

MAPA Annual Report

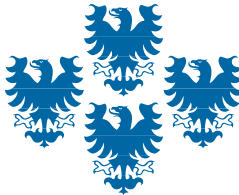
as at 31 December 2008

MAPA 7024

*Managed by Jago Managing Agency Ltd.
Administered by Hampden Agencies Ltd.*



Hampden Agencies Limited is authorised and regulated by the Financial Services Authority



Hampden
Agencies Limited

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MAPA Managers' Report

Background

Hampden operated seven MAPAs for 2008, being MAPAs 7066, 7117, 7200, 7201, 7202, 7203 & 7208. MAPA 7203 was formed in 2006 and MAPA 7208 was newly created for 2008. For 2009, Hampden also started a new spread MAPA 7209 and a single syndicate MAPA 7217, which only underwrites on Syndicate 4242.

All MAPAs contained in this report underwrite on a spread portfolio, focusing on between 11 and 21 syndicates out of 75 trading for the 2008 account, 29 of which are available to Third Party Capital.

A payment of 0.5% of premium limit was made by participating MAPA Members for auction trading in 2008 and the same charge will be made for trading in 2009.

Market Review

This Report is as at 31 December 2008. Below we review the closure of the 2006 Account as at that date and the latest position on the open 2007 and 2008 Accounts. We also comment on the 2009 and 2010 Accounts.

2006 Account

The 2006 Account produced a record profit for Lloyd's of 27.0% on capacity. This result surpasses the previous record on the 2003 Account of 18.8% on capacity. Lloyd's has now declared profits for five successive years.

The strength of the US dollar during the final quarter of 2008, in particular against sterling, led to improvements in the results for many syndicates. 2006 was already a year of very low loss frequency and the strengthening of the US dollar only improved the result further, with many syndicates' final result ending up better than the best case estimate. The 2006 Account also benefited from prior year releases which averaged 6.4% on capacity.

The positive impact of the strong dollar and prior year releases were mitigated to some extent by reduced investment returns, which remained positive in 2008.

For 2006 Hampden managed five MAPAs with the average result being 28.8% on capacity, outperforming Lloyd's by 1.8% and the average for Members' Agents by 3.1%. Hampden MAPA 7200 was the best performing MAPA in the market with a profit of 33.0% on capacity. In last year's MAPA Report the average result for 2006 for Hampden's Members was estimated to be a profit of between 15.2% and 20.7%.

2007 Account

The Lloyd's estimate for the 2007 Account as at 31 December 2008 is a profit of 8.9%, unchanged from the previous quarter and within the estimate contained in last year's MAPA Report of a profit of between 6.8% and 15.2%.

There was relatively low loss activity in 2007, albeit the loss activity was greater than 2006. The major loss in 2007 was the Californian fires, which occurred in October 2007. Pricing, however, continued to reduce in most parts of the account in 2007 following what was an exceptional year in 2006.

On the 2007 Account Hampden's six MAPAs are again estimated to outperform with an average estimated result of 12.7% on capacity, outperforming the Members' Agents' average result by 1.0% and Lloyd's average by 3.8%.

2008 Account

The first 2008 forecasts show an average profit for the overall Lloyd's market of 3.0% (Hampden 5.3%). The combined effect of a high incidence of property claims, caused by both natural catastrophe and man-made events, mean the underwriting profit will be small, while the investment return will also be lower than previous years. 2008 marked the third worst year on record for insured catastrophe losses. In addition, investment losses are estimated by the New York based Insurance Information Institute to have been the fourth largest "capital event" over the past 20 years for the US property and casualty insurance industry.

Given all of these factors, an overall profit for the market would represent a reasonable performance, although it must be remembered that the year remains "on risk".

2009 Account

In December 2008 we predicted that 2009 would be a "year of transition" as the market moved from a softening/soft market to a hardening market and a potential hard market in 2010 or 2011. We forecasted a profit for the 2009 Account in a range of 5% to 10% of capacity, excluding prior year releases. Improving market conditions have been driven by an increase in the cost of capital and a need on the part of many companies to rebuild balance sheets after 2008. Reinsurance and catastrophe exposed property business have seen rate increases. Non-catastrophe exposed business remains competitive and the effect of the recession has been to dampen rate increases. The impact of the strengthening of the US dollar compared to the rate used for business planning purposes will increase the utilisation of capacity. To date there have been no significant losses in 2009.

Our profit target of 5% to 10% reflects an improved potential reward for 2009 compared with 2008 (we revised downwards our profit target for 2008 in December 2008 from the initial 5% to 7.5% of capacity set in September 2007 to a range of 0% to 5% of capacity).

MAPA Managers' Report (continued)

2010 Account

Non-life insurance, despite (and perhaps because of) uncertain economic conditions, offers an attractive risk reward proposition for 2010 and beyond. The key to making a return from an investment at Lloyd's is underwriting profitability.

Our view is that Lloyd's is favourably positioned to maintain its record of profitability since 2002. Reinsurance rates have risen this year and insurance rates have stabilised with every sign being that profit potential will improve for 2010, consistent with a hardening market.

