

**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. The whole text of this document should be read.**

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# **LANCASHIRE HOLDINGS LIMITED**

*(Incorporated and registered in Bermuda under registration number EC37415)*

## **Notice of Annual General Meeting**

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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 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 first Annual General Meeting of Lancashire Holdings Limited to be held on 2 November 2006 is set out on page 6 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 ("Depository") to vote in respect of their interest.

**Your attention is also drawn to the letter from the Chairman set out below**

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

*(Incorporated and registered in Bermuda under registration number EC37415)*

**3 October 2006**

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

Dear Shareholder

**First Annual General Meeting**

The notice for the Company's first Annual General Meeting to be held at Mintflower Place, 8 Par-la-Ville Road, Hamilton, Bermuda on 2 November 2006 at 1.00pm is set out on page 6.

**Business of the AGM**

1. Shareholders' resolutions will be proposed as set out in the Annual General Meeting Notice to receive and consider the Company's audited financial statements for the year ended 31 December 2005 (**Resolution 1**), to reappoint the Company's auditors (**Resolution 2**) and to authorise the Company's board of directors ("Board") to establish the level of auditors' remuneration (**Resolution 3**).
2. The directors seek to renew the general and unconditional authority previously granted to the directors to allot and issue unissued share capital up to an aggregate nominal value of US\$30 million, an amount equal to approximately one-third of the issued share capital of the Company as at the date of this letter. The directors have advised that there is no current intention to exercise this authority to allot and issue such Common Shares. The authority granted by this resolution will be exercised only if the directors believe that to do so would be in the best interests of the Company. Unless otherwise renewed or revoked in a general meeting this authority will expire 5 years from the date the relevant resolution is passed (**Resolution 5**).
3. The directors also seek to renew the authority to allow the directors to allot and issue Common Shares up to an aggregate nominal value of US\$4,892,000 on a non pre-emptive basis, such amount being approximately five per cent of the Company's issued share capital as at the date of this letter. The directors have advised that there is no current intention to exercise this authority. This authority will be exercised only if the Board believes that to do so would be in the best interests of the Company. This authority will be proposed as a special resolution and unless otherwise renewed or revoked by the Shareholders in a general meeting it will expire on the same date as the related authority to allot the shares (**Resolution 6**).

4. It is proposed that the Shareholders approve a resolution to reduce the Company's share premium account by transferring US\$850 million to our shareholder contributed surplus account.

Under Bermuda law, when a company issues shares, the aggregate paid in par value of the issued shares comprises the company's share capital account. When shares are issued at a "premium", that is, where the actual sum paid for a share exceeds the par value of the share, the amount paid in excess of the par value must be allocated to and maintained in a capital account called the "share premium account". The Bermuda Companies Act 1981 requires shareholder approval prior to any reduction of our share capital or share premium accounts. Bermuda law also provides that the Company maintain a contributed surplus account, to which it must allocate, amongst other things, shareholder capital which is unrelated to any share subscription.

Under Bermuda law, we may not declare or pay dividends or make distributions from the contributed surplus if there are reasonable grounds for believing either that we are, or would be after the payment, unable to pay our liabilities as they become due, or that the realizable value of our assets would thereby be less than the sum of our liabilities, our issued share capital (par value) and our share premium accounts. We have a high share premium account due to the significant difference between the US\$0.50 per share par value of our Common Shares and the amounts paid for those shares in historical Common Share offerings of the Company.

As of 30 June, 2006, the realizable value of the Company's assets exceeded the aggregate of our liabilities (US\$541.3 million), our issued share capital (US\$97.9 million) and our share premium (US\$871.4 million) accounts. However, in order to maintain flexibility for the Company to pay dividends to Shareholders, the Board has determined that it is in the best interest of the Company to reduce the share premium account to US\$21.4 million and allocate US\$850 million to the Company's contributed surplus account. This reduction of our share premium account and allocation to contributed surplus requires the approval of our Shareholders to be effective. Distributions to Shareholders from contributed surplus, however, may be approved and made by the Board in future without any need for Shareholder approval.

Assuming our Shareholders give the required approval, the reallocation will be effective as of the date of the approval and the reallocated capital will remain part of our capital structure available for the benefit of our creditors and Shareholders. Future dividends and distributions may then be made by the Board within the limits prescribed by Bermuda law, without restriction for the value of the historical share premium account. Any determination to pay future dividends will be at the discretion of our Board and will be dependent upon our results of operations and cash flows, our financial position and capital requirements, general business conditions, legal, tax, regulatory and any contractual restrictions on the payment of dividends, and any other factors our Board deems relevant.

