

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

If you sell or otherwise transfer or have sold or otherwise transferred all of your common shares of US\$0.50 each in the capital of Lancashire Holdings Limited ("**Common Shares**"), please forward this document, together with the accompanying Form of Proxy, Form of Direction and the 2012 Annual Report and Accounts to the stockbroker, bank or other agent who arranged the sale or transfer for transmission to the purchaser or transferee. If you have sold or transferred part of your holding of Common Shares you are advised to consult your stockbroker, bank or other agent who arranged the sale or transfer.

Lancashire Holdings Limited
(Incorporated and registered in Bermuda under registration number EC37415)
Notice of Annual General Meeting

Notice of the Annual General Meeting of Lancashire Holdings Limited to be held at Level 11, Vitro, 60 Fenchurch Street, London EC3M 4AD on 1 May 2013 commencing at 1.30pm UK time is set out on pages 6 to 8 of this document.

Holders of Common Shares ("**Shareholders**") will find enclosed a Form of Proxy for use at the Annual General Meeting. Holders of depository interests in the Common Shares will find a Form of Direction by which they can instruct Capita IRG Trustees Limited ("**Capita**") to vote in respect of their interest. To be valid, the enclosed Form of Proxy must be received by PXS, 34 Beckenham Road, Beckenham, Kent BR3 4TU not later than 48 hours before the time appointed for the holding of the Annual General Meeting. To be valid the Forms of Direction must be received not later than 72 hours before the time appointed for the holding of the Annual General Meeting. Arrangements have also been made for CREST members to vote electronically through the CREST proxy voting service in accordance with the procedures set out in the CREST Manual. Further details regarding CREST are included in notes (iv) and (v) on page 8 of this document.

Your attention is also drawn to the letter from the Chairman of Lancashire Holdings Limited, which is set out on pages 3 to 5 of this document recommending that you vote in favour of the resolutions to be proposed at the Annual General Meeting.

Note Regarding Forward-Looking Statements

Certain statements and indicative projections (which may include modelled loss scenarios) made in the Chairman's letter in this document that are not based on current or historical facts are forward-looking in nature, including, without limitation, statements containing the words "will", "believes", "anticipates", "plans", "projects", "forecasts", "guidance", "intends", "expects", "estimates", "predicts", "may", "can", "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 tax residency of the Company and its subsidiaries (the "**Group**"), its 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 the Group writes; the premium rates available at the time of such renewals within the Group's targeted business lines; the low frequency of large events; unusual loss frequency; the impact that the Group's 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 the Group's underwriting, reserving or investment practices have anticipated; the reliability of, and changes in assumptions to, catastrophe pricing, accumulation and estimated loss models; the effectiveness of the Group's loss limitation methods; loss of key personnel; a decline in the Group's 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 the Group's investment portfolio; changes in governmental regulations or tax laws in jurisdictions where the Group conducts business; Lancashire Holdings Limited or its Bermudian subsidiary becoming subject to income taxes in the United States or the Bermudian subsidiary becoming subject to income taxes in the United Kingdom; the UK temporary period exemption under the CFC regime failing to remain in force for the period intended; the inapplicability to the Group of suitable exclusions from the new UK CFC regime; any change in the UK government or the UK government policy which impacts the new CFC regime; and the negative impact in any material way of the change in tax residence of Lancashire Holdings Limited on its stakeholders.

These forward-looking statements speak only as at the date of publication. Lancashire 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.

