

LANCASHIRE HOLDINGS LIMITED

19 August 2011
Hamilton, Bermuda

Voting Results of Special General Meeting

Lancashire Holdings Limited (the "Company") is pleased to announce the voting results for the Special General Meeting ("SGM") of shareholders held on Thursday, 18th August 2011. The meeting considered two resolutions as set out in the SGM Notice dated 27 July 2011; both resolutions were duly passed and approved by shareholders casting their votes.

The first resolution approved confers authority on the Company to allot and issue common shares for cash in an amount up to 10 per cent. of the Company's issued share capital at the date of the SGM notice (an aggregate nominal value of US\$8,430,121) on a non pre-emptive basis. This special resolution received 103,064,640 of 107,782,757 votes in the poll, and was therefore approved by 95.62% of the votes cast.

The second resolution approved implements changes in the Company's bye-laws to allow the conduct of board and shareholder business in the UK in anticipation of the Company's move to UK tax residence in 2012. Consistent with the Company's announcement on 27 July, the Company has engaged in positive discussions with the UK tax authorities on the proposed move. This ordinary resolution received 108,306,211 of 108,651,316 votes in the poll, and was therefore approved by 99.68% of the votes cast.

Martin Thomas, the Chairman of the Company's board of directors said the following:

"The board is pleased that the Company's shareholders have given their strong backing for these two important proposals. The vote permitting the issue of up to 10% of shares on a non pre-emptive basis recognises and affirms the approach to capital management that the Company has consistently and successfully deployed since its inception in 2005. It gives the Company the ability to raise capital rapidly to take best advantage of underwriting opportunities, whilst avoiding the inevitable procedural delay of a UK rights issue. This helps place the Company on a more even footing with its international competitors, and is an important tool in the Company's capital management strategy. The amendments permitting board meetings to be held in the UK will help the Company more effectively benefit from the anticipated move in tax residence at the start of 2012. The flexibility afforded by these positive votes is a clear benefit to the Company going forward."

Copies of the resolutions passed will be submitted to the National Storage Mechanism and will shortly be available for inspection at www.hemscott.com/nsm.do

Further details of the SGM results will be available shortly on the Company's website www.lancashiregroup.com.

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About Lancashire

Lancashire, through its UK and Bermuda-based insurance subsidiaries, is a global provider of specialty insurance products. The Group companies carry the following ratings:

	Financial Strength Rating ⁽¹⁾	Long Term Issuer Rating ⁽²⁾	Outlook
A.M. Best	A	bbb	Stable
Standard & Poor's	A-	BBB	Stable
Moody's	A3	Baa2	Stable

(1) Financial Strength Rating applies to Lancashire Insurance Company Limited and Lancashire Insurance Company (UK) Limited

(2) Long Term Issuer Rating applies to Lancashire Holdings Limited

Lancashire has capital in excess of \$1 billion and its Common Shares trade on the main market of the London Stock Exchange under the ticker symbol LRE. Lancashire has its corporate headquarters at Power House, 7 Par-la-Ville Road, Hamilton HM 11, Bermuda. The mailing address is Lancashire Holdings Limited, P.O. Box HM 2358, Hamilton HM HX, Bermuda. For more information on Lancashire, visit the Company's website at www.lancashiregroup.com

Lancashire Insurance Company Limited is regulated by the Bermuda Monetary Authority in Bermuda. Lancashire Insurance Company (UK) Limited is regulated by the Financial Services Authority in the UK. Lancashire Marketing Services (Middle East) Limited is authorised and regulated by the Dubai Financial Services Authority.

NOTE REGARDING FORWARD-LOOKING STATEMENTS:

CERTAIN STATEMENTS AND INDICATIVE PROJECTIONS (WHICH MAY INCLUDE MODELED LOSS SCENARIOS) MADE IN THIS RELEASE OR OTHERWISE THAT ARE NOT BASED ON CURRENT OR HISTORICAL FACTS ARE FORWARD-LOOKING IN NATURE INCLUDING WITHOUT LIMITATION, STATEMENTS CONTAINING THE WORDS 'BELIEVES', 'ANTICIPATES', 'PLANS', 'PROJECTS', 'FORECASTS', 'GUIDANCE', 'INTENDS', 'EXPECTS', 'ESTIMATES', 'PREDICTS', 'MAY', 'CAN', 'WILL', 'SEEKS', 'SHOULD', OR, IN EACH CASE, THEIR NEGATIVE OR COMPARABLE TERMINOLOGY. ALL STATEMENTS OTHER THAN STATEMENTS OF HISTORICAL FACTS INCLUDING, WITHOUT LIMITATION, THOSE REGARDING THE GROUP'S FINANCIAL POSITION, RESULTS OF OPERATIONS, LIQUIDITY, PROSPECTS, GROWTH, CAPITAL MANAGEMENT PLANS, BUSINESS STRATEGY, PLANS AND OBJECTIVES OF MANAGEMENT FOR FUTURE OPERATIONS (INCLUDING DEVELOPMENT PLANS AND OBJECTIVES RELATING TO THE GROUP'S INSURANCE BUSINESS) ARE FORWARD-LOOKING STATEMENTS. SUCH FORWARD-LOOKING STATEMENTS INVOLVE KNOWN AND UNKNOWN RISKS, UNCERTAINTIES AND OTHER IMPORTANT FACTORS THAT COULD CAUSE THE ACTUAL RESULTS, PERFORMANCE OR ACHIEVEMENTS OF THE GROUP TO BE MATERIALLY DIFFERENT FROM FUTURE RESULTS, PERFORMANCE OR ACHIEVEMENTS EXPRESSED OR IMPLIED BY SUCH FORWARD-LOOKING STATEMENTS.