#### **Vote Required**

The reduction of the Company's share premium account for Bermuda company law purposes by transferring US\$850 million to our contributed surplus account requires approval by the affirmative vote of a majority, subject to bye-law 39, of the total number of shares voted at the Annual General Meeting (**Resolution 4**).

5. In accordance with its bye-laws, if the Company is required or entitled to vote at a general meeting of its non-US 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-US subsidiary.
6. Lancashire Insurance Marketing Services Limited ("LIMSL"), a subsidiary of the Company, is seeking the approval of the Company in its capacity as its sole shareholder to dispense with the requirements for LIMSL: to hold an annual general meeting; to lay the accounts and reports before an annual general meeting and to appoint auditors annually (**Resolutions 7 (v) to (vii)**). LIMSL is also seeking approval to extend the authority of LIMSL's directors to allot shares for an indefinite period (**Resolution 7(viii)**). In the event that LIMSL is required to hold an annual general meeting, it is seeking the approval of the Company in its capacity as sole shareholder: to receive the annual accounts; to appoint auditors and to authorise the directors of LIMSL to determine the auditors' remuneration (**Resolutions 7(ix) to (xi)**).
7. Lancashire Insurance Company Limited ("LICL"), a subsidiary of the Company, 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 2005; to appoint auditors for the 2006 financial year and to authorise the directors of LICL to fix the auditors' remuneration (**Resolutions 11 (i) to (iii)**).
8. The Company's subsidiaries LIMSL, Lancashire Insurance Holdings (UK) Limited ("LIHL"), Lancashire Insurance Company (UK) Limited ("LUK"), Lancashire Insurance Services Limited ("LISL") and LICL are all seeking the approval of the Company in its capacity as sole shareholder of the group to re-appoint their directors:
  - LIMSL: Richard Brindle, Alexander Maloney, Paula Porter and Neil McConachie (**Resolutions 7(i) to (iv)**);
  - LIHL: Richard Brindle, Alexander Maloney, Paula Porter and Neil McConachie (**Resolutions 8 (i) to (iv)**);
  - LUK: Richard Brindle, Alexander Maloney, Paula Porter, Neil McConachie, Ralf Oelssner and Martin Thomas (**Resolutions 9(i) to (vi)**);
  - LISL: Richard Brindle, Alexander Maloney, Paula Porter and Neil McConachie (**Resolutions 10(i) to (iv)**);
  - LICL: Richard Brindle, Neil McConachie, Colin Alexander and Simon Burton (**Resolutions 11(iv) to (vii)**)

## 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 IRG Trustees Limited, Proxy Department, The Registry, 34 Beckenham Road, Kent BR3 4TU, England as soon as possible and 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 the Depositary 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 IRG Trustees Limited, Proxy Department, The Registry, 34 Beckenham Road, Kent BR3 4TU, England not later than 72 hours before the time appointed for the Annual General Meeting.

**Record Date**

Only Shareholders entered on the register of members of the Company at 5.00pm (Bermuda time) on 2 October 2006 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 2 October 2006 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 US 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 the resolutions. Each director who holds Common Shares in the Company intends to vote in favour of the resolutions in respect of their own shareholdings.

Yours faithfully,

**Robert Alan Spass**  
*Chairman*

## **LANCASHIRE HOLDINGS LIMITED**

### **NOTICE OF ANNUAL GENERAL MEETING**

**NOTICE IS HEREBY GIVEN** that the first Annual General Meeting of the Company will be held at Mintflower Place, 8 Par-la-Ville Road, Hamilton Bermuda on 2 November 2006 at 1.00pm (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 2005.
2. To reappoint Ernst & Young, 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.
3. To authorise the Board, which may delegate this authority to the Board's audit committee, to establish the auditors' remuneration.
4. To approve the reduction of the Company's share premium account from US\$871.4 million to US\$21.4 million and the credit of the amount so reduced to the Company's contributed surplus to be effective as of the date of the Shareholder approval.
5. To authorise the directors generally and unconditionally, in accordance with 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 amount of US\$30 million with such authority to expire 5 years from the date on which this resolution is passed (unless such authority is revoked or varied by a resolution of the Shareholders in a general meeting) except that the Company may before such expiry make 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, such authority being 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.

