past two years, Mr Niemczewski has led the restructuring and revitalisation of Garwyn Group Ltd, the UK's largest specialist liability loss adjuster. Under his leadership the Garwyn team have re-established their market-leading position and technical excellence in liability claims, revitalised client service and relationships, and implemented modern technology. The transformation programme culminated in a successful sale of Garwyn to a complementary trade investor.

Prior to his role at Garwyn, Mr Niemczewski was Managing Director of Xchanging Broking Services Ltd at Xchanging Plc. Mr Niemczewski served as Chief Executive of Multi-National Division for Marsh UK Ltd of Marsh, Inc and Chief Operating Officer of Willis International Holdings Ltd at Willis Group. While at Willis, Mr Niemczewski gained extensive international experience covering most commercial insurance markets across North and South America, Asia, and Continental Europe, including a secondment with Willis Germany.

Mr Niemczewski served as Director of Strategy at AXA Insurance, where he spearheaded the restructuring of AXA's UK property and casualty business. He started his career as a strategy consultant with McKinsey & Company. Mr Niemczewski holds a PhD in Nuclear Engineering and an MSc in Public Policy from Massachusetts Institute of Technology (MIT), and an MSc in Mechanical Engineering from Warsaw University of Technology.

4. Directors' interests in the Company

4.1 As at 19 December 2013 (being the latest practicable date prior to the publication of this document), the interests of each Director in the share capital of the Company are as follows:

<i>Director</i>	<i>Number of Tawa Existing Ordinary Shares</i>	<i>Percentage of the issued Tawa Existing Ordinary Shares</i>
Mr Timothy Carroll	Nil	Nil
Mr Gilles Erulin ¹	940,345	0.83
Mr Colin Bird ²	897,675	0.79
Mr Loic Brivezac	Nil	Nil
Mr Anthony Hamilton ³	50,000	0.04
Total	1,888,020	1.7

¹ Includes 879,890 Tawa Existing Ordinary Shares registered in the name of Orion Consultants Limited, nominee company for the Gilles Erulin family trust.

² Includes 85,000 Tawa Existing Ordinary Shares registered in the name of Janet Linda Bird, spouse of Mr Colin Bird.

³ Registered in the name of UBS Private Banking Nominees Ltd.

4.2 As at 19 December 2013 (being the latest practicable date prior to the publication of this document) only the Directors listed in the table below have the following awards that enable them to subscribe for Tawa Existing Ordinary Shares under the Share Scheme:

<i>Name</i>	<i>Date of award</i>	<i>Maximum number of Tawa Existing Ordinary Shares awarded</i>	<i>Number of Tawa Existing Ordinary Shares vested or expect to vest</i>	<i>Date of vesting or expected date of vesting</i>
Mr Timothy Carroll		Nil	Nil	
Mr Gilles Erulin		405,797	56,812	5 May 2014
Mr Colin Bird		Nil	Nil	
Mr Loic Brivezac		Nil	Nil	
Mr Anthony Hamilton		Nil	Nil	
Total		<hr/> 405,797 <hr/>	<hr/> 56,812 <hr/>	

4.3 Certain of the awards set out in paragraph 4.2 above will vest (in addition to awards held by other officers of the Tawa Group) early, conditional on the completion of the Demerger. For further details, please refer to paragraph 13 of Part I.

5. Directors' Service Contracts and Letters of Appointment

5.1 With effect from completion of the Demerger there will be no service contracts or letters of appointments between any Director and Tawa except for the service contracts and letters of appointment listed below:

Mr Timothy Carroll - Letter of Appointment

Mr Carroll was appointed as a Non-Executive Director by an agreement dated 23 March 2011. Timothy became Chairman on 20 June 2013. Mr Carroll is remunerated by way of a flat fee of £50,000 per annum plus an attendance fee of £2,000 for every board and committee meeting he attends. There are provisions in the letter of appointment requiring Mr Carroll to keep information about the Company confidential. There are no intellectual property provisions or post-employment

restrictive covenants as these are not relevant given the nature of Mr Carroll's role. There are also no change of control clauses in this letter of appointment.

Mr Gilles Erulin -Letter of Appointment

Mr Erulin is to be appointed as a non-executive director of the Company with effect from the Demerger Effective Date. He will be paid a fee of £35,000 per year and an additional £2,000 for each board meeting he attends. His appointment is for an initial term that will end at the 2015 Annual General Meeting of the Company, but he may be invited to serve additional terms, and such term(s) can be terminated at any time by either party on one month's written notice. There are provisions in the letter of appointment requiring Mr Erulin to keep information about the Company confidential. There are no intellectual property provisions or post-employment restrictive covenants as these are not relevant given the nature of Mr Erulin's role. There are also no change of control clauses in this letter of appointment.

Mr Loic Brivezac - Letter of Appointment

Mr Brivezac was appointed as a non-executive director of the Company under a letter of appointment dated 18 July 2007. He is paid a fee of £35,000 per year and an additional £2,000 for each board meeting he attends. His appointment is renewed every two years and can be terminated at any time by either party on one month's written notice. There are provisions in the letter of appointment requiring Mr Brivezac to keep information about the Company confidential. There are no intellectual property provisions or post-employment restrictive covenants as these are not relevant given the nature of Mr Brivezac's role. There are also no change of control clauses in this letter of appointment.

Mr Anthony Hamilton - Letter of Appointment

Mr Hamilton was appointed as a non-executive director of the Company under a letter of appointment dated 18 July 2007. He is paid a fee of £35,000 per year and an additional £2,000 for each board meeting he attends. His appointment is renewed every two years and can be terminated at any time by either party on one month's written notice. There are provisions in the letter of appointment requiring Mr Hamilton to keep information about the Company confidential. There are no intellectual property provisions or post-employment restrictive covenants as these are not relevant given the nature of Mr Hamilton's role. There are also no change of control clauses in this letter of appointment.

Mr Artur Niemczewski - Service Contract (Proposed Chief Executive)

Mr Niemczewski entered into a service agreement with the Company on 12 December 2013 under which he will be appointed as Group Chief Executive Office with effect from the Demerger Effective Date. The agreement states that Mr Niemczewski's employment shall continue until terminated by not less than 52 weeks' notice, with the ability to pay him in lieu of all or part of his notice period and/or to place him on garden leave for up to 26 weeks of his notice period. Mr Niemczewski will have an annual salary of £280,000 plus the opportunity to obtain a bonus of up to 100% of annual salary. Mr Niemczewski is entitled to various benefits under the agreement such as: (i) 12 per cent. salary contribution to Tawa 's pension scheme; (ii) life, health and income protection insurance plans; and (iii) entitlement to participate in the Company's Long Term Incentive share plan. There are provisions in the agreement requiring Mr Niemczewski to keep information about the Company confidential and to protect the Company's intellectual property rights. The service agreement contains various post-employment covenants relating to non-competition, non-dealing with customers, non-solicitation of customers, non-solicitation of employees and non-use of names or styles likely to be confused with any name or style used by Tawa or any group company. There are no change of control provisions in this service agreement however the Long Term Incentive share plan does include change of control provisions.

5.2 There are no agreements in existence between the Directors and the Company or any of its subsidiaries that provide for any payments or benefits upon termination of their service

contracts other than accrued benefits as at the date of termination and payments in respect of notice periods.

6. Significant Shareholders

In so far as is known to the Company as at 19 December 2013 (being the latest practicable date prior to the publication of this document), the following persons are interested directly or indirectly in 3 per cent. or more of the Company's share capital, and the amount of such person's interest, is as follows:

<i>Name</i>	<i>Number of Tawa Existing Ordinary Shares</i>	<i>Percentage of the issued Tawa Existing Ordinary Shares</i>
Financiere Pinault SCA ¹	80,491,017	71
Karrick Limited	11,096,147	9.79

¹ Assuming no other acquisitions or disposals are made and the issued share capital of Tawa remains the same, if the Share Exchange Offer is exercised in respect of 15 million Tawa Ordinary Shares FinP will be interested in 65,497,017 Tawa Ordinary Shares representing approximately 57.7 per cent. of the Tawa's issued share capital.

