



18 FEBRUARY 2010

PRESS RELEASE

OMEGA INSURANCE HOLDINGS LIMITED

Posting of Circular convening Special General Meeting

Further to its announcement on 29 January 2010, Omega Insurance Holdings Limited ("**Omega**" or the "**Company**") announces that a circular ("**Circular**") convening a special general meeting of the Company ("**SGM**"), to be held on 12 March 2010, is today being sent to shareholders ("**Circular**"). The SGM will consider resolutions ("**Resolutions**") for the appointment of each of John Coldman, James Bryce, Robin Spencer-Arscott, Jonathan Betts, Ernest Morrison and David Cooper (together the "**Proposed Directors**") as additional directors of the Company.

As previously announced, the Company has received communications on behalf of Invesco calling for the Company to convene a special general meeting to consider resolutions (the "**Invesco Proposals**") to remove Walter Fiederowicz and Christopher Clarke as Directors and to appoint the six additional Proposed Directors, with the result that the Proposed Directors would together control the Board. In addition, John Coldman has requested that the remaining non-executive Directors, Clifford Palmer, Coleman Ross and Nicholas Warren, agree to stand down when he asks them to do so and in any case before the Company's 2010 annual general meeting. The Board has been in dialogue with most major Shareholders of the Company and, while the communications on behalf of Invesco did not constitute legally binding notices of requisition under Bermuda law, the Company acknowledges and wishes to facilitate the right of all Shareholders to have the opportunity to vote on the Resolutions for the appointment of the Proposed Directors by convening the SGM. The Company's intention in this is to ensure the implementation of any changes resolved to be made by Shareholders at the SGM, which is the appropriate forum to effect this change of control of the Board.

The Independent Directors do not however believe that this change of control of the Board would be in the best interests of the Company and the Shareholders as a whole for the reasons set out in the Circular. These include the breach of several important principles of good corporate governance which would result from the constitution of the board of Omega following the passing of the Resolutions and the implementation of the Invesco Proposals.

Each of Walter Fiederowicz and Christopher Clarke has confirmed to the Company that he will step down as a Director if the Resolutions are passed in light of the Invesco Proposals calling for his removal. Accordingly, Messrs Fiederowicz and Clarke have a conflict of interest in making a recommendation to Shareholders. In this announcement "**Independent Directors**" means all of the Directors other than Messrs Fiederowicz and Clarke.

Each of the three other non-executive Directors of the Company, Clifford Palmer, Coleman Ross and Nicholas Warren, has informed the Company that he intends to step down as a Director if the Resolutions are passed.



A copy of the Circular will be submitted today to the Financial Services Authority for publication through the document viewing facility which is situated at The Financial Services Authority, 25 North Colonnade, Canary Wharf, London E14 5HS. The Circular will include a notice of the SGM and will explain the actions which Shareholders and holders of Depositary Interests will be requested to take. Only Shareholders entered on the register of members at 5:00pm (Bermuda time) on 5 February 2010 will be entitled to attend and vote at the meeting (either in person or by proxy) in respect of the number of common shares entered on the register of members at that time and on that date. A copy of the published Circular will also be available for viewing on the Company's website at www.omegauw.com.

Recent performance of Omega

The achievements of the Group over the last 12 months are set out below:

- The Company upgrading from AIM to the London Stock Exchange's main market for listed securities in July 2009.
- The Group's participation on Syndicate 958 has more than doubled as a result of its successful Capacity Offer in July 2009 and its participation in the Lloyd's 2009 Capacity Auctions in November 2009. Third party capital represents 60 per cent. of the capacity for the 2010 year of account.
- There has also been strong growth in Omega US Insurance and the Group expects to see a substantial increase in business shown to Omega US Insurance in 2010, in addition to the increase in premium income on Syndicate 958.
- The Syndicate written premium income for 1 January 2010 new and renewal business is in line with business plan expectations. Submissions to Omega Specialty Insurance Company have continued to increase since last year. Both Syndicate 958 and Omega Specialty Insurance Company have received an excellent offering of renewal and new business opportunities, in line with expectations for the 1 January renewal season.
- There has been a successful transition of the Syndicate underwriting team, which has now established a more team-orientated approach.
- The Board has deployed the majority of the capital raised in December 2008 by increasing the capacity of Syndicate 958 and the Board expects to deploy the remaining capital through growth in the US and Bermuda.