Pre-emptions are being offered for 2010 by many syndicates in the MAPAs so the MAPA manager will be

assessing the portfolio in this light for 2010 and will be offering pre-emptions to Members.

Quarter 1 2009 Estimates

All figures within this Report are as at 31 December 2008. At the time of the writing we had received the Quarter 1 2009 estimates for the 2007 and 2008 Accounts. The mid-point 2007 estimate for Hampden is a 12.8% profit (Lloyd's 9.8%), with the MAPAs average profit being 13.3%.

The mid-point 2008 Account estimate for Hampden is 5.3% (Lloyd's 3.0%), with the MAPAs average profit being 5.6%.

MAPA Performance Review

1997 Run-Off Account

MAPA 7024 1997 Account

Status: Open

Syndicates Open as at 31 December 2008: 1101

The 1997 Account has slightly improved over the last twelve months, with the cumulative result at the end of the twelfth year of a profit of 0.37%. Syndicate 1101 remained open. A summary of the result is provided on page 10.

MAPA Syndicates in Run-Off

The details of the syndicates in run-off for the MAPAs contained in this Report are contained MAPA Summary Details for each years. Members will either have received their individual report on these syndicates or there is a report attached.

Members' Agent Report

In recent years HAL has acquired the ongoing members' agency businesses of Aberdeen Underwriting Advisers (Aberdeen), Bridge Underwriting Agents (Bridge) and Greenwich Lloyd's Underwriting (Greenwich). In April 2006 HAL acquired the ongoing members' agency business of CBS Private Capital.

Consequently, HAL administers a number of current and legacy MAPAs. For reporting purposes these are grouped together as follows:

1. 7200, 7201, 7202, 7203, 7208: All active for the 2009 Account and managed by HAL.
2. 7066 and 7117: Both active for the 2009 Account. (Formerly CBS MAPAs now managed by HAL).
3. 7017, 7018, 7020, 7039, 7071, 7075, 7076, 7080, 7090, 7100, 7104, 7105: None of these MAPAs are active for the 2009 Account, but may have run-off accounts from 2002 and prior years.

4. 7067, 7084, 7093, 7101, 7106, 7120: None of these former CBS MAPAs are active for the 2009 Account, but may have run-off accounts from 2002 and prior years.
5. 7026, 7042, 7044, 7056: None of these former Murray Lawrence MAPAs are active for the 2009 Account, but may have run-off accounts from 2000 and prior years.
6. 7024: This former Jago MAPA is administered by HAL. The 1997 Account is in run-off.
7. 7058: This former Greenwich MAPA is administered by HAL. The 1999 and 1998 Accounts are in run-off.

We also have to comment on any run-off syndicates in the MAPAs, any syndicate with a loss or forecast loss of over 10% in 2006 or 2007 and the syndicates with the five largest participations in each MAPA in 2007 and 2008.

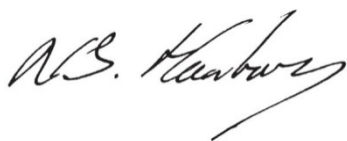
Statement of Responsibilities & Compliance

The Members' Agents' Code of Practice (Paragraphs 7.18 to 7.23) requires each Members' Agent to prepare a MAPA Annual Report as at 31 December 2008 in respect of each MAPA operated and to dispatch a copy, free of charge, to each MAPA Member in sufficient time prior to the 2009 Capacity Auctions. Each MAPA Annual Report shall contain the information required by the Code of Practice.

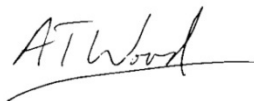
The Members' Agent is also responsible for the operation of the MAPA in accordance with the prescribed conditions and requirements of the Code of Practice and any requirements made under it.

The MAPA Annual Report has been approved by a resolution of the board of Hampden Agencies Limited.

For and on behalf of Hampden Agencies Limited



N J Hanbury
Chairman



A T Wood
Director

22 July 2009

Accountants' Report to the Members of MAPA Pursuant to the Members' Agents' Code of Practice (Paragraphs 7.18 to 7.23)

We report on the MAPA Annual Report for the year ended 31 December 2008 as prepared by Hampden Agencies Limited.

Respective responsibilities of directors and reporting accountants

The directors of the members' agency are responsible for preparing the MAPA Annual Report and operating the MAPA in accordance with the Members' Agents' Code of Practice (Paragraphs 7.18 to 7.23).

It is our responsibility to form an independent opinion as to whether the MAPA Annual Report has been properly prepared and the MAPA operated by the members' agent in accordance with the above Code of Practice.

Basis of Opinion

For the purposes of this report our procedures consisted of comparing the MAPA Annual Report with the syndicates' results for the 2006 year of account and prior accounts for syndicates that remained open as at 31 December 2008 as reported by Lloyd's Members' Services Unit and making such limited enquiries of the officers of the members' agency as we considered necessary.

These procedures provide only the assurance expressed in our opinion.

