

Enstar Group LTD  
Form DEF 14A  
April 30, 2007

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**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549  
SCHEDULE 14A**

Proxy Statement Pursuant to Section 14(a) of the Securities  
Exchange Act of 1934

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

- Preliminary Proxy Statement
- Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))**
- Definitive Proxy Statement
- Definitive Additional Materials
- Soliciting Material Pursuant to §240.14a-12

**ENSTAR GROUP LIMITED**

(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

- No fee required.
- Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

(1) Title of each class of securities to which transaction applies:

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- o Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

(1) Amount Previously Paid:

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**ENSTAR GROUP LIMITED**

**NOTICE OF ANNUAL GENERAL MEETING OF SHAREHOLDERS  
TO BE HELD ON JUNE 5, 2007**

Notice is hereby given that the Annual General Meeting of Shareholders of Enstar Group Limited will be held at the Elbow Beach Hotel located at 60 South Shore Road, Paget, Bermuda, on Tuesday, June 5, 2007 at 9:00 a.m. local time for the following purposes:

1. To elect three Class I Directors to hold office until 2010.
2. To ratify the selection of Deloitte & Touche, Hamilton, Bermuda, to act as our independent registered public accounting firm for the fiscal year ending December 31, 2007 and to authorize the Board of Directors, acting through the Audit Committee, to approve the fees for the independent registered public accounting firm.
3. To act on the election of directors for our subsidiaries.
4. To transact such other business as may properly come before the meeting or any postponement or adjournment thereof.

Only shareholders of record at the close of business on April 16, 2007 are entitled to notice of and to vote at the meeting.

By Order of the Board of Directors

Scott Davis  
Corporate Secretary

Hamilton, Bermuda  
April 30, 2007

**PLEASE COMPLETE, DATE, SIGN AND RETURN THE ACCOMPANYING PROXY CARD IN THE RETURN ENVELOPE FURNISHED FOR THAT PURPOSE AS PROMPTLY AS POSSIBLE, WHETHER OR NOT YOU PLAN TO ATTEND THE MEETING. IF YOU LATER DESIRE TO REVOKE YOUR PROXY FOR ANY REASON, YOU MAY DO SO IN THE MANNER DESCRIBED IN THE ATTACHED PROXY STATEMENT.**



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**ENSTAR GROUP LIMITED  
P.O. Box 2267, Windsor Place, 3<sup>rd</sup> Floor  
18 Queen Street  
Hamilton, HM JX, Bermuda**

**PROXY STATEMENT  
FOR  
ANNUAL GENERAL MEETING OF SHAREHOLDERS  
TO BE HELD ON JUNE 5, 2007**

April 30, 2007

The Annual General Meeting of Shareholders of Enstar Group Limited will be held at the Elbow Beach Hotel located at 60 South Shore Road, Paget, Bermuda, on Tuesday, June 5, 2007 at 9:00 a.m. local time. We are mailing this Proxy Statement on or about May 2, 2007 to each holder of our issued and outstanding ordinary shares entitled to vote at the Annual General Meeting in order to furnish information relating to the business to be transacted at the meeting. We have mailed our Annual Report to Shareholders for the fiscal year ended December 31, 2006 with this Proxy Statement. We have included the Annual Report for informational purposes and not as a means of soliciting your proxy.

We hope that you will be able to attend the Annual General Meeting in person as this is our first shareholders meeting following the merger of one of our wholly-owned subsidiaries with The Enstar Group, Inc. on January 31, 2007 (the Merger ). Whether or not you expect to attend the meeting in person, please complete, sign, date and return the enclosed proxy card in the accompanying envelope so that your shares will be represented. If you receive more than one proxy card because you have multiple accounts, you should sign and return all proxies received to be sure all of your shares are voted.

If the accompanying proxy card is properly executed and returned, the proxies named on the proxy card will vote the ordinary shares of the Company that it represents as specified on the following proposals:

1. To elect three Class I Directors to hold office until 2010.
2. To ratify the selection of Deloitte & Touche, Hamilton, Bermuda, to act as our independent registered public accounting firm for the fiscal year ending December 31, 2007 and to authorize our Board of Directors, acting through the Audit Committee, to approve the fees for the independent registered public accounting firm.
3. To act on the election of directors for our subsidiaries.
4. To transact such other business as may properly come before the meeting or any postponements or adjournments thereof.

