

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.

Lancashire Holdings Limited

(Incorporated and registered in Bermuda under registration number EC37415)

NOTICE OF ANNUAL GENERAL MEETING

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. The whole text of this document should be read.

If you have sold or transferred all of your common shares 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 2008 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.

Notice of the Annual General Meeting of Lancashire Holdings Limited to be held at Mintflower Place, 8 Par-la-Ville Road, Hamilton HM 08, Bermuda on 14 May 2009 at 1pm (Bermuda time) is set out on page 4 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 Capita Registrars, Proxy Department, The Registry, 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.

Your attention is drawn to the letter from the Chairman of Lancashire Holdings Limited which is set out on pages 1 to 3 of this document recommending that you vote in favour of the resolutions to be proposed at the Annual General Meeting.

LETTER FROM THE CHAIRMAN OF LANCASHIRE HOLDINGS LIMITED (the "Company")

(Incorporated and registered in Bermuda under registration number EC37415)

Directors:

Richard Brindle, Chief Executive Officer
Simon Burton, Deputy Chief Executive Officer
Neil McConachie, Chief Financial Officer
John Bishop
Jens Juul
Ralf Oelssner, Senior Independent Director
Robert Spass
William Spiegel
Martin Thomas, Chairman
Barry Volpert

Registered Office:
 Clarendon House
 2 Church Street
 Hamilton HM 11
 Bermuda

8 April 2009

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

Dear Shareholder,

Annual General Meeting

The notice for the Annual General Meeting of the Company to be held at Mintflower Place, 8 Par-la-Ville Road, Hamilton HM 08, Bermuda on 14 May 2009 at 1pm (Bermuda time) is set out on page 4.

Proposals

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

Resolutions are proposed to receive and consider the Company's audited financial statements and to approve the Directors' Remuneration Report for the year ended 31 December 2008 which are contained in the Annual Report and Accounts (the latter starts on page 41) (**Resolutions 1 and 2**), to reappoint the Company's auditors (**Resolution 3**) and to authorise the Company's Board of Directors ("Board") to establish the level of auditors' remuneration (**Resolution 4**).

2. Re-election of Directors (Resolutions 5, 6 and 7)

As provided in the Company's Bye-laws, the Directors of the Board are divided into three classes of Directors. The current Class I, II, and III Directors are respectively appointed until the 2009, 2011 and 2010 Annual General Meetings of the Company. The term of office of the current Class I Directors, Ralf Oelssner, Robert Spass and William Spiegel, will expire at this year's Annual General Meeting. The Board is satisfied with the continued satisfactory performance of each of Ralf Oelssner, Robert Spass and William Spiegel who are non-executive directors of the Company and proposes their re-election as class I Directors for a further three year term of office until the Company's 2012 Annual General Meeting. Further information about Ralf Oelssner, Robert Spass and William Spiegel is set out in the accompanying Annual Report (**Resolutions 5, 6 and 7**).

3. Adoption of New Bye-laws (Resolution 8)

The Company will propose that new Bye-laws, which will make a number of changes to the Bye-laws (the "New Bye-laws") be adopted. The principal changes introduced in the New Bye-laws are set out below. Other changes, which are of a minor, technical or clarifying nature, have not been noted.

Definitions

The Definitions section is to be updated to insert new definitions, which are relevant to a Main Market company, and to remove definitions relating to the Company's admission to AIM in 2005.

Untraced Shareholders

The New Bye-laws will contain an additional Bye-law which would allow Lancashire to sell, in such manner and for such price as it thinks fit, the shares of shareholders whose accounts have been dormant for a twelve year period.

Forfeiture of shares

The New Bye-laws will contain additional provisions relating to statutory declaration on forfeiture and extinction of all interests.

Notice

The New Bye-laws will change the notice period for a special general meeting of the Company from 21 days to 14 days.

Voting on Resolutions

The following amendments are to be made to Bye-law 30.1 (Voting on Resolutions): "and in the case of an equality of votes the resolution shall fail" will be changed to "In the case of an equality of votes both for and against the resolution, whether on a show of hands or on a poll, the chairman of the meeting at which the show of hands takes place or at which the poll is demanded shall be entitled to a casting vote in addition to the votes to which he may be entitled as a member or as a representative or proxy of a member"; and "In the event that a Member participates in a general meeting by telephone or electronic means, the chairman of the meeting shall direct the manner in which such Member may cast his vote on a show of hands" is to be added.

Term of Office of Directors

Bye-laws relating to the term of office of Directors in the Bye-laws will be deleted in their entirety as they refer to the admission of the Company to AIM. A new Bye-law will be added in place of Bye-law 48, whereby one-third of the Directors shall retire by rotation at each Annual General Meeting; the Directors eligible for retirement will include any Director wishing to retire and those who have been longest in office since their last re-election or appointment. A retiring Director (subject to the provisions of the Companies Act 1981 of Bermuda (the "Act") and the Bye-laws) will be eligible for re-election.

