

# ACE LTD

## FORM 8-K (Current report filing)

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Telephone	441 295 5200
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Symbol	ACE
SIC Code	6331 - Fire, Marine, and Casualty Insurance
Industry	Insurance (Prop. & Casualty)
Sector	Financial
Fiscal Year	12/31

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

**FORM 8-K**

Current Report

Pursuant To Section 13 or 15 (d) of the  
Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): May 16, 2013

**ACE LIMITED**

(Exact name of registrant as specified in its charter)

Switzerland  
(State or other jurisdiction of  
incorporation)

1-11778  
(Commission File Number)

98-0091805  
(I.R.S. Employer Identification No.)

Baerengasse 32  
CH-8001 Zurich, Switzerland  
(Address of principal executive offices)

Registrant's telephone number, including area code: +41 (0)43 456 76 00

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Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions ( *see* General Instruction A.2. below):

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

## **Item 5.02 Departure of Directors or Certain Officers; Election of Directors; Appointment of Certain Officers; Compensatory Arrangements of Certain Officers**

(e) At the company's 2013 annual general meeting, the company's shareholders approved the ACE Limited 2004 Long-Term Incentive Plan, as amended through the sixth amendment, (the "LTIP") increasing the number of common shares reserved for delivery under the LTIP by 8,000,000 shares, which shares are in addition to the 30,600,000 common shares previously reserved under the LTIP. In addition to increasing the number of common shares available for issuance, the sixth amendment also increased by 3,200,000 shares the sublimit that restricts the ability to grant "full value awards" under the LTIP. A more complete description of the LTIP is contained in company's proxy statement, dated April 5, 2013, as filed with the Securities and Exchange Commission, under the heading "Agenda Item No. 7: Approval of ACE Limited 2004 Long-Term Incentive Plan as Amended through the Sixth Amendment," which is hereby incorporated herein by reference. For the full text of the LTIP, see Exhibit 10.1 hereto, which is hereby incorporated herein by reference.

## **Item 5.03 Amendment to the Articles of Incorporation or Bylaws; Change in Fiscal Year**

At the company's 2013 annual general meeting, the company's shareholders approved an amendment to Article 17 (a) of the Articles of Association to authorize the declassification of the company's board of directors commencing at the company's annual general meeting in 2014, at which time directors will stand for election for one-year terms. Directors who were elected at the company's 2013 or 2012 annual general meetings whose terms will expire in 2015 or 2016 will continue to hold office until the end of the terms for which they were elected. All directors will be elected on an annual basis beginning with the company's 2016 annual general meeting, as further described in the company's proxy statement dated April 5, 2013, under the heading "Agenda Item No.2: Approval of the Articles of Association to Declassify the Board of Directors." Such amendment to Article 17(a) of the Articles of Association will become effective with its registration in the Commercial Register of the Canton of Zurich, Switzerland (the "Swiss Commercial Register"). Filing of the Articles of Association with the Swiss Commercial Register occurred on May 17, 2013 and registration is expected to be effective on or about May 21, 2013.

At the company's 2013 annual general meeting, the company's shareholders also prospectively approved amendments to the company's Articles of Association in conjunction with their approval of payments of a dividend in the form of distribution through par value reduction, as further described in the company's proxy statement dated April 5, 2013, under the heading "Agenda Item No.8: Approval of Distribution to Shareholders in the Form of Par Value Reduction." Such amendments will become effective with the registration of each quarterly par value reduction in the Swiss Commercial Register.

A copy of the amended Articles of Association is attached hereto as Exhibit 3.1 and incorporated herein by reference.

On May 16, 2013, the board of directors of the company amended Section 7 of the company's Organizational Regulations primarily to reflect the changes to the compensation committee's authority, duties and responsibilities required by the amended listing standards of the New York Stock Exchange. A copy of the amended Organizational Regulations is attached hereto as Exhibit 3.2 and incorporated herein by reference.

## **Item 5.07 Submission of Matters to a Vote of Security Holders**

The company convened its annual general meeting of shareholders on May 16, 2013 pursuant to notice duly given. The matters voted upon at the meeting and the results of such voting are set forth below:

### **1.1 Election of Robert M. Hernandez**

<u>Shares Voted For</u>	<u>Shares Voted Against</u>	<u>Shares Abstained</u>	<u>Broker Non-Votes</u>
276,702,956	7,441,257	191,619	11,796,758

### **1.2 Election of Peter Menikoff**

<u>Shares Voted For</u>	<u>Shares Voted Against</u>	<u>Shares Abstained</u>	<u>Broker Non-Votes</u>
260,209,637	23,930,719	195,476	11,796,758

### 1.3 Election of Robert Ripp

<u>Shares Voted For</u>	<u>Shares Voted Against</u>	<u>Shares Abstained</u>	<u>Broker Non-Votes</u>
259,359,847	24,783,192	192,793	11,796,758

### 1.4 Election of Theodore E. Shasta

<u>Shares Voted For</u>	<u>Shares Voted Against</u>	<u>Shares Abstained</u>	<u>Broker Non-Votes</u>
282,920,636	1,223,432	191,764	11,796,758

## 2. Amendment of the Articles of Association to declassify the Board of Directors

<u>Shares Voted For</u>	<u>Shares Voted Against</u>	<u>Shares Abstained</u>	<u>Broker Non-Votes</u>
283,895,754	74,729	365,349	11,796,758

### 3.1 Approval of the annual report

<u>Shares Voted For</u>	<u>Shares Voted Against</u>	<u>Shares Abstained</u>	<u>Broker Non-Votes</u>
294,840,023	12,512	1,280,055	0

### 3.2 Approval of the statutory financial statements of ACE Limited

<u>Shares Voted For</u>	<u>Shares Voted Against</u>	<u>Shares Abstained</u>	<u>Broker Non-Votes</u>
294,823,887	19,325	1,289,378	0

### 3.3 Approval of the consolidated financial statements

<u>Shares Voted For</u>	<u>Shares Voted Against</u>	<u>Shares Abstained</u>	<u>Broker Non-Votes</u>
294,808,811	28,943	1,294,836	0

## 4. Allocation of disposable profit

<u>Shares Voted For</u>	<u>Shares Voted Against</u>	<u>Shares Abstained</u>	<u>Broker Non-Votes</u>
295,450,384	321,391	360,815	0

## 5. Discharge of the Board of Directors

<u>Shares Voted For</u>	<u>Shares Voted Against</u>	<u>Shares Abstained</u>	<u>Broker Non-Votes</u>
278,819,980	531,379	4,910,390	11,796,758

The voting results for Agenda Item No. 5 exclude shares held by the company's directors and executive officers, who are not permitted by law to vote their shares on the discharge of the Board of Directors.

6.1 Election of PricewaterhouseCoopers AG (Zurich) as the company's statutory auditor until the company's next annual ordinary general meeting

<u>Shares Voted For</u>	<u>Shares Voted Against</u>	<u>Shares Abstained</u>	<u>Broker Non-Votes</u>
293,952,539	1,045,007	1,135,044	0

6.2 Ratification of appointment of independent registered public accounting firm PricewaterhouseCoopers LLP (United States) for purposes of United States securities law reporting for the year ending December 31, 2013

<u>Shares Voted For</u>	<u>Shares Voted Against</u>	<u>Shares Abstained</u>	<u>Broker Non-Votes</u>
293,881,815	1,018,912	1,231,863	0

6.3 Election of BDO AG (Zurich) as special auditing firm until the company's next annual ordinary general meeting

<u>Shares Voted For</u>	<u>Shares Voted Against</u>	<u>Shares Abstained</u>	<u>Broker Non-Votes</u>
295,589,525	249,625	293,440	0

7. Approval of the ACE Limited 2004 Long-Term Incentive Plan as amended through the six amendment

<u>Shares Voted For</u>	<u>Shares Voted Against</u>	<u>Shares Abstained</u>	<u>Broker Non-Votes</u>
277,110,499	6,654,393	570,940	11,796,758

8. Approval of the payment of a distribution to shareholders through reduction of the par value of the company's shares, such payment to be made in four quarterly installments at such times during the period through the company's next annual general meeting as shall be determined by the Board of Directors

<u>Shares Voted For</u>	<u>Shares Voted Against</u>	<u>Shares Abstained</u>	<u>Broker Non-Votes</u>
294,795,736	1,017,267	319,587	0

9. Advisory vote to approve executive compensation

<u>Shares Voted For</u>	<u>Shares Voted Against</u>	<u>Shares Abstained</u>	<u>Broker Non-Votes</u>
274,151,726	9,490,936	693,170	11,796,758

Under the company's Articles of Association, shareholder approval of proposals is generally determined by simple majority of votes cast, such that abstentions and broker non-votes are disregarded in the tabulation of the vote to determine approval. At the 2013 annual general meeting, abstentions and broker non-votes were not considered in the tabulation of the vote (and thus should be disregarded) to determine approval of each of the items above.

**Item 9.01 Financial Statements and Exhibits**

**(d) Exhibits**

<b>Exhibit Number</b>	<b>Description</b>
3.1	Articles of Association of the company as amended
3.2	Organizational Regulations of the company as amended
4.1	Articles of Association of the company as amended (Incorporated by reference to Exhibit 3.1)
4.2	Organizational Regulations of the company as amended (Incorporated by reference to Exhibit 3.2)
10.1	ACE Limited 2004 Long-Term Incentive Plan (as amended through the Sixth Amendment)*

\* Management Contract and Compensation Plan

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**SIGNATURES**

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

ACE LIMITED

By: /s/ Robert F. Cusumano  
Robert F. Cusumano  
General Counsel

DATE: May 20, 2013

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## EXHIBIT INDEX

**Exhibit****Number** **Description**

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- |      |   |
|------|---|
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| 10.1 | ACE Limited 2004 Long-Term Incentive Plan (as amended through the Sixth Amendment) *            |

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\* Management Contract or Compensation Plan



## STATUTEN

der

**ACE Limited**  
**(ACE AG)**  
**(ACE SA)**

## ARTICLES OF ASSOCIATION

of

**ACE Limited**  
**(ACE AG)**  
**(ACE SA)**

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**I. Firma, Sitz und Zweck der Gesellschaft**
**Artikel 1 Firma, Sitz und Dauer der Gesellschaft**

Unter der Firma

**ACE Limited**  
**(ACE AG)**  
**(ACE SA)**

besteht eine Aktiengesellschaft gemäss Artikel 620 ff. OR mit Sitz in Zürich. Die Dauer der Gesellschaft ist unbeschränkt.

**Artikel 2 Zweck**

- a) Hauptzweck der Gesellschaft ist der Erwerb, das Halten und der Verkauf von Beteiligungen an Unternehmen, insbesondere, jedoch nicht ausschliesslich, solcher der Direkt- und Rückversicherungsbranche.

Die Gesellschaft kann Finanz- und Management-Transaktionen ausführen. Sie kann Zweigniederlassungen und Tochtergesellschaften im In- und Ausland errichten.

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**I. Name, Domicile and Purpose of the Company**
**Article 1 Corporate Name, Registered Office and Duration**

Under the corporate name

**ACE Limited**  
**(ACE AG)**  
**(ACE SA)**

a Company exists pursuant to art. 620 et seq. of the Swiss Code of Obligations (hereinafter "CO") having its registered office in Zurich. The duration of the Company is unlimited.

**Article 2 Purpose**

- a) The main purpose of the Company is to acquire, hold, manage and to sell equity participations, including in insurance and reinsurance companies as well as in other companies.

The Company may carry out finance and management transactions and set up branches and subsidiaries in Switzerland and abroad.

Die Gesellschaft kann im In- und Ausland Grundstücke erwerben, halten und veräussern.

- b) Die Gesellschaft kann alle Geschäfte tätigen, die geeignet sind, den Zweck der Gesellschaft zu fördern und mit dem Zweck im Zusammenhang stehen.

## **II. Aktienkapital und Aktien**

### **Artikel 3 Aktienkapital**

- a) Das Aktienkapital der Gesellschaft beträgt CHF 9'746'725'473.16 und ist eingeteilt in 342'832'412 auf den Namen lautende Aktien im Nennwert von CHF 28.43 je Aktie. Das Aktienkapital ist vollständig liberiert.
- b) Auf Beschluss der Generalversammlung können jederzeit Namenaktien in Inhaberaktien und Inhaberaktien in Namenaktien umgewandelt werden.

### **Artikel 4 Bedingtes Aktienkapital für Anleiensobligationen und ähnliche Instrumente der Fremdfinanzierung**

- a) Das Aktienkapital der Gesellschaft wird im Maximalbetrag von CHF 938'190'000 durch Ausgabe von höchstens 33'000'000 vollständig zu liberierenden Namenaktien mit einem Nennwert von CHF 28.43 je Aktie erhöht, bei und im Umfang der Ausübung von Wandel- und/oder Optionsrechten, welche im Zusammenhang mit von der Gesellschaft oder ihren Tochtergesellschaften emittierten oder noch zu emittierenden Anleiensobligationen, Notes oder ähnlichen Obligationen oder Schuldverpflichtungen eingeräumt wurden/werden, einschliesslich Wandelanleihen.

The Company may acquire, hold and sell real estate in Switzerland and abroad.

- b) The Company may engage in all types of transactions and may take all measures that appear appropriate to promote the purpose of the Company or that are related to the same.

## **II. Share Capital and Shares**

### **Article 3 Share Capital**

- a) The share capital of the Company amounts to CHF 9,746,725,473.16 and is divided into 342,832,412 registered shares with a nominal value of CHF 28.43 per share. The share capital is fully paid-in.
- b) Upon resolution of the General Meeting of Shareholders, registered shares may be converted into bearer shares and bearer shares may be converted into registered shares, at any time.

### **Article 4 Conditional Share Capital for Bonds and Similar Debt Instruments**

- a) The share capital of the Company shall be increased by an amount not exceeding CHF 938,190,000 through the issue of a maximum of 33,000,000 registered shares, payable in full, each with a nominal value of CHF 28.43 through the exercise of conversion and/or option or warrant rights granted in connection with bonds, notes or similar instruments, issued or to be issued by the Company or by subsidiaries of the Company, including convertible debt instruments.

- b) Das Bezugsrecht der Aktionäre ist für diese Aktien ausgeschlossen. Das Vorwegzeichnungsrecht der Aktionäre in Bezug auf neue Anleiheobligationen, Notes oder ähnlichen Obligationen oder Schuldverpflichtungen kann durch Beschluss des Verwaltungsrates zu folgenden Zwecken eingeschränkt oder ausgeschlossen werden: Finanzierung und Refinanzierung des Erwerbs von Unternehmen, Unternehmensteilen oder Beteiligungen, von durch die Gesellschaft geplanten neuen Investitionen oder bei der Emission von Options- und Wandelanleihen über internationale Kapitalmärkte sowie im Rahmen von Privatplatzierungen. Der Ausschluss des Vorwegzeichnungsrechts ist ausschliesslich unter folgenden kumulativen Bedingungen zulässig: (1) Die Instrumente müssen zu Marktkonditionen emittiert werden, (2) die Frist, innerhalb welcher die Options- und Wandelrechte ausgeübt werden können, darf ab Zeitpunkt der Emission des betreffenden Instruments bei Optionsrechten 10 Jahre und bei Wandelrechten 20 Jahre nicht überschreiten und (3) der Umwandlungs- oder Ausübungspreis für die neuen Aktien hat mindestens dem Marktpreis zum Zeitpunkt der Emission des betreffenden Instruments zu entsprechen.
- c) Der Erwerb von Namenaktien durch Ausübung von Wandel- und Optionsrechten sowie sämtliche weiteren Übertragungen von Namenaktien unterliegen den Übertragungsbeschränkungen gemäss Art. 8 der Statuten.

**Artikel 5      Bedingtes Aktienkapital für  
Mitarbeiterbeteiligungen**

- a) Das Aktienkapital der Gesellschaft wird im Maximalbetrag von CHF 722'432'711.47 durch Ausgabe von höchstens 25'410'929 vollständig zu liberierenden Namenaktien mit einem Nennwert von CHF 28.43 je Aktie erhöht bei und im Umfang der Ausübung von Optionen, welche Mitarbeitern der Gesellschaft oder ihrer Tochtergesellschaften sowie Beratern, Direktoren oder anderen Personen, welche Dienstleistungen für die Gesellschaft oder ihre Tochtergesellschaften erbringen, eingeräumt wurden/werden.

- b) Shareholders' pre-emptive rights are excluded. Shareholders' advance subscription rights with regard to the new bonds, notes or similar instruments may be restricted or excluded by decision of the Board of Directors in order to finance or re-finance the acquisition of companies, parts of companies or holdings, or new investments planned by the Company, or in order to issue convertible bonds and warrants on the international capital markets or through private placement. If advance subscription rights are excluded, then (1) the instruments are to be placed at market conditions, (2) the exercise period is not to exceed ten years from the date of issue for warrants and twenty years for conversion rights and (3) the conversion or exercise price for the new shares is to be set at least in line with the market conditions prevailing at the date on which the instruments are issued.
- c) The acquisition of registered shares through the exercise of conversion rights or warrants and any further transfers of registered shares shall be subject to the restrictions specified in Article 8 of the Articles of Association.

**Article 5      Conditional Share Capital for Employee Benefit  
Plans**

- a) The share capital of the Company shall be increased by an amount not exceeding CHF 722,432,711.47 through the issue from time to time of a maximum of 25,410,929 registered shares, payable in full, each with a nominal value of CHF 28.43, in connection with the exercise of option rights granted to any employee of the Company or a subsidiary, and any consultant, director, or other person providing services to the Company or a subsidiary.

- b) Bezüglich dieser Aktien ist das Bezugsrecht der Aktionäre ausgeschlossen. Neue Aktien dieser Art können unter dem aktuellen Marktpreis ausgegeben werden. Der Verwaltungsrat bestimmt bei einer solchen Emission die spezifischen Konditionen, inkl. den Preis der Aktien.
- c) Der Erwerb von Namenaktien im Zusammenhang mit Mitarbeiterbeteiligungen sowie sämtliche weiteren Übertragungen von Namenaktien unterliegen den Übertragungsbeschränkungen gemäss Art. 8 der Statuten.

#### **Artikel 6 Genehmigtes Kapital zu allgemeinen Zwecken**

- a) Der Verwaltungsrat ist ermächtigt das Aktienkapital jederzeit bis 16. Mai 2014 im Maximalbetrag von CHF 3'980'200'000 durch Ausgabe von höchstens 140'000'000 vollständig zu liberierenden Namenaktien mit einem Nennwert von CHF 28.43 je Aktie zu erhöhen.
- b) Erhöhungen auf dem Weg der Festübernahme sowie Erhöhungen in Teilbeträgen sind gestattet. Der Ausgabebetrag, die Art der Einlage, der Zeitpunkt der Dividendenberechtigung sowie die Zuweisung nicht ausgeübter Bezugsrechte werden durch den Verwaltungsrat bestimmt.
- c) Der Verwaltungsrat ist ermächtigt, Bezugsrechte der Aktionäre auszuschliessen und diese Dritten zuzuweisen, wenn die neu auszugebenden Aktien zu folgenden Zwecken verwendet werden: (1) Fusionen, Übernahmen von Unternehmen oder Beteiligungen, Finanzierungen und Refinanzierungen solcher Fusionen und Übernahmen sowie anderweitige Investitionsvorhaben (unter

- b) Shareholders' pre-emptive rights shall be excluded with regard to these shares. These new registered shares may be issued at a price below the current market price. The Board of Directors shall specify the precise conditions of issue including the issue price of the shares.
- c) The acquisition of registered shares in connection with employee participation and any further transfers of registered shares shall be subject to the restrictions specified in Article 8 of the Articles of Association.