None of the major Shareholders in the Company have different voting rights.

As at 19 December 2013 (being the latest practicable date prior to the publication of this document), the Company is not aware, other than set out in this document, of any person who, directly or indirectly, jointly or severally, exercises or could exercise control over the Company nor is it aware of any arrangements the operation of which may, at a subsequent date, result in a change in control of the Company.

7. Summary of material contracts of Tawa

The following contracts (not being contracts entered into in the ordinary course of business) are contracts which have been entered into by members of the Tawa Group (a) within two years immediately preceding the date of this document which are, or may be, material to the Tawa Group or (b) at any time and which contain provisions under which any member of the Tawa Group has any obligations or entitlements which are, or may be, material to the Tawa Group as at the date of this document, in both cases, in the context of the Demerger.

7.1 Demerger Framework Agreement

On 20 December 2013, Tawa and TAL entered into a Demerger Framework Agreement that sets out the framework for, and principal actions required in connection with, the Demerger.

In particular, the agreement provides, subject to the terms and conditions contained in the Demerger Framework Agreement, the framework around which the Demerger, the Reduction of Capital and Reorganisation and the subsequent creation of the separate Services Business and Risk Carrier Business shall be effected.

In particular, the Demerger Framework Agreement lists the principal conditions to the Demerger and sets out the documentation and actions according to which the Reorganisation, the transfer of CX Re's economic rights and assets to Tawa and the transfer of the QX Re Economic Rights will be effected such that:

- (i) all assets to the extent related to the Risk Carrier Business (not already owned by TAL) and certain economic rights related to the Retained Risk Carrier Companies will be transferred to TAL or a member of the TAL Group;
- (ii) all other assets, including those relating to the Services Business, will be retained by Tawa;
- (iii) liabilities will be allocated to, and assumed by, TAL or a member of the TAL Group to the extent that they relate to the Risk Carrier Business or to the Retained Risk Carrier Companies; and
- (iv) liabilities will be allocated to, and assumed by, Tawa to the extent that they relate to the Services Business.

Except as expressly set out in the Demerger Framework Agreement, neither Tawa nor TAL will make any representation or warranty in connection with the Demerger and Reorganisation.

The Demerger Framework Agreement provides for cross-indemnities principally designed to place financial responsibility for the obligations and liabilities in respect of any guarantee, indemnity or other undertaking provided by Tawa to the Risk Carrier Business with TAL and financial responsibility for the obligations and liabilities in respect of any guarantee, indemnity or other undertaking provided by TAL to the Services Business with Tawa, as from 1 January 2014. The Demerger Framework Agreement also provides for cross-indemnities as between Tawa and TAL in the event that, by operation of applicable employment law, any employee of the Risk Carrier Business transfers to the Services Business or any employee of the Services Business transfers to the Risk Carrier Business.

The Demerger Framework Agreement states that the transactions contemplated by the Demerger Framework Agreement shall be consummated by 30 June 2014 or such other date as the parties may agree, after which date the agreement shall terminate. In addition, each of the parties agrees to cooperate with each other and use commercially reasonable efforts to take or to cause to be taken all actions, and to do, or cause to be done, all things reasonably necessary under applicable law or contractual obligations to consummate and make effective the transactions contemplated by the Demerger Framework Agreement.

The Demerger Framework Agreement also provides that Tawa and TAL will exchange certain information reasonably required to comply with reporting, filing, audit and other obligations, subject to certain exceptions. The agreement also contains dispute resolution and other general customary provisions.

7.2 Administrative Services Agreement

Pursuant to an administrative services agreement entered into between Tawa and TAL on 20 December 2013 and which will come into effect on the Demerger Effective Date ("**Administrative Services Agreement**"), Tawa will provide to TAL, and TAL will provide to Tawa, specified services to help ensure an orderly transition following the Demerger Effective Date. The services provided for under the Administrative Services Agreement will include but are not limited to information technology, finance, accounting, payroll, treasury, insurance, tax administration, human resources, legal, public relations and strategic development functions and services.

Tawa and TAL are expected to provide the services until they agree a termination date in writing in relation to any service. Both Tawa and TAL will be permitted to terminate the Administrative Services Agreement if the other party breaches any of its material obligations under the agreement and does not cure such breach within 30 days of receiving written notice

from the other party. In addition, either party may terminate the agreement if a receiver, administrator, administrative receiver or manager is appointed over the whole or any part of the other party's assets, if the other party becomes insolvent, or if the other party is issued with a winding up notice.

The payment terms of the agreement generally provide that each party will pay the other the staff costs related to the performance of the services plus a margin of 15 per cent. and an appropriate percentage of IT and other infrastructure costs consistent with UK Generally Accepted Accounting Policies on the allocation of overheads. Payments will be made monthly in arrears. Where payment is late, interest may be charged at a rate of 2% above the monthly LIBOR rate.

7.3 Tawa Facility Agreement

Pursuant to a multicurrency revolving credit facility agreement effective from 18 January 2012 entered into between Tawa and Natixis, Natixis made available a multicurrency revolving credit facility of up to £15,000,000 (subsequently amended to £10,000,000) ("**Tawa Facility Agreement**"). The full facility was drawn down on 20 January 2012 and is due to terminate on 18 January 2015, at which point all outstanding amounts will be due and payable by Tawa. The Tawa Facility Agreement contains various representations, financial covenants and undertakings, including the undertaking that Tawa shall not, and shall ensure that other members of the Tawa Group will, enter into any amalgamation, demerger, merger or corporate reconstruction. It is intended that the Tawa Facility Agreement will be amended as necessary to accommodate the Demerger and will continue as a fully drawn committed facility of £10,000,000 to 19 January 2015 in favour of Tawa.

7.4 FinP Facility Agreement

Please see the summary of the FinP Facility Agreement in paragraph 7.4 of Part VII.

7.5 Amended and Restated Relationship Agreement

Pursuant to a relationship deed, dated 20 July 2007, as amended and restated, conditional upon the Demerger becoming effective, and made between Tawa and FinP ("**Amended and Restated Relationship Agreement**"), the parties agree to regulate certain aspects of their continuing relationship to ensure that Tawa is capable of carrying on business independently and that all transactions and relationships between Tawa and FinP are at arms' length and on a normal commercial basis. The Amended and Restated Relationship Agreement shall continue for so long as FinP and the Artemis Group, either individually or jointly, hold at least 30 per cent. of the total voting rights in Tawa. The Amended and Restated Relationship Agreement will automatically terminate if FinP or the Artemis Group's interest in Tawa falls below this level, or if a single shareholder other than FinP or the Artemis Group, owns at least 30 per cent. of the voting rights in Tawa, without entering into an agreement to be bound by the same or substantially equivalent terms and conditions to the Amended and Restated Relationship Agreement. FinP has agreed that it shall, and has undertaken to exercise its power and procure that all members of the Artemis Group shall, *inter alia*:

- (i) ensure that all transactions between the Tawa Group and FinP or any member of the Artemis Group are conducted at arm's length and on a normal commercial basis;
- (ii) not to exercise any of its voting rights in favour of any proposed amendment to the Articles as that would be in violation of the Amended and Restated Relationship Agreement;

- (iii) exercise all voting rights and other powers of control to procure that a majority in number of the board of directors of Tawa are at all times independent, and that the chairman is at all times one of the independent directors;
- (iv) exercise all voting rights to ensure that the FinP directors abstain from any vote on any Tawa board resolution in relation to transactions in which FinP or a member of the Artemis Group has a material interest, or where an actual or potential conflict of interest exists between FinP or any members of the Artemis Group and Tawa or any member of the Tawa Group other than by virtue of their interest in Tawa Ordinary Shares but only to the extent that such transaction or proposal is to be made available and/or apply to all Shareholders; and
- (v) abstain from voting, and procure that the members of the Artemis Group shall not vote in general meetings of Tawa in respect of proposals that FinP or members of the Artemis Group have any material interests, other than by virtue of their interest in Tawa Ordinary Shares.

