



THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. If you are in any doubt as to what action to take, you are recommended to seek your own financial advice immediately from your stockbroker, bank manager, solicitor, accountant or other independent adviser authorised pursuant to the Financial Services and Markets Act 2000.

If you have sold or transferred all of your ordinary shares in Abbey Protection plc, please send this document immediately to the stockbroker, bank or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee. However, such documents should not be forwarded or transmitted in or into any jurisdiction in which such act would constitute a violation of the relevant laws of such jurisdiction.

Abbey Protection plc

(Incorporated in England and Wales with registered no. 06352358)

9 October 2013

To holders of Abbey Protection Shares, Abbey Protection Share Incentive Scheme Participants and persons with information rights

Dear Abbey Protection Shareholders, Abbey Protection Share Incentive Scheme Participants and persons with information rights,

Recommended cash acquisition of Abbey Protection plc by Markel Capital Holdings Limited

On 9 October 2013, the Boards of Abbey Protection plc and Markel Capital Holdings Limited (“Markel”), a wholly-owned subsidiary of Markel Corporation, announced the terms of the recommended cash acquisition of Abbey Protection plc (“Abbey Protection” or the “Company”) by Markel. I enclose a copy of that announcement (the “Announcement”).

Under the Acquisition, each Abbey Protection Shareholder will be entitled to receive, in or around January 2014, 115 pence in cash for each Abbey Protection Share that they own

The Acquisition is subject to certain Conditions that are set out in Appendix 1 to the Announcement.

At this stage you do not need to do anything – you should wait for the formal documentation which you should receive towards the end of October which will set out the action you need to take and contact details in the event that you have any queries. The formal documentation will include a full explanation of the Acquisition and details of the conditions to which it is subject, including, amongst other things, the approval of Abbey Protection Shareholders.

The Board of Abbey Protection intends to recommend the Acquisition, and I draw your attention to pages 11 to 15 of the Announcement which set out the background to, and reasons for, the Board’s recommendation.

In summary, Abbey Protection has established itself as one of the UK’s leading specialist insurance and consultancy groups, driven by an experienced management team which has delivered consistently profitable growth and good returns for shareholders since its initial public offering in November 2007. As Abbey Protection looks to the next stage of its growth strategy, the Board believes that now is the right time for a change of ownership. Accordingly, the Board believes that the Acquisition by Markel Corporation (which is listed on the New York Stock Exchange; ticker: MKL) gives Abbey Protection an exciting opportunity to build a platform for further growth through Markel Corporation’s scale and financial strength, and Abbey Protection’s specialist products and distribution network. Markel Corporation is a highly regarded insurer with an international reputation and, like Abbey Protection, has a strong track record in providing specialist insurance products to SMEs. The



ABBHEY PROTECTION PLC

Board believes that the Acquisition represents the most attractive outcome for Abbey Protection Shareholders and will enhance Abbey Protection's business in the interests of our customers, partners and employees, thus securing the Group's long-term future. More information about Markel Corporation and Markel International is set out on page 15 of the Announcement and on their websites, www.markelcorp.com and www.markelinternational.com.

It is intended that the Acquisition will be implemented by way of a court procedure known as a Scheme of Arrangement. Under this procedure, we will hold two meetings of the Company on the same day, a Court Meeting (so called because it is convened with the permission of the Court) and a General Meeting of Abbey Protection Shareholders. These meetings will probably take place in late November or early December 2013. Shareholders will be welcome at these meetings, but if you are not able to attend in person, you will be able to vote by sending back completed forms of proxy for each meeting. For the Acquisition to happen, the resolutions proposed at those meetings must be passed, as explained in more detail in the Appendix to this letter.

Until I write to you again around the end of October, there is nothing that you need to do.

Yours faithfully

Tony Shearer
Chairman



Appendix

Background to the Scheme of Arrangement

General

Markel intends to make the Acquisition by means of a court procedure known as a “scheme of arrangement”, which is a common method for companies to effect takeovers of other, publicly-quoted companies in the UK. Although it intends to effect the takeover by way of a scheme of arrangement, Markel has reserved the right to make a contractual offer to Abbey Protection Shareholders to acquire their Abbey Protection Shares, which would involve Abbey Protection Shareholders filling in a form to accept the offer, should it wish to do (and assuming it obtains the consent of the Takeover Panel to doing so).