#### **Article 6 Authorized Share Capital for General Purposes**

- a) The Board of Directors is authorized to increase the share capital from time to time until May 16, 2014 by an amount not exceeding CHF 3,980,200,000 through the issue of up to 140,000,000 fully paid up registered shares with a nominal value of CHF 28.43 each.
- b) Increases through firm underwriting or in partial amounts are permitted. The issue price, the date of dividend entitlement, the type of consideration (including the contribution or underwriting in kind) as well as the allocation of non exercised pre-emptive rights shall be determined by the Board of Directors.
- c) The Board of Directors is authorized to exclude the pre-emptive rights of the shareholders and to allocate them to third parties in the event of the use of shares for the purpose of (1) mergers, acquisitions of enterprises or participations, financing and/or refinancing of such mergers and acquisitions and of other investment projects (including by way of private placements), (2) to improve

Einschluss von Privatplatzierungen), (2) Stärkung der regulatorischen Kapitalbasis der Gesellschaft oder ihrer Tochtergesellschaften (unter Einschluss von Privatplatzierungen), (3) zur Erweiterung des Aktionariats oder (4) zum Zwecke der Mitarbeiterbeteiligung.

- d) Die Zeichnung sowie der Erwerb von Namenaktien aus genehmigtem Kapital zu allgemeinen Zwecken sowie sämtliche weiteren Übertragungen von Namenaktien unterliegen den Übertragungsbeschränkungen gemäss Art. 8 der Statuten.

#### **Artikel 7 Aktienzertifikate**

- a) Die Gesellschaft kann auf Druck und Auslieferung der Aktienzertifikate verzichten sowie bereits gedruckte Zertifikate annullieren. Letzteres setzt die Einlieferung der Zertifikate bei der Gesellschaft sowie das Einverständnis der Aktionäre voraus. Der Aktionär kann jedoch von der Gesellschaft jederzeit kostenlos Druck und Auslieferung der Aktienzertifikate verlangen. Die Gesellschaft kann die Namenaktien ihrerseits jederzeit drucken.
- b) Nicht verurkundete Namenaktien einschliesslich der daraus entspringenden Rechte können nur durch Zession übertragen werden. Die Zession bedarf zur Gültigkeit der Anzeige an die Gesellschaft. Die Berechtigung an den Zertifikaten der übertragenen Aktien wird durch rechtsgültige Zession übertragen und bedarf keiner Zustimmung seitens der Gesellschaft. Die Bank, welche abgetretene Namenaktien für die Aktionäre verwaltet, kann von der Gesellschaft über die erfolgte Zession benachrichtigt werden.
- c) Nicht verurkundete Namenaktien sowie die daraus entspringenden Vermögensrechte können ausschliesslich zugunsten der Bank, welche die Aktien im Auftrag des betreffenden Aktionärs verwaltet, verpfändet werden. Die Verpfändung bedarf eines schriftlichen Pfandvertrags. Eine Benachrichtigung der Gesellschaft ist nicht erforderlich.

the regulatory capital position of the company or its subsidiaries (including by way of private placements), (3) broadening the shareholder constituency or (4) for the purpose of the participation of employees.

- d) The subscription and acquisition of registered shares out of authorized share capital for general purposes and any further transfers of registered shares shall be subject to the restrictions specified in Article 8 of the Articles of Association.

#### **Article 7 Share Certificates**

- a) The Company may forego the printing and delivery of registered shares and may cancel without replacement already printed shares. Registered shares already issued can only be cancelled when they are returned to the Company and the shareholder agrees. The shareholder may request at any time, without cost, the printing and delivery of his registered shares. The Company may for its part print out the registered shares at any time.
- b) Registered shares not physically represented by certificates and the rights arising therefrom can only be transferred by assignment. Such assignment shall not be valid unless notice is given to the Company. Title to the certificate of the transferred share is passed on to the transferee through legal and valid assignment and does not need the explicit consent of the Company. The bank which handles the book entries of the assigned registered shares on behalf of the shareholders may be notified by the Company of the assignment.
- c) Registered shares not physically represented by certificates and the financial rights arising from these shares may only be pledged to the bank handling the book entries of such shares for the shareholder. The pledge must be made by means of a written pledge agreement. Notice to the Company is not required.

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**Artikel 8 Aktienregister; Beschränkungen der Übertragbarkeit**

- a) Für die Namenaktien wird ein Aktienbuch geführt. Darin werden die Eigentümer und Nutzniesser mit Namen und Vornamen, Wohnort, Adresse und Staatsangehörigkeit (bei juristischen Personen mit Sitz) eingetragen.
- b) Zur Eintragung ins Aktienbuch als Aktionär mit Stimmrecht ist die Zustimmung des Verwaltungsrats notwendig. Die Eintragung als Aktionär mit Stimmrecht kann in den in Art. 8 lit. c), d), e) und f) der Statuten festgehaltenen Fällen abgelehnt werden. Lehnt der Verwaltungsrat die Eintragung des Erwerbers als Aktionär mit Stimmrecht ab, benachrichtigt er diesen innerhalb von 20 Tagen seit dem Eingang des Eintragungsgesuchs. Nicht anerkannte Erwerber werden als Aktionäre ohne Stimmrecht ins Aktienbuch eingetragen. Die entsprechenden Aktien gelten in der Generalversammlung als nicht vertreten.
- c) Eine natürliche oder juristische Person wird in dem Umfang nicht als Aktionärin mit Stimmrecht im Aktienbuch eingetragen, in welchem die von ihr direkt oder indirekt im Sinne von Art. 14 der Statuten gehaltene oder sonstwie kontrollierte Beteiligung 10% oder mehr des im Handelsregister eingetragenen Aktienkapitals beträgt. Dabei gelten Personen, die durch Absprache, Kapital, Stimmkraft, Leitung, Syndikat oder auf andere Weise miteinander verbunden sind, als eine Person. Im Umfang, in welchem eine derartige Beteiligung 10% oder mehr des Aktienkapitals beträgt, werden die entsprechenden Aktien ohne Stimmrecht ins Aktienbuch eingetragen.

**Article 8 Shareholder's Register, Transfer Restrictions**

- a) Registered shares are issued in the name of the owner or the usufructuary. This person shall be entered in the share register with his name, address, domicile and citizenship (domicile in case of legal entities).
- b) Entry in the share register of registered shares with voting rights is subject to the approval of the Board of Directors. Entry of registered shares with voting rights may be refused based on the grounds set out in Article 8 para. c), d), e) and f). If the Board of Directors refuses to register the acquirer as shareholder with voting rights it shall notify the acquirer of such refusal within 20 days upon receipt of the application. Non-recognized acquirers shall be entered in the share register as shareholders without voting rights. The corresponding shares shall be considered as not represented in the General Meeting of Shareholders.
- c) No individual or legal entity may, directly or indirectly, formally, constructively or beneficially own (as defined in Article 14 below) or otherwise control voting rights with respect to 10% or more of the registered share capital recorded in the Commercial Register. Those associated through capital, voting power, joint management or in any other way, or joining for the acquisition of shares, shall be regarded as one person. The registered shares exceeding the limit of 10% shall be entered in the share register as shares without voting rights.

- d) Die oben erwähnte 10% Limite gilt auch bei der Zeichnung oder Erwerb von Aktien, welche mittels Ausübung von Options- oder Wandelrechten aus Namen- oder Inhaberpapieren oder sonstigen von der Gesellschaft oder Dritten ausgestellten Wertpapieren oder welche mittels Ausübung von erworbenen Bezugsrechten aus Namen- oder Inhaberaktien gezeichnet oder erworben werden. Im Umfang, in welchem eine daraus resultierende Beteiligung 10% oder mehr des Aktienkapitals beträgt, werden die entsprechenden Aktien ohne Stimmrecht ins Aktienbuch eingetragen.
- e) Der Verwaltungsrat verweigert die Eintragung ins Aktienbuch als Aktionär mit Stimmrecht oder entscheidet über die Löschung eines bereits eingetragenen Aktionärs mit Stimmrecht aus dem Aktienbuch, wenn der Erwerber auf sein Verlangen hin nicht ausdrücklich erklärt, dass er die Aktien im eigenen Namen und auf eigene Rechnung erworben hat.
- f) Der Verwaltungsrat verweigert die Eintragung natürlicher und juristischer Personen, welche Namenaktien für Dritte halten und dies schriftlich gegenüber der Gesellschaft erklären werden, als Treuhänder/Nominees mit unbeschränktem Stimmrecht ins Aktienbuch oder entscheidet über die Löschung aus dem Aktienbuch, wenn sie sich nicht dazu verpflichten, gegenüber der Gesellschaft auf deren schriftliches Verlangen hin jederzeit die Namen, Adressen und Beteiligungsquote derjenigen Personen offenzulegen, für welche sie die Namenaktien halten.
- g) Der Verwaltungsrat kann in besonderen Fällen Ausnahmen von den obgenannten Beschränkungen (Artikel 8 lit. c), d), e) and f) der Statuten) genehmigen. Sodann kann der Verwaltungsrat nach Anhörung der betroffenen Personen deren Eintragungen im Aktienbuch als Aktionäre rückwirkend streichen, wenn diese durch falsche Angaben zustande gekommen sind oder wenn die betroffene Person die Auskunft gemäss Artikel 8 lit. f) verweigert.
- d) The limit of 10% of the registered share capital also applies to the subscription for, or acquisition of, registered shares by exercising option or convertible rights arising from registered or bearer securities or any other securities issued by the Company or third parties, as well as by means of exercising purchased preemptive rights arising from either registered or bearer shares. The registered shares exceeding the limit of 10% shall be entered in the share register as shares without voting rights.
- e) The Board of Directors shall reject entry of registered shares with voting rights in the share register or shall decide on their cancellation when the acquirer or shareholder upon request does not expressly state that she/he has acquired or holds the shares in her/his own name and for her/his own account.
- f) The Board of Directors shall reject entry of individuals and legal entities, who hold registered shares for third parties and state this in writing to the Company, as nominees in the share register with voting rights without limitation or shall decide on their cancellation when the nominee does not undertake the obligation to disclose at any time to the Company at its written request the names, addresses and share holdings of each person for whom such nominee is holding shares.
- g) The Board of Directors may in special cases approve exceptions to the above regulations (Article 8 para. c), d), e) and f)). The Board of Directors is in addition authorized, after due consultation with the person concerned, to delete with retroactive effect entries in the share register which were effected on the basis of false information and/or to delete entries in case the respective person refuses to make the disclosures according to Article 8 para. f).

- h) Solange ein Erwerber nicht Aktionär mit Stimmrecht im Sinne von Art. 8 der Statuten geworden ist, kann er weder die entsprechenden Stimmrechte noch die weiteren mit diesen in Zusammenhang stehenden Rechte wahrnehmen.

### **III. Organisation**

#### **A. Die Generalversammlung**

#### **Artikel 9 Befugnisse**

Die Generalversammlung ist das oberste Organ der Gesellschaft. Sie hat die folgenden unübertragbaren Befugnisse:

1. die Festsetzung und Änderung der Statuten;
2. die Wahl der Mitglieder des Verwaltungsrates und der Revisionsstelle;
3. die Genehmigung des Jahresberichts, der Jahresrechnung und der Konzernrechnung sowie die Beschlussfassung über die Verwendung des Bilanzgewinns, insbesondere die Festsetzung der Dividende;
4. die Entlastung der Mitglieder des Verwaltungsrats;
5. die Beschlussfassung über die Gegenstände, die der Generalversammlung durch das Gesetz oder die Statuten vorbehalten sind oder welche ihr vom Verwaltungsrat vorgelegt werden.

#### **Artikel 10 Generalversammlungen sowie deren Einberufung**

- a) Die ordentliche Generalversammlung findet alljährlich innerhalb von sechs Monaten nach Abschluss des Geschäftsjahres statt. Zeitpunkt und Ort, welcher im In- oder Ausland sein kann, werden durch den Verwaltungsrat bestimmt.

- h) Until an acquirer becomes a shareholder with voting rights for the shares in accordance with this Article 8, she/he may neither exercise the voting rights connected with the shares nor other rights associated with the voting rights.

### **III. Organization**

#### **A. The General Meeting**

#### **Article 9 Authorities**

The General Meeting is the supreme corporate body of the Company. It has the following non-transferable powers:

1. to adopt and amend the Articles of Association;
2. to elect and remove the members of the Board of Directors and the Auditors;
3. to approve the statutory required annual report, the annual accounts and the consolidated financial statements as well as to pass resolutions regarding the allocation of profits as shown on the balance sheet, in particular to determine the dividends;
4. to grant discharge to the members of the Board of Directors; and
5. to pass resolutions regarding items which are reserved to the General Meeting by law or by the Articles of Association or which are presented to it by the Board of Directors.

#### **Article 10 Meetings and Convening the Meeting**

- a) The ordinary General Meeting shall be held annually within six months after the close of the business year at such time and at such location, which may be within or outside Switzerland, as determined by the Board of Directors.



- b) Ausserordentliche Generalversammlungen finden statt, wenn es die Generalversammlung, die Revisionsstelle oder der Verwaltungsrat für notwendig erachten. Ausserdem müssen ausserordentliche Generalversammlungen einberufen werden, wenn stimmberechtigte Aktionäre, welche zusammen mindestens 10% des Aktienkapitals vertreten, es verlangen.

#### **Artikel 11 Einberufung**

Die Generalversammlung wird durch den Verwaltungsrat, nötigenfalls durch die Revisionsstelle oder die Liquidatoren, einberufen. Die Einladung erfolgt mindestens 20 Tage vor der Versammlung durch Publikation im Schweizerischen Handelsamtsblatt.

#### **Artikel 12 Traktanden**

- a) Der Verwaltungsrat nimmt die Traktandierung der Verhandlungsgegenstände vor.
- b) Ein oder mehrere mit Stimmrecht eingetragene Aktionäre können, gemäss den gesetzlichen Bestimmungen, vom Verwaltungsrat die Traktandierung eines Verhandlungsgegenstandes verlangen. Das Begehren um Traktandierung ist schriftlich unter Angabe der Verhandlungsgegenstände und der Anträge an den Präsidenten des Verwaltungsrates mindestens 45 Tage vor der Generalversammlung einzureichen.
- c) Über Anträge zu nicht gehörig angekündigten Verhandlungsgegenständen, welche auch nicht im Zusammenhang mit einem gehörig traktandierten Verhandlungsgegenstand stehen, können keine Beschlüsse gefasst werden, ausser in den gesetzlich vorgesehenen Fällen.

- b) Extraordinary General Meetings may be called by resolution of the General Meeting, the Auditors or the Board of Directors, or by shareholders with voting powers, provided they represent at least 10% of the share capital.

#### **Article 11 Notice**

The General Meeting is summoned by the Board of Directors or if necessary by the Auditors or the liquidators. Notice of the General Meeting shall be given by publication in the "Schweizerisches Handelsamtsblatt" at least 20 days before the date of the meeting.

#### **Article 12 Agenda**

- a) The Board of Directors shall state the matters on the agenda.
- b) One or more registered Shareholders may in compliance with the legal requirements demand that matters be included in the agenda. Such demands shall be in writing and shall specify the items and the proposals and has to be submitted to the Chairman up to 45 days before the date of the meeting.
- c) No resolution shall be passed on matters proposed only at the General Meeting and which have no bearing on any of the proposed items of the agenda, apart from those exceptions permitted by law.

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- d) In der Einberufung der Versammlung werden die Traktanden und die Anträge des Verwaltungsrates sowie derjenigen Aktionäre bekanntgegeben, welche die Traktandierung oder die Durchführung einer Generalversammlung verlangt haben.

#### **Artikel 13      Vorsitz und Protokoll**

- a) Den Vorsitz in der Generalversammlung führt der Präsident des Verwaltungsrates, bei dessen Verhinderung ein anderes vom Verwaltungsrat bezeichnetes Mitglied des Verwaltungsrates oder ein anderer von der Generalversammlung für den betreffenden Tag bezeichneter Vorsitzender.
- b) Der Vorsitzende bezeichnet einen Protokollführer sowie die Stimmzähler, welche keine Aktionäre sein müssen.
- c) Der Verwaltungsrat ist verantwortlich für die Protokollführung. Das Protokoll wird vom Vorsitzenden und vom Protokollführer unterzeichnet.

#### **Artikel 14      Stimmrecht und Vertreter**

- a) Jede Aktie berechtigt, unter Vorbehalt der Einschränkungen gemäss Art. 8 und Art. 14 lit. b) der Statuten, zu einer Stimme. Jeder stimmberechtigte Aktionär kann seine Aktien durch eine andere von ihm schriftlich bevollmächtigte Person vertreten lassen, welche kein Aktionär sein muss.
- b) Ungeachtet lit. a) vorstehend, gilt Folgendes: Sobald und solange eine natürliche oder juristische Person 10% oder mehr des im Handelsregister eingetragenen Aktienkapitals der Gesellschaft kontrolliert, ist diese bei ordentlichen oder ausserordentlichen

- d) The notice of the meeting shall state the matters on the agenda and the proposals of the Board of Directors and of those shareholders who have demanded that a meeting be called or that matters be included in the agenda.

#### **Article 13      Chair, Minutes**

- a) The General Meeting shall be chaired by the Chairman, or, in his absence, by another member of the Board of Directors, or by another Chairman elected for that day by the General Meeting.
- b) The Chairman designates a Secretary for the minutes as well as the scrutinizers who need not be shareholders.
- c) The Board of Directors is responsible for the keeping of the minutes, which are to be signed by the Chairman and by the Secretary.