FinP has agreed that it shall not, and shall procure that the members of the Artemis Group shall not, compete with the Services Business, so as not to, *inter alia*:

- (i) engage, invest or be interested in any business competing with Services Business except that they may invest in the Services Business, subject to certain conditions, provided Tawa has been given first right of refusal;
- (ii) deal with any person, firm or company so as to compete with or harm the goodwill of Tawa or any Tawa Group member; and
- (iii) solicit the services of or entice away, or endeavour to solicit the services of or entice away from Tawa or any member of the Tawa Group member certain key employees, throughout the term of the Amended and Restated Relationship Agreement and for 12 months after its termination, including certain employees who have had access to confidential information 12 months prior to termination of the Amended and Restated Relationship Agreement, but excluding employees who respond to general public advertisements made by FinP or the Artemis Group in the ordinary course of business.

FinP shall be entitled to appoint a third in number of the board of directors of Tawa, to be non-executive directors unless a majority of the Directors agree that they may discharge executive functions. FinP may remove any director it has appointed and require the appointment of a replacement.

Each FinP director is authorised by Tawa (in circumstances where FinP together with other members of the Artemis Group collectively hold at least 30 per cent. of the voting rights in Tawa) to communicate any information acquired by him in his role as a director of Tawa in relation to Tawa or the Tawa Group, including but not limited to business plans, budgets, capital expenditure and board packs, to FinP, subject to the duties of confidentiality contained in the Amended and Restated Relationship Agreement, and subject to his fiduciary duties as a director of Tawa.

7.6 Asta Shareholders Agreement

Pursuant to a joint venture agreement dated 16 September 2011 between Skuld Investment Limited, Paraline International, Ltd and Tawa, as shareholders ("**Asta Founders**") of Asta, a joint venture was established by the Asta Founders to carry on the business of operating a Lloyd's managing agency business ("**Asta Shareholders Agreement**").

Under the terms of the Asta Shareholders Agreement, the Asta Founders subscribed for 30 £0.10 A ordinary shares in Asta as well as some preference shares and key management members of the Asta group each subscribed for 10 B ordinary shares in Asta.

The Asta Shareholders Agreement contains certain restrictions, pre-emption rights and compulsory triggers relating to transfers of shares in Asta by the Asta Founders. There are "Shoot Out" provisions that apply on 15 January 2015 and annually thereafter, if not previously triggered, such that an Asta Founder may serve a trigger notice to the other Asta Founders specifying the price per share that the notifying Asta Founder is prepared to (i) sell all of its shares in Asta to the other Asta Founders; or (ii) buy all of the shares of the other Asta Founders. The recipients of the trigger notice may either purchase from, or sell their own shares to, the notifying Asta Founder. If both of the other Asta Founders wish to acquire the transferring shares, then those transferring shares will be split between them. Where Tawa or Paraline International, Ltd issue a trigger notice, Skuld Investment Limited will have the option to retain all of its shares. There are also tag-along provisions by which an Asta Founder intending to transfer its shares to a third party must procure the potential third party purchaser to acquire the other parties' shares in addition to its own.

There are also restrictive covenants given by the Asta Founders including undertakings not to compete with Asta or solicit employees away from Asta provided for in the Asta Shareholders Agreement. The Asta Shareholders Agreement also sets out certain matters which require majority or unanimous shareholder approval. The Asta Shareholders Agreement contains non-tax warranties given by the Asta Founders to each other. The Asta Shareholders Agreement is governed by English law. The parties agreed to submit any dispute or claims arising out of or in connection with the Asta Shareholders Agreement to the exclusive jurisdiction of the High Court of England and Wales.

7.7 HIR Sale Contract

Pursuant to a conditional share sale agreement dated 20 December 2013 entered into by Tawa and Compre Holdings Limited, Tawa has agreed to sell the entire issued share capital in HIR to Compre Holdings Limited, thereby transferring the HIR Group to Compre Holdings Limited for a cash consideration of €4.2 million, conditional on, *inter alia*, BaFIN change of control approval and subject to certain termination rights that may be exercised in defined circumstances by Compre Holdings Limited. The Chilton Group and PlusPunkt, which are part of the Services Business, will be transferred to Tawa before the HIR Sale closes for a consideration of €1 million, meaning that the net consideration paid by Compre Holdings Limited is €3.2 million. The HIR Sale Contract contains customary warranties and indemnities. The HIR Sale Contract is governed by English law.

7.8 Run-off management agreements

There are a number of run-off management agreements in force between the Risk Carrier Business and Services Business for the provision of management services and for the joint use of certain facilities in respect of run-off business. Such agreements are between:

- (i) PRO IS, Inc. and Lincoln General Insurance Company dated 17 October 2011;
- (ii) Pro Insurance Solutions Limited and Island Capital (Europe) dated 22 October 2010;
- (iii) PRO IS, Inc., Pro Insurance Solutions Limited and PXRE (USA) dated 1 November 2013; and
- (iv) PRO IS, Inc. and Island Capital (Bermuda) dated 22 October 2010.

The parties to the above agreements have agreed that each such agreement will continue for a period of at least three (3) years from the Demerger Effective Date, subject to certain termination rights of the parties in specific circumstances and provided that the parties to the agreements remain under the common control of the same ultimate majority shareholder during the three year period.

7.9 CX Re Agreement

Pursuant to a share sale agreement dated 21 March 2006 and made between Tawa and two other corporate entities ("**Purchasers**"), Tawa sold 300,419,679 "A" shares and 1,710 "B" shares to the Purchasers ("**CX Re Agreement**"). The consideration for the transfer was \$1.00 payable by each of the Purchasers plus an earn out consideration on deferred terms, calculated in accordance with the CX Re Agreement, and based upon the value of future distributions to shareholders made by CX Re, with such payments in turn influenced by certain payments to CX Re for the surrender of tax losses by CX Re.

Tawa granted a supplemental deed of charge in favour of CCC dated 21 March 2006 creating a fixed charge over Tawa's rights, title and interest under or in connection with the share sale agreement, including all money now or in the future owing to it under or in connection with the share sale agreement. The right to receive the earn out consideration in accordance with the share sale agreement may only be assigned to a third party by Tawa if the supplemental deed of charge is first released by CCC.

The CX Re Agreement is stated to be conditional on the execution of an incentive agreement, entered into by CX Re, Tawa and CCC dated 21 March 2006 for the purpose of incentivising Tawa to enter into the CX Re Agreement. Such Incentive Payment to Tawa is in an amount of £9,038,000, subject to certain adjustments, and payments received by CX Re for the surrender of tax losses which may be applied to make the Incentive Payment. The right to receive the Incentive Payment may only be assigned by Tawa with the consent of CX Re and CCC.

8. Litigation

Save as set out in paragraphs 8.1 to 8.5 below, there are no governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Company is aware) during the period covering the last 12 months preceding the date of this document which may have, or have had in the recent past, significant effects on the Company's and/or the Tawa Group's financial position or profitability.