THESE FACTORS INCLUDE, BUT ARE NOT LIMITED TO: THE NUMBER AND TYPE OF INSURANCE AND REINSURANCE CONTRACTS THAT WE WRITE; THE PREMIUM RATES AVAILABLE AT THE TIME OF SUCH RENEWALS WITHIN OUR TARGETED BUSINESS LINES; THE LOW FREQUENCY OF LARGE EVENTS; UNUSUAL LOSS FREQUENCY; THE IMPACT THAT OUR FUTURE OPERATING RESULTS, CAPITAL POSITION AND RATING AGENCY AND OTHER CONSIDERATIONS HAVE ON THE EXECUTION OF ANY CAPITAL MANAGEMENT INITIATIVES; THE POSSIBILITY OF GREATER FREQUENCY OR SEVERITY OF CLAIMS AND LOSS ACTIVITY THAN OUR UNDERWRITING, RESERVING OR INVESTMENT PRACTICES HAVE ANTICIPATED; THE RELIABILITY OF, AND CHANGES IN ASSUMPTIONS TO, CATASTROPHE PRICING, ACCUMULATION AND ESTIMATED LOSS MODELS; LOSS OF KEY PERSONNEL; A DECLINE IN OUR OPERATING SUBSIDIARIES' RATING WITH A.M. BEST, STANDARD & POOR'S, MOODY'S OR OTHER RATING AGENCIES; INCREASED COMPETITION ON THE BASIS OF PRICING, CAPACITY, COVERAGE TERMS OR OTHER FACTORS; A CYCLICAL DOWNTURN OF THE INDUSTRY; THE IMPACT OF A DETERIORATING CREDIT ENVIRONMENT FOR ISSUERS OF

FIXED INCOME INVESTMENTS; THE IMPACT OF SWINGS IN MARKET INTEREST RATES AND SECURITIES PRICES; A RATING DOWNGRADE OF, OR A MARKET DECLINE IN, SECURITIES IN OUR INVESTMENT PORTFOLIO; CHANGES IN GOVERNMENTAL REGULATIONS OR TAX LAWS IN JURISDICTIONS WHERE LANCASHIRE CONDUCTS BUSINESS; LANCASHIRE OR ITS BERMUDIAN SUBSIDIARY BECOMING SUBJECT TO INCOME TAXES IN THE UNITED STATES OR THE UNITED KINGDOM; AND THE EFFECTIVENESS OF OUR LOSS LIMITATION METHODS; THE UK TEMPORARY PERIOD EXEMPTION UNDER THE CURRENT CFC REGIME REMAINS IN FORCE FOR THE PERIOD INTENDED AND IS CONTAINED IN THE UK FINANCE ACT 2011; THE UK GOVERNMENT BRINGS BEFORE PARLIAMENT LEGISLATION CONTAINING A SUITABLE NEW CFC REGIME IN LINE WITH THE PROPOSALS OUTLINED IN THE CONSULTATION DOCUMENT; THE LEGISLATION AND NEW CFC REGIME INCLUDE A SUITABLE EXCLUSION RELATING TO LARGE RISKS WRITTEN IN THE INTERNATIONAL INSURANCE MARKET, ANY CHANGE IN UK GOVERNMENT OR THE UK GOVERNMENT POLICY DOES NOT IMPACT THE TEMPORARY PERIOD EXEMPTION, THE ANTICIPATED TERRITORIAL BUSINESS EXEMPTION OR OTHER ASPECTS OF THE NEW CFC REGIME; THE IMPLEMENTATION OF THE CHANGE IN TAX RESIDENCE DOES NOT NEGATIVELY IMPACT STAKEHOLDERS OF LANCASHIRE IN A MATERIAL WAY; AND CHANGES IN OTHER GOVERNMENTAL REGULATIONS OR TAX LAWS IN OTHER JURISDICTIONS WHERE LANCASHIRE CONDUCTS BUSINESS.

THESE FORWARD-LOOKING STATEMENTS SPEAK ONLY AS AT THE DATE OF PUBLICATION. LANCASHIRE HOLDINGS LIMITED EXPRESSLY DISCLAIMS ANY OBLIGATION OR UNDERTAKING (SAVE AS REQUIRED TO COMPLY WITH ANY LEGAL OR REGULATORY OBLIGATIONS (INCLUDING THE RULES OF THE LONDON STOCK EXCHANGE)) TO DISSEMINATE ANY UPDATES OR REVISIONS TO ANY FORWARD-LOOKING STATEMENTS TO REFLECT ANY CHANGES IN THE GROUP'S EXPECTATIONS OR CIRCUMSTANCES ON WHICH ANY SUCH STATEMENT IS BASED.