#### **Article 14      Voting Rights and Shareholders Proxies**

- a) Each share is entitled to one vote subject to the provisions of Article 8 and Art. 14 para. b) below. Each shareholder may be represented at the General Meeting by another person who is authorized by a written proxy and who does not need to be a shareholder.
- b) Notwithstanding para. a) above, if and so long as the Controlled Shares of any individual or legal entity constitute ten percent (10%) or more of the registered share capital recorded in the Commercial Register, such individual or legal entity shall be entitled

Generalversammlungen maximal zu den gemäss nachfolgender Formel zu eruiierenden Stimmen (abgerundet auf die nächst tiefere, runde Zahl) berechtigt:

$$(T \div 10) - 1$$

Wobei gilt: "T" ist gleich der Gesamtanzahl der Stimmrechte, welche auf dem im Handelsregister eingetragenen gesamten Aktienkapital der Gesellschaft verliehen werden.

c) Als "kontrolliert" im Sinne dieses Artikels gelten folgende Aktien:

(aa) alle Aktien der Gesellschaft, welche direkt oder indirekt von einer natürlichen oder juristischen Person gehalten werden, wobei:

- (i) Aktien, welche direkt oder indirekt von einer Personengesellschaft (*Partnership*), von einem Trust oder einer anderweitigen Vermögensmasse (z.B. Nachlass) gehalten werden, anteilmässig auf die hinter diesen Strukturen stehenden Partner oder wirtschaftlich Berechtigten angerechnet werden; und
- (ii) Aktien, welche direkt oder indirekt von einer körperschaftlich organisierten Gesellschaft gehalten werden als anteilmässig von den Aktionären solcher Gesellschaften, welche ihrerseits mehr als 50% der ausgegebenen stimmberechtigten Aktien ebensolcher halten, gehalten gelten; und
- (iii) Aktien, welche durch die Ausübung von Wandel-, Options- oder ähnlichen Rechten entstehen können, als vom Inhaber des entsprechenden Rechts gehalten gelten; und

to cast votes at any General Meeting or Extraordinary General Meeting in the aggregate equal to the number (rounded down to the nearest whole number) obtained from following formula:

$$(T \div 10) - 1$$

Where: "T" is the aggregate number of votes conferred by all the registered share capital recorded in the Commercial Register.

c) For purposes of this Article 14, "Controlled Shares" in reference to any individual or entity means:

(aa) all shares of the Company directly, indirectly or constructively owned by such individual or entity; provided that

- (i) shares owned, directly or indirectly, by or for a partnership, or trust or estate will be considered as being owned proportionately by its partners, or beneficiaries; and
- (ii) shares owned, directly or indirectly, by or for a corporation will be considered as being owned proportionately by any shareholder owning 50% or more of the outstanding voting shares of such corporation; and
- (iii) shares subject to options, warrants or other similar rights shall be deemed to be owned; and

- (bb) alle Aktien der Gesellschaft, welche direkt oder indirekt von einer natürlichen oder juristischen Person als wirtschaftlich Berechtigte gehalten werden, wobei als solche jede Person gilt, die:
- (i) direkt oder indirekt, durch jede Art von Vertrag, Vereinbarung, anderweitige Rechtsbeziehung oder sonstwie alleine oder zusammen mit anderen derartigen Personen über Folgendes verfügt:
    - (1) Einfluss auf das Stimmrecht der betreffenden Aktien, sei dies direkt oder indirekt; und/oder
    - (2) Einfluss auf die Verfügungsberechtigung an den betreffenden Aktien, sei dies direkt oder indirekt;
  - (ii) direkt oder indirekt Trusts, Vollmachten, übrige Vertretungsberechtigungen oder sonstige vertragliche Abreden errichtet oder benutzt in der Absicht, ihre wirtschaftliche Berechtigung an den Aktien zu überdecken, um die einschlägigen Bestimmungen dieser Statuten über die als kontrolliert geltenden Aktien zu umgehen;
  - (iii) die das Recht hat innerhalb von 60 Tagen die wirtschaftliche Berechtigung an Aktien zu erwerben, insbesondere, jedoch nicht abschliessend,

- (bb) all Shares of the Company directly, indirectly beneficially owned by such individual or entity; provided that
- (i) a beneficial owner of a security includes any person who, directly or indirectly, through any contract, arrangement, understanding, relationship, or otherwise has or shares:
    - (1) voting power which includes the power to vote, or to direct the voting of, such security; and/or
    - (2) investment power which includes the power to dispose, or to direct the disposition of, such security.
  - (ii) Any person who, directly or indirectly, creates or uses a trust, proxy, power of attorney, pooling arrangement or any other contract, arrangement, or device with the purpose or effect of divesting such person of beneficial ownership of shares of the Company or preventing the vesting of such beneficial ownership as part of a plan or scheme to evade the provisions of these articles of association shall be deemed to be the beneficial owner of such shares.
  - (iii) A person shall be deemed to be the beneficial owner of shares if that person has the right to acquire beneficial ownership of such shares within 60

durch: (A) Ausübung von Wandel-, Options- oder sonstigen Rechten; (B) durch die Umwandlung eines Wertpapiers; (C) durch die automatische Aufhebung eines Trusts, eines Vermögensverwaltungskontos oder einer ähnlichen Vereinbarung; oder (D) durch Ablauf der Dauer eines Trusts, eines Vermögensverwaltungskontos oder einer ähnlichen Vereinbarung.

- d) Der Verwaltungsrat hat das Recht die Bestimmungen des Artikels 14 der Statuten auszulegen und die Berechtigung von natürlichen und juristischen Personen an Aktien der Gesellschaft zur Sicherstellung der Umsetzung dieser Bestimmungen festzulegen. Bei der Auslegung kann der Verwaltungsrat Gesetze, Reglemente und übrige Bestimmungen sowie Rechtsprechung aus dem In- und Ausland beziehen, welche Art. 14 der Statuten ähnlich sind.
- e) Der Verwaltungsrat kann in besonderen Fällen Ausnahmen von den vorerwähnten Stimmrechtsbeschränkungen gewähren.

#### **Artikel 15      Beschlüsse**

- a) Die Generalversammlung ist beschlussfähig ohne Rücksicht auf die Zahl der anwesenden Aktionäre oder der vertretenen Aktien.
- b) Die Generalversammlung fasst ihre Beschlüsse und vollzieht ihre Wahlen, soweit das Gesetz oder diese Statuten nichts anderes vorsehen, mit der einfachen Mehrheit der abgegebenen Stimmen (wobei Enthaltungen, sog. Broker Nonvotes, leere oder ungültige Stimmen für die Bestimmung des Mehr nicht berücksichtigt werden).
- c) Der Vorsitzende bestimmt das Abstimmungsverfahren. Erfolgen die Wahlen nicht elektronisch haben sie mittels Stimmzettel zu erfolgen, wenn mindestens 50 anwesende Aktionäre dies per Handzeichen verlangen. Die Weisungserteilung via Internet oder Telefon kann durch den Vorsitzenden gestattet werden.

days, including but not limited to any right to acquired: (A) through the exercise of any option, warrant or right; (B) through the conversion of a security; (C) pursuant to the power to revoke a trust, discretionary account, or similar arrangement; or (D) pursuant to the automatic termination of a trust, discretionary account or similar arrangement.

- d) The Board of Directors shall have the authority to interpret the provisions of this Article 14 and to determine the ownership of shares by any individual or entity so as to fully implement the provisions of this Article 14. In so interpreting this Article 14, the Board of Directors may look to laws, rules, regulations and court decisions (including of countries outside of Switzerland) having language substantially similar to this Article 14.
- e) The Board of Directors may in special cases allow exceptions from this limitation on voting rights.

#### **Article 15      Resolutions**

- a) The General Meeting may pass resolutions without regard to the number of shareholders present or shares represented.
- b) Unless otherwise required by law or the Articles of Association, the General Meeting shall pass its resolutions and carry out its elections with the simple majority of the votes cast (whereby abstentions, broker non-votes, blank or invalid ballots shall be disregarded for purposes of establishing the majority).
- c) The Chairman of the General Meeting shall determine the voting procedure. Provided that the voting is not done electronically, voting shall be by ballot if more than 50 of the shareholders present so demand by a show of hands. The accord of instructions by using the internet or the telephone can be permitted by the Chairman.

## Artikel 16 Quorum

Ein Beschluss der Generalversammlung, der mindestens zwei Drittel der vertretenen Stimmen und die absolute Mehrheit der vertretenen Aktiennennwerte auf sich vereinigt, ist erforderlich für:

1. die in Art. 704 Abs. 1 OR aufgeführten Geschäfte, d.h. für:
  - (a) die Änderung des Gesellschaftszwecks;
  - (b) die Einführung von Stimmrechtsaktien;
  - (c) die Beschränkung der Übertragbarkeit von Namenaktien;
  - (d) eine genehmigte oder bedingte Kapitalerhöhung;
  - (e) die Kapitalerhöhung aus Eigenkapital, gegen Sacheinlage oder zwecks Sachübernahme und die Gewährung von besonderen Vorteilen;
  - (f) die Einschränkung oder Aufhebung des Bezugsrechts;
  - (g) die Verlegung des Sitzes der Gesellschaft;
2. Fusion, Spaltung und Umwandlung der Gesellschaft (zwingende gesetzliche Bestimmungen vorbehalten);
3. die Lockerung und die Aufhebung von Übertragungsbeschränkungen der Namenaktien;
4. die Umwandlung von Namenaktien in Inhaberaktien und umgekehrt;

## Article 16 Quorums

A resolution of the General Meeting passed by at least two thirds of the represented share votes and the absolute majority of the represented shares par value is required for:

1. the cases listed in art. 704 para. 1 CO, i.e.:
  - (a) the change of the company purpose;
  - (b) the creation of shares with privileged voting rights;
  - (c) the restriction of the transferability of registered shares;
  - (d) an increase of capital, authorized or subject to a condition;
  - (e) an increase of capital out of equity, against contribution in kind, or for the purpose of acquisition of assets and the granting of special benefits;
  - (f) the limitation or withdrawal of pre-emptive rights;
  - (g) the change of the domicile of the Company;
2. the merger, de-merger or conversion of the Company (subject to mandatory law);
3. the alleviating or withdrawal of restrictions upon the transfer of registered shares;
4. the conversion of registered shares into bearer shares and vice versa;

5. für die Auflösung der Gesellschaft mit Liquidation;
6. die Abberufung von Mitgliedern des Verwaltungsrates im Sinne von Art. 705 Abs. 1 OR; und
7. die Änderung oder Aufhebung der Art. 8, 14, 15 und 16 der Statuten.

## **B. Der Verwaltungsrat**

### **Artikel 17 Wahl, Konstituierung und Entschädigung**

- a) Der Verwaltungsrat besteht aus wenigstens 3 und höchstens 20 Mitgliedern. Beginnend mit der ordentlichen Generalversammlung 2014 beträgt die Amtsdauer sämtlicher Mitglieder des Verwaltungsrats jeweils ein Jahr. Für bereits gewählte Mitglieder des Verwaltungsrats mit einer Amtsdauer bis zur ordentlichen Generalversammlung 2015 oder 2016 gilt diese Bestimmung erst mit Ablauf der entsprechenden Amtsdauer. Diesbezüglich ist unter einem Jahr der Zeitraum zwischen zwei ordentlichen, aufeinanderfolgenden Generalversammlungen zu verstehen.
- b) Der Verwaltungsrat konstituiert sich selber. Der Verwaltungsrat wählt seinen Präsidenten sowie einen Vizepräsidenten. Er bezeichnet einen Sekretär; dieser braucht nicht dem Verwaltungsrat anzugehören. Der Präsident hat bei Stimmgleichheit keinen Stichentscheid.
- c) Die Mitglieder des Verwaltungsrats erhalten für ihre Tätigkeit eine Entschädigung, deren Höhe vom Verwaltungsrat festgelegt wird. Die Mitglieder des Verwaltungsrats sind ebenfalls berechtigt, an Mitarbeiterbeteiligungsprogrammen der Gesellschaft teilzunehmen.

5. the dissolution of the Company followed by liquidation;
6. the dismissal of the members of the Board of Directors according to art. 705 para. 1 CO; and
7. the amendment or elimination of the provisions of Article 8, Article 14 and Article 15 of the Articles of Association as well as those contained in this Article 16.

## **B. The Board of Directors**

### **Article 17 Election, Constitution and Indemnification**

- a) The Board of Directors shall consist of 3 to 20 members. Commencing at the 2014 annual general meeting, the term of each member shall be one year, except that any member in office at the 2014 ordinary General Meeting whose term expires at the 2015 or 2016 ordinary General Meeting shall continue to hold office until the end of the term for which such member was elected. In this regard, one year shall mean the period between two ordinary General Meetings.
- b) The Board of Directors shall constitute itself. It appoints its Chairman, a Vice-Chairman and a Secretary who does not need to be a member of the Board of Directors. The Chairman shall have no casting vote.
- c) Members of the Board of Directors shall receive compensation for their work in an amount to be determined by the Board. They may also participate in the Company's employee benefit plans.

- d) Soweit es das Gesetz zulässt, werden die Mitglieder des Verwaltungsrates sowie der Geschäftsleitung aus dem Gesellschaftsvermögen schadlos gehalten für Forderungen, Kosten, Verluste, Schäden, Bussen, und sonstige Auslagen, welche ihnen im Zusammenhang mit ihrer Tätigkeit für die Gesellschaft entstehen bzw. gegen diese erhoben werden, es sei denn, ein rechtskräftiger Entscheid eines Gerichts oder einer anderen Behörde stelle fest, dass die betreffende Person die obgenannten Auslagen und Verpflichtungen aufgrund einer vorsätzlichen oder grobfahrlässigen Pflichtverletzung verursacht hat.

Unabhängig von vorstehender Bestimmung schießt die Gesellschaft den Mitgliedern des Verwaltungsrats sowie der Geschäftsleitung die im Zusammenhang mit oben erwähnten Angelegenheiten entstehenden Gerichts- und Anwaltskosten vor. Ausgenommen sind jene Fälle, in denen die Gesellschaft selbst gegen die betreffenden Personen vorgeht. Die Gesellschaft kann die aufgewendeten Auslagen zurückfordern, wenn ein Gericht oder eine andere zuständige Behörde rechtskräftig feststellt, dass die betreffende Person gegenüber der Gesellschaft eine Pflichtverletzung begangen hat.

#### **Artikel 18      Zuständigkeit und Delegation**

- a) Der Verwaltungsrat hat die Oberleitung der Gesellschaft sowie die Aufsicht über die Geschäftsleitung. Er vertritt die Gesellschaft gegenüber Dritten und kann in allen Angelegenheiten Beschluss fassen, welche nicht gemäss Gesetz, Statuten oder Organisationsreglement einem anderen Organ zugewiesen sind.

- d) The Company shall indemnify and hold harmless, to the fullest extent permitted by law, each of the members of the Board of Directors and officers out of the assets of the Company from and against all actions, costs, charges, losses, damages and expenses which they or any of them may incur or sustain by or by reason of any act done, concurred in or omitted in or about the execution of their duty, or supposed duty on behalf of the Company; provided that this indemnity shall not extend to any matter in which any of said persons is found, in a final judgement or decree not subject to appeal, to have committed fraud or dishonesty.

Without limiting the foregoing paragraph, the Company shall advance court costs and attorney's fees to the members of the Board of Directors and officers, except in cases where the Company itself is plaintiff. The Company may however recover such advanced cost if a court or another competent authority holds that the member of the Board of Directors or the officer in question has breached its duties to the Company.

#### **Article 18      Ultimate Direction, Delegation**

- a) The Board of Directors is entrusted with the ultimate direction of the Company as well as the supervision of the management. It represents the Company towards third parties and attends to all matters which are not delegated to or reserved for another corporate body of the Company by law, the Articles of Association or the regulations.



- b) Der Verwaltungsrat kann aus seiner Mitte Ausschüssen bestellen oder einzelne Mitglieder bestimmen, welche mit der Vorbereitung und/oder Ausführung seiner Beschlüsse oder der Überwachung bestimmter Geschäfte betraut sind. Der Verwaltungsrat erlässt hierzu die notwendigen organisatorischen Weisungen. Mit Ausnahme der unübertragbaren Befugnisse kann der Verwaltungsrat die Geschäftsführung ganz oder teilweise an einzelne Mitglieder, an einen Ausschuss oder an Dritte, welche keine Aktionäre zu sein brauchen, übertragen. Ebenso kann der Verwaltungsrat vorgenannten Personen die Befugnis erteilen, im Namen der Gesellschaft zu zeichnen. Der Verwaltungsrat erlässt hierzu die notwendigen Organisationsreglemente und erstellt die erforderlichen Vertragsdokumente.

#### **Artikel 19 Einzelne Befugnisse**

Der Verwaltungsrat hat folgende unübertragbare und unentziehbare Befugnisse:

1. die Oberleitung der Gesellschaft und die Erteilung der nötigen Weisungen;
2. die Festlegung der Organisation;
3. die Ausgestaltung des Rechnungswesens, der Finanzkontrolle sowie der Finanzplanung, sofern diese für die Führung der Gesellschaft notwendig ist;
4. die Ernennung und Abberufung der mit der Geschäftsführung und der Vertretung betrauten Personen, sowie die Erteilung der Zeichnungsberechtigungen;
5. die Oberaufsicht über die mit der Geschäftsführung und der Vertretung betrauten Personen, namentlich im Hinblick auf die Befolgung der Gesetze, Statuten, Reglemente und Weisungen;

- b) The Board of Directors may delegate preparation and/or implementation of its decisions and supervision of the business to committees or to individual members of the Board of Directors. The organizational regulations will be defined by the Board of Directors. While reserving its non-transferable powers, the Board of Directors may further delegate the management of the business or parts thereof and representation of the Company to one or more persons, members of the Board of Directors or others who need not be shareholders. The Board of Directors shall record all such arrangements in a set of regulations for the Company and set up the necessary contractual framework.

#### **Article 19 Duties**

The Board of Directors has the following non-transferable and inalienable duties:

1. to ultimately manage the Company and issue the necessary directives;
2. to determine the organization;
3. to organize the accounting, the financial control, as well as the financial planning;
4. to appoint and remove the persons entrusted with the management and representation of the Company and to grant signatory power;
5. to ultimately supervise the persons entrusted with the management, in particular with respect to compliance with the law and with the Articles of Association, regulations and directives;

6. die Erstellung des Geschäftsberichtes sowie die Vorbereitung der Generalversammlung und die Ausführung ihrer Beschlüsse;
7. die Benachrichtigung des Richters im Falle der Überschuldung;
8. die Beschlussfassung über die nachträgliche Liberierung von nicht vollständig liberierten Aktien;
9. die Beschlussfassung über die Feststellung von Kapitalerhöhungen und die entsprechenden Statutenänderungen;
10. Überwachung der Fachkenntnisse der Spezialrevisionsstelle in den Fällen, in denen das Gesetz den Einsatz einer solchen vorsieht.

### **C. Revisionsstelle und Spezialrevisionsstelle**

#### **Artikel 20 Amtsdauer, Befugnisse und Pflichten**

- a) Die Revisionsstelle wird von der Generalversammlung gewählt. Rechte und Pflichten der Revisionsstelle bestimmen sich nach den gesetzlichen Vorschriften.

6. to prepare the business report, as well as the General Meeting and to implement the latter's resolutions;
7. to inform the judge in the event of overindebtedness;
8. to pass resolutions regarding the subsequent payment of capital with respect to non-fully paid-in shares;
9. to pass resolutions confirming increases in share capital and regarding the amendments to the Articles of Association entailed thereby;
10. to examine the professional qualifications of the specially qualified Auditors in the cases in which the law foresees the use of such Auditors.

### **C. Auditors and Special Auditor**

#### **Article 20 Term, Powers and Duties**

- a) The Auditors shall be elected by the General Meeting and shall have the powers and duties vested in them by law.

- b) Die Generalversammlung kann eine Spezialrevisionsstelle ernennen, welche die vom Gesetz für Kapitalerhöhungen mit Sacheinlage oder Verrechnungslibrierung verlangten Prüfungsbestätigungen abgibt.
- c) Die Amtsdauer der Revisionsstelle und (falls eingesetzt) der Spezialrevisionsstelle beträgt ein Jahr. Die Amtsdauer beginnt mit dem Tag der Wahl und endet mit der ersten darauffolgenden ordentlichen Generalversammlung.

#### **IV. Liquidation**

##### **Artikel 21 Auflösung und Liquidation**

- a) Die Generalversammlung kann jederzeit in Übereinstimmung mit den gesetzlichen und statutarischen Bestimmungen die Auflösung und die Liquidation der Gesellschaft beschliessen.
- b) Die Liquidation wird durch den Verwaltungsrat besorgt, sofern sie nicht durch einen Beschluss der Generalversammlung anderen Personen übertragen wird.
- c) Die Liquidation ist gemäss Art. 742 ff. OR durchzuführen. Dabei können die Liquidatoren über das Vermögen der Gesellschaft (einschliesslich Immobilien) durch privaten Rechtsakt verfügen.
- d) Das Vermögen der aufgelösten Gesellschaft wird nach Tilgung ihrer Schulden unter die Aktionäre nach Massgabe der einbezahlten Beträge verteilt.

- b) The General Meeting may appoint a special auditing firm entrusted with the examinations required by applicable law in connection with share capital increases against contribution in kind or set-off.
- c) The term of office of the Auditors and (if appointed) the special auditors shall be one year. The term of office shall commence on the day of election, and shall terminate on the first annual ordinary General Meeting following their election.

#### **IV. Liquidation**

##### **Article 21 Dissolution and Liquidation**

- a) The General Meeting may at any time resolve the dissolution and liquidation of the Company in accordance with the provisions of the law and of the Articles of Association.
- b) The liquidation shall be carried out by the Board of Directors to the extent that the General Meeting has not entrusted the same to other persons.
- c) The liquidation of the Company shall take place in accordance with art. 742 et seq. of the Swiss Code of Obligations. The liquidators are authorized to dispose of the assets (including real estate) by way of private contract.
- d) After all debts have been satisfied, the net proceeds shall be distributed among the shareholders in proportion to the amounts paid-in.