The Scheme will involve Abbey Protection Shareholders voting in favour of the Scheme (and certain other matters which are required in order to enable the Scheme and the Acquisition to happen) by the requisite majorities at two Abbey Protection Shareholders’ meetings, the Court Meeting and the General Meeting, both of which will be held on the same day, likely to be in late November or early December 2013.

The requisite majority required at the Court Meeting is a majority in number of Abbey Protection Shareholders present and voting in person or by proxy at the meeting, representing not less than 75 per cent. in value of the Abbey Protection Shares held by such Abbey Protection Shareholders present and voting. The requisite majority required at the General Meeting is 75 per cent. of Abbey Protection Shareholders present and voting in person or by proxy at the meeting voting in favour.

Following those meetings, and assuming the relevant resolutions proposed at those meetings to effect the Scheme are passed and all other conditions to the Acquisition going ahead have either been satisfied or waived by Markel (see below), there will be two Court hearings (which Abbey Protection Shareholders can attend if they wish to do so) where the Court, if it is minded to do so, will sanction the Scheme and confirm the reduction of Abbey Protection’s existing share capital in connection with the Scheme.

Essentially, what the Scheme does is to cancel the existing ordinary shares held by Abbey Protection Shareholders and to issue new ordinary shares (with the same aggregate nominal value as the cancelled shares) to Markel in return for Markel paying the consideration for the Acquisition, that is the 115 pence per Abbey Protection Share referred to above, to Abbey Protection Shareholders. In this way, existing Abbey Protection Shareholders receive the cash consideration payable for their Abbey Protection Shares under the offer and Markel becomes the sole shareholder in Abbey Protection and thereby acquires control of it.

Before the Scheme and the Acquisition can be completed, a number of conditions will need to be satisfied or waived by Markel. The majority of these conditions are customary for a transaction of this nature but there are some specific conditions because of the nature of Abbey Protection’s business. These include:

- the Financial Conduct Authority, which regulates certain Abbey Protection group companies as providers of specialty insurance products;
- the Guernsey Financial Services Commission, which regulates the activities of Abbey Protection’s Guernsey-registered captive insurance company, Ibox Reinsurance Company Limited; and
- the Solicitors’ Regulation Authority, which regulates the activities of Lewis Hymanson Small LLP, Abbey Protection’s own firm of solicitors,

in each case, having approved, or not objected to, Markel taking control of Abbey Protection as a consequence of the Acquisition.

You can find more information about the terms on which the Acquisition is being made, and the conditions to which it is subject, along with, amongst other things, information about Abbey Protection, Markel Corporation and Markel International, as well as Markel International’s intentions



for the management and employees of Abbey Protection and its business following the Acquisition, in the Announcement. **Therefore, please ensure that you read the Announcement carefully.**

What this means for Abbey Protection Share Incentive Scheme Participants

Markel will also be making proposals to Abbey Protection Share Incentive Scheme Participants in relation to the options and/or awards that they hold pursuant to Abbey Protection's share incentive schemes in connection with the Acquisition. Separate letters will be sent to Abbey Protection Share Incentive Scheme Participants in due course setting out details of these proposals and providing information as to the effect of the Acquisition on their options and/or awards.

What do you need to do now?

At the moment, you do not need to do anything or take any action in relation to the Scheme or the Acquisition. You should not take any action on the basis of this letter or the Announcement.

In due course, formal documentation in relation to the Acquisition (comprising the Scheme Document, which will contain, amongst other things, the scheme of arrangement referred to above, notices convening the Abbey Protection Shareholder meetings referred to above and two Forms of Proxy for use in connection with those meetings) will be posted to Abbey Protection Shareholders. Abbey Protection Share Incentive Scheme Participants will also receive the Scheme Document for information but will not receive the Forms of Proxy unless they are also Abbey Protection Shareholders.

The formal documentation will tell Abbey Protection Shareholders exactly what you need to do in order to vote at the Abbey Protection Shareholder meetings and how to fill in the Forms of Proxy and to return them. *Please note that Abbey Protection Share Incentive Scheme Participants who are not also Abbey Protection Shareholders will not be entitled to attend and vote at the Abbey Protection Shareholder meetings.* The formal documentation will also give you further information about the Acquisition, Abbey Protection, Markel Corporation and Markel International, as well as details of a helpline you can call if you have any questions in relation to how to fill in the forms (although, please note that the helpline will not be able to advise you as to whether or not you should vote for or against the Scheme and the Acquisition).