- 8.1 WTH, a subsidiary of Tawa, has issued proceedings against Argonaut Group, Inc. ("**Argonaut**") in NY state court (*WT Holdings Inc. v. Argonaut Group, Inc.*, No. 600925/2009E (N.Y. Supr. Ct.)). The claim alleges that Argonaut made various material and fraudulent misrepresentations during the due diligence process related to the acquisition of PXRE (USA), and WTH is seeking recovery of \$13 million (plus interest and costs). The trial is expected to commence in the second or third quarter of 2014. While there are currently no counter-claims against WTH, the contract involves includes a "cost-shifting" provision such that WTH could, if it does not prevail in the litigation, be liable for Argonaut's costs including reasonable attorney's fees. The Directors estimate that the potential liability of a costs award against WTH is \$4 million.
- 8.2 Tawa, together with QX Re and Pro IS, Inc., both subsidiaries of Tawa, issued proceedings in 2013 against Pennsylvania National Mutual Casualty Insurance Company ("**Penn National**") in Delaware Federal District Court (*Tawa plc et al. v. Penn. Nat'l Mut. Cas. Ins. Co.*, No. 13-1427-LPS (D. Del.)). The case seeks rescission of a reinsurance treaty, written by QX Re, a Bermudan special-purpose insurer, to reinsure Penn National's insurance of landlords in the City of Baltimore for the use of lead paint in the landlords' houses. Tawa announced on 29

November 2013 that there was a strong probability that the reserves of QX Re may need to be increased to a level that exhausts the entire reinsurance facility and that it is anticipated that this would result in a loss of \$28 million in the books of Tawa. Tawa guarantees any unfunded shortfall between the limits under the reinsurance contract and the funds held in trust by QX Re. The reserve funds held by QX Re are sufficient to exhaust \$96 million of the original reinsurance treaty limit of \$100 million, subject to fluctuations in the value of assets held. The effect of prevailing on the rescission claim would be to increase the net assets of QX Re by \$40 million. The Transactional Documents include a cost-shifting provision whereby the prevailing party would be entitled to the payment of reasonable attorney's fees and other costs. As this matter relates to the Risk Carrier Business, pursuant to the terms of the Demerger Framework Agreement, TAL provides a back to back guarantee in favour of Tawa with respect to the shortfall between the limits under the reinsurance contract and the funds held in trust by QX Re. As such, the TAL Group will be exposed to this matter when the Demerger becomes effective.

- 8.3 Pursuant to an agreement dated 21 September 2012 ("**KX Re Agreement**"), Tawa has provided an indemnity in favour of Catalina Holdings UK Limited, KX Re and OX Reinsurance Company Limited in connection with the sale by Tawa of KX Re. The indemnity relates to potential litigation in connection with the scope of a commutation between KX Re, Equitas Limited ("**Equitas**"), and Equitas Reinsurance Limited ("**Equitas Re**"). KX Re recently notified Equitas of its intent to terminate a stand-still agreement relating to its claims against Equitas and commence arbitration proceedings relating to certain claims that Equitas and Equitas Re assert (and which KX Re disputes) were within the scope of the commutation. If Equitas and Equitas Re were to prevail in this matter, the Company's potential liability under the indemnity given by Tawa is estimated to be approximately \$5 million (plus any associated legal costs).
- 8.4 In connection with the CX Re Agreement, CX Re agreed to surrender certain tax losses to the Purchasers (as defined in paragraph 7.9 of this Part VI) in consideration of cash payments to CX Re. The current balances total £28,149,013. The funds are held in trust and are to be released to CX Re once the relevant tax returns of the Purchasers are agreed with HMRC. There is currently a dispute between HMRC and one of the Purchasers ("**Litigant Purchaser**") with respect to one of the relevant tax returns. If the dispute is determined in favour of the Litigant Purchaser £9,184,813 of such balance would be due to Tawa by way of the Incentive Payment and £6,628,296 would be due to the vendor under the CX Re Agreement. Tawa is not a party to the dispute between HMRC and the Litigant Purchaser and the Directors cannot be certain as to the outcome and/or timing of resolution of the dispute. As this matter relates to the Risk Carrier Business, the TAL Group will be exposed to such matter when the Demerger becomes effective, as contemplated, *inter alia*, by the Demerger Framework Agreement.
- 8.5 Island Capital (Bermuda) is exposed to actions against third parties (to which Island Capital (Bermuda) is not itself a party) following the payment of insurance claims, which in some cases requires successful pursuit of a court judgment or arbitration award against a defendant's assets. In addition, PXRE (USA) is exposed to the outcome of various appeals (to which PXRE (USA) is not itself a party) relating to favourable court rulings in cases involving insurance coverage of the attack on the World Trade Center in September 2011. Furthermore, PXRE (USA) has a \$6 million dispute with one of its reinsurers, Irish Reinsurance Company Limited. As this matter relates to the Risk Carrier Business, the TAL Group will be exposed to such matter when the Demerger becomes effective, as contemplated, *inter alia*, by the Demerger Framework Agreement.

9. Reorganisation

It is proposed that the Tawa Group will undertake an intra-group reorganisation prior to the Demerger, whereby the Transferring Companies and the economic value in the Retained Risk Carrier Companies will be transferred from the Tawa Group to TAL, so that the Risk Carrier Business entities and assets are appropriately located within the TAL Group so as to effectively "de-list" the Risk Carrier Business, including:

- 9.1 the subscription of shares in TAL by Tawa in exchange for cash consideration plus a premium transferring the economic value in CX Re;
- 9.2 the transfer of the entire issued share capital of QX Re from Pocono to Tawa for cash consideration;
- 9.3 the transfer of the QX Re Economic Rights to the TAL Group;
- 9.4 the transfer of Tawa's entire shareholding in Lodestar Marine Ltd, being 100 A ordinary shares of £0.10 each, 600 B ordinary shares of £0.10 each, and 3,939,192 preference shares of £1.00 each in the capital of Lodestar Marine Ltd, from Tawa to TAL by way of a share for share exchange;
- 9.5 the transfer of the entire issued share capital of Pocono from Tawa to TAL by way of a share for share exchange;
- 9.6 the transfer of the entire issued share capital of Amberley Alternative Assets Limited from Tawa to TAL by way of a share for share exchange;
- 9.7 the transfer of Tawa's entire shareholding in LGIC Holdings, LLC, being 510 common unit shares of \$0.01 each and the 2,000 preferred unit shares of \$100.00 each in the capital of LGIC Holdings, LLC, by way of a share for share exchange; and
- 9.8 the transfer of the entire issued share capital of ICL Holdings Incorporated from Tawa to TAL by way of a share for share exchange.

PART VII
ADDITIONAL INFORMATION ON TAL

1. Incorporation and registered office

- 1.1 TAL was incorporated and registered in England and Wales as a private company limited by shares on 17 April 2001 (registered number 4200683) with the name TAL Limited.
- 1.2 TAL is domiciled in England and Wales and its registered and head office is at The Isis Building, 193 Marsh Wall, London E14 9SG.

2. Directors of TAL

- 2.1 The Directors of TAL are currently:

<i>Name</i>	<i>Position</i>
Mr Gilles Erulin	<i>Chairman and Chief Executive Officer</i>
Mr David Vaughan	<i>Executive Director</i>

- 2.2 The Directors of TAL following the Demerger will be:

<i>Name</i>	<i>Position</i>
Mr Colin Bird	<i>Chairman</i>
Mr Gilles Erulin	<i>Chief Executive Officer</i>
Mr David Vaughan	<i>Executive Director</i>

- 2.3 The biography of David Vaughan is set out below:

David Vaughan

Mr Vaughan was a founding member of Tawa joining in May 2001. Mr Vaughan has focussed throughout his time at the Tawa Group on supporting acquisitions and leading their operational delivery, for both risk carriers and service lines. Mr Vaughan was previously a director of Tawa and its Chief Operating Officer.