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**V. Mitteilungen und Sprache der Statuten**

**Artikel 22 Mitteilungen und Bekanntmachungen**

- a) Das Schweizerische Handelsamtsblatt ist das offizielle Publikationsmittel der Gesellschaft.
- b) Mitteilungen der Gesellschaft an die Aktionäre sowie andere Bekanntmachungen erfolgen durch Publikation im "Schweizerisches Handelsamtsblatt".

**Artikel 23 Sprache der Statuten**

Im Falle eines Widerspruchs zwischen der deutschen und jeder anderen Fassung dieser Statuten ist die deutsche Fassung massgeblich.

Zürich, 16. Mai 2013 / *Zurich, May 16, 2013*

/s/ EVAN G. GREENBERG

Evan G. Greenberg

**V. Notices and Language of the Articles of Association**

**Article 22 Communications and Announcements**

- a) The official means of publication of the Company shall be the "Schweizerisches Handelsamtsblatt".
- b) Shareholder invitations and communications of the Company shall be published in the "Schweizerisches Handelsamtsblatt".

**Article 23 Language of the Articles of Association**

In the event of deviations between the German version of these Articles of Association and any version in another language, the German authentic text prevails.

**Organizational Regulations**  
**of**  
**ACE Limited**  
**with registered office in Zurich, Switzerland**

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## 1. **BASICS AND SCOPE OF APPLICATION**

### 1.1 **Basics**

The board of directors of ACE Limited, Switzerland, (“ **Company** ”) issues the following organizational regulations (“ **Organizational Regulations** ”) based on art. 716b CO and art. 19 of the articles of association of ACE Limited (“ **Articles of Association** ”).

### 1.2 **Scope of Application**

The Organizational Regulations define the organization and responsibilities of the executive bodies, i.e. the board of directors and its members (“ **Board Members** ”), its committees and its chairman, the delegate of the board of directors and the chief executive officer as well as the executive management of the Company and its subsidiaries (together with the Company the “ **Group** ”). They implement and supplement applicable law and the Articles of Association by establishing binding rules regarding the organization of the Group and its overall management.

### 1.3 **Executive Bodies of the Company**

The executive bodies of the Company are:

- (a) the board of directors of the Company (“ **Board of Directors** ”);
- (b) the chairman of the Board of Directors (“ **Chairman** ”);
- (c) the committees of the Board of Directors (“ **Committees** ”);
- (d) the delegate of the Board of Directors (“ **Delegate** ”) and the chief executive officer of the Company (“ **Chief Executive Officer** ”); and
- (e) the executive management (“ **Executive Management** ”).

## 2. **BOARD OF DIRECTORS**

### 2.1 **Statutory Powers and Responsibilities**

**2.1.1** The Board of Directors is entrusted with the ultimate management of the Company, the overall supervision of the Group as well as with the supervision and control of management.

The Board of Directors is entitled to pass resolutions on all matters which are not delegated to, or reserved for, the shareholders meeting or another body of the Company by law, the Articles of Association or the Organizational Regulations.



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- 2.1.2** The Board of Directors has the following (non-transferable) duties and competences with regard to the Company and the Group:
- (a) to ultimately manage and direct the Company and the Group and to issue the necessary directives;
  - (b) to determine the overall organization and strategy;
  - (c) to organize the finances, in particular determine the applicable accounting principles, the structuring of the accounting system, of the financial controls and of the internal audit as well as the financial planning;
  - (d) appointment and removal of a Delegate and his/her deputy;
  - (e) appointment and removal of the members of the Executive Management and of the internal audit, and to grant signatory power;
  - (f) to verify the professional qualifications of the specially qualified independent auditors of the Company;
  - (g) to ultimately supervise the persons entrusted with the management, in particular with respect to compliance with the law, the Articles of Association, the Organizational Regulations and other regulations and directives;
  - (h) preparation of the business report (including the financial statements) as well as the preparation of the shareholders meetings, and the implementing of its resolutions;
  - (i) to pass resolutions regarding increases in share capital, as far as they are within the competence of the Board of Directors (art. 651 para. 4 CO) as well as the adoption of capital increases and the amendments to the Articles of Association entailed therewith;
  - (j) propose reorganization measures to the shareholders meeting if half the share capital is no longer covered by the Company's net assets;
  - (k) notification of the judge (filing for bankruptcy) in the case of over-indebtedness;
  - (l) to decide on agreements relating to mergers, spin-offs, conversions and/or transfer of assets ( *Vermögensübertragung* ) pursuant to the Swiss Merger Act ( *Fusionsgesetz* ).

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## 2.2 Further Powers and Responsibilities

The Board of Directors has the following further powers and responsibilities with regard to the Company and the Group:

### 2.2.1 Regarding the Board of Directors:

- (a) appointment and removal of the Chairman, the Lead Director, the Delegate and the Secretary, who need not to be a member of the Board of Directors;
- (b) appointment and removal of the members of the Committees;
- (c) determine the compensation of the Board Members, the Chairman, the Delegate and the Executive Management;
- (d) consider the reports and recommendations submitted to it by the Committees and resolve on the proposals of the Committees;
- (e) propose upon recommendation by the nominating and governance committee (“**Nominating and Governance Committee**”) to the shareholders meeting candidates for election or re-election to the Board of Directors; and
- (f) yearly review of the performance of the Board of Directors, the Committees and the Board Members.

### 2.2.2 Regarding operational matters:

- (a) have overall responsibility for corporate governance matters and the authority to delegate responsibilities to its Committees and the Executive Management, as it deems appropriate;
- (b) appoint and remove the members of the Executive Management;
- (c) determine the strategy of the Group and review of the strategy of the Executive Management;
- (d) determine and amend the structure of the Group, designate the business segments;
- (e) approval of the medium and short term business plan of the Group, on the basis of the strategic goals;
- (f) determine the risk tolerance level and monitor the risk development, in conjunction with the risk & finance committee (“**Risk & Finance Committee**”);

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- (g) resolve on material acquisitions, dispositions, investments, strategic and financing transactions;
  - (h) be informed of provisions and write-offs and depreciations outside the ordinary course of business;
  - (i) approve capital market transactions on the account of the Group, including buy-backs of Company shares;
  - (j) delegate management powers and responsibilities to Committees, Board Members and the Executive Management;
  - (k) approve an upper limit for aggregate debt issuances, credit facilities or similar instruments (incl. repo facilities and letter of credit facilities);
  - (l) approve year-end reports of the Company and the Group, subject to the authority of the shareholders meeting;
  - (m) review and consider periodic core business status reports as well as reports on major business transactions and events;
  - (n) review the Group's adherence to legal, regulatory and compliance standards and the status of significant legal, regulatory or compliance matters, in conjunction with the audit committee (" **Audit Committee** ");
  - (o) assess, on an annual basis, the performance of the Chief Executive Officer and the members of the Executive Management; and
  - (p) approve the compensation principles of the Group upon recommendation of the compensation committee (" **Compensation Committee** ").

### **2.3 Delegation of Management to Chief Executive Officer and Executive Management**

The Board of Directors delegates the management of the Company and the Group to the Chief Executive Officer and the other members of the Executive Management as provided for by these Organizational Regulations.

Board Members will have complete and open access to the Chief Executive Officer, chief financial officer, general counsel, chief compliance officer and the head of internal audit.

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## **2.4 Constitution**

The Board of Directors shall elect a Chairman as well as a Lead Director (who also acts as vice-chairman) from amongst its members. The Chairman may also be appointed as the Chief Executive Officer, i.e. the Delegate.

The Board of Directors shall appoint a Secretary (a person keeping the minutes and assisting in the preparation of board meetings) who need not to be a member of the Board of Directors.

## **2.5 Meetings, Convocation of Meetings, Agenda**

**2.5.1** The Board of Directors shall be convened whenever required by business, a minimum of four times a year.

**2.5.2** Meetings shall be convened by the Chairman or, in his/her absence, by another Board Member. Each Board Member shall be entitled to request an immediate convening of a meeting and shall, in this event, set forth the items to be discussed.

**2.5.3** Meetings shall be announced at least 10 (ten) calendar days in advance by letter, facsimile or e-mail. Items on the agenda shall be set forth in this correspondence.

In case of urgency shorter notice periods are permitted. If all Board Members are present and agree, deviations from these formal requirements are permitted; in particular, decisions can be taken that are not mentioned on the agenda.

Furthermore, these formal requirements do not have to be observed, if a meeting is only convened in order to record the implementation of a capital increase, to pass resolutions regarding the amendments of the Articles of Association entailed therewith and to adopt the report on the capital increase.

**2.5.4** The Chairman, or in his/her absence, a vice-chairman or, in their absence, another Board Member, shall chair the meetings.

**2.5.5** At board meetings, each Board Member shall be entitled to submit proposals regarding the items on the agenda. This right may also be executed by way of correspondence.

## **2.6 Quorum, Passing of Resolutions and Minutes**

**2.6.1** A board quorum shall be constituted when a majority of the Board Members are present in person or participate using some alternative means of instant communication.

A quorum of Board Members shall not be required in order to record the implementation of a capital increase, to pass resolutions regarding the amendments of the Articles of Association entailed therewith and to adopt the report on the capital increase.

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- 2.6.2** The Board of Directors shall pass its resolutions with the majority of the votes cast. In case of a tie of votes, the Chairman shall not have the casting vote. Board Members may not be represented.
- 2.6.3** Board resolutions may also be passed by means of written resolutions (circular resolutions), in writing, by facsimile or by a signed copy sent by e-mail, provided that no Board Member requests, either by phone, facsimile or similar means, deliberation in a meeting, within 5 (five) calendar days after hearing of the proposed resolution. Board resolutions by means of written resolutions require the affirmative vote of a majority of all of the Board Members.
- 2.6.4** Board meetings may be held and resolutions may be passed by means of a telephone or video conference or similar means of instant communication provided that (i) all Board Members can be reached by such means and (ii) no Board Member, when contacted for such conference, requests deliberation in a meeting.
- 2.6.5** All resolutions shall be recorded. The minutes shall be signed by the Chairman and the person keeping the minutes and must be approved by the Board of Directors.
- 2.7 Right to Request Information and Reporting**
- 2.7.1** Each Board Member is entitled to request information from the Chairman on all Company and Group matters.
- 2.7.2** At every meeting the Delegate shall inform the Board of Directors on the current course of business and on important business developments of the Company and the Group. The Board of Directors shall be informed promptly of any extraordinary business development. If necessary, members of the Executive Management may be invited to attend board meetings. Board Members shall be informed of extraordinary occurrences immediately by way of circulating letter, or, if necessary, also by telephone, facsimile or e-mail.
- 2.7.3** Each Board Member is also entitled to request information or access to business documents in the intervals between board meetings. Such requests shall be addressed in writing to the Chairman of the Board of Directors.
- 2.7.4** To the extent necessary to fulfill his/her duties, each Board Member may request from the Chairman authorization to review books and records of the Company. If the Chairman rejects the Board Member's request for information, for a hearing or for an inspection, then the Board of Directors shall decide on such request.
- 2.8 Composition and Independence**
- The Board of Directors shall submit nominations of new Board Members for election at the shareholders meeting that ensure an adequate size and well-balanced composition of the Board of Directors and further ensure that a majority of the Board Members are independent within applicable legal and stock exchange requirements.

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### **3. THE CHAIRMAN**

#### **3.1 Powers and Responsibilities**

**3.1.1** The Chairman shall convene board meetings and take the chair. Together with the person keeping the minutes, he/she shall sign the minutes regarding the deliberations and resolutions of the Board of Directors.

The Chairman shall preside over the shareholders meeting. Together with the person keeping the minutes, he/she shall sign the minutes of the shareholders meeting.

The Chairman has the right to call in third parties as advisors in meetings of the Board of Directors.

**3.1.2** In addition, the Chairman shall have the responsibilities delegated to him/her by law, the Articles of Association and the Organizational Regulations.

#### **3.2 Substitution**

If the Chairman of the Board of Directors is prevented from performing his/her duties, they shall be performed by the Lead Director.

### **4. LEAD DIRECTOR**

The Board of Directors shall appoint a Lead Director, who shall have the following responsibilities, together with such others as the Board of Directors might from time to time specify:

- (a) to participate with the Chairman and the Delegate in establishing the agenda for board meetings, and to circulate to the other Board Members the proposed agenda so as to receive and incorporate their suggestions as to additional agenda items;
- (b) to preside at executive sessions of the non-management and the independent Board Members;
- (c) to work with the Nominating and Governance Committee in the Board of Directors' performance evaluation process;
- (d) to facilitate communication between Board Members and the Chairman, the Delegate and the Chief Executive Officer, respectively, without in any way becoming the exclusive means of such communication;

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- (e) to help assure that all Board Members receive on a timely basis the reports, background materials and resources necessary or desirable to assist them in carrying out their responsibilities;
  - (f) to monitor the Company's mechanism for receiving and responding to communications to the Board of Directors from shareholders;
  - (g) to respond to shareholder inquiries regarding matters other than audit-related matters; and
  - (h) to monitor the Board of Directors' activities to ensure sound corporate governance.

## **5. COMMITTEES, IN GENERAL**

### **5.1 Purpose, Powers and Responsibilities in General**

**5.1.1** The Board of Directors may allocate the preparation and implementation of its resolutions and the supervision of the business of the Company and the Group to Committees. The Committees shall timely inform the Board of Directors on its findings and actions.

**5.1.2** The Committees have the right, at any time and in their discretion, to make or request inquiries in all matters falling into their responsibilities. By doing so, they shall take into account the industry practice and general principles of best practice. They may, if required, hire independent legal advisors, auditors or other experts, in particular to establish a comparison with general principles of best practice. The expenses shall be borne by the Company.

### **5.2 Composition and Eligibility**

Each Committee is constituted by a chairman and at least one further member, each appointed by the Board of Directors among its members.

### **5.3 Term**

The term of a membership in a Committee is one year upon appointment.

### **5.4 Meetings, Convocation of Meetings, Agenda**

- (a) Meetings of the Committees shall be convened whenever required by business, usually on the day before an ordinary board meeting.
- (b) Meetings shall be convened by the chairman of the Committee. Each member of a Committee shall be entitled to request an immediate convening of a Committee meeting and must, in this event, set forth the items to be discussed.

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- (c) The chairmen of the Committees may invite other participants than the members of the Committees and the participants provided for in the Organizational Regulations.
  - (d) The chairmen of the Committees prepare the meetings and invite the participants with advisory functions. The meetings are chaired by the chairman of the Committee.
  - (e) The chairman of the Committee may exclude members of the Executive Management from meetings or from parts of a meeting.

## **5.5 Resolutions and Proposals to the Board of Directors**

- (a) A Committee quorum shall be constituted when a majority of the members of the Committee are present in person or participate using some alternative means of instant communication.
- (b) The Committees shall pass their resolutions and adopt proposals to the Board of Directors with the majority of the votes cast. In case of a tie of votes, the chairman shall not have the casting vote.
- (c) Committee resolutions and proposals to the Board of Directors may also be passed by means of written resolutions (circular resolutions), in writing, by facsimile or by a signed copy sent by e-mail, provided that no member requests, either by phone, facsimile or similar means, deliberation in a meeting, within 5 (five) calendar days after hearing of the proposed resolution or proposal. Committee resolutions and proposals by means of written resolutions require the affirmative vote of a majority of all of the Committee members.
- (d) All resolutions shall be recorded. The minutes shall be signed by the chairman of the Committee and the person keeping the minutes and must be approved by the next meeting of the Committee.

## **6. AUDIT COMMITTEE**

### **6.1 Meetings**

**6.1.1** Meetings of the Audit Committee are convened in accordance with Clause 5.4. Additionally, the external auditors and the head of internal audit may request a meeting.

**6.1.2** Permanent participants with advisory functions are the Chairman, the Delegate, the Chief Executive Officer, the chief financial officer and the head of internal audit. Representatives of the external auditors may be invited if required.



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**6.1.3** At each meeting there shall be a part without participation of any member of the Executive Management for discussions between the head of internal audit and representatives of the external auditors.

**6.2 Purpose**

**6.2.1** The Audit Committee is to assist the Board of Directors in its oversight of the integrity of the Company's financial statements and financial reporting process, the Company's compliance with legal and regulatory requirements, the system of internal controls, the audit process, the performance of the Company's internal auditors and the performance, qualification and independence of the Company's independent auditors.

**6.3 Authority**

**6.3.1** The Audit Committee shall have the sole authority to propose to the Board proposals for the shareholders meeting regarding the election or dismissal of the Company's independent auditors. The Audit Committee shall consult with the Board regarding any such decision.

**6.3.2** The Audit Committee shall have the sole authority to approve audit engagement fees and terms as well as any significant non-audit relationship with the Company's independent auditors.

**6.3.3** The Company's independent auditors shall have ultimate accountability to the Audit Committee and the Board of Directors.

**6.3.4** The Company's chief internal audit officer shall have reporting authority to the Audit Committee.

**6.3.5** The Audit Committee shall have the authority to retain special legal, accounting or other consultants to advise and assist the committee.

**6.3.6** The Audit Committee may request any other Board Member, officer or employee of the Company or the Company's outside counsel, independent auditor or outside actuaries to attend a meeting of the committee or to meet with any members of, or consultants to, the Audit Committee.

**6.3.7** The Audit Committee may form and delegate authority to subcommittees when appropriate.

**6.3.8** The Audit Committee shall receive appropriate funding, as determined by the Audit Committee, from the Company for payment of (i) compensation to the independent auditor employed by the Company for the purpose of rendering or issuing an audit report or performing other audit, review or attest services for the Company, (ii) compensation to any special legal, accounting or other consultants employed by the committee and (iii) ordinary administrative expenses of the Committee that are necessary or appropriate in carrying out its duties.

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## **6.4 Composition**

- 6.4.1** The Audit Committee shall consist of at least three Board Members, including a chairman, each selected from and by the Board of Directors, upon the recommendation of the Nominating and Governance Committee. Any Audit Committee member may be removed by the Board of Directors upon the recommendation of the Nominating and Governance Committee. Members of the Audit Committee shall disclose to the Board of Directors whether or not they are members of the audit committee of any other public companies. If a member of the Audit Committee simultaneously serves on the audit committees of more than three public companies, the Board of Directors shall determine if such simultaneous service would impair the ability of such prospective member to effectively serve on the Audit Committee.
- 6.4.2** Board Members' fees (including equity-based awards), including fees for serving on committees of the Board of Directors, shall be the only compensation members of the Audit Committee may receive directly or indirectly from or on behalf of the Company.
- 6.4.3** Each member of the Audit Committee shall have no relationship to the Company that may interfere with the exercise of their independence from management and the Company and shall otherwise satisfy the applicable membership requirements under the rules of the New York Stock Exchange and the U.S. Securities and Exchange Commission, as such requirements are interpreted by the Board of Directors in its business judgment.
- 6.4.4** Each member of the Audit Committee shall have such level of experience and expertise in accounting, financial and related matters, as determined by the Board of Directors in its business judgment, as shall enable him or her to effectively fulfill his or her duties as a member of the Audit Committee and to comply with applicable U.S. Securities and Exchange Commission and New York Stock Exchange rules, in each case as such rules are interpreted by the Board of Directors in its business judgment. At least one member of the Audit Committee shall have the attributes of an "audit committee financial expert" (as defined by the U.S. Securities and Exchange Commission) as determined by the Board of Directors.
- 6.4.5** The Company shall provide appropriate orientation for new members of the Audit Committee, and ongoing continuing education programs for existing members, covering, among other things, the Company's business, organizational and management structure, results of operations and financial condition, including critical accounting policies, budgets and forecasts and corporate governance. Members of the Audit Committee are encouraged, but not required, to periodically pursue or obtain, at the Company's expense, appropriate programs, sessions or materials as to the responsibilities of members of audit committees of publicly-traded companies.