One Class of Directors

Following the incorporation of the Company in 2005, the Directors were divided by the Members into three classes designated Class I, Class II and Class III. Each class of Directors consists, as nearly as possible, of one-third of the total number of Directors. References to the different classes of Directors will be removed from the New Bye-laws.

Removal of Directors

Bye-law 50.1 the words "(in the case of Richard Brindle, only with cause until the earlier of Admission or 1 April 2006)" are to be deleted.

Remuneration of Directors

Bye-law 50 (Remuneration of Directors) is to be amended to remove all references to the admission to AIM. The New Bye-laws will provide that the amount of any remuneration payable to Directors shall be determined by the Board and shall be deemed to accrue from day-to-day.

Conflicts of Interest

The New Bye-laws will include an additional Bye-law to Bye-law 61 restricting any Director of the Company voting and counting in the quorum on a resolution concerning his/her appointment.

Disclosure of Interests in Shares and Company Investigations

Chapter 5 of the Disclosure and Transparency Rules governs the disclosure of interests in shares by the Company or its Members. Bye-law 87.A (Disclosure of Interests in Shares and Company Investigations) is to be amended to delete references to AIM admission and include the provisions required under the Disclosure and Transparency Rules and which are specific to Official List companies.

Communications

The New Bye-laws will contain the following additional Bye-laws: permitting the Company to be communicated to in electronic form; and permitting the Company to communicate with its members in electronic form and by posting documents on its website if members have agreed, in accordance with the Act, to the Company sending or supplying documentation or information in these ways.

4. Business of the Company's Subsidiaries (Resolutions 9 (i) to (ix) and 10(i) to (ix))

In accordance with its Bye-laws, if the Company is entitled to vote at a general meeting of its non-U.S. subsidiaries, the Directors are obliged to refer the subject matter of the vote to the Shareholders to seek authority from them (via a poll vote in a general meeting of the Shareholders) as to how the Company should vote on the resolution proposed by such non-U.S. subsidiary.

Lancashire Insurance Company Limited ("LICL"), the Company's Bermuda subsidiary, is seeking the approval of the Company in its capacity as its sole shareholder: to receive audited financial statements for the year ended 31 December 2008; to appoint auditors for the 2009 financial year; to ratify and confirm the increase in number of Directors of LICL from six to ten; and to re-appoint its Directors, Simon Burton, Jens Juul, Colin Alexander, Elaine Whelan, Charles Mathias and Gohir Rashid **(Resolutions 9 (i) to (ix))**.

Lancashire Marketing Services (Middle East) Limited ("LMEL"), the Company's Dubai subsidiary, is seeking the approval of the Company in its capacity as its sole shareholder to resign its Directors John Melcon, Elaine Whelan, Giles Hussey and Paul Gregory and then re-appoint John Melcon, Elaine Whelan, Giles Hussey and Paul Gregory as Directors of LMEL; to appoint auditors from the conclusion of the Company's 2009 Annual General Meeting to the conclusion of the 2010 Annual General Meeting; to fix the auditor's remuneration and to receive and if thought fit approve the audited financial statements together with a copy of the auditor's report for the year ended 31 December 2008. **(Resolutions 10 (i) to (ix))**.

Voting

Shareholders will find enclosed with this document a Form of Proxy for use in connection with the Annual General Meeting. You are requested to complete the Form of Proxy in accordance with the instructions printed thereon and to return it to Capita Registrars, Proxy Department, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU not later than 48 hours before the time appointed for the holding of the Annual General Meeting. The return of a completed Form of Proxy will not preclude you from attending the Annual General Meeting and voting in person, should you so wish.

Holders of depository interests in the Company wishing to instruct Capita 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, Proxy Department, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU not later than 72 hours before the time appointed for the holding of the Annual General Meeting.

Record Date

Only Shareholders entered on the register of members of the Company at 5.00pm (Bermuda time) on 8 April 2009 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 (Bermuda time) on 8 April 2009 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 Annual General Meeting is necessary to allow sufficient time to complete the voting cut-back calculations related to U.S. 9.5% Shareholders as required by Bye-laws 39 and 40 of the Company's Bye-laws.

Recommendation

The Directors believe that the resolutions set out in the Annual General Meeting notice are in the best interests of the Company and its Shareholders as a whole and recommend that you vote in favour of them. Each Director who holds Common Shares in the Company intends to vote in favour of the resolutions in respect of his own shareholdings.