Although 2009 was a benign loss year and the 2010 renewal season was positive, the Board are aware that, consistent with recent broker commentary, there has been some softening of rates. Some US catastrophe business has seen reductions of between 5 per cent. and 10 per cent. whereas larger nationwide business has remained flat. Non-US business has seen smaller reductions but from a lower base rate. Overall, however, the core of Omega's account is still affording attractive margins. There are some signs that the remainder of the year may see a further weakening of market conditions. The Chief Underwriting Officer and the underwriting team will be applying the disciplined approach to underwriting for gross profit that has underpinned Omega's profitable performance through past market cycles. They will not



hesitate to decline business should margins become unacceptable.

In terms of claims 2009 will benefit from being free of significant catastrophe events. However, some attritional claims deterioration is being seen on prior years in the Syndicate. The Group and Syndicate year end processes are still in progress. The full year results for the Group for the financial year ended 31 December 2009 will be announced on 11 March 2010.

Omega is a company with a strong track record and a positive future.

Commenting on the Invesco Proposals, Richard Tolliday, CEO of Omega, commented:

"The Company acknowledges the right of Shareholders to have the opportunity to vote on the Resolutions and the Company has accordingly called the SGM as the appropriate forum for this to take place. However, for the reasons set out in the Circular which is being posted today, the Independent Directors have certain concerns in respect of the Invesco Proposals, which, in particular, they believe are contrary to several important principles of good corporate governance. Accordingly, the Independent Directors do not consider the Invesco Proposals or the Resolutions to be in the best interests of the Company and its shareholders as a whole, and recommend that Shareholders vote against all of the Resolutions."

Media Enquiries:

Byron Ousey/Michael Turner, Kreab Gavin Anderson +44 (0)20 7074 1800

Analysts Enquiries:

Lucia Langella Rahn/Andrew Jones, Kreab Gavin Anderson + 44 (0)20 7074 1800

Notes to Editors

Omega became the holding company of the Omega group of companies (the "Omega Group") on 9 November 2006 when the scheme of arrangement of Omega Underwriting Holdings PLC (the Omega Group's previous holding company and now wholly-owned by Omega) ("OUH") became effective. On the same date the Common Shares of Omega were admitted to trading on AIM, the admission of OUH's shares to trading on AIM was cancelled and OUH was re-registered as a private limited company.

On 7 July 2009, the common shares of Omega were admitted to the Official List of the London Stock Exchange and to trading on its main market for listed securities. On the same date, the admission of Omega's common shares to trading on AIM was cancelled.

The Omega Group, through its wholly owned subsidiary, Omega Underwriting Agents Limited, acts as a Lloyd's managing agent for Syndicate 958 and in February 2006 established a new insurance and reinsurance business, Omega Specialty Insurance Company Limited ("Omega Specialty"), based in Bermuda. In September 2006 Omega incorporated a new surplus lines insurer, Omega US Insurance, Inc. ("Omega US Insurance"), in Delaware which is held under a Delaware incorporated intermediate holding company Omega US Holdings, Inc.



Syndicate 958

Syndicate 958's capacity for the 2010 year of account is £280 million. The Syndicate has made an underwriting profit in every closed year of account since its inception in the 1980 year of account. The Syndicate has focused predominantly on short-tail, diversified property orientated insurance and reinsurance with a focus on small to medium sized insureds, with whom the Omega Group has built long-standing track records.

On 13 July 2009, the A.M. Best Company, Inc. reaffirmed the Syndicate's Financial Strength Rating of 'A' (Excellent) and an Issuer Credit Rating of 'a+' (Excellent).

Omega Specialty

Omega Specialty received its license from the Bermuda Monetary Authority in February 2006 as a Class 3 insurer and has been reclassified as a Class 3B insurer. It was capitalised at US\$172 million. Since then, Omega Specialty's premium income has been predominantly derived from its reinsurances of Syndicate 958 and the Omega Group's Lloyd's corporate member, Omega Dedicated, together with its increasing book of third party reinsurances where it seeks to underwrite business of a similar type and composition to be complementary to that underwritten by Syndicate 958.

On 13 July 2009, the A.M. Best Company, Inc. reaffirmed Omega Specialty's Financial Strength Rating of 'A-' (Excellent).

Omega US Insurance

Omega US Insurance is an insurance company licensed in the state of Delaware and underwrites on a surplus lines basis in other US States. Omega US Insurance is currently eligible to write business in 42 US jurisdictions (including on an admitted basis in Delaware) and applications are pending in further states. It was capitalised at US\$50 million from the net proceeds of a share placing by OUH in October 2006.

On 3 December 2007, Omega US Insurance received a Financial Strength Rating from A.M. Best Company, Inc. of 'A-' (Excellent). The rating was reaffirmed on 3 February 2009.