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## **6.5 Duties and Responsibilities**

### **6.5.1 General**

- (a) The Audit Committee shall meet at such intervals as it determines, but not less frequently than quarterly.
- (b) If necessary, the Audit Committee shall institute special investigations and, if appropriate, hire special counsel or experts to assist.
- (c) The Audit Committee shall meet, either alone or together with one or more other independent Board Members that are not members of the Audit Committee, regularly with the Chief Executive Officer, the chief financial officer, the general counsel, the global ethics and compliance officer, the chief internal audit officer and the independent auditors in separate executive sessions.
- (d) The Audit Committee shall perform other oversight functions as requested by the full Board of Directors.
- (e) The Audit Committee shall prepare the report required by the rules of the U.S. Securities and Exchange Commission to be included in the Company's annual proxy statement.

### **6.5.2 Enterprise Risk Management**

- (a) Review policies with respect to risk assessment and risk management as contemplated by applicable rules, including those of the New York Stock Exchange. However, the Board has established the Company's Risk & Finance Committee for purposes of risk assessment and management as described in its charter and therefore the Audit Committee shall not be the sole body responsible for risk assessment and management. The processes the Company has in place with respect to risk assessment and management will be reviewed in a general manner on at least an annual basis to help ensure compliance herewith by the Audit Committee, which may include joint meetings with the Risk & Finance Committee.

### **6.5.3 Internal Controls and Internal Audit**

- (a) The Audit Committee shall review the adequacy of the Company's internal control structure.
- (b) The Audit Committee shall review the proposed activities, organizational structure and qualifications of the internal audit function.
- (c) The Audit Committee shall review the appointment and replacement of the chief internal audit officer.

- (d) The Audit Committee shall receive and review a report from the chief internal audit officer on the results of internal audits and follow-up on completed internal audits.
- (e) The Audit Committee shall review any proposed public disclosures regarding an assessment or evaluation of the Company's internal controls and procedures for financial reporting every quarter.

#### **6.5.4** Independent Audit and Independent Auditors

- (a) The Audit Committee shall nominate the Company's independent auditors, subject to approval by the Company's shareholders, and recommend the dismissal of the Company's independent auditors, subject to approval by the Company's shareholders. The Audit Committee shall consult with the Company's Board regarding any such decision and recommend that the Board include such nomination or recommendation as proposals for shareholder action.
- (b) The Audit Committee shall review and approve the independent auditors' proposed audit scope, approach, staffing and fees and verify the professional qualifications of the specially qualified independent auditors of the Company.
- (c) The Audit Committee shall pre approve all audit and, unless applicable law permits otherwise, permitted non-audit services to be performed by the independent auditors subject to such procedures as may be established by the Audit Committee.
- (d) At least annually, the Audit Committee shall obtain and review a report by the Company's independent auditors describing the independent auditors' internal quality-control procedures, any material issues raised by the most recent internal quality-control or peer review of the independent auditors, or by any inquiry or investigation by governmental or professional authorities, within the preceding five years, respecting one or more independent audits carried out by the independent auditors, and any steps taken to deal with any such issues.
- (e) The Audit Committee shall receive on a periodic basis, not less frequently than annually, from the independent auditors a formal written statement delineating all relationships between the independent auditors and the Company, including each non-audit service provided to the Company.
- (f) The Audit Committee shall actively engage in a dialogue with the independent auditors with respect to any disclosed relationships or services that may impact the objectivity and independence of the independent auditors.
- (g) The Audit Committee shall evaluate together with the Board of Directors the qualifications, performance and independence of the independent auditors, including the lead engagement partner, and, if required by applicable law or regulation, or otherwise so determined by the Audit Committee, replace the independent auditors or lead engagement partner or the partner responsible for reviewing the audit.

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- (h) The Audit Committee shall take appropriate action, including recommending that the Board of Directors take appropriate action, as necessary, in response to the independent auditors' report to satisfy itself of the independent auditors' independence.
  - (i) The Audit Committee shall discuss with the independent auditors the matters required to be discussed by statement on auditing standards no. 61 relating to the conduct of the audit.
  - (j) The Audit Committee shall receive and review with management any management letter provided by the independent auditors and the Company's response to that letter; the Audit Committee shall review with the independent auditors any problems or difficulties the auditors may have encountered and any disagreements with management.
  - (k) The Audit Committee shall review and approve hiring policies for employees or former employees of the independent auditors.

**6.5.5** Loss Reserves

The Audit Committee shall receive and review periodically, but not less than annually, a report of the Company's chief actuary on the Company's loss and loss expense reserves, including any reports of outside actuaries.

**6.5.6** Financial Statement Review

- (a) The Audit Committee shall review and discuss with management and the independent auditors, the Company's annual audited financial statements and management's discussion and analysis, and recommend to the Board of Directors whether the audited financial statements should be included in the Company's annual report on Form 10-K.
- (b) The Audit Committee shall review and discuss with management and the independent auditors, the Company's quarterly financial statements, management's discussion and analysis and the results of the independent auditors' review of the quarterly financial statements.
- (c) The Audit Committee shall discuss with management the Company's earnings press releases, including the use of "pro forma" or "adjusted" non-GAAP information, as well as financial information and earnings guidance provided to analysts and rating agencies.

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- (d) The Audit Committee shall discuss with management and the independent auditors significant financial reporting issues and judgments made in connection with the preparation of the Company's financial statements, including any significant changes in the Company's selection or application of accounting principles (which shall be communicated to the Audit Committee by the Company's chief financial officer as soon as reasonably practicable), the selection and disclosure of critical accounting estimates, and the effect of alternative assumptions, estimates or accounting principles on the Company's financial statements.
  - (e) The Audit Committee shall discuss with management and the independent auditors the effect of regulatory and accounting initiatives as well as off-balance sheet structures on the Company's financial statements.

#### **6.5.7 Compliance Matters**

- (a) The Audit Committee shall review the Company's policies and procedures regarding compliance with the company's code of conduct.
- (b) The Audit Committee shall obtain reports from management regarding compliance with the Company's code of conduct and any known or reported conflicts of interest.
- (c) The Audit Committee shall review with the Company's counsel legal and regulatory matters.
- (d) The Audit Committee shall review and approve procedures for the receipt, retention and treatment of complaints regarding accounting, internal accounting controls or auditing matters and for the confidential, anonymous submission by employees of concerns regarding questionable accounting or auditing matters.

#### **6.5.8 Other**

- (a) The Audit Committee shall review and reassess the adequacy of this section 6 and its charter annually and recommend any proposed changes to the Board of Directors for approval.
- (b) The Audit Committee shall annually review its own performance.
- (c) The Audit Committee shall have the right to excuse any Audit Committee member from a meeting or portion thereof to permit the remaining members of the Audit Committee to discuss or act on any matter for which, in the Audit Committee's opinion, the excused member's participation is not appropriate, and such excused member's absence in this circumstance shall not be deemed an absence for the purposes of determining a quorum.

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- (d) The Audit Committee shall have such other duties, responsibilities and authorities as the Board of Directors may from time to time delegate.

**6.6 Reporting**

**6.6.1** The Audit Committee shall keep a record of its proceedings.

**6.6.2** The Audit Committee shall report to the Board of Directors.

**7. COMPENSATION COMMITTEE**

**7.1 Meetings**

**7.1.1** Meetings of the Compensation Committee are convened in accordance with Clause 5.4.

**7.1.2** Permanent participants with advisory functions are the Delegate and the Chief Executive Officer. However, they may not participate if their compensation is being determined.

**7.2 Purpose**

**7.2.1** The Compensation Committee shall discharge the Board of Directors' responsibilities relating to compensation of the Company's employees and of the members of the Executive Management.

**7.2.2** Management will prepare and the Compensation Committee will review and approve the report required by the rules of the U.S. Securities and Exchange Commission to be included in the Company's annual proxy statement.

**7.3 Authority**

**7.3.1** The Compensation Committee may, in its sole discretion, retain (or terminate) or obtain the advice of any compensation consultant, independent legal counsel or other adviser (any one of them, a "compensation adviser"), including to assist in the evaluation of the Chief Executive Officer and the Chairman, if applicable, or senior executive compensation. The Compensation Committee shall be directly responsible for the appointment, compensation and oversight of the work of any such compensation adviser.

*The provisions of Clauses 7.3.2, 7.3.3 and 7.3.4 become effective on July 1, 2013:*

**7.3.2** Except as noted in Clause 7.3.3 below, the Compensation Committee may select a compensation adviser only after taking into consideration all factors relevant to such adviser's independence from management, including:

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- (a) The provision of other services to the Company by the employer of the compensation adviser;
  - (b) The amount of fees received from the Company by the employer of the compensation adviser, as a percentage of the total revenue of the employer;
  - (c) The policies and procedures of the employer of the compensation adviser that are designed to prevent conflicts of interest;
  - (d) Any business or personal relationship of the compensation adviser with a member of the Compensation Committee;
  - (e) Any stock of the Company owned by the compensation adviser; and
  - (f) Any business or personal relationship of the compensation adviser (or the employer of the compensation adviser) with an executive officer of the Company.

**7.3.3** The assessment described in Clause 7.3.2 above need not be considered with respect to (i) in-house legal counsel or (ii) any compensation adviser whose role is limited to either consulting on any broad-based plan that does not discriminate (in scope, terms or operation) in favor of executive officers or directors of the Company and is available generally to all salaried employees; or providing information that either is not customized for the Company or is customized based on parameters that are not developed by the compensation adviser, and about which such adviser does not provide advice.

**7.3.4** Nothing in these Organizational Regulations requires the Compensation Committee to implement or act consistently with the advice or recommendations of any compensation adviser or affects the ability or obligation of the Compensation Committee to exercise its own judgment in fulfillment of its duties. Also, nothing in these Organizational Regulations requires a compensation adviser to be independent, only that the Compensation Committee consider the independence factors described in Clause 7.3.2 above before selecting or receiving advice from a compensation adviser. The Compensation Committee may select or receive advice from any compensation advisers it prefers, including ones that are not independent, after considering the independence factors described in Clause 7.3.2 above.

**7.3.5** The Company shall provide appropriate funding, as determined by the Compensation Committee, for payment of reasonable compensation to compensation advisers.

**7.3.6** The Compensation Committee may request any other Board Member, officer or employee of the Company or the Company's outside counsel to attend a meeting of the Compensation Committee or to meet with any members of, or consultants to, the Compensation Committee.



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- 7.3.7** The Compensation Committee may form and delegate authority to subcommittees and management when appropriate and legal.
- 7.4** Composition
- 7.4.1** The Compensation Committee shall consist of at least three Board Members, including a chairman, each selected from and by the Board of Directors upon the recommendation of the Nominating and Governance Committee. Any Compensation Committee member may be removed upon the recommendation of the Nominating and Governance Committee.
- 7.4.2** Each member of the Compensation Committee shall satisfy the independence requirements of the New York Stock Exchange, as such requirements are interpreted by the Board of Directors in its business judgment, and, if deemed appropriate from time to time, meet the definition of “non-employee director” under Rule 16b-3 under the Securities Exchange Act of 1934, and “outside director” for purposes of Section 162(m) of the Internal Revenue Code of 1986.
- 7.5** **Duties and Responsibilities**
- 7.5.1** The Compensation Committee shall establish and oversee the Company’s executive compensation policies, including issues relating to pay and performance, targeted pay positioning (median, percentile etc.), comparison companies, pay mix, and stock ownership. The Company’s compensation policies may vary by location or by line of business.
- 7.5.2** The Compensation Committee shall periodically assess the Company’s pay structure for senior officers to ensure that it broadly encourages rational and sensible risk taking and does not misalign executive interests with those of shareholders. The Compensation and Risk & Finance Committees shall confer, and meet not less than once per year, to assess whether the Company’s compensation practices and annual decisions provide appropriate incentives for sound and profitable risk taking.
- 7.5.3** The Compensation Committee shall establish a formal evaluation process for and determine the compensation for the Chief Executive Officer. As part of such process, the Compensation Committee shall review and approve corporate goals and objectives relevant to the Chief Executive Officer’s compensation and evaluate the Chief Executive Officer’s performance in light of those goals and objectives as well as the Company’s performance versus its peer group. The Compensation Committee shall recommend the Chief Executive Officer’s compensation level based on this evaluation to the other independent Board Members for approval. The Compensation Committee shall also recommend the Chairman’s compensation, if applicable, to the other independent Board Members for approval.
- 7.5.4** In determining the long-term incentive component of the Chief Executive Officer’s compensation, the Compensation Committee shall consider the Company’s performance and relative shareholder return, the value of similar incentive awards to chief executive officers at comparable companies, and the awards given to the Company’s Chief Executive Officer in past years.

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- 7.5.5** The Compensation Committee shall review the Chief Executive Officer's recommendations regarding the compensation of the Company's other senior officers and determine appropriate compensation levels. Depending on the number of senior officers, the Compensation Committee may restrict itself to reviewing and approving the compensation of the senior officers who are the Chief Executive Officer's direct reports.
- 7.5.6** The Compensation Committee shall make recommendations to the Board of Directors with respect to new incentive-compensation and equity based plans, or amendments to any such existing plans, other than plans covering solely outside Board Members.
- 7.5.7** The Compensation Committee shall approve and ratify awards under incentive-compensation and equity-based plans, including amendments to the awards made under any such plans.
- 7.5.8** The Compensation Committee shall review and approve, for the Chief Executive Officer, the Chairman and the other senior officers of the Company, (1) employment agreements, severance arrangements and change in control agreements or provisions, in each case, and (2) any special or supplemental benefits, including perquisites.
- 7.5.9** The Compensation Committee shall consult with the Chief Executive Officer on any proposals to the full Board of Directors regarding decisions to retain or terminate any senior officer, other than the Chief Executive Officer and Chairman (except termination under exigent circumstances), and shall recommend any retention or severance terms for the Chief Executive Officer or the Chairman, if appropriate, to the independent directors for approval and will approve any retention or severance terms for any other senior officer.
- 7.5.10** The Compensation Committee, in consultation with the Nominating and Governance Committee, shall work with the Chief Executive Officer and the Chairman to make appropriate plans for their respective succession upon retirement, death or disability and review such plans at least annually.
- 7.5.11** The Compensation Committee shall be responsible for the oversight of management development and evaluation of succession planning for other key senior officers.
- 7.5.12** The Compensation Committee shall review and approve the lists of peer group companies to which the Company shall compare itself for compensation and performance purposes.
- 7.5.13** The Compensation Committee shall consult with management on any proposed plans to reorganize the senior management structure of the Company.
- 7.5.14** The Compensation Committee shall annually review travel and entertainment expenses incurred by the Chief Executive Officer and other senior officers of the Company.

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- 7.5.15** The Compensation Committee shall review and discuss the compensation discussion and analysis with management and, based on this review and discussion, recommend that it be included in the Company's annual report on Form 10-K and proxy statement.
- 7.5.16** At one or more committee meetings after each of the Company's annual general meetings, the Compensation Committee shall consider the results of any advisory votes of shareholders taken at the most recent such annual general meeting with respect to (1) named executive officer compensation ("say-on-pay") and/or (2) the frequency of say-on-pay advisory votes, then recommend to the Board of Directors actions (if any) to be taken in light of such advisory voting results.
- 7.5.17** The Compensation Committee shall review and reassess the adequacy of this section 7 and its charter annually and recommend any proposed changes to the Board of Directors for approval.
- 7.5.18** The Compensation Committee shall annually review its own performance.
- 7.5.19** The Compensation Committee shall have the right to excuse any Compensation Committee member from a meeting or portion thereof to permit the remaining members of the Compensation Committee to discuss or act on any matter for which, in the Compensation Committee's opinion, the excused member's participation is not appropriate, and such excused member's absence in this circumstance shall not be deemed an absence for the purposes of determining a quorum.
- 7.5.20** The Compensation Committee shall have the option to conduct business in an executive session without management present.
- 7.5.21** The Compensation Committee shall have such other duties, responsibilities and authorities as the Board of Directors may from time to time delegate.

## **7.6 Reporting**

- 7.6.1** The Compensation Committee shall keep a record of its proceedings.
- 7.6.2** The Compensation Committee shall report to the Board of Directors.

## **8. EXECUTIVE COMMITTEE**

### **8.1 Meetings**

Meetings of the executive committee ("**Executive Committee**") are convened in accordance with Clause 5.4. Additionally, the Delegate and the Chief Executive Officer may request a meeting.

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## **8.2 Purpose**

In case of urgencies, the Executive Committee is to exercise all the powers and authority of the Board of Directors in the ultimate management of the business and affairs of the Company between the meetings of the Board of Directors, except (a) as limited by Clause 2.1, the Company's Articles of Association, rules of the New York Stock Exchange or applicable law or regulation and (b) matters that are specifically reserved for another Committee of the Board of Directors.

## **8.3 Authority**

**8.3.1** Except (a) as limited by Clause 2.1, the Company's Articles of Association, rules of the New York Stock Exchange or applicable law or regulation and (b) matters that are specifically reserved for another committee of the Board of Directors, the Executive Committee shall have and may exercise all the powers and authority of the Board of Directors in the ultimate management of the business and affairs of the Company between the meetings of the Board of Directors.

**8.3.2** The Executive Committee shall have the authority to retain special legal, accounting or other consultants to advise the Executive Committee.

**8.3.3** The Executive Committee may request any other Board Member, officer or employee of the Company or the Company's outside counsel or independent auditor or actuary to attend a meeting of the Executive Committee or to meet with any members of, or consultants to, the Executive Committee.

## **8.4 Composition**

**8.4.1** The Executive Committee shall consist of the Chairman, the Chief Executive Officer (if other than the Chairman), the Lead Director, not more than two "inside" Board Members recommended by the Delegate and approved by the Board of Directors and the chairmen of each of the Audit Committee, the Compensation Committee, the Nominating and Governance Committee and the Risk & Finance Committee.

**8.4.2** A quorum shall be constituted according to Clause 5.5(a), provided that at least one such member constituting the quorum shall be a Board Member who is not an executive officer of the Company.

**8.4.3** The Chairman shall act as chairman of the Executive Committee.

## **8.5 Duties and Responsibilities**

**8.5.1** In addition to exercising the powers and authority of the Board of Directors in the ultimate management of the business and affairs of the Company between the meetings of the Board of Directors within the limitation set forth in Clause 8.3.1, the Executive Committee shall have such other duties, responsibilities and authorities as the Board of Directors may from time to time delegate.

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**8.5.2** The Nominating and Governance Committee shall review and reassess the adequacy of this section 8 and the Executive Committee charter from time to time, as it deems advisable, and recommend any proposed changes to the Board of Directors for approval.

**8.6 Reporting**

**8.6.1** The Executive Committee shall keep a record of its proceedings.

**8.6.2** The Executive Committee shall report to the Board of Directors.

**9. RISK & FINANCE COMMITTEE**

**9.1 Meetings**

**9.1.1** Meetings of the Risk & Finance Committee are convened in accordance with Clause 5.4.

**9.1.2** Permanent participants with advisory functions are the Delegate, the Chief Executive Officer, the chief financial officer, the chief investment officer and the chief risk officer.

**9.2 Purpose and Mission Statement**

The Risk & Finance Committee helps execute the Board's supervisory responsibilities pertaining to enterprise risk management, capital structure, financing arrangements and investments.