Yours faithfully,

Martin Thomas
Chairman

LANCASHIRE HOLDINGS LIMITED (THE "COMPANY")

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Annual General Meeting of the Company will be held at Mintflower Place, 8 Par-la-Ville Road, Hamilton HM 08, Bermuda on 14 May 2009 at 1pm (Bermuda time), for the purpose of considering and, if thought fit, passing the following resolutions:

1. To receive and consider the Company's audited financial statements for the year ended 31 December 2008.
2. To approve the Directors' Remuneration Report for the year ended 31 December 2008.
3. To re-appoint Ernst & Young of Reid Hall, 3 Reid Street, Hamilton HM 11, Bermuda as auditors of the Company, to hold office from the conclusion of this 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, which may delegate this authority to the Board's audit committee, to establish the auditors' remuneration.
5. To re-elect Ralf Oelssner as a Class I Director of the Company to hold office until the date of the 2012 Annual General Meeting of the Company.
6. To re-elect Robert Spass as a Class I Director of the Company to hold office until the date of the 2012 Annual General Meeting of the Company.
7. To re-elect William Spiegel as a Class I Director of the Company to hold office until the date of the 2012 Annual General Meeting of the Company.
8. To approve and adopt the Bye-laws produced to the meeting and signed by the Chairman for the purposes of identification as the new Bye-laws of the Company in substitution for and to the exclusion of the current Bye-laws of the Company.

Copies of the new Bye-laws to be adopted pursuant to Resolution 8 are available from Greg Lunn (Company Secretary and General Counsel) at Lancashire Holdings Limited, Mintflower Place, 8 Par-la-Ville Road, Hamilton HM 08, Bermuda, Tel: + 1 441 278 8950 and email: greg.lunn@lancashiregroup.com or from the Company's website www.lancashiregroup.com.

Other AGM business

To consider and, if thought fit, pass the following resolutions in respect of the Company's subsidiaries:

9. To authorise the Company to vote in its capacity as sole shareholder of Lancashire Insurance Company Limited to resolve:
 - (i) To receive the audited financial statements of Lancashire Insurance Company Limited for the year ended 31 December 2008;
 - (ii) To re-appoint Ernst & Young of Reid Hall, 3 Reid Street, Hamilton HM 11, Bermuda as auditors of Lancashire Insurance Company Limited for the 2009 financial year;
 - (iii) To ratify and confirm the increase in the number of Directors of Lancashire Insurance Company Limited from six to ten;
 - (iv) To re-appoint Simon Burton as a Director of Lancashire Insurance Company Limited;
 - (v) To re-appoint Jens Juul as a Director of Lancashire Insurance Company Limited;
 - (vi) To re-appoint Colin Alexander as a Director of Lancashire Insurance Company Limited;
 - (vii) To re-appoint Elaine Whelan as a Director of Lancashire Insurance Company Limited;
 - (viii) To re-appoint Charles Mathias as a Director of Lancashire Insurance Company Limited; and
 - (ix) To re-appoint Gohir Rashid as a Director of Lancashire Insurance Company Limited.

10. To authorise the Company to vote in its capacity as sole shareholder of Lancashire Marketing Services (Middle East) Limited to resolve:

- (i) To receive and if thought fit approve the audited financial statements of Lancashire Marketing Services (Middle East) Limited together with a copy of the auditor's report for the year ended 31 December 2008;
- (ii) To re-appoint Ernst & Young of Level 28, Al Attar Business Tower, Dubai, UAE as auditors of Lancashire Marketing Services (Middle East) Limited from the conclusion of the Company's 2009 Annual General Meeting to the conclusion of the 2010 Annual General Meeting;
- (iii) To authorise the Board of Directors to fix the auditors' remuneration;
- (iv) To retire John Melcon as a Director of Lancashire Marketing Services (Middle East) Limited and not to fill the vacancy;
- (v) To retire Elaine Whelan as a Director of Lancashire Marketing Services (Middle East) Limited and not to fill the vacancy;
- (vi) To retire Giles Hussey as a Director of Lancashire Marketing Services (Middle East) Limited and not to fill the vacancy;
- (vii) To retire Paul Gregory as a Director of Lancashire Marketing Services (Middle East) Limited and not to fill the vacancy;
- (viii) To re-appoint John Melcon as a Director of Lancashire Marketing Services (Middle East) Limited;
- (ix) To re-appoint Elaine Whelan as a Director of Lancashire Marketing Services (Middle East) Limited;
- (x) To re-appoint Giles Hussey as a Director of Lancashire Marketing Services (Middle East) Limited; and
- (xi) To re-appoint Paul Gregory as a Director of Lancashire Marketing Services (Middle East) Limited.

BY ORDER OF THE BOARD

Greg Lunn
Company Secretary

8 April 2009

Registered Office:
 Clarendon House
 2 Church Street
 Hamilton HM 11
 Bermuda

Registration number:
 EC37415

Notes:

- (i) 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 and to vote instead of him. A proxy need not be a member of the Company.
- (ii) To be valid, the enclosed Form of Proxy must be received by Capita Registrars, Proxy Department, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU not later than 48 hours before the time appointed for the holding of the Annual General Meeting.
- (iii) Any holders of depository interests in the Company wishing to instruct Capita 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, Proxy Department, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU not later than 72 hours before the time appointed for the holding of the Annual General Meeting.
- (iv) Only those Shareholders entered on the register of members of the Company at 5.00pm (Bermuda time) on 8 April 2009 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 (Bermuda time) on 8 April 2009 shall be disregarded in determining the rights of any person to attend or vote at the meeting.

LANCASHIRE HOLDINGS LIMITED

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