



NEWS RELEASE

A.M. BEST COMPANY, INC., OLDWICK, NJ • A.M. BEST EUROPE, LTD., LONDON
A.M. BEST ASIA-PACIFIC, LTD., HONG KONG

FOR IMMEDIATE RELEASE

CONTACTS: Analysts
Miles Trotter
+(44) 20 7626 6264
miles.trotter@ambest.com

Rima Shah
+(44) 20 7626 6264
rima.shah@ambest.com

Public Relations
Jim Peavy
+(1) 908 439 2200, ext. 5644
james.peavy@ambest.com

Rachelle Morrow
+(1) 908 439 2200, ext. 5378
rachelle.morrow@ambest.com

A.M. Best Affirms Ratings of Lloyd's of London and Society of Lloyd's

OLDWICK, NEW JERSEY, U.S.A., Mar. 29, 2007—A.M. Best Co. has affirmed the financial strength rating (FSR) of A (Excellent) and the issuer credit rating (ICR) of “a” of **Lloyd's of London** (Lloyd's) (United Kingdom). At the same time, A.M. Best has affirmed the ICR of “a-” of the **Society of Lloyd's** (the Society) (United Kingdom) and the debt rating of “bbb+” of subordinated loan notes issued in two tranches in November 2004 as follows: 6.875% subordinated notes of GBP 300 million maturing 17 November 2025 and 5.625% subordinated notes of EUR 300 million maturing 17 November 2024. The outlook on the ICRs of Lloyd's, the Society and the rating of the subordinated notes issued by the Society has been revised to positive from stable. The outlook on the FSR of Lloyd's remains stable.

In line with A.M. Best's press release dated 20 October 2006, the change in the outlook for Lloyd's ICR reflects successful completion of phase one of the two-phase transaction to reinsure and subsequently transfer the insurance liabilities of Equitas. Concurrently, A.M. Best has commented that it views Lloyd's strong performance in 2006 favourably.

In A.M. Best's view, phase one of the transaction in isolation has substantially reduced Lloyd's exposure to uncertainty relating to Equitas' reserve development. This uncertainty has been a long-term offsetting factor for the Lloyd's rating, albeit diminishing more recently. The agreement with National Indemnity Company (Nebraska), a subsidiary of Berkshire Hathaway

—MORE—



NEWS RELEASE

A.M. BEST COMPANY, INC., OLDWICK, NJ • A.M. BEST EUROPE, LTD., LONDON
A.M. BEST ASIA-PACIFIC, LTD., HONG KONG

—2—

Inc (Nebraska), provides Equitas with USD 14.4 billion of reinsurance cover for a premium comprising all of Equitas' assets less GBP 172 million (USD 337 million) and an overall contribution of GBP 90 million (USD 176 million) from Lloyd's. The additional protection under the contract is USD 5.7 billion after taking account of Equitas' existing undiscounted claims reserves of USD 8.7 billion (at 31 March 2006).

A.M. Best believes that the additional protection significantly reduces Lloyd's potential exposure to any future failure at Equitas through the application of overseas deposits and the assets of present-day Names who also underwrote prior to 1993, as well as through Lioncover and Centrewrite. If phase two of the transaction—the transfer of Equitas' insurance liabilities—is not implemented, the additional USD 5.7 billion reinsurance cover will remain in place. There are a number of hurdles to overcome before phase two can be implemented, including a change in UK legislation and High Court approval. Even if both these obstacles are overcome, the transfer may not be recognised by all overseas jurisdictions. Nevertheless, A.M. Best believes that implementation of phase two would also be beneficial to Lloyd's.

Lloyd's performance in 2006 has exceeded A.M. Best's expectations. The combined ratio was 82% (down from 112% in 2005), and Lloyd's produced a net profit before tax of GBP 3.7 billion (USD 7.3 billion). The result was driven by improved market conditions, especially in catastrophe affected regions, combined with favourable overall claims experience during 2006. There was a 2.1% prior year release part of the overall combined ratio, despite 3.3% attributable to deterioration in Lloyd's exposure to the 2005 windstorm losses.

Founded in 1899, A.M. Best Company is a full-service credit rating organization dedicated to serving the financial services industries, including the banking and insurance sectors. For more information, visit www.ambest.com.