The Risk & Finance Committee's responsibilities include: (a) evaluation of the integrity and effectiveness of the Company's enterprise risk management procedures and systems and information (the *cognitive*); (b) oversight of policy decisions pertaining to risk aggregation and minimization, including credit risk (the *strategic*); (c) assessment of the Company's major decisions and preparedness levels pertaining to perceived material risks (the *tactical*); (d) oversight of the capital structure and financing arrangements in support of the Company's plans and consistent with its risk tolerances; and (e) oversight of management's investment of the Company's investible assets give input on strategies, and monitor overall conditions and developments, with respect to these assets and, again, to make sure they are consistent with the Company's risk tolerances.

**9.3 Authority**

**9.3.1** The Company's chief risk officer shall report to the Chief Executive Officer and to the Risk & Finance Committee.

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- 9.3.2** The Risk & Finance Committee shall have the authority to retain special legal, accounting or other consultants to advise and assist the Risk & Finance Committee.
- 9.3.3** The Risk & Finance Committee may request any other Board Member, officer or employee of the Company or the Company's outside counsel, independent auditor or outside actuaries or consultants to attend a meeting of the Risk & Finance Committee or to meet with any members of, or consultants to, the Risk & Finance Committee.
- 9.3.4** The Risk & Finance Committee may form and delegate authority to subcommittees when appropriate.
- 9.3.5** The Risk & Finance Committee shall receive appropriate funding, as determined by the committee, from the Company for payment of compensation to any special legal, accounting or other consultants employed by the committee, and ordinary administrative expenses of the committee that are necessary or appropriate in carrying out its duties.
- 9.3.6** Subject to applicable law, the Risk & Finance Committee shall have discretion to approve significant financing or capital transactions as may be delegated by the Board from time to time, including pursuant to general parameters and guidelines approved by the Board. The Risk & Finance Committee shall make recommendations to the Board regarding transactions outside its delegated authority.
- 9.3.7** The Risk & Finance Committee shall have the authority to approve asset allocation ranges consistent with the portfolio objectives defined in the Company's Investment Policy. The Risk & Finance Committee shall promptly inform the Board of the establishment of any new asset allocation ranges or modifications to the existing asset allocation ranges.
- 9.3.8** The Risk & Finance Committee shall have the authority to (i) approve the Company's written investment guidelines to ensure consistent application of the Investment Policy of the Company, (ii) approve asset allocation ranges, (iii) review the performance of the Company's investment managers, (iv) direct management to have procedures in place to cause the investment portfolio to be in compliance with guidelines and asset allocation ranges, and (v) such other powers as may be delegated to it from time to time by the Board of Directors.
- 9.4 Composition**
- 9.4.1** The Risk & Finance Committee shall consist of at least three Board Members, including a chairman, each selected from and by the Board of Directors, upon the recommendation of the Nominating and Governance Committee. Any Risk & Finance Committee member may be removed by the Board of Directors upon the recommendation of the Nominating and Governance Committee.

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## **9.5 Duties and Responsibilities**

### **9.5.1** General. The Risk & Finance Committee shall:

- (a) Meet at such intervals as it determines.
- (b) If necessary, hire special counsel or experts to assist the Risk & Finance Committee in its work.
- (c) Confer with the Audit Committee as necessary to facilitate the Audit Committee's adherence to New York Stock Exchange and other regulatory requirements as to risk and risk management.
- (d) Meet, either alone or together with one or more other independent directors that are not members of the Risk & Finance Committee, as deemed necessary under the circumstances, with the chief risk officer, chief financial officer, chief accounting officer, treasurer, chief investment officer or any other officer they may choose, together or in separate executive sessions.
- (e) Perform other oversight functions as requested by the full Board.

### **9.5.2** Enterprise Risk Management. The Risk & Finance Committee shall:

- (a) Monitor the integrity and adequacy of the risk management function of the Company.
- (b) Help ensure that policies, control procedures and practices are in place for the enterprise wide identification and management of the Company's key risks, including systemic risks that may arise from the Company's insurance and investment risk-taking activities and its operational footprint.
- (c) Review the methodology for establishing the Company's overall risk limits and review management's recommendations regarding risk limits for particular material risks.
- (d) Review the processes and controls pertaining to insurance risk-taking activities, including the policies associated with the pricing of such risks, the use of reinsurance, and the development of new products or lines of business where potentially material.
- (e) Review the processes and controls pertaining to risks associated with investment activities, including asset performance risk, credit risk, asset-liability matching and foreign exchange risk.

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- (f) Review the strategies and processes and controls pertaining to operational risks, including business continuity, systems and operations.
  - (g) Review the Company's assessment of emerging risks that could have a significant impact to the Company.
  - (h) Review the Company's procedures to design, validate and use risk-models for business and third-party purposes, including its economic capital model.
  - (i) Review risk-related material statements contained in financial statements and SEC filings, and review protocols pertaining to other risk management-related disclosures as required by other laws or regulations.
  - (j) Consult with the Compensation Committee at least annually concerning how and to what extent executive compensation structures are conducive to appropriate risk-taking and otherwise take into account enterprise risk management.

**9.5.3** Capital Structure and Financing. The Risk & Finance Committee shall:

- (a) Review periodically the Company's capital structure and the risks related thereto with respect to adequacy and, to the extent deemed necessary, recommend to the Board of Directors alterations to such capital structure.
- (b) Review, discuss and make recommendations to the Board of Directors concerning proposed issuances of equity, debt and other securities and proposed credit and similar facilities.
- (c) Review, discuss and make recommendations to the Board of Directors concerning repurchases of any of the Company's outstanding securities.
- (d) Review and make recommendations to the Board of Directors concerning the Company's dividend policy and dividends to be paid.
- (e) Approve the Company's derivatives policy and any changes thereto.
- (f) Review and recommend to the Board of Directors changes in the Company's principal treasury policies and guidelines relating to banking and finance matters.
- (g) Monitor and review the Company's corporate guarantees and make recommendations to the Board of Directors in its reasonable discretion or as directed by the Board of Directors.
- (h) Monitor and review rating agency actions and reports.



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**9.5.4** Investments. The Risk & Finance Committee shall:

- (a) Establish a written Investment Policy for the Company consistent with the Company's strategies, goals, objectives and risk tolerances. The Investment Policy and any changes thereto shall be reviewed and approved by the Board of Directors.
- (b) Approve from time to time asset allocation ranges consistent with the portfolio objectives defined in the Company's Investment Policy. The Risk & Finance Committee shall promptly inform the Board of Directors of the establishment of any new asset allocation ranges or modifications to the existing asset allocation ranges.
- (c) Periodically review the performance of the Company's investment managers and their compliance with the Company investment guidelines and asset allocation ranges.

**9.5.5** Other. The Risk & Finance Committee shall:

- (a) Review and reassess the adequacy of this section 9 and its charter annually and recommend any proposed changes to the Board of Directors for approval.
- (b) Annually review its own performance.
- (c) Execute in its discretion the right to excuse any Risk & Finance Committee member from a meeting or portion thereof to permit the remaining members of the Risk & Finance Committee to discuss or act on any matter for which, in the Risk & Finance Committee's opinion, the excused member's participation is not appropriate, and such excused member's absence in this circumstance shall not be deemed an absence for the purposes of determining a quorum.
- (d) Have such other duties, responsibilities and authorities as the Board of Directors may from time to time delegate.

**9.6 Reporting**

**9.6.1** The Risk & Finance Committee shall keep a record of its proceedings.

**9.6.2** The Risk & Finance Committee shall report to the Board of Directors.

**10. NOMINATING AND GOVERNANCE COMMITTEE**

**10.1 Meetings**

**10.1.1** Meetings are convened in accordance with Clause 5.4.

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**10.1.2** Permanent participants with advisory functions are the Delegate, the Chief Executive Officer and the Secretary.

**10.2 Purpose**

The Nominating and Governance Committee is to assist the Board of Directors in (1) identifying individuals qualified to become Board Members, and recommending to the Board Members nominees for the next annual general shareholders meeting or to fill vacancies; and (2) developing and recommending to the Board of Directors corporate governance guidelines for the Group.

**10.3 Authority**

**10.3.1** The Nominating and Governance Committee shall have the authority to retain and terminate any search firm to be used to identify Board Member candidates and shall have the authority to approve the search firm's fees and other retention terms.

**10.3.2** The Nominating and Governance Committee shall have the authority to retain special legal, accounting or other consultants to advise and assist the Nominating and Governance Committee.

**10.3.3** The Nominating and Governance Committee may request any other Board Member, officer or employee of the Company or the Company's outside counsel to attend a meeting of the Nominating and Governance Committee or to meet with any members of, or consultants to, the Nominating and Governance Committee.

**10.3.4** The Nominating and Governance Committee may form and delegate authority to subcommittees when appropriate.

**10.3.5** The Nominating and Governance Committee shall have authority to conduct a search for, and to make a recommendation to the Board of Directors regarding a new Chief Executive Officer and a new Chairman.

**10.3.6** The Nominating and Governance Committee shall have authority to make a recommendation to the Board of Directors regarding the termination of employment of the Company's Chief Executive Officer and the removal of the Chairman from the position of the Chairman (but not the removal of such individual from his or her membership in the Board of Directors).

**10.4 Composition**

**10.4.1** The Nominating and Governance Committee shall consist of no fewer than three Board Members, including a chairman, each selected from and by the Board of Directors. Any Nominating and Governance Committee member may be removed by the Board of Directors.

**10.4.2** Each member of the Nominating and Governance Committee shall be “independent” as defined under applicable U.S. Securities and Exchange Commission and New York Stock Exchange rules, as such requirements are interpreted by the Board of Directors in its business judgment.

**10.5 Duties and Responsibilities**

**10.5.1** Nominations and Board Composition

- (a) The Nominating and Governance Committee shall develop qualification criteria for Board Members, and actively seek, interview and screen individuals qualified to become Board Members for recommendation to the Board of Directors in accordance with the Corporate Governance Guidelines. The Nominating and Governance Committee shall recommend to the Board of Directors potential nominees to the Board of Directors, and the re-nomination of incumbent Board Members as appropriate. The Nominating and Governance Committee shall consider potential nominees recommended by shareholders, but the Nominating and Governance Committee has no obligation to recommend such candidates for nomination.
- (b) The Nominating and Governance Committee shall periodically review the compensation and ACE shareholding guidelines of Board Members and make recommendations to the Board of Directors on any recommended changes.
- (c) The Nominating and Governance Committee shall review annually, or more often if appropriate, the Board Members who are members of the Nominating and Governance Committee (including qualifications and requirements), the structure (including authority to delegate) and the performance of the Nominating and Governance Committee of the Board of Directors (including reporting to the Board of Directors), and make recommendations to the Board of Directors, as appropriate.
- (d) The Nominating and Governance Committee shall review annually, or more often if appropriate, the qualification of Board Members as “independent” within the meaning of U.S. Securities and Exchange Commission and New York Stock Exchange rules and make recommendations to the Board of Directors with respect to such determinations.
- (e) The Nominating and Governance Committee will prepare and assist each other Committee’s self-evaluation to determine whether such Committees are functioning effectively.
- (f) The Nominating and Governance Committee shall consult with the Compensation Committee in its work with the Company’s Chief Executive Officer and the Chairman in making appropriate plans for the Company’s Chief Executive Officer’s and the Chairman’s succession upon retirement, death or disability.

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- (g) The Nominating and Governance Committee shall review annually, or more often if appropriate, the qualification of Audit Committee members as “financially literate” and as having accounting or related financial management expertise within the meaning of New York Stock Exchange rules and as audit committee financial experts within the meaning of U.S. Securities and Exchange Commission rules and make recommendations to the Board of Directors with respect to such determinations.

#### **10.5.2 Corporate Governance**

- (a) The Nominating and Governance Committee shall serve in an advisory capacity to the Board of Directors and the Chairman on matters of organizational and governance structure of the Company and the conduct of the Board of Directors.
- (b) The Nominating and Governance Committee will prepare and assist the Board of Directors in conducting a self-evaluation to determine whether the Board of Directors and its Committees are functioning effectively. The full Board of Directors will discuss the evaluation report to determine what, if any, action could improve the performance of the Board of Directors and of the Committees.
- (c) The Nominating and Governance Committee shall review and reassess at least annually the adequacy of the corporate governance guidelines of the Company and recommend any proposed changes thereto.
- (d) The Nominating and Governance Committee shall report annually to the Board of Directors with an assessment of the Board of Directors’ performance, to be discussed with the full Board of Directors following the end of each fiscal year.
- (e) The Nominating and Governance Committee shall recommend to the Board of Directors the designation of officers of the Company as executive officers of the Company for the purposes of U.S. Securities and Exchange Commission reporting requirements.
- (f) The Nominating and Governance Committee shall review annually, or more often if appropriate, the Company’s directors’ and officers’ errors and omissions liability coverage and make any recommendations thereto that it deems appropriate.
- (g) The Nominating and Governance Committee shall review annually, or more often if appropriate, the practices and procedures of any political action committees affiliated with the Company to review compliance by such political action committees with applicable laws. For the avoidance of doubt, the Nominating and Governance Committee shall not direct, dictate, control, or directly or indirectly participate in the decision-making process of, any political action committee with regard to contributions or expenditures in connection with elections for any local, State, or Federal office or decisions concerning the administration of such political action committee.

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- (h) The Nominating and Governance Committee shall review annually, or more often if appropriate, the Company's contributions to the ACE Foundation and associated ACE Foundation projects and set any guidelines relating thereto that it deems appropriate.
  - (i) The Nominating and Governance Committee shall review reports and disclosures of insider and affiliated party transactions to be provided periodically, and not less than annually, by the Company's general counsel, and shall approve or ratify such transactions, or submit them for Board approval or ratification, as appropriate.
  - (j) At its first meeting after each of the Company's annual general meetings, the Nominating and Governance Committee shall consider the results of any votes of shareholders taken at the most recent such annual general meeting with respect to corporate governance or similar matters.

**10.5.3** The Nominating and Governance Committee shall review and reassess the adequacy of this section 10 and its charter annually and recommend any proposed changes to the Board of Directors for approval.

**10.5.4** The Nominating and Governance Committee shall annually review its own performance.

**10.5.5** The Nominating and Governance Committee shall have the right to excuse any Nominating and Governance Committee member from a meeting or portion thereof to permit the remaining members of the Nominating and Governance Committee to discuss or act on any matter for which, in the Nominating and Governance Committee's opinion, the excused member's participation is not appropriate, and such excused member's absence in this circumstance shall not be deemed an absence for the purposes of determining a quorum.

**10.5.6** The Nominating and Governance Committee shall have such other duties, responsibilities and authorities as the Board of Directors may from time to time delegate.

## **10.6 Reporting**

**10.6.1** The Nominating and Governance Committee shall keep a record of its proceedings.

**10.6.2** The Nominating and Governance Committee shall report to the Board of Directors.

## **11. OTHER COMMITTEES**

The Board of Directors may designate one or more additional committees, each such committee to consist of such person or persons as may be designated by the Board of Directors. Except as expressly limited by law or by the Company's Articles of Association or by resolution of the Board of Directors, any such committee shall have and may exercise such powers and adopt such procedures as the Board of Directors may determine and specify in the resolution designating such committee.

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## **12. DELEGATE**

### **12.1 Powers and Responsibilities**

**12.1.1** The Delegate is a member of the Board of Directors ( *Verwaltungsratsdelegierter* ) and the Chief Executive Officer of the Executive Management.

**12.1.2** If the Board of Directors appointed a Delegate in accordance with Clause 2.1.2(d), this Delegate shall have the following powers and responsibilities:

- (a) heading the Executive Management and convene and chair its meetings;
- (b) liaise between the Board of Directors and the Executive Management in all areas that are not reserved to the Chairman;
- (c) chair the meetings of the Executive Management;
- (d) Supervise and prepare the implementation of the resolutions of the Board of Directors on the ultimate management of the Company;
- (e) supervise the development of the strategies of the Company by the Executive Management; and
- (f) supervise the formation for the top management of the Company.

### **12.2 Further Powers and Responsibilities**

**12.2.1** Furthermore, the Delegate has the responsibilities as set forth in the Articles of Association and these Organizational Regulations. In particular, he is responsible and supervises the implementation of the resolutions by the Board of Directors.

**12.2.2** The Board of Directors may delegate further powers and responsibilities to the Delegate.

## **13. EXECUTIVE MANAGEMENT**

### **13.1 Powers and Responsibilities**

**13.1.1** The Executive Management shall manage the operations of the Company and the overall business of the Group and shall control all employees of the Company.

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**13.1.2** In particular, the Executive Management shall exercise the following duties and competencies:

- (a) operational management of the Group, the implementation of the strategic business policy, the implementation of these Organizational Regulations as well as the drawing up of the necessary additional regulations and directives for approval by the Board of Directors as well as the implementation of the approved regulations and directives;
- (b) manage and supervise all on-going business and transactions of the Group within the framework of these Organizational Regulations save for decisions with an extraordinary importance which require prior approval by the Board of Directors;
- (c) preparation for approval by the Board of Directors and implementation of the accounting, financial control and the financial planning;
- (d) prepare and present the annual accounts, the quarterly balance sheet as well as the annual report to the Board of Directors and the subsidiary boards as well as periodical and legally required reporting to these boards regarding the course of business of the individual subsidiaries.

**13.2 Appointments**

**13.2.1** The members of the Executive Management are appointed and removed by the Board of Directors.

**13.2.2** The Executive Management is constituted of the Chief Executive Officer, the chief financial officer, the chief accounting officer, the chief investment officer, the general counsel and such other members as the Board of Directors may appoint from time to time.

**13.3 Meetings, Convocation of Meetings, Agenda**

**13.3.1** The Executive Management shall be convened whenever required by business, a minimum of once per month.

**13.3.2** Meetings shall be convened by the Chief Executive Officer or, in his/her absence, by another member of the Executive Management. Each member of the Executive Management shall be entitled to request an immediate convening of a meeting and must, in this event, set forth the items to be discussed.

**13.3.3** Meetings shall be announced at least one calendar day in advance by letter, facsimile or e-mail. Items on the agenda shall be set forth in this correspondence.

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In case of urgency shorter notice periods are permitted. If all members of the Executive Management are present and agree, deviations from these formal requirements are permitted; in particular, decisions can be taken that are not mentioned on the agenda.

**13.3.4** The Chief Executive Officer, or in his/her absence his/her deputy, shall chair the meetings.

**13.3.5** Each member shall be entitled to submit proposals regarding the items on the agenda. This right may also be executed by way of correspondence.

**13.3.6** The Chief Executive Officer shall decide whether individuals not belonging to the Executive Management are to participate in meetings in a consultant capacity.

#### **13.4 Quorum and Minutes**

**13.4.1** A quorum shall be constituted when an absolute majority of the members of the Executive Management are present in person or participate using some alternative means of instant communication.

**13.4.2** The substance of the meeting and any decisions taken by the Executive Management shall be recorded. The minutes shall be signed by the Chief Executive Officer and the person keeping the minutes. Each member of the Executive Management shall receive a copy of the minutes. They shall be considered approved if no remarks to the contrary are made before the end of the next meeting. The minutes shall be accessible for the Board Members at any time.

### **14. GROUP INTERNAL AUDIT**

#### **14.1 Responsibilities**

Group internal audit (“ **Group Internal Audit** ”) shall examine and evaluate the adequacy and effectiveness of the Group’s internal control environment, and the quality of performance in carrying out assigned responsibilities to achieve the Group’s goals and objectives.

In fulfilling its responsibilities, Group Internal Audit shall:

- (a) submit audit services plans to the Audit Committee for approval;
- (b) periodically report to the Audit Committee;
- (c) inform the Audit Committee about significant findings during the year; and
- (d) provide any additional information requested by the Audit Committee.



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**14.2 Organization**

The organizational structure of Group Internal Audit and resource requirements necessary for Group Internal Audit to perform its activities shall be defined by the head of Group Internal Audit and submitted to the Audit Committee for approval. The head of Group Internal Audit shall review and approve all new hires and terminations of staff.