Shareholders of record as of the close of business on April 16, 2007 are entitled to vote at the Annual General Meeting. As of that date, there were 11,909,969 ordinary shares issued and outstanding and entitled to vote at the meeting. Except as set forth in our bye-laws, each ordinary share entitles the holder thereof to one vote. In accordance

with our bye-laws, certain shareholders whose shares constitute 9.5% or more of the voting power of our ordinary shares are entitled to less than one vote for each ordinary share held by them.

The required quorum for the Annual General Meeting consists of two or more shareholders present in person or by proxy and entitled to vote at least a majority of the shares entitled to vote at the meeting. The election of directors and the approval of Proposal Two require the affirmative vote of a majority of the votes cast by the shareholders at the meeting. With respect to Proposal Three, regarding the election of directors of our subsidiaries, our Board of Directors will cause our corporate representative or proxy to vote the shares of those subsidiaries in the same proportion as the votes received at the meeting from our shareholders. If any other business is brought before the meeting, proxies will be voted, to the extent permitted by the rules and regulations of the Securities and Exchange Commission, in accordance with the judgment of the persons voting the proxies.

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We will count ordinary shares held by shareholders who are present in person or by proxy at the meeting and who elect to abstain from voting on any proposal, as well as broker non-votes, towards the presence of a quorum, but will not count those shares as a vote in the election of any director or for any other proposal. We will also count ordinary shares held by shareholders who have signed their proxy cards but have not specified how their shares are to be voted towards the presence of a quorum, and we will vote those shares FOR the election of directors nominated by our Board of Directors under Proposal One, FOR Proposal Two and FOR each of the subsidiary director nominees listed in Proposal Three.

Any shareholder giving a proxy has the power to revoke it prior to its exercise by sending notice of revocation to our Secretary in writing, by executing and delivering a subsequently dated proxy card or by voting in person at the meeting. Attendance at the meeting will not by itself constitute revocation of a proxy.

The Company will bear the cost of preparing and soliciting proxies, including the reasonable charges and expenses of brokerage firms or other nominees for forwarding proxy materials to the beneficial owners of our ordinary shares. In addition to solicitation by mail, certain directors, officers and employees of the Company and its subsidiaries may solicit proxies personally or by telephone or other electronic means without extra compensation, other than reimbursement for actual expenses incurred in connection with the solicitation. The enclosed proxy is solicited by and on behalf of the Board of Directors of the Company.

When used in this Proxy Statement, the terms we, us, our, and the Company refer to Enstar Group Limited.

**PROPOSAL NO. 1 ELECTION OF DIRECTORS**

Our Board of Directors is divided into three classes designated Class I, Class II and Class III. The term of office for each Class I director expires at the annual general meeting in 2007; the term of office for each Class II director expires at the annual general meeting in 2008; and the term of office for each Class III director expires at the annual general meeting in 2009. At each annual general meeting, the successors of the class of directors whose term expires at that meeting will be elected to hold office for a term expiring at the annual general meeting to be held in the third year following the year of their election.

Three Class I directors are to be elected at the meeting to hold office until the annual general meeting in 2010. All of the nominees currently are directors. In accordance with the resolutions adopted by our Board of Directors concerning the nomination of individuals to serve as directors of the Company, our Board of Directors nominated each of the nominees following a recommendation of the nominees from our independent directors. All nominees have consented to serve if elected. We do not expect that any of the nominees will become unavailable for election as a director, but if any nominee should become unavailable prior to the meeting, proxy cards authorizing the proxies to vote for the nominees will instead be voted for a substitute nominee recommended by our Board of Directors.

In connection with the Merger with The Enstar Group, Inc., we completed a recapitalization on January 31, 2007. Pursuant to the terms of the agreement governing the recapitalization (the Recapitalization Agreement ) each of our current directors, including each nominee to be elected at the Annual General Meeting, was named a director of the Company.