Mr Vaughan is a Chartered Accountant and was a licensed insolvency practitioner who has specialised in the insurance and reinsurance industry since 1987. Initially he was responsible for starting up and expanding Coopers & Lybrand's Bristol-based insurance unit and then was a partner in PwC's insurance restructuring group, focussing on administering insolvent insurers (such as KWELM, Charter Re, RMCA/ICS Re) and providing operational and strategic support to insurers, brokers and underwriting pool members, Mr Vaughan was instrumental in PwC Japan's leading role in supporting the restructuring of insolvent Japanese life insurers, such as Toho Life.

Mr Vaughan's areas of expertise include restructuring insurance entities both financially and operationally, run-off, broking and MGA's. During his time at Tawa, Mr Vaughan focussed on managing the operations and descaling of Tawa's risk carriers, CX Re, KX Re and PXRE and is responsible for overseeing Tawa's incubator projects, Q360 Ltd (a London Market broker), Lodestar

Marine Ltd (a Marine P&IMGA) as well as Stripe Global Services Ltd (web based claims reporting hub that speeds notifications and collections).

2.4 The biographies of Mr Gilles Erulin and Mr Colin Bird are set out in paragraph 3.3 of Part VI.

3. Directors' and TAL Directors' interests in TAL

3.1 As at 19 December 2013 (being the latest practicable date prior to the publication of this document) none of the Directors or the TAL Directors has any interest in the share capital of TAL. As at 19 December 2013 (being the latest practicable date prior to the publication of this document) TAL is a wholly-owned subsidiary of the Company.

3.2 Immediately following the Demerger the interests of the Directors and the TAL Directors in the issued share capital of TAL are expected to be as follows:

<i>TAL Director</i>	<i>Number of TAL Ordinary Shares</i>	<i>Percentage of the issued TAL Ordinary Shares³</i>
Mr Gilles Erulin ¹	997,157	0.88
Mr Colin Bird ²	897,675	0.79
Mr David Vaughan ⁵	958,105	0.84
<i>Director</i>		
Mr Anthony Hamilton ⁴	50,000	0.04
Total	2,902,937	2.5

¹ Includes 879,890 TAL Ordinary Shares registered in the name of Orion Consultants Limited, a nominee company for the Gilles Erulin family trust.

² Includes 85,000 TAL Ordinary Shares registered in the name of Janet Linda Bird, spouse of Mr Colin Bird.

³ Assumes that immediately following the Demerger becoming effective the issued share capital of each of Tawa and TAL is the same.

⁴ Registered in the name of UBS Private Banking Nominees Ltd.

⁵ Includes 917,931 TAL Ordinary Shares registered in the names of Halifax Share Dealing Ltd, a nominee company for Elizabeth Moira Vaughan, spouse of David Vaughan

4. TAL Directors' Service Contracts and Letters of Appointment

4.1 With effect from completion of the Demerger, there will be no service contracts or letters of appointments between any TAL Director and TAL except for the service contracts and letters of appointment detailed below:

Mr Gilles Erulin - Service Contract

Mr Erulin entered into a director's service agreement with Tawa on 20 March 2011 with an employment commencement date of 3 December 1993. Pursuant to a deed of novation entered into on 20 December 2013, this service agreement will be novated to TAL on the Demerger Effective Date.

The agreement states that Mr Erulin's appointment continues until 12 months' notice is given, with the ability to place him on garden leave or to make payment in lieu of notice. Mr Erulin has an annual salary of £325,000 plus the opportunity to obtain a bonus of up to 100% of annual salary. Mr Erulin is also entitled to an annual allowance of £100,000. Mr Erulin is entitled to various benefits under the agreement such as: (i) 20% of salary contribution to Tawa Management's Retirement Benefit plan; (ii) life, health and permanent health insurance plans; (iii) car allowance; and (iv) entitlement to participate in the TAL's share incentive scheme. There are provisions in the agreement requiring Mr Erulin to keep information about TAL confidential and to protect TAL's intellectual property rights. The service agreement contains various separate and independent covenants relating to non-competition, non-dealing with customers, non-solicitation of customers, non-solicitation of employees, non-interface with suppliers and non-use of names or styles likely to be confused with any name or style used by TAL or any group company. There are no change of control provisions in this service agreement.

Mr Colin Bird - Service Agreement

Mr Bird entered into a director's service agreement with Tawa on 18 July 2007, which was amended by letter on 2 April 2009. Pursuant to a deed of novation entered into on 20 December 2013, this service agreement will be novated to TAL on the Demerger Effective Date. His employment with Tawa commenced on 1 May 2011. Mr Bird's employment will continue until 6 months' notice is given, with the ability to place him on garden leave or to make payment in lieu of notice. Mr Bird's current salary is £177,500 per annum plus a bonus opportunity of up to 80% of his annual salary. Mr Bird is also entitled to various benefits under the agreement such as: (i) 20% of salary contribution to a personal pension plan; (ii) life, health and permanent health insurance plans; (iii) car allowance; and (iv) entitlement to participate in TAL's share incentive scheme. There are provisions in the agreement requiring Mr Bird to keep information about TAL confidential and to protect TAL's intellectual property rights. The service agreement contains various separate and independent covenants which apply for 12 months post-employment relating to non-competition, non-dealing with customers, non-solicitation of customers, non-solicitation of employees, non-interface with suppliers and non-use of names or styles likely to be confused with any name or style used by TAL or any group company. There are no change of control provisions in this service agreement.

Mr David Vaughan - Service Agreement

Mr Vaughan entered into a director's service agreement with Tawa on 18 July 2007, which was amended by letter. Pursuant to a deed of novation entered into on 20 December 2013, this service agreement will be novated to TAL on the Demerger Effective Date. His employment with Tawa commenced on 1 May 2001. Mr Vaughan's employment will continue until 12 months' notice is given, with the ability to place him on garden leave or to make payment in lieu of notice. Mr Vaughan works part time and his current salary is £165,000 per annum plus a bonus opportunity of up to 80% of his annual salary. Mr Vaughan is also entitled to various benefits under the agreement such as: (i) £66,000 employer pension contribution; (ii) life, health and permanent health insurance plans; (iii) car allowance; and (iv) entitlement to participate in TAL's share incentive scheme. There are provisions in the agreement requiring Mr Vaughan to keep information about TAL confidential and to protect TAL's intellectual property rights. The service agreement contains various separate and independent covenants which apply for 12 months post-employment relating to non-competition, non-dealing with customers, non-solicitation of customers, non-solicitation of employees, non-interface with suppliers and non-use of names or styles likely to be confused with any name or style used by TAL or any group company. There are no change of control provisions in this service agreement.

- 4.2 There are no agreements in existence between the TAL Directors and TAL or any of its subsidiaries that provide for any payments or benefits upon termination of their service contracts other than accrued benefits as at the date of termination and payments in respect of notice periods.

5. Significant Shareholders

- 5.1 As at 19 December 2013 (being the latest practicable date prior to the publication of this document), TAL is a wholly-owned subsidiary of the Company
- 5.2 As at 19 December 2013 (being the latest practicable date prior to the publication of this document), TAL is not aware, other than as set out in this document, of any person who, directly or indirectly, jointly or severally, exercises or could exercise control over TAL nor is it aware of any arrangements the operation of which may, at a subsequent date, result in a change in control of TAL.
- 5.3 Immediately following the Demerger Effective Date (i.e. prior to the implementation of the Share Exchange Offer), it is expected that the following persons will be interested directly or indirectly in 3 per cent. or more of TAL's issued share capital, and the amount of such person's interest, is expected to be as follows:

<i>Name</i>	<i>Number of TAL Ordinary Shares</i>	<i>Percentage of the issued TAL Ordinary Shares¹</i>
FinP	80,491,017	71
Karrick Limited	11,096,147	9.79

¹ Assumes that immediately following the Demerger becoming effective the issued share capital of each of Tawa and TAL is the same.