To consider and, if thought fit, pass the following resolution as a special resolution:

6. Subject to and conditional upon the passing of resolution 5, and pursuant to bye-law 2.6(a)(i) of the Company's bye-laws, the authority granted pursuant to resolution 5 may be exercised by the directors in respect of Equity Securities (within the meaning of bye-law 2.6(a)(i)) up to an aggregate nominal value of US\$4,892,000 as if bye-law 2.5(a) of the Company's bye-laws did not apply with such authority to expire on the same date as the authority conferred in resolution 5 which is 5 years from the date on which this resolution is passed (unless the authority is revoked or varied by a resolution of the Shareholders in a general meeting) except that if the Company may before such expiry make any offer or agreement which would or might require Equity Securities to be allotted after such expiry then the directors may allot such Equity Securities in pursuance of such offer or agreement as if bye-law 2.5(a) of the Company's bye-laws did not apply, such authority being in substitution for any and all authorities previously conferred upon the directors for the purposes of disapplying bye-law 2.5(a) but without prejudice to the allotment of any Equity Securities already made or to be made pursuant to such authorities.

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

7. To authorise the Company to vote in its capacity as sole shareholder of Lancashire Insurance Marketing Services Limited to resolve:

(i) to re-appoint Richard Brindle as a director of Lancashire Insurance Marketing Services Limited;

(ii) to re-appoint Alexander Maloney as a director of Lancashire Insurance Marketing Services Limited;

(iii) to re-appoint Paula Porter as a director of Lancashire Insurance Marketing Services Limited;

(iv) to re-appoint Neil McConachie as a director of Lancashire Insurance Marketing Services Limited.

To authorize the Company, by unanimous resolution, to vote in its capacity as sole shareholder of Lancashire Insurance Marketing Services Limited to resolve to elect, in accordance with the UK Companies Act 1985, Section 379A:

(v) to dispense with the requirement to hold an annual general meeting of Lancashire Insurance Marketing Services Limited;

(vi) to dispense with the laying of accounts and reports of Lancashire Insurance Marketing Services Limited in a general meeting;

(vii) to dispense with the obligation to appoint auditors of Lancashire Insurance Marketing Services Limited annually;

(viii) that the provisions of the Companies Act Section 80A shall apply, in place of Section 80(4) and (5) of the Act, in relation to the giving or renewal of an authority for the directors to allot shares and that the directors be and hereby are unconditionally and indefinitely authorised to allot relevant securities up to the amount of authorised share capital of the company from the date of the passing of this resolution.

In the event that Lancashire Insurance Marketing Services Limited is required to hold an annual general meeting, to authorise the Company to vote in its capacity as sole shareholder of Lancashire Insurance Marketing Services Limited to resolve in accordance with the UK Companies Act 1985:

(ix) to receive the annual accounts laid before the meeting;

(x) to appoint the auditors;

(xi) to authorise the directors to determine the auditors' remuneration.

8. To authorise the Company to vote in its capacity as sole shareholder of Lancashire Insurance Holdings (UK) Limited to resolve:

(i) to re-appoint Richard Brindle as a director of Lancashire Insurance Holdings (UK) Limited;

(ii) to re-appoint Neil McConachie as a director of Lancashire Insurance Holdings (UK) Limited;

(iii) to re-appoint Paula Porter as a director of Lancashire Insurance Holdings (UK) Limited;