Expected Timetable of Principal Events

Publication of this document and posting to Shareholders	20 March 2013
Voting record date	22 March 2013
Latest time and date for receipt of Form of Direction	1.30pm UK time on 28 April 2013
Latest time and date for receipt of Form of Proxy	1.30pm UK time on 29 April 2013
Time and date of Annual General Meeting	1.30pm UK time on 1 May 2013

Letter from the Chairman of Lancashire Holdings Limited (the “Company”)

(Incorporated and registered in Bermuda under registration number EC37415)

Directors:

John Bishop, *Non-Executive Director*
Richard Brindle, *Chief Executive Officer*
Emma Duncan, *Non-Executive Director*
Samantha Hoe-Richardson, *Non-Executive Director*
Alex Maloney, *Chief Underwriting Officer*
Neil McConachie, *Non-Executive Director*
Ralf Oelssner, *Senior Independent Director*
Robert Spass, *Non-Executive Director*
William Spiegel, *Non-Executive Director*
Martin Thomas, *Non-Executive Chairman*
Elaine Whelan, *Chief Financial Officer*

Head Office:
Level 11, Vitro
60 Fenchurch Street
London EC3M 4AD
United Kingdom

Registered Office:
Power House
7 Par-la-Ville Road
Hamilton HM 11
Bermuda

20 March 2013

To Shareholders and for information only to holders of depository interests:

Dear Shareholder,

Notice of Annual General Meeting and recommendation to vote in favour of the Resolutions

I am writing to give you details of the business proposed to be considered at the Company's forthcoming Annual General Meeting (“AGM”) to be held at Level 11, Vitro, 60 Fenchurch Street, London EC3M 4AD on 1 May 2013 commencing at 1.30pm UK time. The notice convening the AGM is set out on pages 6 to 8 of this document.

Proposed Business of the AGM

1. Accounts and Auditors (Resolutions 1, 2, 3 and 4)

Resolutions are proposed to receive the Company's audited consolidated financial statements and to approve the Directors' Remuneration Report for the year ended 31 December 2012, which are contained in the Annual Report and Accounts (**Resolutions 1 and 2**), to re-appoint the Company's auditors (**Resolution 3**), and to authorise the Company's board of directors (the “Board”) to set the auditors' remuneration (**Resolution 4**).

2. Re-election of Directors (Resolutions 5, 6, 7, 8, 9, 10, 11, 12, 13, 14 and 15)

Elaine Whelan and Samantha Hoe-Richardson were appointed by the Board as Directors with effect from 1 January 2013 and 20 February 2013, respectively, and, in accordance with the Company's Bye-laws, stand for re-election by Shareholders at the AGM.

The UK Corporate Governance Code (the “Code”) recommends that all Directors of FTSE 350 companies should be subject to annual re-election by shareholders. Accordingly, and in conformity with our practice at the annual general meeting of the Company in 2012, all the Directors of the Company are being submitted for re-election at the AGM. In the Board's view each of the Directors continues to make an effective contribution to the deliberations of the Board and to demonstrate commitment to their role. And this view is supported by my own review of their performance following our triennial externally facilitated evaluation of the Board.

Further information about the performance evaluation process and the Directors, including biographies, is set out in the accompanying 2012 Annual Report and Accounts.

The Board considers all Non-Executive Directors except for Neil McConachie to be independent within the meaning of the Code. The Board's view of Mr McConachie's non-independence is due to his previous employment as an executive with the Company. Mr McConachie served as President and Executive Director until 30 June 2012 when he relinquished his executive role. He has served as a Non-Executive Director since 1 July 2012.

3. Renewal of general and unconditional authority to allot shares (Resolution 16)

Pursuant to Bye-law 2.4 of the Company's Bye-laws, the Board is seeking Shareholders' approval to renew the general and unconditional authority granted to the Directors to allot Relevant Securities (as defined in Bye-law 2.4(b)) up to an aggregate nominal value of US\$28,100,404, an amount equal to approximately one-third of the issued common share capital of the Company as at the date of this document. The Directors of the Company have no present intention of issuing any Relevant Securities pursuant to this authority, but believe it to be in the best interests of the Company for the Board to be granted this authority to take advantage of appropriate opportunities.

The authority granted by this resolution will be exercised only if the Directors of the Company believe that to do so would be in the best interests of the Company. Unless otherwise renewed or revoked by the Shareholders in general meeting, this authority will expire at the conclusion of the annual general meeting of the Company in 2014 or, if earlier, 15 months from the date the relevant resolution is passed.

