



10 December 2007

Lancashire Holdings Limited

Dividend Declaration

The Board of Lancashire Holdings Limited (the "Company") is pleased to announce that it has declared a strategic dividend of \$1.10 per common share and warrant (approximately £0.54 per share and warrant at the current exchange rate) making an aggregate total payment of approximately \$242 million.

Ex dividend date: 9 January 2008

Record date: 11 January 2008

Payment date: 16 January 2008

Richard Brindle, Chief Executive Officer of the Company, said: "We are committed to disciplined underwriting and to managing capital in an intelligent and prudent manner. In 2007 to date, we have generated more capital than we anticipated and this has resulted in capital levels in excess of that needed for the underwriting opportunities ahead. It is appropriate that we now return capital to shareholders in addition to the share repurchase programme previously announced. Looking ahead into 2008, we are confident trading conditions are such that Lancashire can continue to generate attractive returns for shareholders."

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About Lancashire

Lancashire, through its UK and Bermuda-based insurance subsidiaries, is a global provider of specialty insurance products. Its insurance subsidiaries carry the Lancashire group rating of A minus (Excellent) from A.M. Best with a stable outlook. Lancashire has capital in excess of \$1 billion dollars and its Common Shares trade on AIM under the ticker symbol LRE. Lancashire is headquartered at Mintflower Place, 8 Par-La-Ville Road, Hamilton HM 08, Bermuda. The mailing address is Lancashire Holdings Limited, P.O. Box HM 2358, Hamilton HM HX, Bermuda. For more information on Lancashire, visit the company's website at www.lancashiregroup.com.

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