- (iv) to re-appoint Alexander Maloney as a director of Lancashire Insurance Holdings (UK) Limited.
9. To authorise the Company to vote in its capacity as sole shareholder of Lancashire Insurance Holdings (UK) Limited to resolve to authorize Lancashire Insurance Holdings (UK) Limited in its respective capacity as sole shareholder of Lancashire Insurance Company (UK) Limited to resolve:
- (i) to re-appoint Ralf Oelssner as a director of Lancashire Insurance Company (UK) Limited;
  - (ii) to re-appoint Martin Thomas as a director of Lancashire Insurance Company (UK) Limited;
  - (iii) to re-appoint Richard Brindle as a director of Lancashire Insurance Company (UK) Limited;
  - (iv) to re-appoint Neil McConachie as a director of Lancashire Insurance Company (UK) Limited;
  - (v) to re-appoint Paula Porter as a director of Lancashire Insurance Company (UK) Limited;
  - (vi) to re-appoint Alexander Maloney as a director of Lancashire Insurance Company (UK) Limited.
10. To authorise the Company to vote in its capacity as sole shareholder of Lancashire Insurance Services Limited to resolve:
- (i) to re-appoint Richard Brindle as a director of Lancashire Insurance Services Limited;
  - (ii) to re-appoint Neil McConachie as a director of Lancashire Insurance Services Limited;
  - (iii) to re-appoint Paula Porter as a director of Lancashire Insurance Services Limited;
  - (iv) to re-appoint Alexander Maloney as a director of Lancashire Insurance Services Limited.
11. To authorise the Company to vote in its capacity as sole shareholder of Lancashire Insurance Company Limited to resolve:
- (i) to receive audited financial statements for the year ended 31 December 2005;
  - (ii) to appoint Ernst & Young, Hamilton, Bermuda as auditors for the 2006 financial year;
  - (iii) to authorise the directors of LICL to fix the auditors' remuneration;
  - (iv) to re-appoint Richard Brindle as a director of Lancashire Insurance Company Limited;
  - (v) to re-appoint Neil McConachie 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 Simon Burton as a director of Lancashire Insurance Company Limited.

3 October 2006

**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 IRG Trustees Limited, Proxy Department, The Registry, 34 Beckenham Road, Kent BR3 4TU, England, not later than 48 hours before the time appointed for the Annual General Meeting.
- (iii) Any holders of depository interests in the Company wishing to instruct 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 IRG Trustees Limited, Proxy Department, The Registry, 34 Beckenham Road, Kent BR3 4TU, England not later than 72 hours before the time appointed for the Annual General Meeting.
- (iv) Only those Shareholders entered on the register of members of the Company at 5.00pm (Bermuda time) on 2 October 2006 shall be entitled to attend and vote at the meeting in respect of the number of shares registered in their name at that time. Changes to entries on the register of members after 5.00pm (Bermuda time) on 2 October 2006 shall be disregarded in determining the rights of any person to attend or vote at the meeting.
- (v) Copies of service agreements and letters of appointment under which directors of the Company are employed or serve, are available for inspection at the Company's registered office and at the offices of LeBoeuf, Lamb, Greene & MacRae, No. 1 Minster Court, Mincing Lane, London, EC3R 7YL during normal business hours from the date of this Notice until the date of the Annual General Meeting and will also be available for inspection at the place of the Annual General Meeting for at least 15 minutes prior to and during the meeting.

**LANCASHIRE HOLDINGS LIMITED**  
**("the Company")**

**FORM OF PROXY**

For use by Shareholders at the first Annual General Meeting of the Company to be held at Mintflower Place, 8 Par-la-Ville Road, Bermuda on 2 November 2006 at 1.00pm ("the Meeting").

I/We [name in full] \_\_\_\_\_

Of \_\_\_\_\_  
being (a) member(s) of the above-named Company, as referred to in the notice dated 3 October 2006 (the "Notice") from the Company to its shareholders HEREBY APPOINT the duly appointed Chairman of the Annual General Meeting or \_\_\_\_\_ as my/our proxy to vote for me/us on my/our behalf at the Annual General Meeting and at any adjournment thereof, as indicated below.

I/We direct my/our proxy to vote on the resolutions set out in the Notice as follows:

RESOLUTION	FOR	AGAINST	ABSTAIN
1 – To receive and consider the Company's audited financial statements for the year ended 31 December 2005			
2 – To appoint Ernst & Young, Hamilton, Bermuda as auditors			
3 – To authorise the Board to set the auditors' remuneration			
4 – To approve the reduction of the Company's share premium account from US\$871.4 million to US\$21.4 million and the credit of the amount so reduced to the Company's contributed surplus to be effective as of the date of the approval			
5 - To authorize the directors to allot shares			
6 – To disapply pre-emption rights			
<b>RESOLUTIONS RELATING TO THE COMPANY'S SUBSIDIARIES</b>			
<b>RESOLUTIONS RELATING TO LIMSL</b>			
7(i) – To re-appoint Richard Brindle as a director of LIMSL			
7(ii) – To re-appoint Alexander Maloney as a director of LIMSL			
7(iii) – To re-appoint Paula Porter as a director of LIMSL			
7(iv) – To re-appoint Neil McConachie as a director of LIMSL			
7(v) – To elect to dispense with the requirement for LIMSL to hold an annual general meeting			
7(vi) - To elect to dispense with the requirement for LIMSL to lay its accounts before the annual general meeting			
7(vii) To elect to dispense with the requirement for LIMSL to appoint auditors annually			
7(viii) – To extend the authority of the directors of LIMSL to allot shares for an indefinite period			
7(ix) – To receive the annual accounts of LIMSL			
7 (x) – To appoint the auditors of LIMSL			
7(xii) – To authorise the directors of LIMSL to determine the auditors' remuneration			
<b>RESOLUTIONS RELATING TO LIHL</b>			
8(i) – To re-appoint Richard Brindle as a director of LIHL			
8(ii) – To re-appoint Neil McConachie as a director of LIHL			

