

Lancashire Holdings Limited
25 September 2006

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Hamilton, Bermuda, 25 September 2006

LANCASHIRE HOLDINGS LIMITED

Director's Dealing

Lancashire Holdings Limited (the 'Company') was advised on Friday 22 September that Robert Spass, the Company's Chairman, received 272,500 common shares of US\$0.50 each in the Company on that day. The transfer is a routine distribution to Robert Spass as a beneficial owner of Capital Z Lancashire Partners LP and the beneficial ownership of the shares has not changed. Following the transfer Robert Spass's beneficial holding in the Company's shares is 272,500 common shares (0.001%).

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About Lancashire

Lancashire was established in 2005 as a new insurance and reinsurance business to take advantage of the favourable underwriting conditions expected to arise from the large insured losses incurred in 2004 and 2005. The Company has an A.M.Best rating of A- (Excellent) with a stable outlook.

Lancashire was admitted to AIM on 16 December 2005 following an Offer of Common Shares to investors. The Common Shares trade on AIM under the ticker symbol LRE.

NOTE REGARDING FORWARD-LOOKING STATEMENTS

CERTAIN STATEMENTS MADE IN THIS ANNOUNCEMENT THAT ARE NOT BASED ON CURRENT OR HISTORICAL FACTS ARE FORWARD-LOOKING IN NATURE INCLUDING, WITHOUT LIMITATION, STATEMENTS CONTAINING WORDS 'BELIEVES', 'ANTICIPATES', 'PLANS', 'PROJECTS', 'INTENDS', 'EXPECTS', 'ESTIMATES', 'PREDICTS', 'MAY', 'WILL', 'SEEKS', 'SHOULD' OR, IN EACH CASE, THEIR NEGATIVE OR COMPARABLE TERMINOLOGY. ALL STATEMENTS OTHER THAN STATEMENTS OF HISTORICAL FACTS INCLUDING, WITHOUT LIMITATION, THOSE REGARDING THE GROUP'S FINANCIAL POSITION, RESULTS OF OPERATIONS, LIQUIDITY, PROSPECTS, GROWTH, 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 FORWARD-LOOKING STATEMENTS SPEAK ONLY AS AT THE DATE OF THIS ANNOUNCEMENT OR OTHER INFORMATION CONCERNED. LANCASHIRE HOLDINGS LIMITED EXPRESSLY DISCLAIMS ANY OBLIGATION OR UNDERTAKING (SAVE AS REQUIRED TO COMPLY WITH ANY LEGAL OR REGULATORY OBLIGATIONS (INCLUDING THE AIM RULES)) TO DISSEMINATE ANY UPDATES OR REVISIONS TO ANY FORWARD-LOOKING STATEMENTS CONTAINED HEREIN TO REFLECT ANY CHANGES IN THE GROUP'S EXPECTATIONS WITH REGARD THERETO OR ANY CHANGE IN EVENTS, CONDITIONS OR CIRCUMSTANCES ON WHICH ANY SUCH STATEMENT IS BASED.

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