Save as provided for in the TAL Articles, none of the major TAL Shareholders will have different voting rights. Your attention is drawn to paragraph 6 of this Part VII which sets out a summary of certain provisions of the TAL Articles.

6. TAL Articles

The TAL Articles contain, *inter alia*, provisions to the following effect:

6.1 *Changes of share capital*

- 6.1.1 TAL may by ordinary resolution, consolidate and divide all or any of its shares into shares of a larger amount, cancel any shares not taken or agreed to be taken by any person and sub-divide its shares into shares of a smaller amount.
- 6.1.2 Without prejudice to any special rights previously conferred on the holders of any shares for the time being in issue and subject to the provisions of the Act, any share in TAL may be allotted or issued with such preferred, deferred or other special rights, or subject to restrictions whether in regard to dividend, return of capital, voting or otherwise, as TAL may from time to time by ordinary resolution determine, and, subject to the provisions of the Act, TAL may issue shares which are to be redeemed or are liable to be redeemed at the option of TAL, or the holder, on such terms and in such manner as may be set out in the TAL Articles or (as to the date on or by which or the dates between which the shares are to be or may be redeemed) as may be determined by the TAL Board prior to the date of issue.

6.2 *Annual general meeting*

TAL is required to hold an annual general meeting at least once a year in the period of nine months beginning with the day following TAL's accounting reference date. The annual general meeting shall deal with the following:

- 6.2.1 receiving and considering the accounts, the reports of the TAL Board and auditors and other documents required to be attached or annexed to the accounts;
- 6.2.2 receiving and considering a directors' remuneration report;
- 6.2.3 appointing auditors (except when special notice of the resolution for such appointment is required by statute) and fixing the remuneration of the auditors or determining the manner in which such remuneration is to be fixed;
- 6.2.4 matters requested, in accordance with the Act, by TAL Shareholders to be included in the business to be dealt with at the meeting; and
- 6.2.5 any additional business that the TAL Board deem appropriate and/or necessary.

6.3 *Votes of Members*

Subject to statute and any special rights or restrictions as to voting attached to the shares, at any general meeting or any annual general meeting, on a show of hands, every member who is present in person has one vote.

6.4 *TAL Director*

- 6.4.1 A TAL director shall be entitled to hold shares in the capital of TAL.
- 6.4.2 The TAL directors are entitled to such remuneration as the TAL directors may determine. The TAL directors are also entitled to be repaid all reasonable expenses incurred by them respectively in the performance of their duties. Please refer to paragraph 6.5 below which sets out more detail in respect of the TAL director's remuneration report.
- 6.4.3 A TAL director is authorised to be a director of, hold office in or be employed by:
 - 6.4.3.1 another company in the TAL Group; and/or
 - 6.4.3.2 a TAL Shareholder or associate of the same.
- 6.4.4 A TAL director is also authorised to hold shares or securities, whether directly or indirectly in:
 - 6.4.4.1 another company in the TAL Group; and/or
 - 6.4.4.2 a TAL Shareholder or associate of the same.
- 6.4.5 Where a conflict or potential conflict arises in respect of the situations described in 6.4.3 or 6.4.4 above, the TAL director may attend and vote at the meeting at which the matter in conflict is to be discussed or voted upon. However, any requirement as to the quorum at the meeting at which the matter is considered must be met without counting the TAL director in question and any other interested TAL director and the matter must be agreed to without the interested TAL director voting or it must be agreed to as if the votes of the interested TAL directors had not been counted.

6.4.6 Where a TAL director is also a director, officer or employee of a TAL Shareholder, he is entitled to:

6.4.6.1 attend and vote at meetings of the TAL Board (or any committee thereof) at which any matter relating to the actual or potential conflict of interest will or may be discussed and receive board papers or other documents relating thereto;

6.4.6.2 receive confidential information and other documents and information relating to the TAL Group, use and apply such information in performing his duties as a director, officer or employee of, or consultant to any TAL Shareholder or associate thereof and disclose that information to third parties.

6.4.7 The TAL directors and officers of TAL are entitled to be indemnified against all losses and liabilities which they may sustain in the execution of the duties of their office, except to the extent that such an indemnity is not permitted under the Act or the applicable law or regulation. Subject to company law restrictions TAL may purchase and maintain insurance against any liability for any TAL director.

6.5 *Remuneration Report*

6.5.1 The TAL directors will produce a remuneration report to be considered at every annual general meeting of TAL.

6.5.2 The remuneration report will contain the following information:

6.5.2.1 (in a table form) a single figure for total remuneration for each person who has served as a director of TAL at any time during the relevant financial year. This single figure shall take account of and include (but for the avoidance of doubt will not list separately):

- (a) salary and fees;
- (b) all taxable benefits;
- (c) annual bonus in relation to the achievement of performance measures and targets;
- (d) long term incentive awards; and
- (e) pension related benefits and total pension entitlements;

6.5.2.2 details of any termination payments made; and

6.5.2.3 details of any payments made to a new director in any particular financial year on joining the Company which are not in the ordinary course of that director's remuneration as set out in paragraph 6.5.2.1.

6.6 *Change of Control Provisions - tag along rights*

6.6.1 A person or persons "acting in concert" with each other cannot obtain a "controlling interest" in TAL without first making an offer to all shareholders of TAL to purchase their shares in exchange for the same or equivalent consideration for each share of TAL proposing to be purchased. A "controlling interest" in relation to a person means the ownership by that person and his or its

"connected persons" of shares carrying the right to more than 50 per cent of the total number of votes which may be cast on a poll at a general meeting of TAL. "Connected persons" is as defined under section 1122 of the Corporation Tax Act 2010.

- 6.6.2 Persons will be "acting in concert" if pursuant to an agreement or understanding (whether formal or informal), co-operate to obtain or consolidate 50 per cent. of the voting rights in TAL or frustrate the successful outcome of an offer for a company. A person and each of its affiliated persons will be deemed to be acting in concert with each other.
- 6.7 Save as disclosed in this document, there is nothing contained in the TAL Articles which would have the effect of delaying, deferring or preventing a change of control.
- 6.8 Save as disclosed in this document, there are no conditions in the TAL Articles governing changes of control which are more, stringent than is required by law.
- 6.9 *Dividends*
- 6.9.1 The holders of shares are entitled pari passu amongst themselves, but in proportion to the number of shares held by them and to the amounts paid up or credited as paid up, to share in the whole of the profits of TAL paid out as dividends. There is no fixed date on which an entitlement to dividend arise.
- 6.9.2 Any dividend unclaimed after a period of 12 years from the date of its declaration shall be forfeited and shall revert to TAL.
- 6.10 *Forfeiture and lien*
- 6.10.1 If a member fails to pay in full any call or instalment of a call on the due date for payment, the TAL directors may at any time serve a notice on him/her requiring payment and stating that in the event of non-payment in accordance with such notice the shares on which the call was made will be liable to be forfeited.
- 6.10.2 TAL shall have a first and paramount lien on every shares (not being a fully paid share) for all monies (whether presently payable or not) called or payable at a fixed time in respect of such share.
- 6.10.3 TAL may sell in such manner as the TAL directors think it fit any share on which TAL has a lien 14 clear days after a notice in writing stating and demanding payment of the sum presently payable and giving notice of intention to sell in default, shall have been given to the holder for the time being of the share.
- 6.11 *Entrenchment*
- Where any of the following resolutions are proposed at a general meeting or the annual general meeting of TAL (as the case may be):
- 6.11.1 proposing to alter in any respect the tag along rights (described in paragraph 6.6 of this Part VII);
- 6.11.2 proposing to remove or waive the requirement to hold an annual general meeting;
- 6.11.3 proposing to alter in any respect the business to be transacted at an annual general meeting; or

6.11.4 proposing to alter, in any respect, any of the provisions set out in this paragraph 6.11,

no TAL Shareholder with a "controlling interest" nor any TAL Shareholder acting in concert with such a shareholder can vote on such resolution or resolutions.