<b>RESOLUTION</b>	<b>FOR</b>	<b>AGAINST</b>	<b>ABSTAIN</b>
8(iii) – To re-appoint Paula Porter as a director of LIHL			
8(iv) – To re-appoint Alexander Maloney as a director of LIHL			
<b>RESOLUTIONS RELATING TO LUK</b>			
9(i) – To re-appoint Ralf Oelssner as a director of LUK			
9(ii) – To re-appoint Martin Thomas as a director of LUK			
9(iii) – To re-appoint Richard Brindle as a director of LUK			
9(iv) – To re-appoint Neil McConachie as a director of LUK			
9(v) – To re-appoint Paula Porter as a director of LUK			
9(vi) – To re-appoint Alexander Maloney as a director of LUK			
<b>RESOLUTIONS RELATING TO LISL</b>			
10(i) – To re-appoint Richard Brindle as a director of LISL			
10(ii) – To re-appoint Neil McConachie as a director of LISL			
10(iii) – To re-appoint Paula Porter as a director of LISL			
10(iv) – To re-appoint Alexander Maloney as a director of LISL			
<b>RESOLUTIONS RELATING TO LICL</b>			
11(i) – To receive audited financial statements for 2005			
11(ii) – To appoint Ernst & Young, Hamilton, Bermuda as auditors			
11(iii) – To authorise the Board to fix the auditors' remuneration			
11(iv) – To re-appoint Richard Brindle as a director of LICL			
11(v) – To re-appoint Neil McConachie as a director of LICL			
11(vi) – To re-appoint Colin Alexander as a director of LICL			
11(vii) – To re-appoint Simon Burton as a director of LICL			

Signature: .....

Dated: ..... 2006

**NOTES :**

1. Please indicate how you wish to vote by marking an X opposite to the resolution. If you abstain on a resolution your vote will not be counted in the calculation of the proportion of the votes for and against that resolution.
2. A proxy need not be a member of the Company.
3. If this form is signed and returned without any indication as to how the proxy shall vote, he will exercise his discretion both as to how he votes and as to whether or not he abstains from voting.
4. In the case of joint holders of shares, the vote of the senior who tenders a vote whether in person or by proxy or by representative, shall be accepted to the exclusion of the votes of the other joint holders, and seniority shall be determined by the order in which the names of the holders stand in the share register of the Company.
5. A corporation's form of proxy shall be executed pursuant to a resolution of its directors or any other managing body thereof.
6. If you wish to appoint one or more proxies to attend or vote other than the Chairman of the meeting, a space has been provided for his or her full name (in capitals). Please delete the reference to the Chairman and initial it.
7. This form of proxy, to be valid, must be lodged with Capita IRG Trustees Limited at The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU not less than forty-eight 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 proxy has been signed by an officer on behalf of a corporation a duly certified copy of an authority under which it is signed. Any alterations made to this form should be initialled.

**LANCASHIRE HOLDINGS LIMITED**  
**("the Company")**

**FORM OF DIRECTION**

Form of direction for completion by holders of depository interests representing shares on a 1 for 1 basis in the Company in respect of its first Annual General Meeting to be held at Mintflower Place, 8 Par-la-Ville Road, Bermuda on 2 November 2006 at 1.00pm ("the Meeting").

I/We [name in full] \_\_\_\_\_

Of \_\_\_\_\_  
being a holder of depository interests in the Company, as referred to in the notice dated 3 October 2006 (the "Notice") from the Company to its shareholders HEREBY APPOINT Capita IRG Trustees Limited ("Capita") to vote for me/us on my/our behalf at the Annual General Meeting and at any adjournment thereof, as indicated below.