In particular these procedures do not constitute an audit. Accordingly, we do not express an audit opinion on the MAPA Annual Report or any opinion on the underlying syndicate data.

The scope of our examination did not include the MAPA Manager's Report on which we, therefore, express no opinion.

Opinion

In our opinion:

- (a) The MAPA Annual Report is in agreement with the syndicates' results for the 2006 year of account and prior accounts for syndicates that remained open as at 31 December 2008 as reported by Lloyd's Members' Services Unit and contains the information specified in the Members' Agents' Code of Practice (Paragraphs 7.18 to 7.23); and
- (b) The members' agent has operated the MAPA in accordance with the requirements of the Members' Agents' Code of Practice (Paragraphs 7.18 to 7.23).

Linn Maggs Goldwin.

Linn Maggs Goldwin
Chartered Accountants and Registered Auditors
London

3 July 2009

Disclosure Report

Hampden Agencies Limited (HAL) is the MAPA Manager for MAPAs 7066, 7117, 7200, 7201, 7202, 7203 and 7208 for the 2008 account.

HAL was formed in 1994 when it was known as Falcon Agencies and acquired the ongoing businesses of Donner Underwriting Agencies Limited and RW Sturge Limited from what is now Highway Insurance Holdings plc. In July 1998 HAL's holding company was purchased by Hampden plc, which specialises in outsourcing of insurance support services.

The ultimate parent and controlling company of HAL is Hampden Holdings Limited, a company registered in England and Wales.

HAL has acquired the ongoing members' agency businesses of Aberdeen Underwriting Advisers Limited (Aberdeen), Bridge Underwriting Agents Limited (Bridge), Greenwich Lloyd's Underwriting Limited (Greenwich) and CBS Private Capital.

The table of Director's MAPA participations includes:

D A Cant (appointed 8 August 2007)

N D H Carrick

N J Hanbury

W W Lewis (resigned 22 May 2002)

P R Nutting (resigned 10 December 2007)

Sir Adam Ridley (non-executive appointed 1 October 2007) who underwrites through HAL for the 2009 Account

Lord Strathclyde (non-executive, appointed 1 April 2008)

N P Wentworth-Stanley (resigned 31 March 2008)

S M Wilcox

The remainder of the directors are not Members of Lloyd's:

MAPA Summary Capacity Details

MAPA Number	7024
Year of Account	1997
MAPA Capacity – £m	17.43
Number of MAPA Members	30
Number of MAPA Syndicates	34
Average Member's Share – £'000	580.83

1997 Run-Off Accounts

MAPA 7024 - 1997 Run-Off Account

		As at 31/12/2007	Movement During 2008	As at 31/12/2008
Capacity		17,425		17,425
Result before Members Agents Charges	£'000s	166	3	169
	As % of Capacity	0.95%	0.02%	0.97%
Members' Agent's Fee	£'000s	(105)	0	(105)
Members' Agent's Profit Commission	£'000s	0	0	0
Result After Members Agents Charges	£'000s	62	3	65
	As % of Capacity	0.35%	0.02%	0.37%
Final Result for a £10,000 Share		£35		£37
Syndicates Not Closed at 31/12/2008		1101		
Syndicates Closed at 31/12/2008		None		

MAPA Summary Details

Syndicate	Movement during 2008	% of Portfolio
		7024
		1997
1101	1.70	1.00
Aggregate Movement during 2008		0.02

Jago Directors' MAPA Participations

% = % of OPL	7024		
		£'000s	%
Jago	1997	500	30.0
Y M Burley	1997	400	72.0
N A Browne	1997	25	5.0
C G Jago	1997	350	27.0

NOTE – N Browne resigned as director on 9/4/1998 and C Jago resigned as a director on 20/1/1997

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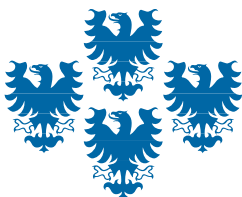
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Disclaimer

NOTICE: Underwriting at Lloyd's involves a significant degree of risk and those investing in the Market will be exposed to the risk of underwriting losses. They will remain ultimately liable for losses, even after death, until the liabilities of all syndicates participated upon have been reinsured to close, subject to there being no reinsurance failure. Underwriting Membership may not be suitable for all, and if there is any doubt, independent advice should be sought. Please note that services are not offered publicly to United States persons or in the United States, nor are they offered publicly in any other jurisdiction where such offers may be unlawful. This Report is intended for general information purposes only and should not be construed as investment advice. Unauthorised use, disclosure or copying is strictly prohibited and may be unlawful. While all reasonable care has been taken to ensure that the information contained in this Report is accurate at the time of publication, Hampden Agencies Limited do not make any representations as to the accuracy or completeness of such information. Hampden Agencies is authorised and regulated by the Financial Services Authority. This Report has been issued by Hampden Agencies Limited, which is a registered Lloyd's Members' Agent/ Adviser, of 85 Gracechurch Street, London EC3V 0AA. Telephone: 020 7863 6500. Facsimile: 020 7863 6555.



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