4. Renewal of authority to allot shares for cash on a non pre-emptive basis (Resolution 17)

Pursuant to Bye-law 2.6 of the Company’s Bye-laws, the Board is seeking Shareholders’ authorisation for the Directors of the Company to allot Equity Securities (as defined in Bye-law 2.5(g)) up to an aggregate nominal value of US\$12,645,182 on a non pre-emptive basis, such amount being approximately 15 per cent. of the Company’s issued share capital as at the date of this document. The Bye-laws of the Company require that, unless Shareholders resolve otherwise, any Equity Securities allotted for cash must be offered to existing holders of Relevant Shares, Relevant Employee Shares and Relevant Warrant Shares (each as defined in Bye-law 2.5(g)) *pro rata* to their existing shareholdings. The Bye-laws permit this requirement to be disapplied and the purpose of this resolution is to authorise the Board to allot Equity Securities as if such provisions did not apply in certain circumstances, when the Board considers that to do so would be in the best interests of the Company.

The amount of the pre-emption disapplication for which authority is requested is above the 5 per cent. level that is considered routine by UK investors and investor groups. In seeking this authorisation, the Board’s resolve has been strengthened after canvassing the views of a number of the Company’s major shareholders, to whom we have explained the need to maintain competitiveness in the face of changing market circumstances. This strategic business case is described in more detail below. And in the Board’s view it wholly justifies the larger pre-emption disapplication, in line with the principles published by the UK Pre-emption Group, which are supported by UK investor groups.

This is not the first time Shareholders have been asked for such authorisation. In 2008, prior to the Company’s move to the LSE from AIM, the Company had Shareholder approval for the issue of new equity on a non pre-emptive basis of up to 15 per cent. Since moving to the LSE, the Company has each year requested the ability to issue new equity on a non pre-emptive basis of up to 10 per cent. In the last couple of years this has been overwhelmingly supported: in 2011 a Special Resolution was approved on 18 August 2011 by 95.62 per cent. of the votes cast; and at the annual general meeting held on 3 May 2012 a similar resolution was approved by 94.74 per cent. of the votes cast.

As a Company, we seek to be nimble in our capital management strategy, returning our Shareholders’ capital to them when we do not need it for underwriting purposes. The Board believes strongly that the converse of this strategy is that the Company should have the flexibility to raise capital quickly if the need ever arises, particularly with the influx of third party capital to the sector, in structures that allow it to be put to use at very short notice. At current share prices, authority at 10 per cent. would enable the Company to raise about US\$230 million, whereas authority at 15 per cent. would increase this to around US\$345 million. An increase to 15 per cent. will afford the Company the ability to raise an additional US\$115 million. The Company would not expect to utilize this authority as a response to normal loss events. Rather, this authority would be utilized to respond to a significant ‘market moving’ loss event, for example, an industry loss in excess of Hurricane Katrina. Shareholders will note the peak zone elemental loss exposures of the Company as at the end of 2012, set out at page 82 of the 2012 Annual Report and Accounts. A move to a 15 per cent. authority at the current share price would enable the Company to replenish all of the capital exposed under its maximum one in one hundred peak loss exposure for a Gulf of Mexico Hurricane loss, which as at 31 December 2012 stood at US\$324.4 million.

The Company operates in a market that rewards the fastest to react, those who can play a role in benchmarking an adjusted pricing regime, as well as meeting brokers’ needs for immediate capacity. In this way, first movers make the new market. The Board is recommending that Shareholders vote for this first mover advantage. Your support for Resolution 17 will help give the Company greater competitive parity with its insurance company peers, particularly those of its competitors operating in the Bermuda and U.S. markets, as well as providers of and vehicles for third-party capital.

As Richard Brindle, Group CEO, says: “It has always been a key part of the Lancashire story, part of its very DNA if you will, that the Company will react nimbly and quickly..., and we believe the vast majority of our Shareholders would expect and indeed want us to use every tool at our disposal to raise capital quickly and help shape the ensuing market. This is one such tool, and an important one at that, so we urge all Shareholders to vote in favour.”