Once you receive the formal documentation, if you are in any doubt as to what you should do, you should contact your stockbroker, bank manager, solicitor, accountant or other independent adviser authorised pursuant to the Financial Services and Markets Act 2000 who will be able to advise you as to what action you should take.

In the meantime, a copy of this letter, the Announcement and certain other documentation relating to the Acquisition is available on the Company's website at www.abbeyprotectionplc.com.

Please note that addresses, electronic addresses and certain other information provided by you for the receipt of communications from the Company (e.g. elections to receive communications in a particular form) may be provided to Markel during the offer period as required under Section 4 of Appendix 4 of the Code.

**Further Information**

This letter is not intended to, and does not constitute, or form part of, any offer to sell, purchase, exchange or subscribe for, or an invitation to purchase or subscribe for, any securities or the solicitation of an offer to sell, purchase or exchange any securities or of any vote or approval in any jurisdiction pursuant to the Acquisition or otherwise, nor shall there be any sale, issuance or transfer of securities of Abbey Protection in any jurisdiction in contravention of applicable law. This letter does not constitute a prospectus or a prospectus equivalent document. The Acquisition will be made solely pursuant to the terms of the Scheme Document and the Forms of Proxy which will accompany it and which will contain the full terms and conditions of the Acquisition, including details of how to vote in respect of the Scheme. Any decision in respect of, or other response to, the Acquisition should be made only on the basis of the information in the Scheme Document and the Forms of Proxy which will accompany it. Abbey Protection Shareholders are advised to read the formal documentation in relation to the Acquisition carefully, once it has been dispatched.

Unless otherwise determined by Markel or required by the Panel and unless permitted by applicable law and regulation, copies of this letter, the Announcement and any formal documentation relating to the Acquisition are not being, and must not be, directly or indirectly, mailed or otherwise forwarded, distributed or sent in or into or from any Restricted Jurisdiction.

The Abbey Protection Directors, whose names will be set out in the circular to Abbey Protection Shareholders containing the scheme of arrangement, accept responsibility for the information contained in this letter. To the best of the knowledge and belief of the Abbey Protection Directors (who have taken all reasonable care to ensure that such is the case) the information contained in this letter for which they accept responsibility is in accordance with the facts and does not omit anything likely to affect the import of such information.

PricewaterhouseCoopers LLP ("PwC"), which is authorised and regulated in the United Kingdom by the Financial Conduct Authority, is acting exclusively for Abbey Protection and no one else in connection with the Acquisition and, accordingly, will not be responsible to anyone other than Abbey Protection for providing the protections afforded to clients of PwC or for providing advice in relation to the Acquisition.

Dealing Disclosure Requirements

Under Rule 8.3(a) of the Code, any person who is interested in 1% or more of any class of relevant securities of an offeree company or of any paper offeror (being any offeror other than an offeror in respect of which it has been announced that its offer is, or is likely to be, solely in cash) must make an Opening Position Disclosure (as defined in the Code) following the commencement of the offer period and, if later, following the announcement in which any paper offeror is first identified.

An Opening Position Disclosure must contain details of the person's interests and short positions in, and rights to subscribe for, any relevant securities of each of (i) the offeree company and (ii) any paper offeror(s). An Opening Position Disclosure by a person to whom Rule 8.3(a) applies must be made by no later than 3.30 p.m. (London time) on the 10th business day following the commencement of the offer period and, if appropriate, by no later than 3.30 pm (London time) on the 10th business day following the announcement in which any paper offeror is first identified. Relevant persons who deal in the relevant securities of the offeree company or of a paper offeror prior to the deadline for making an Opening Position Disclosure must instead make a Dealing Disclosure (also as defined in the Code).

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

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

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

Details of the offeree and offeror companies in respect of whose relevant securities Opening Position Disclosures and Dealing Disclosures must be made can be found in the Disclosure Table on the Takeover Panel's website at www.thetakeoverpanel.org.uk, including details of the number of relevant securities in issue, when the offer period commenced and when any offeror was first identified. You should contact the Panel's Market Surveillance Unit on +44 (0)20 7638 0129 if you are in any doubt as to whether you are required to make an Opening Position Disclosure or a Dealing Disclosure.

