

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 2007 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, Bermuda on April 30, 2008 at 1pm (Bermuda time) is set out on page 3 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 below 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

March 31, 2008

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, Bermuda on April 30, 2008 at 1pm (Bermuda time) is set out on page 3.

Proposals

1. Accounts and Auditors

Resolutions are proposed to receive and consider the Company's audited financial statements for the year ended December 31, 2007 which are included in the accompanying Annual Report and accounts (**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. Re-election of Directors

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, 2008 and 2010 annual general meetings of the Company. The term of office of the current class II directors, Richard Brindle, Simon Burton and Barry Volpert, will expire at this year's Annual General Meeting. The Board is satisfied with the continued satisfactory performance of Richard Brindle who is the Company's Chief Executive Officer, Simon Burton who is the Company's Deputy Chief Executive Officer and Barry Volpert who is a non executive director of the Company and proposes their re-election as class II directors for further three year terms of office until the Company's 2011 annual general meeting. Further information about Richard Brindle, Simon Burton and Barry Volpert is set out in the accompanying Annual Report (**Resolutions 4, 5 and 6**).

3. Business of the Company's Subsidiaries

In accordance with its bye-laws, if the Company is 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.

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 December 31, 2007; to appoint auditors for the 2008 financial year; to authorise the directors of LICL to fix the auditors' remuneration; and to re-appoint its directors, Simon Burton, Neil McConachie, Colin Alexander, Elaine Whelan, Charles Mathias and Gohir Rashid and to appoint Jens Juul as a new additional director (**Resolutions 7 (i) to (x)**).

Lancashire Marketing Services (Middle East) Limited ("LMSMEL"), the Company's Dubai subsidiary, is seeking the approval of the Company in its capacity as its sole shareholder: to receive audited financial statements for the year ended December 31, 2007; to appoint auditors for the 2008 financial year; to authorise the directors of LMSMEL to fix the auditors' remuneration; and to re-appoint its directors, Richard Brindle, Alex Maloney, Elaine Whelan, John Melcon and Paul Gregory (**Resolutions 8 (i) to (viii)**).

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 5pm (Bermuda time) on March 31, 2008 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 5pm (Bermuda time) on March 31, 2008 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 per cent 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, Bermuda on April 30, 2008 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 December 31, 2007.
2. To re-appoint 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 of directors ("Board"), which may delegate this authority to the Board's audit committee, to establish the auditors' remuneration.
4. To re-elect Richard Brindle as a class II director of the Company to hold office until the date of the 2011 annual general meeting of the Company.
5. To re-elect Simon Burton as a class II director of the Company to hold office until the date of the 2011 annual general meeting of the Company.
6. To re-elect Barry Vopert as a class II director of the Company to hold office until the date of the 2011 annual general meeting of the Company.

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 Company Limited to resolve:
 - (i) to receive the audited financial statements for the year ended December 31, 2007;
 - (ii) to re-appoint Ernst & Young, Reid Hall, 3 Reid Street, Hamilton HM 11 Bermuda as auditors for the 2008 financial year;
 - (iii) to authorise the directors of Lancashire Insurance Company Limited to fix the auditors' remuneration;
 - (iv) to re-appoint Simon Burton 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 Elaine Whelan as a director of Lancashire Insurance Company Limited;
 - (viii) to re-appoint Charles Mathias as a director of Lancashire Insurance Company Limited;
 - (ix) to re-appoint Gohir Rashid as a director of Lancashire Insurance Company Limited; and
 - (x) to appoint Jens Juul as a new additional director of Lancashire Insurance Company Limited.

8. To authorise the Company to vote in its capacity as sole shareholder of Lancashire Marketing Services (Middle East) Limited to resolve:
 - (i) to receive the audited financial statements for the year ended December 31, 2007;
 - (ii) to re-appoint Ernst & Young as auditors for the 2008 financial year;
 - (iii) to authorise the directors of Lancashire Marketing Services (Middle East) Limited to fix the auditors' remuneration;
 - (iv) to re-appoint Richard Brindle as a director of Lancashire Marketing Services (Middle East) Limited;
 - (v) to re-appoint Alex Maloney as a director of Lancashire Marketing Services (Middle East) Limited;
 - (vi) to re-appoint Elaine Whelan as a director of Lancashire Marketing Services (Middle East) Limited;
 - (vii) to re-appoint John Melcon as a director of Lancashire Marketing Services (Middle East) Limited; and
 - (viii) to re-appoint Paul Gregory as a director of Lancashire Marketing Services (Middle East) Limited.

BY ORDER OF THE BOARD

**Greg Lunn
Company Secretary**

March 31, 2008

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 5pm (Bermuda time) on March 31, 2008 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 5pm (Bermuda time) on March 31, 2008 shall be disregarded in determining the rights of any person to attend or vote at the meeting.

LANCASHIRE HOLDINGS LIMITED

Mintflower Place
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Hamilton HM 08
Bermuda

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