

**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 2014 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 29th Floor, 20 Fenchurch Street, London EC3M 3BY on 29 April 2015 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 ("**Depository**") to vote in respect of their interest. To be valid, the enclosed Form of Proxy must be received by Capita Asset Services, PXS1, 34 Beckenham Road, Beckenham, Kent BR3 4ZF 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 modeled 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 "believes", "anticipates", "plans", "projects", "forecasts", "guidance", "intends", "expects", "estimates", "predicts", "may", "can", "will", "seeks", "should", or, in each case, their negative or comparable terminology. All such statements other than statements of historical facts including, without limitation, the financial position of the Company and its subsidiaries (the "**Group**"), the Group's liquidity, tax residency, results of operations, prospects, growth, capital management plans and efficiencies, ability to create value, dividend policy, operational flexibility, composition of management, 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 Group's ability to integrate its businesses and personnel; the successful retention and motivation of the Group's key management; the increased regulatory burden facing the Group; the number and type of insurance and reinsurance contracts that the Group writes or may write; the Group's ability to implement successfully its business strategy during 'soft' as well as 'hard' markets; the premium rates which may be available at the time of such renewals within the Group's targeted business lines; the possible low frequency of large events; potentially unusual loss frequency; the impact that the Group's future operating results, capital position and rating agency and other considerations may have on the execution of any capital management initiatives or dividends; 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; increased competition from existing alternative capital providers, insurance linked funds and collateralised special purpose insurers and the related demand and supply dynamics as contracts come up for renewal; the effectiveness of the Group's loss limitation methods; the potential 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 its investment portfolio; changes in governmental regulations or tax laws in jurisdictions where the Group conducts business; any of the Group's Bermudian subsidiaries becoming subject to income taxes in the United States or the United Kingdom; the inapplicability to the Group of suitable exclusions from the UK CFC regime; and any change in the UK government or UK government policy which impacts the CFC regime or other tax changes.

These forward-looking statements speak only as at the date of publication. Lancashire Holdings Limited expressly disclaims any obligation or undertaking (save as required to comply with any legal or regulatory obligations including the rules of the London Stock Exchange) to disseminate any updates or revisions to any forward-looking statements to reflect any changes in the Group's expectations or circumstances on which any such statement is based.

## Expected Timetable of Principal Events

Publication of this document and posting to Shareholders	18 March 2015
Voting record date	5.00pm UK time on 20 March 2015
Latest time and date for receipt of Forms of Direction	1.30pm UK time on 26 April 2015
Latest time and date for receipt of Forms of Proxy	1.30pm UK time on 27 April 2015
Time and date of Annual General Meeting	1.30pm UK time on 29 April 2015

# Letter from the Chairman of Lancashire Holdings Limited (the "Company")

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

## *Directors:*

**Peter Clarke**, *Non-Executive Director*  
**Emma Duncan**, *Non-Executive Director*  
**Simon Fraser**, *Senior Independent Director*  
**Samantha Hoe-Richardson**, *Non-Executive Director*  
**Alex Maloney**, *Chief Executive Officer*  
**Tom Milligan**, *Non-Executive Director*  
**Martin Thomas**, *Non-Executive Chairman*  
**Elaine Whelan**, *Chief Financial Officer*

*Head Office:*  
29th Floor  
20 Fenchurch Street  
London EC3M 3BY  
United Kingdom

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

18 March 2015

## To all Shareholders:

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 29th Floor, 20 Fenchurch Street, London EC3M 3BY on 29 April 2015 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 Annual Report on Remuneration, which are contained in the 2014 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**).

Resolution 2 seeks Shareholders' approval for the Annual Report on Remuneration as set out in the second part of the Directors' Remuneration Report, on pages 61 to 78 of the 2014 Annual Report and Accounts. The Directors' Remuneration Policy, which describes the Company's remuneration policy for 2014 and the following two years, was approved by a binding Shareholder vote at the annual general meeting held on 30 April 2014.

The Company's auditors, Ernst & Young LLP, have audited those parts of the Directors' Remuneration Report required to be audited and their report may be found on pages 86 to 89 of the 2014 Annual Report and Accounts.

### 2. Election of Directors (Resolutions 5, 6, 7, 8, 9, 10, 11 and 12)

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, all the Directors of the Company are submitting themselves for re-election at the AGM. In the Board's view, each Director continues to make an effective contribution to the deliberations of the Board and to demonstrate commitment to their role. This view is supported by my own review of their performance following a formal evaluation of the performance of the Board and that of its committees and individual Directors.

Further information about the performance evaluation process and the Directors, including their biographies, is set out in the accompanying 2014 Annual Report and Accounts.

The Board considers all the Non-Executive Directors to be independent within the meaning of the Code.