The TAL Articles are available for inspection as set out in paragraph 9.4 of this Part VII.

7. Summary of material contracts of TAL

The following contracts (not being contracts entered into in the ordinary course of business) are contracts which have been entered into by TAL or by members of the TAL Group (a) within two years immediately preceding the date of this document which are, or may be, material to TAL or the TAL Group or (b) at any time and which contain provisions under which any member of the TAL Group has any obligations or entitlements which are, or may be, material to the TAL Group as at the date of this document, in both cases, in the context of the Demerger.

7.1 Demerger and Framework Agreement

Please see the summary of the Demerger Framework Agreement in paragraph 7.1 of Part VI.

7.2 Administrative Services Agreement

Please see the summary of the Administrative Services Agreement in paragraph 7.2 of Part VI.

7.3 Pocono Facility Agreement

Pursuant to a facility agreement effective from 27 March 2008, as amended and restated on 31 March 2011, entered into between Tawa, WTH, Pocono and Natixis, Natixis made available a loan facility of up to \$50,000,000 to Pocono ("**Pocono Facility Agreement**"). The facility is due to terminate on 31 March 2015, at which point all outstanding amounts will be due and payable by Pocono. The entire obligations of Pocono under the Pocono Facility Agreement are secured in favour of Natixis as security trustee, by an all-assets debenture, including a fixed charge over Pocono's shareholding in WTH. The facility agreement contains various events of default, one of which is Pocono ceasing to be a wholly-owned subsidiary of Tawa, entitling Natixis, acting on the instruction of the majority lenders, to (among other things), cancel and demand repayment of all outstanding loans and accrued interest, and instructing Natixis, as security trustee, to enforce the security, if such an event was to occur. The Pocono Facility Agreement contains a provision for cross-default, allowing the entire facility under the Tawa Facility Agreement (further details of which are set out in paragraph 7.3 of Part VI) to become the subject of mandatory prepayment. It is intended that the Pocono Facility Agreement will be amended as necessary to accommodate the Demerger and will continue as a fully drawn committed facility of approximately \$15,000,000 million to 28 March 2015 in favour of Pocono.

7.4 FinP Facility Agreement

Pursuant to an intercompany revolving facility effective from 11 September 2013 entered into between FinP ("**Lender**"), Tawa, TAL and Tawa Management Limited ("**Borrowers**"), the Lender made available the sum of €8 million to be used by the Borrowers for general corporate purposes, at the exclusion of funding for new subsidiaries. The facility is governed by French law. The intercompany revolving facility replaces the previous facility dated 24 February 2012 between the Lender and Tawa, with approximately \$3.3 million of this facility having been drawn down. The intercompany revolving facility contains a provision that the

Borrowers agree and undertake not to pledge any of their directly held assets from the date of the revolving facility until full repayment is made. TAL will have access to this facility following the Demerger Effective Date and Tawa will have access to the same facility through arrangements to be agreed and approved by the boards of both Tawa and TAL which will enable them to draw in aggregate a maximum of Euro 8 million. Protocols for the withdrawal of funds by Tawa and TAL will also be agreed and approved by both boards.

8. Litigation

8.1 Please refer to paragraphs 8.1 to 8.5 of Part VI in relation to certain legal and arbitration proceedings in respect of the Tawa Group.

8.2 Assuming the Reorganisation completes in full, the TAL Group will comprise:

8.2.1 WTH and therefore the TAL Group will be exposed to the matter set out in paragraph 8.1 of Part VI; and

8.2.2 Island Capital (Bermuda) and therefore the TAL Group will be exposed to the matter set out in paragraph 8.5 of Part VI.

8.3 As explained in paragraph 2 of Part III, the TAL Group will following completion of the Reorganisation be exposed to the matters referred to in paragraphs 8.2 and 8.4 of Part VI.

9. General

9.1 Peel Hunt is a limited liability partnership and has its registered office at Moor House, 120 London Wall, London EC2Y 5ET.

9.2 Peel Hunt has given and has not withdrawn its consent to the inclusion in this document of its name and the references to it in the form and context in which it is included.

9.3 The total costs, charges and expenses of the Proposals are estimated to amount to approximately £1 million (excluding any amounts in respect of VAT thereon).

9.4 Copies of the following documents will be available for inspection at the registered office of the Company and at the offices of the Company's nominated adviser, Peel Hunt, at Moor House, 120 London Wall, London EC2Y 5ET during normal business hours on any weekday (Saturdays, Sundays and public holidays excepted) from the date of this document until the conclusion of the General Meeting:

9.4.1 the Articles;

9.4.2 the TAL Articles;

9.4.3 the audited consolidated accounts of the Company as at, and for the three years ended, 31 December 2012;

9.4.4 the interim financial information published by the Company for the six months ending 30 June 2013; and

9.4.5 a copy of this document.

TAWA PLC

(the "Company")

(Registered and incorporated in England and Wales with company number 04200676)

NOTICE OF GENERAL MEETING

NOTICE IS HEREBY GIVEN that a general meeting of the Company will be held at the offices of DLA Piper UK LLP, 3 Noble Street, London EC2V 7EE on 10 January 2014 at 10 a.m. for the purpose of considering and, if thought fit, passing, the following resolutions (the "**Resolutions**") which in the case of Resolutions 1, 2 and 4 will be proposed as special resolutions and in the case of Resolution 3 as an ordinary resolution.

Special Resolutions

1. THAT, subject to the confirmation of the High Court of Justice of England and Wales (the "**Court Confirmation**"):
 - (a). the nominal value of the Company's ordinary shares be reduced from 10 pence per share to 2 pence per share by cancelling paid up share capital of 8 pence on each such ordinary share;
 - (b) the share premium account standing in the books of the Company be and is hereby cancelled; and
 - (c) the 190,695 ordinary shares in the capital of the Company held in treasury be and are hereby cancelled.

2. THAT, subject to (a) the passing of Resolution 1 above and (b) the Court Confirmation:
 - (a) the Company be generally and unconditionally authorised in accordance with section 693A of the Companies Act 2006 (the "**Act**") to make off-market purchases (within the meaning of section 693 of the Act) of its own ordinary shares for the purposes of or pursuant to an employee share scheme (within the meaning of section 1166 of the Act) in such manner and upon such terms as the directors may determine, provided that:
 - (i) the maximum number of ordinary shares hereby authorised to be purchased is 11,337,517, representing 10 per cent. of the current issued share capital of the Company;-and
 - (ii) this authority shall expire on the earlier of the conclusion of the next annual general meeting of the Company or 15 months after the date on which this resolution is passed save that the Company may before such expiry make an offer or agreement for the purchase of ordinary shares, which would or might be executed wholly or partly after such expiry, and may make purchases of ordinary shares in pursuance of such an offer or agreement as if the authority conferred hereby had not expired; and
 - (iii) any and all actions by the directors of the Company purported to be taken pursuant to sections 633 and 634 of the Act prior to date of the passing of this Resolution, be and are hereby ratified and approved.