**14.3 Professional Standards**

Group Internal Audit shall adhere to the Group's guidelines and procedures and Group Internal Audit's organization and processes manuals and guidelines or to such other standards as required by applicable law or regulation.

**14.4 Independence**

**14.4.1** Group Internal Audit performs its internal audit activities with independence and objectivity. It shall have no direct operational responsibility or authority over any of the activities they review.

**14.4.2** Group Internal Audit shall coordinate its activities with other assurance functions in the Group and the external auditor.

**15. GENERAL PROVISIONS****15.1 Signatory Powers**

**15.1.1** Signatory powers for the Company may be sole (*Einzelunterschrift*).

**15.2 Conflict of Interest**

**15.2.1** Members of the Board of Directors and of the Executive Management shall avoid any action, position or interest that conflict with the interests of the Company or the Group or give the appearance of a conflict of interest within the Company's code of conduct or under applicable law.

**15.2.2** When a conflict of interest is believed to exist, the relevant member of the Board of Directors and of the Executive Management is obliged to refrain from all discussions of, and abstain from voting upon, all matters touching his/her personal interests or the interests of any individual or legal person, or partnership with whom he/she is closely associated and to inform the Chairman accordingly.

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**15.3 Non-Disclosure**

The Board Members as well as all other executive bodies and employees are obliged to maintain secrecy towards third parties regarding all facts they obtain knowledge of during the performance of their duties. These duties of non-disclosure survive the termination of the relationship of the respective individual with the Company.

**15.4 Returning of Files**

Upon termination of the relationship with the Company all business files must be returned with the exception of documents used by a Board Member to follow-up his/her own actions.

**16. BUSINESS YEAR**

The business year of the Company starts on 1 January and ends on 31 December.

**17. FINAL PROVISIONS****17.1 Entering into Force**

These Organizational Regulations shall enter into force on the date of adoption by the Board of Directors; be it in a meeting or by circular resolution.

**17.2 Review and Amendments**

These Organizational Regulations shall be reviewed and if necessary amended on a regular basis by the Board of Directors.

**18. INDEMNIFICATION**

The Company shall indemnify, in accordance with and to the full extent now or hereafter permitted by law, any member of the Board of Directors or officer of the Company who was or is a party or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding (including, without limitation, an action by or in the right of the Company), by reason of his acting as a director or officer of the Company, against any liability or expense actually and reasonably incurred by such person in respect thereof. The Company shall advance the expenses of defending any such act, suit or proceeding in accordance with and to the full extent now or hereafter permitted by law. Such indemnification and advancement of expenses are not exclusive of any other right to indemnification or advancement of expenses provided by law or otherwise.

The Board of Directors may authorize the Company to purchase and maintain insurance on behalf of any person who is or was a director, officer, employee or agent of the Company, or is or was serving at the request of the Company as a director, officer, employee or

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agent of another company, partnership, joint venture, trust or other enterprise, or in a fiduciary or other capacity with respect to any employee benefit plan maintained by the Company, against any liability asserted against him and incurred by him in any such capacity, or arising out of his status as such, whether or not the Company would have the power to indemnify him against such liability under the provisions of this Article 18.

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Zurich, Switzerland

May 16, 2013

The Chairman of the Board of Directors:

/s/ Evan G. Greenberg

Evan G. Greenberg

Chairman

/s/ Christopher J. Kearns

Christopher J. Kearns

Assistant Secretary

ACE LIMITED 2004  
LONG-TERM INCENTIVE PLAN  
(As amended through the Sixth Amendment)

SECTION 1

GENERAL

1.1. Purpose. The ACE Limited 2004 Long-Term Incentive Plan (the “Plan”) has been established by ACE Limited (the “Company”) to (i) attract and retain persons eligible to participate in the Plan; (ii) motivate Participants, by means of appropriate incentives, to achieve long-range goals; (iii) provide incentive compensation opportunities that are competitive with those of other similar companies; and (iv) further identify Participants’ interests with those of the Company’s other shareholders through compensation that is based on the Company’s shares of common stock; and thereby promote the long-term financial interest of the Company and the Subsidiaries, including the growth in value of the Company’s equity and enhancement of long-term shareholder return.

1.2. Participation. Subject to the terms and conditions of the Plan, the Committee shall determine and designate, from time to time, from among the Eligible Individuals (including transferees of Eligible Individuals to the extent the transfer is permitted by the Plan and the applicable Award Agreement), those persons who will be granted one or more Awards under the Plan, and thereby become “Participants” in the Plan.

1.3. Operation, Administration, and Definitions. The operation and administration of the Plan, including the Awards made under the Plan, shall be subject to the provisions of Section 5 (relating to operation and administration). Capitalized terms in the Plan shall be defined as set forth in the Plan (including the definition provisions of Section 9).

SECTION 2

OPTIONS AND SARs

2.1. Definitions.

- (a) The grant of an “Option” entitles the Participant to purchase shares of Stock at an Exercise Price established by the Committee. Any Option granted under this Section 2 may be either an incentive stock option (an “ISO”) or a non-qualified option (an “NQO”), as determined in the discretion of the Committee. An “ISO” is an Option that is intended to satisfy the requirements applicable to an “incentive stock option” described in section 422(b) of the Code. An “NQO” is an Option that is not intended to be an “incentive stock option” as that term is described in section 422(b) of the Code.
- (b) A stock appreciation right (an “SAR”) entitles the Participant to receive, in cash or Stock (as determined in accordance with subsection 2.5), value equal to (or otherwise based on) the excess of: (a) the Fair Market Value of a specified number of shares of Stock at the time of exercise; over (b) an Exercise Price established by the Committee.

2.2. Exercise Price. The “Exercise Price” of each Option and SAR granted under this Section 2 shall be established by the Committee or shall be determined by a method established by the Committee at the time the Option or SAR is granted. The Exercise Price shall not be less than 100% of the Fair Market Value of a share of Stock on the date of grant (or, if greater, the par value of a share of Stock).

2.3. Exercise. An Option and an SAR shall be exercisable in accordance with such terms and conditions and during such periods as may be established by the Committee. In no event, however, shall an Option or SAR expire later than ten years after the date of its grant.

2.4. Payment of Option Exercise Price. The payment of the Exercise Price of an Option granted under this Section 2 shall be subject to the following:

- (a) Subject to the following provisions of this subsection 2.4, the full Exercise Price for shares of Stock purchased upon the exercise of any Option shall be paid at the time of such exercise (except that, in the case of an exercise arrangement approved by the Committee and described in paragraph 2.4(c), payment may be made as soon as practicable after the exercise).
- (b) Subject to applicable law, the Exercise Price shall be payable in cash, by promissory note, or by tendering, by either actual delivery of shares or by attestation, shares of Stock acceptable to the Committee, and valued at Fair Market Value as of the day of exercise, or in any combination thereof, as determined by the Committee.
- (c) Subject to applicable law, the Committee may permit a Participant to elect to pay the Exercise Price upon the exercise of an Option by irrevocably authorizing a third party to sell shares of Stock (or a sufficient portion of the shares) acquired upon exercise of the Option and remit to the Company a sufficient portion of the sale proceeds to pay the entire Exercise Price and any tax withholding resulting from such exercise.

2.5. Settlement of Award. Settlement of Options and SARs is subject to subsection 5.7.

2.6. No Repricing. Except for either adjustments pursuant to paragraph 5.2(f) (relating to the adjustment of shares), or reductions of the Exercise Price approved by the Company’s shareholders, the Exercise Price for any outstanding Option or SAR may not be decreased after the date of grant nor may an outstanding Option or SAR granted under the Plan be surrendered to the Company as consideration for the grant of a replacement Option or SAR with a lower Exercise Price. Except as approved by Company’s shareholders, in no event shall any Option or SAR granted under the Plan be surrendered to Company in consideration for a cash payment if, at the time of such surrender, the Exercise Price of the Option or SAR is greater than the then current Fair Market Value of a Share.

2.7. Grants of Options and SARs. An Option may but need not be in tandem with an SAR, and an SAR may but need not be in tandem with an Option. If an Option is in tandem with an SAR, the Exercise Price of both the Option and SAR shall be the same, and the exercise of the

Option or SAR with respect to a share of Stock shall cancel the corresponding tandem SAR or Option right with respect to such share. If an SAR is in tandem with an Option but is granted after the grant of the Option, or if an Option is in tandem with an SAR but is granted after the grant of the SAR, the later granted tandem Award shall have the same Exercise Price as the earlier granted Award, but the Exercise Price for the later granted Award may be less than the Fair Market Value of the Stock at the time of such grant.

### SECTION 3

#### FULL VALUE AWARDS

3.1. Definition. A “Full Value” Award is a grant of one or more shares of Stock or a right to receive one or more shares of Stock in the future, with such grant subject to one or more of the following, as determined by the Committee:

- (a) The grant shall be in consideration of a Participant’s previously performed services, or surrender of other compensation that may be due.
- (b) The grant shall be contingent on the achievement of performance or other objectives during a specified period.
- (c) The grant shall be subject to a risk of forfeiture or other restrictions that will lapse upon the achievement of one or more goals relating to completion of service by the Participant, or achievement of performance or other objectives.

*The grant of Full Value Awards may also be subject to such other conditions, restrictions and contingencies, as determined by the Committee.*

#### 3.2. Restrictions on Awards.

- (a) The Committee may designate a Full Value Award granted to any Participant as “performance-based compensation” as that term is used in section 162(m) of the Code. To the extent required by Code section 162(m), any Full Value Award so designated shall be conditioned on the achievement of one or more performance objectives. The performance objectives shall be based on Performance Measures selected by the Committee. For Awards under this Section 3 intended to be “performance-based compensation,” the grant of the Awards and the establishment of the performance objectives shall be made during the period required under Code section 162(m).
- (b) If the right to become vested in a Full Value Award is conditioned on the completion of a specified period of service with the Company or the Subsidiaries, without achievement of Performance Measures or other performance objectives (whether or not related to the Performance Measures) being required as a condition of vesting, and without it being granted in lieu of other compensation, then the required period of service for full vesting shall be not less than three years (subject to acceleration of vesting, to the extent permitted by the Committee, in the event of the Participant’s death, disability, retirement, change in control or involuntary termination).

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## SECTION 4

### CASH INCENTIVE AWARDS

A Cash Incentive Award is the grant of a right to receive a payment of cash (or in the discretion of the Committee, Stock having value equivalent to the cash otherwise payable) that is contingent on achievement of performance or other objectives over a specified period established by the Committee. The grant of Cash Incentive Awards may also be subject to such other conditions, restrictions and contingencies, as determined by the Committee. The Committee may designate a Cash Incentive Award granted to any Participant as “performance-based compensation” as that term is used in section 162(m) of the Code. To the extent required by Code section 162(m), any such Award so designated shall be conditioned on the achievement of one or more performance objectives. The performance objectives shall be based on Performance Measures as selected by the Committee. For Awards under this Section 4 intended to be “performance-based compensation,” the grant of the Awards and the establishment of the performance objectives shall be made during the period required under Code section 162(m). Except as otherwise provided in the applicable plan or arrangement, distribution of any cash incentive awards by the Company or its Subsidiaries (whether granted this Plan or otherwise), for a performance period ending in a calendar year, shall be made to the Participant not later than March 15 of the following calendar year; provided, however, that for purposes of determining compliance with Code section 409A, a payment will be considered to satisfy the requirement of this sentence if distribution is made no later than the end of the calendar year following the end of the applicable performance period.

## SECTION 5

### OPERATION AND ADMINISTRATION

5.1. Effective Date. Subject to the approval of the shareholders of the Company at the Company’s 2004 annual meeting of its shareholders, the Plan shall be effective as of February 25, 2004 (the “Effective Date”); provided, however, that, to the extent not prohibited by applicable law or the applicable rules of any stock exchange, Awards may be granted contingent on approval of the Plan by the shareholders of the Company at such annual meeting. The Plan shall be unlimited in duration and, in the event of Plan termination, shall remain in effect as long as any Awards under it are outstanding; provided, however, that no Awards may be granted under the Plan on or after the ten-year anniversary of February 27, 2013, which is the date on which the Plan was amended by the Sixth Amendment.

5.2. Shares and Other Amounts Subject to Plan. The shares of Stock for which Awards may be granted under the Plan shall be subject to the following:

- (a) The shares of Stock with respect to which Awards may be made under the Plan shall be (i) shares currently authorized but unissued; (ii) to the extent permitted by applicable law, currently held or acquired by the Company as treasury shares, including shares purchased in the open market or in private transactions; or (iii) shares purchased in the open market by a direct or indirect wholly-owned subsidiary of the Company (as determined by the Chairman, the Chief Executive Officer or any executive officer of the Company). The Company may contribute to the subsidiary an amount sufficient to accomplish the purchase in the open market of the shares of Stock to be so acquired (as determined by the Chairman, the Chief Executive Officer or any executive officer of the Company).



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- (b) Subject to the following provisions of this subsection 5.2, the maximum number of shares of Stock that may be delivered to Participants and their beneficiaries under the Plan shall be equal to the sum of: (i) 38,600,000 shares of Stock (which number includes all shares available for delivery under this clause (i) since the establishment of the Plan in 2004, determined in accordance with the terms of the Plan); and (ii) any shares of Stock that are represented by awards granted under the ACE Limited 1995 Long-Term Incentive Plan, the ACE Limited 1995 Outside Directors Plan, the ACE Limited 1998 Long-Term Incentive Plan, and the ACE Limited 1999 Replacement Long-Term Incentive Plan (the “Prior Plans”) that are forfeited, expire or are canceled after the Effective Date without delivery of shares of Stock or which result in the forfeiture of the shares of Stock back to the Company to the extent that such shares would have been added back to the reserve under the terms of the applicable Prior Plan.
- (c) To the extent provided by the Committee, any Award may be settled in cash rather than Stock.
- (d) Shares of Stock with respect to an Award will be treated as delivered for purposes of the determination under paragraph (b) above, subject to the following:
- (i) To the extent any shares of Stock covered by an Award are not delivered to a Participant or beneficiary because the Award is forfeited or canceled, such shares shall not be deemed to have been delivered for purposes of the determination under paragraph (b) above.
- (ii) Subject to the provisions of paragraph (i) above, the total number of shares covered by an Award granted after July 10, 2008 will be treated as delivered for purposes of this paragraph (b) to the extent payments or benefits are delivered to the Participant with respect to such shares. Accordingly (A) if an Award denominated in shares of Stock is settled in cash, the total number of shares with respect to which such payment is made shall be considered to have been delivered; (B) if shares covered by an Award are used to satisfy the applicable tax withholding obligation, the number of shares held back by the Company to satisfy such withholding obligation shall be considered to have been delivered; (C) if the exercise price of any Option granted under the Plan is satisfied by tendering shares of Stock to the Company (by either actual delivery or by attestation), the number of shares tendered to satisfy such exercise price shall be considered to have been delivered; and (D) if cash or shares of Stock are delivered in settlement of the exercise of an SAR, the total number of shares with respect to which such SAR is exercised shall be deemed delivered.
- (e) Subject to paragraph 5.2(f), the following additional maximums are imposed under the Plan.

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- (i) The maximum number of shares of Stock that may be delivered to Participants and their beneficiaries with respect to ISOs granted under the Plan shall be 38,600,000 shares; provided, however, that to the extent that shares not delivered must be counted against this limit as a condition of satisfying the rules applicable to ISOs, such rules shall apply to the limit on ISOs granted under the Plan.
  - (ii) The maximum number of shares that may be covered by Awards granted to any one Participant during any one calendar-year period pursuant to Section 2 (relating to Options and SARs) shall be 1,000,000 shares. For purposes of this paragraph (ii), if an Option is in tandem with an SAR, such that the exercise of the Option or SAR with respect to a share of Stock cancels the tandem SAR or Option right, respectively, with respect to such share, the tandem Option and SAR rights with respect to each share of Stock shall be counted as covering but one share of Stock for purposes of applying the limitations of this paragraph (ii).
  - (iii) The maximum number of shares of Stock that may be issued in conjunction with Awards granted pursuant to Section 3 (relating to Full Value Awards) shall be 20,200,000 shares.
  - (iv) For Full Value Awards that are intended to be “performance-based compensation” (as that term is used for purposes of Code section 162(m)), no more than 500,000 shares of Stock may be delivered pursuant to such Awards granted to any Participant during any one-calendar-year period; provided that Awards described in this paragraph (iv), that are intended to be performance-based compensation, shall be subject to the following:
    - (A) If the Awards are denominated in Stock but an equivalent amount of cash is delivered in lieu of delivery of shares of Stock, the foregoing limit shall be applied based on the methodology used by the Committee to convert the number of shares of Stock into cash.
    - (B) If delivery of Stock or cash is deferred until after shares of Stock have been earned, any adjustment in the amount delivered to reflect actual or deemed investment experience after the date the shares are earned shall be disregarded.
  - (v) For Cash Incentive Value Awards that are intended to be “performance-based compensation” (as that term is used for purposes of Code section 162(m)), the maximum amount payable to any Participant with respect to a performance period shall equal \$1,000,000 multiplied by the number of calendar months included in that performance period; provided that Awards described in this paragraph (v), that are intended to be performance-based compensation, shall be subject to the following:
    - (A) If the Awards are denominated in cash but an equivalent amount of Stock is delivered in lieu of delivery of cash, the foregoing limit shall be applied to the cash based on the methodology used by the Committee to convert the cash into shares of Stock.

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- (B) If delivery of Stock or cash is deferred until after cash has been earned, any adjustment in the amount delivered to reflect actual or deemed investment experience after the date the cash is earned shall be disregarded.
- (f) The following shall apply with respect to the terms of the Plan and Awards granted thereunder:
- (i) Notwithstanding the following provisions of this paragraph (f), in the event of any equity restructuring (within the meaning of FASB ASC Topic 718) that causes the per share value of shares of Stock to change, such as a stock dividend, stock split, spin off, rights offering, or recapitalization through a large, nonrecurring cash dividend, the Committee shall cause there to be made an equitable adjustment to (A) the number and kind of shares available for grant under the Plan, (B) the number of shares or Awards that may be granted to any individual under the Plan or that may be granted pursuant to any provision or types of Awards and (C) the number and kind of shares or units subject to and the Exercise Price of an Option or SAR of any then outstanding Awards of or related to shares of Stock.
  - (ii) In the event of any change in corporate capitalization (other than as described in paragraph (i) above), such as a merger, consolidation, any reorganization (whether or not such reorganization comes within the definition of such term in Section 368 of the Code) or any partial or complete liquidation of the Company, such equitable adjustments described in the foregoing sentence shall be made as may be determined to be appropriate and equitable by the Committee, in its sole discretion, to prevent dilution or enlargement of rights.
  - (iii) Action by the Committee under this paragraph (f) may include: (A) adjustment of the number and kind of shares which may be delivered under the Plan; (B) adjustment of the number and kind of shares subject to outstanding Awards; (C) adjustment of the Exercise Price of outstanding Options and SARs; and (D) any other adjustments that the Committee determines to be equitable (which may include, without limitation, (I) replacement of Awards with other Awards which the Committee determines have comparable value and which are based on stock of a company resulting from the transaction, and (II) cancellation of the Award in return for cash payment of the current value of the Award, determined as though the Award is fully vested at the time of payment, provided that in the case of an Option, the amount of such payment may be the excess of value of the Stock subject to the Option at the time of the transaction over the exercise price).
  - (iv) In no event shall this paragraph (f) be construed to permit a modification (including a replacement) of an Option or SAR if such modification either: (A) would result in accelerated recognition of income or imposition of additional tax under Code section 409A; or (B) would cause the Option or SAR subject to the

modification (or cause a replacement Option or SAR) to be subject to Code section 409A, provided that the restriction of this clause (B) shall not apply to any Option or SAR that, at the time it is granted or otherwise, is designated as being deferred compensation subject to Code section 409A.