Peter Clarke and Tom Milligan were appointed by the Board as Directors with effect from 9 June 2014 and 3 February 2015, respectively, and, in accordance with the Company's Bye-laws, stand for election by Shareholders at the AGM. The Board considers that Messrs Clarke's and Milligan's skills and experience, as described in their biographies on pages 47 and 48 of the 2014 Annual Report and Accounts, will be of great benefit to the Board and the Company.

### 3. Renewal of general and unconditional authority to allot shares (Resolution 13)

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\$33,390,320, 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 2016 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 14)**

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\$15,025,644 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 Board acknowledges that 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 over a number of years through its extensive engagement with the Company's Shareholders, to whom we have explained the need to maintain competitiveness in the face of changing market circumstances.

In the last few years a similar resolution has been overwhelmingly supported by the Company's Shareholders: in 2011, a Special Resolution requesting authority at 10 per cent 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. At the annual general meeting held on 1 May 2013 a Special Resolution requesting authority at the 15 per cent level was approved by 96.46 per cent of the votes cast, and at the annual general meeting held on 30 April 2014 a similar resolution was approved by 95.34 per cent of the votes cast.

The strategic business case is described in more detail below. 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.

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 (calculated during the period immediately prior to the printing of this document), the proposed authority would enable the Company to raise about US\$310 million. The Company does not expect to utilize this authority as a response to normal loss events. Rather, this authority will 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 2014, set out at page 103 of the 2014 Annual Report and Accounts. The request for 15 per cent authority at the current share price (calculated during the period immediately prior to the printing of this document) 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 2014 stood at US\$254.2 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, as in previous years, Shareholders vote for this first mover advantage. Your support for Resolution 14 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.

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 special dividends declared in November 2014 and February 2015 for the 2014 year of US\$1.20 and US\$0.50 per share respectively.

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 2016 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 15)**

The Board is seeking Shareholders' approval to renew the authority granted to the Company by the Shareholders at the annual general meeting held on 30 April 2014. 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\$10,017,096, 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 2016 or, if earlier, 15 months from the date the relevant resolution is passed.

This resolution complies with the current guidance issued by The Investment Association and the Board will have regard to any guidance issued by The Investment Association that 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, Capita Asset Services, PXS1, 34 Beckenham Road, Beckenham, Kent BR3 4ZF, as soon as possible and in any event so as to be received no later than 1.30pm UK time on 27 April 2015 (being 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 Asset Services, PXS1, 34 Beckenham Road, Beckenham, Kent BR3 4ZF, as soon as possible and in any event so as to be received no later than 1.30pm UK time on 26 April 2015 (being 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 20 March 2015 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 20 March 2015 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 2015 Annual General Meeting of the Company will be held at 29th Floor, 20 Fenchurch Street, London EC3M 3BY on 29 April 2015 commencing at 1.30pm UK time, for the purpose of considering and, if thought fit, passing the following resolutions.

Resolutions 1-13 (inclusive) will be considered and, if thought fit, passed as ordinary resolutions. Resolutions 14 and 15 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 2014.
2. To approve the Annual Report on Remuneration as set out in the second part of the Directors' Remuneration Report for the year ended 31 December 2014.
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 elect Peter Clarke 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 elect Tom Milligan 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 Simon Fraser 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.
9. 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.
10. 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.
11. 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.
12. 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.
13. 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\$33,390,320, 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 2016 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

14. That, subject to and conditional on the passing of Resolution 13, 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 13 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\$15,025,644, 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 2016 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.
15. 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 20,034,191 (representing approximately 10 per cent of the issued Common Share capital of the Company as at the date of this document);
  - (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 2016 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*

18 March 2015

Head Office:  
29th Floor  
20 Fenchurch Street  
London EC3M 3BY  
United Kingdom

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

Registration number:  
EC37415

**Notes:**

- (i) Only those Shareholders entered on the register of members of the Company at 5.00pm UK time on 20 March 2015 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 20 March 2015 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 Capita Asset Services, PXS1, 34 Beckenham Road, Beckenham, Kent BR3 4ZF 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](http://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 Asset Services (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 Asset Services, PXS1, 34 Beckenham Road, Beckenham, Kent BR3 4ZF not later than 72 hours before the time appointed for the holding of the Annual General Meeting.
- (vi) As at 10 March 2015, being the latest practicable business day prior to the publication of this notice, the Company's issued share capital consisted of 200,341,918 Common Shares of \$0.50 each of which 2,582,934 Common Shares were held in treasury. Therefore, total exercisable voting rights in the Company as at 10 March 2015 was 197,758,984.
- (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, 29th Floor, 20 Fenchurch Street, London EC3M 3BY and at the place of the AGM for 15 minutes prior to the meeting and during the meeting.