However, the Board has no immediate intention to use this authority. If as a result of a major market loss current capital levels are reduced, the Board considers that it is important to provide the Company with immediate access to a full range of financing options both from a risk management perspective and to reinforce the Company’s strategy of managing capital actively and prudently.

The Company’s active capital management strategy continues to be demonstrated by the substantial special dividends declared in November 2012 and February 2013, which combined amounted to returns to Shareholders by way of special dividends for the 2012 year of US\$1.95 per share.

Unless otherwise renewed or revoked by the Shareholders in general meeting this authority will expire at the conclusion of the annual general meeting of the Company in 2014 or, if earlier, 15 months from the date the relevant resolution is passed.

5. Resolution to authorise the Company to purchase its own shares (Resolution 18)

The Board is seeking Shareholders' approval to renew the authority granted to the Company by the Shareholders at the annual general meeting held on 3 May 2012. Pursuant to such authority, the Company is generally and unconditionally authorised to make one or more market purchases of the issued Common Shares of the Company up to an aggregate nominal value of US\$8,430,121, an amount equal to approximately 10 per cent. of the issued Common Share capital of the Company as at the date of this document, at a price of not less than the nominal value of the Common Shares (exclusive of expenses payable by the Company). The maximum price per Common Share (exclusive of expenses payable by the Company) that may be paid under the authority shall not exceed the higher of (i) 5 per cent. above the average of the closing middle market quotations of the Company's Common Shares derived from the London Stock Exchange Daily Official List for the 5 business days before the purchase is made and (ii) an amount equal to the higher of the price of the last independent trade and the highest current independent bid for the Common Shares on the London Stock Exchange at the time of purchase. Purchases may otherwise be made in such manner and on such terms as the Board or any authorised committee may from time to time determine. Purchases would only be made if the effect would be expected to improve earnings per share and the Board considers that it would be in the best interests of the Company to do so. Pursuant to the Bye-laws of the Company, no purchase can be made if the Board determines that it would result in a non-*de minimis* adverse tax, legal or regulatory consequence to the Company, any of its subsidiaries or any holder of shares or its affiliates.

The Company cannot by law (in respect of the par value of the shares to be purchased) purchase its own shares except out of:

- (a) the capital paid up thereon; or
- (b) the funds of the Company which would otherwise be available for dividend payment or distribution; or
- (c) the proceeds of a fresh issue of shares made for the purpose of the repurchase, and

the premium if any payable on the repurchase is provided out of the funds of the Company which would otherwise be available for dividend payment or distribution or out of the Company's share premium account before the repurchase date.

Unless otherwise renewed or revoked by the Shareholders in general meeting this authority will expire on the conclusion of the annual general meeting of the Company in 2014 or, if earlier, 15 months from the date the relevant resolution is passed.

This resolution complies with the current guidance issued by the Association of British Insurers ("ABI") and the Board will have regard to any guidance issued by the ABI which may be published at the time of any such purchase of issued Common Shares of the Company.

Any shares repurchased by the Company will be cancelled or held as treasury shares.

Voting

A Form of Proxy for use by Shareholders at the AGM is enclosed with this document. Whether or not you propose to attend the AGM, you are urged to complete and sign the Form of Proxy in accordance with the instructions printed thereon and to return it to the Company's Registrars, PXS, 34 Beckenham Road, Beckenham, Kent BR3 4TU, as soon as possible and in any event so as to be received no later than 1.30pm UK time on 29 April 2013 (48 hours before the time appointed for the holding of the AGM). The return of a completed Form of Proxy or the submission by CREST members of an electronic proxy appointment will not preclude you from attending the AGM and voting in person, should you so wish.