I/We direct Capita to vote on the resolutions set out in the Notice as follows:

RESOLUTION	FOR	AGAINST	ABSTAIN
1 – To receive and consider the Company's audited financial statements for the year ended 31 December 2005			
2 – To appoint Ernst & Young, Hamilton, Bermuda as auditors			
3 – To authorise the Board to set the auditors' remuneration			
4 – To approve the reduction of the Company's share premium account from US\$871.4 million to US\$21.4 million and the credit of the amount so reduced to the Company's contributed surplus to be effective as of the date of the approval			
5 - To authorize the directors to allot shares			
6 – To disapply pre-emption rights			
<b>RESOLUTIONS RELATING TO THE COMPANY'S SUBSIDIARIES</b>			
<b>RESOLUTIONS RELATING TO LIMSL</b>			
7(i) – To re-appoint Richard Brindle as a director of LIMSL			
7(ii) – To re-appoint Alexander Maloney as a director of LIMSL			
7(iii) – To re-appoint Paula Porter as a director of LIMSL			
7(iv) – To re-appoint Neil McConachie as a director of LIMSL			
7(v) – To elect to dispense with the requirement for LIMSL to hold an annual general meeting			
7(vi) - To elect to dispense with the requirement for LIMSL to lay its accounts before the annual general meeting			
7(vii) To elect to dispense with the requirement for LIMSL to appoint auditors annually			
7(viii) – To extend the authority of the directors of LIMSL to allot shares for an indefinite period			
7(ix) – To receive the annual accounts of LIMSL			
7 (x) – To appoint the auditors of LIMSL			
7(xii) – To authorise the directors of LIMSL to determine the auditors' remuneration			
<b>RESOLUTIONS RELATING TO LIHL</b>			
8(i) – To re-appoint Richard Brindle as a director of LIHL			
8(ii) – To re-appoint Neil McConachie as a director of LIHL			

<b>RESOLUTION</b>	<b>FOR</b>	<b>AGAINST</b>	<b>ABSTAIN</b>
8(iii) – To re-appoint Paula Porter as a director of LIHL			
8(iv) – To re-appoint Alexander Maloney as a director of LIHL			
<b>RESOLUTIONS RELATING TO LUK</b>			
9(i) – To re-appoint Ralf Oelssner as a director of LUK			
9(ii) – To re-appoint Martin Thomas as a director of LUK			
9(iii) – To re-appoint Richard Brindle as a director of LUK			
9(iv) – To re-appoint Neil McConachie as a director of LUK			
9(v) – To re-appoint Paula Porter as a director of LUK			
9(vi) – To re-appoint Alexander Maloney as a director of LUK			
<b>RESOLUTIONS RELATING TO LISL</b>			
10(i) – To re-appoint Richard Brindle as a director of LISL			
10(ii) – To re-appoint Neil McConachie as a director of LISL			
10(iii) – To re-appoint Paula Porter as a director of LISL			
10(iv) – To re-appoint Alexander Maloney as a director of LISL			
<b>RESOLUTIONS RELATING TO LICL</b>			
11(i) – To receive audited financial statements for 2005			
11(ii) – To appoint Ernst & Young, Hamilton, Bermuda as auditors			
11(iii) – To authorise the Board to fix the auditors' remuneration			
11(iv) – To re-appoint Richard Brindle as a director of LICL			
11(v) – To re-appoint Neil McConachie as a director of LICL			
11(vi) – To re-appoint Colin Alexander as a director of LICL			
11(vii) – To re-appoint Simon Burton as a director of LICL			

Signature: .....

Dated: ..... 2006

**NOTES :**

1. Please indicate how you wish Capita to vote by marking an X opposite to the resolution.
2. If this form is signed and returned without any indication as to how Capita shall vote, Capita will exercise its discretion both as to how it votes and as to whether or not it abstains from voting.
3. In the case of joint holders of depository interests, the direction of the senior shall be accepted to the exclusion of the direction of the other joint holders, and seniority shall be determined by the order in which the names of the holders stand in the register of depository interests.
4. A corporation's form of direction shall be executed pursuant to a resolution of its directors or any other managing body thereof.
5. This form of direction, to be valid, must be lodged with Capita IRG Trustees Limited at The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU, not less than seventy-two 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 direction has been signed by an officer on behalf of a corporation a duly certified copy of an authority under which it is signed. Any alterations made to this form should be initialled.