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Flagstone Syndicate Management Ltd (Flagstone) Syndicate 1969 Annual General Meeting (AGM) and Appointment of Auditors

Flagstone has advised that they are seeking approval, as per the terms of the Insurance Accounts Directive (Lloyd's Syndicate and Aggregate Accounts) Regulations 2008, to appoint Deloitte LLP as the syndicate's auditor for 2011 (having been appointed by the Managing Agency for the purpose of conducting the 2010 audit, in accordance with Section 13.3a of the Directive)

Deloitte's are also the auditors of Flagstone Syndicate Management Limited. In order to safeguard members' interests, there will be separate audit partners and managers for the syndicate and Managing Agency.

As Flagstone is seeking to appoint the auditors by written resolution, it is not their intention to hold a syndicate AGM this year. Members have been notified of this in an accompanying letter to the Report and Accounts.

Comment: In addition to the safeguard proposed above, we have ensured that the other usual safeguards for the appointment of a "joint" auditor are in place. On this basis, we do not object to Flagstone not holding an AGM, nor to the appointment of Deloitte's as the syndicate auditors. We will therefore be voting accordingly, under the terms of the power of attorney described below.

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Comment: Under the terms of the transfer of agency to Whittington, it had originally been proposed to increase the fees for 2011. We were able to delay this increase until 2012 and will continue to discuss this with the managing agent. Neither Syndicate is recommended for support by Argenta for the 2011 year of account.

Under Lloyd's requirements, managing agents have until 29th April in order to make applications for a termination of their agreements with members in the event that a variation in fees / profit commission is being contemplated, or a minority buy-out / syndicate merger is proposed.

Whittington Capital Management Limited (Whittington) Syndicates 2525 & 2526 Managing Agent's Agreements

Under the terms of paragraph 11B of the Lloyd's Agency Agreements Byelaw and Market Bulletin Y4474 dated 15 March 2011, Whittington wish to apply to terminate, for the purposes of varying their fees and profit commission, their Managing Agent's Agreements with members concerning their participation on Syndicates 2525 and 2526.

Appointment of Syndicate Auditors and Syndicate AGMs

In our March 2011 issue of *Lloyd's Market Disclosures*, we noted our intention to exercise the power of attorney (afforded under the terms of the Members' Agent's Agreement) in approving the reappointment of auditors, and to avoid the need to receive details of every application for dispensation to hold an AGM, for all syndicates on which our members participate.

We can confirm that no objections to this approach were received by the due deadline of 28 March and we will be proceeding accordingly.

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