Holders of depository interests in the Company wishing to instruct Capita IRG Trustees Limited, the Depository, to vote in respect of the holder's interest should use the enclosed Form of Direction. The completed Form of Direction must be received by Capita Registrars, PXS, 34 Beckenham Road, Beckenham, Kent BR3 4TU, as soon as possible and in any event so as to be received no later than 1.30pm UK time on 28 April 2013 (72 hours before the time appointed for the holding of the AGM).

Record Date

Only Shareholders entered on the register of members of the Company at 5.00pm UK time on 22 March 2013 shall be entitled to attend and vote at the AGM in respect of the number of Common Shares registered in their name at that time. Changes to entries on the register of members after 5.00pm UK time on 22 March 2013 shall be disregarded in determining the rights of any person to attend or vote at the meeting. The length of time between the record date and the AGM is necessary to allow sufficient time to complete the voting cut-back calculations as required by Bye-laws 40 and 41 (inclusive) of the Bye-laws of the Company.

Recommendation

The Directors believe that the resolutions to be proposed at the AGM and set out in the notice convening the AGM are in the best interests of the Company and its Shareholders as a whole, for the reasons stated. Accordingly, the Board recommends Shareholders to vote in favour of all resolutions to be proposed at the AGM. Each Director who holds Common Shares in the Company intends to vote in favour of all the resolutions in respect of his or her own shareholding.

Yours faithfully,

Martin Thomas
Chairman

Lancashire Holdings Limited

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that the 2013 Annual General Meeting of the Company will be held at Level 11, Vitro, 60 Fenchurch Street, London EC3M 4AD on 1 May 2013 commencing at 1.30pm UK time, for the purpose of considering and, if thought fit, passing the following resolutions.

Resolutions 1-16 (inclusive) will be considered and, if thought fit, passed as ordinary resolutions. Resolutions 17 and 18 will be considered and, if thought fit, passed as Special Resolutions (as defined in the Bye-laws).

ORDINARY RESOLUTIONS

1. To receive the Company's audited consolidated financial statements for the year ended 31 December 2012.
2. To approve the Directors' Remuneration Report for the year ended 31 December 2012.
3. To re-appoint Ernst & Young LLP of 1 More London Place, London SE1 2AF, England as auditors of the Company, to hold office from the conclusion of this Annual General Meeting until the conclusion of the next annual general meeting at which the Company's financial statements are presented.
4. To authorise the Board of Directors, who may delegate this authority to the Board's audit committee, to set the auditors' remuneration.
5. To re-elect John Bishop as a Director of the Company, to hold office until the next annual general meeting or until his successor is elected or appointed or his office is otherwise vacated.
6. To re-elect Richard Brindle as a Director of the Company, to hold office until the next annual general meeting or until his successor is elected or appointed or his office is otherwise vacated.
7. To re-elect Emma Duncan as a Director of the Company, to hold office until the next annual general meeting or until her successor is elected or appointed or her office is otherwise vacated.
8. To re-elect Samantha Hoe-Richardson as a Director of the Company, to hold office until the next annual general meeting or until her successor is elected or appointed or her office is otherwise vacated.
9. To re-elect Alex Maloney as a Director of the Company, to hold office until the next annual general meeting or until his successor is elected or appointed or his office is otherwise vacated.
10. To re-elect Neil McConachie as a Director of the Company, to hold office until the next annual general meeting or until his successor is elected or appointed or his office is otherwise vacated.
11. To re-elect Ralf Oelssner as a Director of the Company, to hold office until the next annual general meeting or until his successor is elected or appointed or his office is otherwise vacated.
12. To re-elect Robert Spass as a Director of the Company, to hold office until the next annual general meeting or until his successor is elected or appointed or his office is otherwise vacated.
13. To re-elect William Spiegel as a Director of the Company, to hold office until the next annual general meeting or until his successor is elected or appointed or his office is otherwise vacated.
14. To re-elect Martin Thomas as a Director of the Company, to hold office until the next annual general meeting or until his successor is elected or appointed or his office is otherwise vacated.
15. To re-elect Elaine Whelan as a Director of the Company, to hold office until the next annual general meeting or until her successor is elected or appointed or her office is otherwise vacated.
16. To grant the Directors of the Company a general and unconditional authority, pursuant to Bye-law 2.4 of the Company's Bye-laws, to allot Relevant Securities (within the meaning of that Bye-law), up to an aggregate nominal value of US\$28,100,404, an amount equal to approximately one-third of the issued common share capital of the Company as at the date of this document, provided that (i) unless otherwise renewed or revoked in general meeting, this authority will expire at the conclusion of the annual general meeting of the Company in 2014 or, if earlier, 15 months from the date the relevant resolution is passed; (ii) the Company shall be entitled to make, before expiry of such authority, any offer or agreement which would or might require Relevant Securities to be allotted after such expiry and the Directors may allot such Relevant Securities in pursuance of such offer or agreement as if such authority had not expired; and (iii) such authority shall be in substitution for any and all authorities previously conferred upon the Directors for the purposes of Bye-law 2.4 but without prejudice to the allotment of any Relevant Securities already made or to be made pursuant to such authorities.