Ordinary Resolution

3. THAT, subject to (a) the passing of Resolution 1 above and (b) the Court Confirmation:
- i. upon the recommendation and conditional upon the approval of the directors of the Company, a special dividend on the ordinary shares of 2 pence each in the capital of the Company (the "**Ordinary Shares**"), equal to the aggregate book value of the Company's interest in its wholly owned subsidiary, Tawa Associates Limited ("**TAL**"), be and is hereby declared payable to holders (excluding holders whose registered address is in the United States) of Ordinary Shares on the register of members of the Company at 5 p.m. on 28 March 2014 (or such other time or date as the directors may determine) (the "**Demerger Record Time**"), such dividend *in specie* to consist of the transfer of ordinary shares in TAL (the "**TAL Ordinary Shares**"), credited as fully paid, to such shareholders in the proportion of one TAL Ordinary Share for every one Ordinary Share then held by such shareholders so that all holders (excluding holders whose registered address is in the United States) of Ordinary Shares will hold one TAL Ordinary Share for every one Ordinary Share held at the Demerger Record Time; and
 - ii. the proposed demerger as described in the circular of the Company dated 20 December 2013 accompanying the notice of general meeting (the "**Demerger**") is hereby approved for the purposes of Rule 15 of the AIM Rules for Companies and generally, each and any of the directors of the Company be and are hereby authorised to conclude and implement the Demerger and to do or procure to be done all such acts and things on behalf of the Company and any of its subsidiaries as they consider necessary or expedient for the purpose of giving effect to the Demerger with such amendments, modifications, variations or revisions as are not of a material nature.

Special Resolution

4. That, subject to the passing of Resolutions 1 and 3 above, the name of the Company be changed to Pro Insurance Solutions plc.

BY ORDER OF THE BOARD

Christopher Jones
Company Secretary

Registered Office:

The Isis Building
193 Marsh Wall
London
E14 9SG

Notes:

Entitlement to attend and vote

1. The Company specifies that only those members registered on the Company's register of members at:
 - 5 p.m. on 8 January 2014; or
 - if this Meeting is adjourned, at 5 p.m. on the day two days prior to the adjourned meeting,shall be entitled to attend and vote at the Meeting.

Appointment of proxies

2. If you are a member of the Company at the time set out in note 1 above, you are entitled to appoint a proxy to exercise all or any of your rights to attend, speak and vote at the Meeting and you should have received a proxy form with this notice of meeting. You can only appoint a proxy using the procedures set out in these notes and the notes to the form of proxy.
3. A proxy does not need to be a member of the Company but must attend the Meeting to represent you. Details of how to appoint the Chairman of the Meeting or another person as your proxy using the form of proxy are set out in the notes to the form of proxy. If you wish your proxy to speak on your behalf at the Meeting you will need to appoint your own choice of proxy (not the Chairman) and give your instructions directly to them.
4. You may appoint more than one proxy provided each proxy is appointed to exercise rights attached to different shares. You may not appoint more than one proxy to exercise rights attached to more than one share. To appoint more than one proxy please refer to the notes on the form of proxy.

Appointment of proxy using hard copy form of proxy

5. The notes to the form of proxy explain how to direct your proxy how to vote on each resolution or withhold their vote. To appoint a proxy using the form of proxy, the form must be:
 - completed and signed;
 - sent or delivered to Computershare Investor Services PLC, The Pavilions, Bridgwater Road, Bristol BS99 6ZY; and
 - received by Computershare Investor Services PLC no later than 5 p.m. on 8 January 2014.
6. In the case of a member which is a company, the proxy form must be executed under its common seal or signed on its behalf by an officer of the company or an attorney for the company.
7. Any power of attorney or any other authority under which the proxy form is signed (or a duly certified copy of such power or authority) must be included with the proxy form.
8. Please note that communications regarding the matters set out in this Notice of General Meeting will not be accepted in electronic form, other than as specified in the enclosed proxy form.

Appointment of proxy by joint members

9. In the case of joint holders, where more than one of the joint holders purports to appoint a proxy, only the appointment submitted by the most senior holder will be accepted. Seniority is determined by the order in which the names of the joint holders appear in the Company's register of members in respect of the joint holding (the first-named being the most senior).

Changing proxy instructions

10. To change your proxy instructions simply submit a new proxy appointment using the methods set out above. Note that the cut-off time for receipt of proxy appointments (see above) also apply in relation to amended instructions; any amended proxy appointment received after the relevant cut-off time will be disregarded.
11. Where you have appointed a proxy using the hard-copy form of proxy and would like to change the instructions using another hard-copy form of proxy, please contact Computershare Investor Services PLC, The Pavilions, Bridgwater Road, Bristol BS99 6ZY.
12. If you submit more than one valid proxy appointment, the appointment received last before the latest time for the receipt of proxies will take precedence.

Termination of proxy appointments

13. In order to revoke a proxy instruction you will need to inform the Company using the following method:

By sending a signed hard copy notice clearly stating your intention to revoke your proxy appointment to Computershare Investor Services PLC, The Pavilions, Bridgwater Road, Bristol BS99 6ZY. In the case of a member which is a company, the revocation notice must be executed under its common seal or signed on its behalf by an officer of the company or an attorney for the company. Any power of attorney or any other authority under which the revocation notice is signed (or a duly certified copy of such power or authority) must be included with the revocation notice.

The revocation notice must be received by Computershare Investor Services PLC, The Pavilions, Bridgwater Road, Bristol BS99 6ZY no later than 10 a.m. on 10 January 2014.

14. If you attempt to revoke your proxy appointment but the revocation is received after the time specified then, subject to the paragraph directly below, your proxy appointment will remain valid.
15. Appointment of a proxy does not preclude you from attending the Meeting and voting in person. If you have appointed a proxy and attend the Meeting in person, your proxy appointment will automatically be terminated.

Explanatory Notes:

Resolution 1 - Capital Reduction

Resolution 1, which will be proposed as a special resolution and which is conditional on the confirmation of the Court, is to approve: (a) the cancellation of the Company's share premium account; (b) the cancellation of 190,695 ordinary shares in the capital of the Company held in treasury; and (c) the reduction of the nominal value of each ordinary share in the capital of the Company.

Resolution 2 - Off-Market Purchases

Resolution 2, which will be proposed as a special resolution, relates to the purchase of ordinary shares in the capital of the Company. If passed, it will allow Tawa to purchase up to 11,337,517 Ordinary Shares (which represents approximately 10 per cent. of the issued ordinary share capital of the Company (excluding treasury shares) as at 19 December 2013, being the latest practicable date before the publication of this document). If given, this authority will expire at the conclusion of the Tawa's next annual general meeting or on 9 April 2015 (whichever is the earlier). It is the Directors' intention to renew this authority each year.

The Directors intend to use the authority sought under resolution 2 to make off-market purchases of Ordinary Shares. If passed, the Directors will only exercise this authority if they believe that to do so would result in an increase in earnings per share and would be in the best interests of Tawa and of shareholders generally.

Tawa is permitted to hold shares it has purchased in treasury, as an alternative to cancelling them. Ordinary Shares held in treasury may subsequently be cancelled, sold for cash or used to satisfy options exercised under Tawa's share schemes. While held in treasury, the Ordinary Shares are not entitled to receive any dividend or dividend equivalent (apart from any issue of bonus shares) and have no voting rights. The directors currently intend to hold any Ordinary Shares purchased under this authority in treasury. The directors will have regard to institutional shareholder guidelines which may be in force at the time of any such purchase, holding or re-sale of Ordinary Shares held in treasury. Resolution 2 also ratifies any and all actions of the directors of the Company purported to be taken pursuant to sections 633 and 634 of the Act, prior to resolution 2 being passed.

Resolution 3 -Demerger

Resolution 3, which will be proposed as an ordinary resolution and which is conditional on the passing of resolution 1, is to approve the declaration of the dividend *in specie* and so give effect to the Demerger, to approve the Demerger for the purposes of Rule 15 of the AIM Rules for Companies and to authorise the directors to do any other acts required to effect the Demerger.

Resolution 4 - Change of Name

Resolution 4, which will be proposed as a special resolution and which is conditional on the passing of resolutions 1 and 3, is to approve the change of name of Tawa to Pro Insurance Solutions plc.