5.3. General Restrictions. Delivery of shares of Stock or other amounts under the Plan shall be subject to the following:

- (a) Notwithstanding any other provision of the Plan, the Company shall have no obligation to deliver any shares of Stock or make any other distribution of benefits under the Plan unless such delivery or distribution complies with all applicable laws (including, without limitation, the requirements of the United States Securities Act of 1933), and the applicable requirements of any securities exchange or similar entity.
- (b) To the extent that the Plan provides for issuance of stock certificates to reflect the issuance of shares of Stock, the issuance may be effected on a non-certificated basis, to the extent not prohibited by applicable law or the applicable rules of any stock exchange.

5.4. Tax Withholding. All distributions under the Plan are subject to withholding of all applicable taxes, and the Committee may condition the delivery of any shares or other benefits under the Plan on satisfaction of the applicable withholding obligations. Except as otherwise provided by the Committee, such withholding obligations may be satisfied (i) through cash payment by the Participant; (ii) through the surrender of shares of Stock which the Participant already owns (provided, however, that to the extent shares described in this clause (ii) are used to satisfy more than the minimum statutory withholding obligation, as described below, then, except as otherwise provided by the Committee, payments made with shares of Stock in accordance with this clause (ii) shall be limited to shares held by the Participant for not less than six months prior to the payment date); or (iii) through the surrender of shares of Stock to which the Participant is otherwise entitled under the Plan, provided, however, that such shares under this clause (iii) may be used to satisfy not more than the Company's minimum statutory withholding obligation (based on minimum statutory withholding rates for Federal and state tax purposes, including payroll taxes, that are applicable to such supplemental taxable income).

5.5. Grant and Use of Awards. In the discretion of the Committee, a Participant may be granted any Award permitted under the provisions of the Plan, and more than one Award may be granted to a Participant. Awards may be granted as alternatives to or replacement of awards granted or outstanding under the Plan, or any other plan or arrangement of the Company or a Subsidiary (including a plan or arrangement of a business or entity, all or a portion of which is acquired by the Company or a Subsidiary). Subject to the overall limitation on the number of shares of Stock that may be delivered under the Plan, the Committee may use available shares of Stock as the form of payment for compensation, grants or rights earned or due under any other compensation plans or arrangements of the Company or a Subsidiary, including the plans and arrangements of the Company or a Subsidiary assumed in business combinations. Notwithstanding the provisions of subsection 2.2, Options and SARs granted under the Plan in replacement for awards under plans and arrangements of the Company or a Subsidiary assumed in business combinations may provide for Exercise Prices that are less than the Fair Market Value of the Stock at the time of the replacement grants, if the Committee determines that such Exercise Price is appropriate to preserve the economic benefit of the award. The provisions of this subsection shall be subject to the provisions of subsection 5.16.

5.6. Dividends and Dividend Equivalents. An Award (including without limitation an Option or SAR Award) may provide the Participant with the right to receive dividend or dividend equivalent payments with respect to Stock subject to the Award (both before and after the Stock subject to the Award is earned, vested, or acquired), which payments may be either made currently or credited to an account for the Participant, and may be settled in cash or Stock, as determined by the Committee. Any such settlements, and any such crediting of dividends or dividend equivalents or reinvestment in shares of Stock, may be subject to such conditions, restrictions and contingencies as the Committee shall establish, including the reinvestment of such credited amounts in Stock equivalents. The provisions of this subsection shall be subject to the provisions of subsection 5.16.

5.7. Settlement of Awards. The obligation to make payments and distributions with respect to Awards may be satisfied through cash payments, the delivery of shares of Stock, the granting of replacement Awards (subject to subsection 2.6), or combination thereof as the Committee shall determine. Satisfaction of any such obligations under an Award, which is sometimes referred to as “settlement” of the Award, may be subject to such conditions, restrictions and contingencies as the Committee shall determine. The Committee may permit or require the deferral of any Award payment, subject to such rules and procedures as it may establish, which may include provisions for the payment or crediting of interest or dividend equivalents, and may include converting such credits into deferred Stock equivalents. Except for Options and SARs designated at the time of grant or otherwise as intended to be subject to Code section 409A, this subsection 5.7 shall not be construed to permit the deferred settlement of Options or SARs, if such settlement would result in deferral of compensation under Treas. Reg. §1.409A-1(b)(5)(i)(A)(3) (except as permitted in paragraphs (i) and (ii) of that section). Each Subsidiary shall be liable for payment of cash due under the Plan with respect to any Participant to the extent that such benefits are attributable to the services rendered for that Subsidiary by the Participant. Any disputes relating to liability of a Subsidiary for cash payments shall be resolved by the Committee. The provisions of this subsection shall be subject to the provisions of subsection 5.16.

5.8. Transferability. Awards under the Plan are not transferable except as designated by the Participant by will or by the laws of descent and distribution, and except for transfers without consideration to the extent permitted by the Committee.

5.9. Form and Time of Elections. Unless otherwise specified herein, each election required or permitted to be made by any Participant or other person entitled to benefits under the Plan, and any permitted modification, or revocation thereof, shall be in writing filed with the Committee at such times, in such form, and subject to such restrictions and limitations, not inconsistent with the terms of the Plan, as the Committee shall require.

5.10. Agreement With Company. An Award under the Plan shall be subject to such terms and conditions, not inconsistent with the Plan, as the Committee shall, in its sole discretion, prescribe. The terms and conditions of any Award to any Participant shall be reflected in such form of written (including electronic) document as is determined by the

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Committee. A copy of such document shall be provided to the Participant, and the Committee may, but need not require that the Participant sign a copy of such document. Such document is referred to in the Plan as an “Award Agreement” regardless of whether any Participant signature is required.

5.11. Action by Company or Subsidiary. Any action required or permitted to be taken by the Company or any Subsidiary shall be by resolution of its board of directors, or by action of one or more members of the board (including a committee of the board) who are duly authorized to act for the board, or (except to the extent prohibited by applicable law or applicable rules of any stock exchange) by a duly authorized officer of such company.

5.12. Gender and Number. Where the context admits, words in any gender shall include any other gender, words in the singular shall include the plural and the plural shall include the singular.

5.13. Limitation of Implied Rights.

- (a) Neither a Participant nor any other person shall, by reason of participation in the Plan, acquire any right in or title to any assets, funds or property of the Company or any Subsidiary whatsoever, including, without limitation, any specific funds, assets, or other property which the Company or any Subsidiary, in its sole discretion, may set aside in anticipation of a liability under the Plan. A Participant shall have only a contractual right to the Stock or amounts, if any, payable under the Plan, unsecured by any assets of the Company or any Subsidiary, and nothing contained in the Plan shall constitute a guarantee that the assets of the Company or any Subsidiary shall be sufficient to pay any benefits to any person.
- (b) The Plan does not constitute a contract of employment, and selection as a Participant will not give any participating employee or other individual the right to be retained in the employ of the Company or any Subsidiary or the right to continue to provide services to the Company or any Subsidiary, nor any right or claim to any benefit under the Plan, unless such right or claim has specifically accrued under the terms of the Plan. Except as otherwise provided in the Plan, no Award under the Plan shall confer upon the holder thereof any rights as a shareholder of the Company prior to the date on which the individual fulfills all conditions for receipt of such rights.

5.14. Benefits Under Qualified Retirement Plans. Except as otherwise provided by the Committee, Awards to a Participant (including the grant and the receipt of benefits) under the Plan shall be disregarded for purposes of determining the Participant’s benefits under any Qualified Retirement Plan and other plans maintained by the Participant’s employer. The term “Qualified Retirement Plan” means any plan of the Company or a Subsidiary that is intended to be qualified under section 401(a) of the Code.

5.15. Evidence. Evidence required of anyone under the Plan may be by certificate, affidavit, document or other information which the person acting on it considers pertinent and reliable, and signed, made or presented by the proper party or parties.

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5.16. Limitations under Section 409A. The provisions of the Plan shall be subject to the following:

- (a) Neither subsection 5.5 nor any other provision of the Plan shall be construed to permit the grant of an Option or SAR if such action would cause the Option or SAR being granted or the option or stock appreciation right being replaced to be subject to Code section 409A, provided that this paragraph (a) shall not apply to any Option or SAR (or option or stock appreciation right granted under another plan) being replaced that, at the time it is granted or otherwise, is designated as being deferred compensation subject to Code section 409A.
- (b) Except with respect to an Option or SAR that, at the time it is granted or otherwise, is designated as being deferred compensation subject to Code section 409A, no Option or SAR shall condition the receipt of dividends with respect to an Option or SAR on the exercise of such Award, or otherwise provide for payment of such dividends in a manner that would cause the payment to be treated as an offset to or reduction of the exercise price of the Option or SAR pursuant Treas. Reg. §1.409A-1(b)(5)(i)(E).
- (c) The Plan shall not be construed to permit a modification of an Award, or to permit the payment of a dividend or dividend equivalent, if such actions would result in accelerated recognition of taxable income or imposition of additional tax under Code section 409A.

## SECTION 6

### CHANGE IN CONTROL

Subject to the provisions of paragraph 5.2(f) (relating to the adjustment of shares), the occurrence of a Change in Control shall have the effect, if any, with respect to any Award as set forth in the Award Agreement or, to the extent not prohibited by the Plan or the Award Agreement, as provided by the Committee.

## SECTION 7

### COMMITTEE

7.1. Administration. The authority to control and manage the operation and administration of the Plan shall be vested in a committee (the "Committee") in accordance with this Section 7. The Committee shall be selected by the Board, and shall consist solely of two or more members of the Board. If the Committee does not exist, or for any other reason determined by the Board, and to the extent not prohibited by applicable law or the applicable rules of any stock exchange, the Board may take any action under the Plan that would otherwise be the responsibility of the Committee.

7.2. Powers of Committee. The Committee's administration of the Plan shall be subject to the following:

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- (a) Subject to the provisions of the Plan, the Committee will have the authority and discretion to select from among the Eligible Individuals those persons who shall receive Awards, to determine the time or times of receipt, to determine the types of Awards and the number of shares covered by the Awards, to establish the terms, conditions, performance criteria, restrictions, and other provisions of such Awards, and (subject to the restrictions imposed by Section 8) to cancel or suspend Awards.
  - (b) To the extent that the Committee determines that the restrictions imposed by the Plan preclude the achievement of the material purposes of the Awards in jurisdictions outside the United States and Bermuda, the Committee will have the authority and discretion to modify those restrictions as the Committee determines to be necessary or appropriate to conform to applicable requirements or practices of jurisdictions outside of the United States and Bermuda.
  - (c) The Committee will have the authority and discretion to interpret the Plan, to establish, amend, and rescind any rules and regulations relating to the Plan, to determine the terms and provisions of any Award Agreement made pursuant to the Plan, and to make all other determinations that may be necessary or advisable for the administration of the Plan.
  - (d) Any interpretation of the Plan by the Committee and any decision made by it under the Plan is final and binding on all persons.
  - (e) In controlling and managing the operation and administration of the Plan, the Committee shall take action in a manner that conforms to the Articles of Association, and applicable corporate law.

7.3. Delegation by Committee . Except to the extent prohibited by applicable law or the applicable rules of a stock exchange, the Committee may allocate all or any portion of its responsibilities and powers to any one or more of its members and may delegate all or any part of its responsibilities and powers to any person or persons selected by it. Any such allocation or delegation may be revoked by the Committee at any time.

7.4. Information to be Furnished to Committee . The Company and Subsidiaries shall furnish the Committee with such data and information as it determines may be required for it to discharge its duties. The records of the Company and Subsidiaries as to an employee's or Participant's employment (or other provision of services), termination of employment (or cessation of the provision of services), leave of absence, reemployment and compensation shall be conclusive on all persons unless determined to be incorrect. Participants and other persons entitled to benefits under the Plan must furnish the Committee such evidence, data or information as the Committee considers desirable to carry out the terms of the Plan.



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## SECTION 8

### AMENDMENT AND TERMINATION

The Board may, at any time, amend or terminate the Plan, and may amend any Award Agreement, provided that no amendment or termination may, in the absence of written consent to the change by the affected Participant (or, if the Participant is not then living, the affected beneficiary), adversely affect the rights of any Participant or beneficiary under any Award granted under the Plan prior to the date such amendment is adopted by the Board; and further provided that adjustments pursuant to paragraph 5.2(f) shall not be subject to the foregoing limitations of this Section 8; and further provided that the provisions of subsection 2.6 (relating to Option repricing) cannot be amended unless the amendment is approved by the Company's shareholders. Approval by the Company's shareholders will be required for any material revision to the terms of the Plan, with the Committee's determination of "material revision" to take into account the exemptions under the rules of the New York Stock Exchange. No amendment or termination shall be adopted or effective if it would result in accelerated recognition of income or imposition of additional tax under Code section 409A or, except as otherwise provided in the amendment, would cause amounts that were not otherwise subject to Code section 409A to become subject to section 409A.

## SECTION 9

### DEFINED TERMS

In addition to the other definitions contained herein, the following definitions shall apply:

- (a) Award. The term "Award" means any award or benefit granted under the Plan, including, without limitation, the grant of Options, SARs, Full Value Awards, and Cash Incentive Awards.
- (b) Board. The term "Board" means the Board of Directors of the Company.
- (c) Change in Control. The term "Change in Control" shall mean the occurrence of any one of the following events:
  - (i) any "person," as such term is used in Sections 3(a)(9) and 13(d) of the United States Securities Exchange Act of 1934, becomes a "beneficial owner," as such term is used in Rule 13d-3 promulgated under that act, of 50% or more of the Voting Stock (as defined below) of the Company;
  - (ii) the majority of the Board consists of individuals other than Incumbent Directors, which term means the members of the Board on the Effective Date; provided that any person becoming a director subsequent to such date whose election or nomination for election was supported by three-quarters of the directors who then comprised the Incumbent Directors shall be considered to be an Incumbent Director;

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- (iii) the Company adopts any plan of liquidation providing for the distribution of all or substantially all of its assets;
  - (iv) all or substantially all of the assets or business of the Company is disposed of pursuant to a merger, consolidation or other transaction (unless the shareholders of the Company immediately prior to such merger, consolidation or other transaction beneficially own, directly or indirectly, in substantially the same proportion as they owned the Voting Stock of the Company, all of the Voting Stock or other ownership interests of the entity or entities, if any, that succeed to the business of the Company); or
  - (v) the Company combines with another company and is the surviving corporation but, immediately after the combination, the shareholders of the Company immediately prior to the combination hold, directly or indirectly, 50% or less of the Voting Stock of the combined company (there being excluded from the number of shares held by such shareholders, but not from the Voting Stock of the combined company, any shares received by Affiliates (as defined below) of such other company in exchange for stock of such other company).

For the purpose of this definition of “Change in Control,” (I) an “Affiliate” of a person or other entity shall mean a person or other entity that directly or indirectly controls, is controlled by, or is under common control with the person or other entity specified and (II) “Voting Stock” shall mean capital stock of any class or classes having general voting power under ordinary circumstances, in the absence of contingencies, to elect the directors of a corporation.

- (d) Code. The term “Code” means the Internal Revenue Code of 1986, as amended. A reference to any provision of the Code shall include reference to any successor provision of the Code. Except as otherwise indicated, references in the Plan to laws and legal rules shall be to United States laws and legal rules.
- (e) Dollars. As used in the Plan, the term “dollars” or numbers preceded by the symbol “\$” shall mean amounts in United States dollars.
- (f) Eligible Individual. For purposes of the Plan, the term “Eligible Individual” means any employee of the Company or a Subsidiary, and any consultant, director, or other person providing services to the Company or a Subsidiary; provided, however, that an ISO may only be granted to an employee of the Company or a Subsidiary. An Award may be granted to an employee or other individual providing services, in connection with hiring, retention or otherwise, prior to the date the employee first performs services for the Company or the Subsidiaries, provided that such Awards shall not become vested prior to the date the employee or service provider first performs such services.
- (g) Fair Market Value. Except as otherwise provided by the Committee, the “Fair Market Value” of a share of Stock as of any date shall be the closing market composite price for such Stock as reported for the New York Stock Exchange - Composite Transactions on that date or, if Stock is not traded on that date, on the next preceding date on which Stock was traded.

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- (h) Performance Measures. The “Performance Measures” shall be based on any one or more of the following Company, Subsidiary, operating unit or division performance measures: gross premiums written; net premiums written; net premiums earned; net investment income; losses and loss expenses; underwriting and administrative expenses; operating expenses; cash flow(s); operating income; earnings before interest and taxes; net income; stock price; dividends; strategic business objectives, consisting of one or more objectives based on meeting specified cost targets, business expansion goals, and goals relating to acquisitions or divestitures; or any combination thereof. Each goal may be expressed on an absolute and/or relative basis, may be based on or otherwise employ comparisons based on internal targets, the past performance of the Company and/or the past or current performance of other companies, and in the case of earnings-based measures, may use or employ comparisons relating to capital, shareholders’ equity and/or shares outstanding, investments or to assets or net assets.
- (i) Subsidiary. For purposes of the Plan, the term “Subsidiary” (sometimes referred to as a Related Company) means any corporation, partnership, joint venture or other entity during any period in which at least a fifty percent voting or profits interest is owned, directly or indirectly, by the Company (or by any entity that is a successor to the Company), and any other business venture designated by the Committee in which the Company (or any entity that is a successor to the Company) has a significant interest, as determined in the discretion of the Committee.
- (j) Stock. The term “Stock” means Common Shares of stock of the Company.
- (k) Termination of Service. With respect to Awards that constitute Deferred Compensation, references to the Participant’s Termination of Service with respect to service as an employee or service as a director shall mean, respectively, the Participant ceasing to be employed by, or ceasing to perform director services for, the Company and the Affiliates, subject to the following:
- (i) The employment relationship or director relationship will be deemed to have ended at the time the Participant and the applicable company reasonably anticipate that a level of bona fide services the Participant would perform for the Company and the Affiliates after such date would permanently decrease to no more than 20% of the average level of bona fide services performed over the immediately preceding 36 month period (or the full period of service to the Company and the Affiliates if the Participant has performed services for the Company and the Affiliates for less than 36 months). In the absence of an expectation that the Participant will perform at the above-described level, the date of termination of employment or termination as a director will not be delayed solely by reason of the Participant continuing to be on the Company’s and the Affiliates’ payroll after such date.

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- (ii) The employment or director relationship will be treated as continuing intact while the Participant is on a bona fide leave of absence (determined in accordance with Treas. Reg. §409A-1(h)).
  - (iii) The determination of a Participant's termination of employment or termination as a director by reason of a sale of assets, sale of stock, spin-off, or other similar transaction of the Company or an Affiliate will be made in accordance with Treas. Reg. §1.409A-1(h).
  - (iv) If a Participant performs services both as an employee of the Company or an Affiliate, and a member of the board of directors of the Company or an Affiliate, the determination of whether termination of employment or termination of service as a director shall be made in accordance with Treas. Reg. §1.409A-1(h)(5) (relating to dual status service providers).
  - (v) For purposes of the Plan, except for purposes of the definition of "Change in Control," the term "Affiliates" means all persons with whom the Company is considered to be a single employer under section 414(b) of the Code and all persons with whom the Company would be considered a single employer under section 414(c) thereof.
  - (vi) The term "Deferred Compensation" means payments or benefits that would be considered to be provided under a nonqualified deferred compensation plan as that term is defined in Treas. Reg. §1.409A-1.
  - (vii) Reference to a Participant's Termination of Service shall include references to a Participant's employment termination and terminating employment, a director's termination or termination from the Board, and references to a Participant's separation from service, and other similar references, to the extent that the term is used for purposes of determining whether Deferred Compensation is to be distributed upon such termination.