SPECIAL RESOLUTIONS

17. That, subject to and conditional on the passing of Resolution 16, the Directors of the Company be authorised, in accordance with Bye-law 2.6 of the Company's Bye-laws, to allot Equity Securities (within the meaning of Bye-law 2.5(g)) for cash pursuant to the authority conferred by Resolution 16 as if Bye-law 2.5(a) of the Company's Bye-laws did not apply to such authority up to an aggregate nominal value of US\$12,645,182, such amount being approximately 15 per cent. of the Company's issued share capital as at the date of this document, provided that, unless otherwise renewed or revoked by the Shareholders in general meeting this authority will expire at the conclusion of the annual general meeting of the Company in 2014 or, if earlier, 15 months from the date the relevant resolution is passed and provided that the Company may before such expiry make any offer or agreement which would or might require Common Shares to be allotted after such expiry and the Directors may allot such Common Shares in pursuance of such offer or agreement as if Bye-law 2.5(a) did not apply.
18. That the Company be generally and unconditionally authorised, in accordance with Bye-law 3 of the Company's Bye-laws and pursuant to section 42A of the Companies Act of Bermuda, to make one or more market purchases of any of its common shares of US\$0.50 each ("**Common Shares**") in such manner and on such terms as the Directors of the Company or any authorised committee thereof may from time to time determine provided that:
- (a) the maximum number of Common Shares hereby authorised to be purchased shall be 16,860,242 (representing approximately 10 per cent. of the issued Common Share capital of the Company as at the date of this Notice);
 - (b) the minimum price (exclusive of expenses payable by the Company) which may be paid for a Common Share shall be US\$0.50;
 - (c) the maximum price (exclusive of expenses payable by the Company) which may be paid for a Common Share shall be the higher of:
 - i 5 per cent. above the average of the closing middle market quotations for a Common Share of the Company taken from the London Stock Exchange Daily Official List for the 5 business days immediately preceding the day on which the Common Share is contracted to be purchased; and
 - ii the higher of the price of the last independent trade and the highest current independent bid for the Common Shares on the London Stock Exchange at the time of purchase as stipulated by Article 5(1) of the Commission Regulation (EC) No.2273/2003 of 22 December 2003 implementing the Market Abuse Directive (Directive 2003/6/EC of the European Parliament and of the Council) as regards exemptions for buy-back programmes and stabilisation of financial instruments;
 - (d) unless otherwise renewed or revoked by the Shareholders in a general meeting this authority will expire on the conclusion of the annual general meeting of the Company in 2014 or, if earlier, 15 months from the date the relevant resolution is passed; and
 - (e) the Company shall be entitled under such authority to make at any time before its expiry or termination any contract to purchase its own shares which will or may be executed wholly or partly after the expiry of the authority, and may make a purchase of Common Shares in pursuance of any such contract.

By order of the Board

Christopher Head

Company Secretary

20 March 2013

Head Office:

Level 11, Vitro

60 Fenchurch Street

London EC3M 4AD

United Kingdom

Registered Office:

Power House

7 Par-la-Ville Road

Hamilton HM 11

Bermuda

Registration number:

EC37415

Lancashire Holdings Limited Notice of Annual General Meeting continued

Notes:

- (i) Only those Shareholders entered on the register of members of the Company at 5.00pm UK time on 22 March 2013 shall be entitled to attend and vote at the meeting in respect of the number of Common Shares registered in their name at that time. Changes to entries on the register of members after 5.00pm UK time on 22 March 2013 shall be disregarded in determining the rights of any person to attend or vote at the meeting.
- (ii) A Shareholder entitled to attend and vote at the meeting convened by this notice or any adjournment thereof is entitled to appoint one or more proxies to attend, speak and vote instead of him. A proxy need not be a member of the Company.
- (iii) To be valid, the enclosed Form of Proxy must be lodged with PXS, 34 Beckenham Road, Beckenham, Kent BR3 4TU not later than 48 hours before the time appointed for the meeting or any adjournment thereof, together, if appropriate, with the power of attorney or other written authority, if any, under which it is signed (or a duly certified copy of such power) or, where the Form of Proxy has been signed by an officer on behalf of a corporation, a duly certified copy of an authority under which it is signed. Completion and return of a Form of Proxy (or submission of proxy instructions electronically) will not preclude a Shareholder from attending the meeting and voting in person.
- (iv) CREST members who wish to vote using the CREST electronic proxy voting service may do so for the AGM and any adjournment(s) thereof by using the procedures described in the CREST Manual (available via www.euroclear.com). CREST personal members or other CREST sponsored members, and those CREST members who have appointed a voting service provider should refer to their CREST sponsors or voting service provider(s), who will be able to take the appropriate action on their behalf.

In order for a proxy appointment or instruction made by means of CREST to be valid, the appropriate CREST message (a "**CREST Proxy Instruction**") must be properly authenticated in accordance with Euroclear UK & Ireland Limited's specifications and must contain the information required for such instructions, as described in the CREST Manual. The message must be transmitted so as to be received by the Company's agent, Capita Registrars Limited (CREST Participant ID: **RA10**), no later than 48 hours before the time appointed for the meeting. For this purpose, the time of receipt will be taken to be the time (as determined by the time stamp applied to the message by the CREST Application Host) from which the Company's agent is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. After this time any change of instructions to proxies appointed through CREST should be communicated to the appointee through other means.

CREST members and, where applicable, their CREST sponsor or voting service provider should note that Euroclear UK & Ireland Limited does not make available special procedures in CREST for any particular messages. Normal system timings and limitations will therefore apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member or sponsored member or has appointed a voting service provider, to procure that his CREST sponsor or voting service provider takes) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members and, where applicable, their CREST sponsor or voting service provider are referred in particular to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.

The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001.

- (v) Any holders of depository interests in the Company who do not lodge their voting instructions via CREST Electronic Proxy Appointment Service may submit the enclosed Form of Direction together with the power of attorney or other authority (if any) under which it is signed, or a notarially or otherwise certified copy of such power or authority, to Capita Registrars, PXS, 34 Beckenham Road, Beckenham, Kent BR3 4TU not later than 72 hours before the time appointed for the holding of the Annual General Meeting.
- (vi) As at 8 March 2013, being the latest practicable business day prior to the publication of this notice, the Company's issued share capital consists of 168,602,427 Common Shares of \$0.50 each of which 3,948,445 Common Shares are held in Treasury. Therefore, total exercisable voting rights in the Company as at 8 March 2013 is 164,653,982.
- (vii) Copies of the letters of appointment of the Non-Executive Directors are available for inspection during normal business hours at the Company's registered office and at Lancashire's head office, Level 11, Vitro, 60 Fenchurch Street, London EC3M 4AD and at the place of the AGM for 15 minutes prior to the meeting and during the meeting.