**Nominees for Class I Directors**

The table below sets forth the names, ages, class and positions with the Company of the nominees who are standing for election at the meeting:

<b>Name</b>	<b>Age</b>	<b>Class</b>	<b>Positions with the Company</b>
Gregory L. Curl	58	I	Director
Nimrod T. Frazer	77	I	Director
Paul J. O Shea	49	I	Director, Executive Vice-President and Joint Chief Operating Officer

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*Gregory L. Curl* became a director of the Company on January 31, 2007 in connection with the completion of the Merger. Mr. Curl served as a director of The Enstar Group, Inc. from July 2003 through the Merger. Mr. Curl has been Director of Corporate Planning and Strategy for Bank of America since December 1998. Previously, Mr. Curl was Vice Chairman of Corporate Development and President of Specialized Lending for Bank of America from 1997 to 1998.

*Nimrod T. Frazer* has served as director of the Company since November 2001. Mr. Frazer served as a director of The Enstar Group, Inc. from August 1990 until the Merger on January 31, 2007. He also served as the Chairman of the Board and Chief Executive Officer of The Enstar Group, Inc. from October 1990 until the Merger, and as Acting President or President from October 1990 until to June 2001. Mr. Frazer has served on the board of directors of Affirmative Insurance Holdings, Inc. since November 2005.

*Paul J. O Shea* has served as a director, Executive Vice President and Joint Chief Operating Officer of the Company since its formation in 2001. Mr. O Shea served as a director and Executive Vice President of Castlewood Limited, which is now a subsidiary of the Company, from 1995 until 2001. In 1994, Mr. O Shea joined Messrs. Dominic F. Silvester and Nicholas A. Packer in their run-off business venture in Bermuda. From 1985 until 1994, he served as the Executive Vice President, Chief Operating Officer and a director of Belvedere Group/Caliban Group. Prior to 1985, Mr. O Shea was an accounts manager at Mentor Insurance Company Limited and a senior auditor in the Bermuda office of KPMG Peat Marwick.

**THE BOARD OF DIRECTORS RECOMMENDS THAT YOU VOTE FOR THE ELECTION OF EACH OF THE NOMINEES.**

**Continuing Directors**

The table below sets forth the names, ages, class and positions with the Company of the directors who are not standing for election at the meeting:

<b>Name</b>	<b>Age</b>	<b>Class</b>	<b>Positions with the Company</b>
T. Whit Armstrong	60	II	Director
John J. Oros	60	II	Director and Executive Chairman
Nicholas A. Packer	44	II	Director, Executive Vice President and Joint Chief Operating Officer
Paul J. Collins	70	III	Director
T. Wayne Davis	60	III	Director
J. Christopher Flowers	49	III	Director
Dominic F. Silvester	46	III	Director and Chief Executive Officer

*T. Whit Armstrong* became a director of the Company on January 31, 2007 in connection with the completion of the Merger. Mr. Armstrong served as a director of The Enstar Group, Inc. from June 1990 through the Merger. Mr. Armstrong has been President, Chief Executive Officer and Chairman of the Board of The Citizens Bank, Enterprise, Alabama, and its holding company, Enterprise Capital Corporation, Inc. for more than five years. Mr. Armstrong is also a director of Alabama Power Company of Birmingham, Alabama.

*John J. Oros* has served as a director of the Company since November 2001 and became the Executive Chairman of the Company on January 31, 2007. Mr. Oros served as a director of The Enstar Group, Inc. from 2000 through the Merger on January 31, 2007. Mr. Oros served as Executive Vice President of The Enstar Group, Inc. from March

2000 through June 2001, when Mr. Oros was named President and Chief Operating Officer. Following the Merger, Mr. Oros continues to serve as President of The Enstar Group, Inc., which is now named Enstar USA, Inc. and is a wholly-owned subsidiary of the Company. Before joining The Enstar Group, Inc., Mr. Oros was an investment banker at Goldman, Sachs & Co. in the Financial Institutions Group. Mr. Oros joined Goldman, Sachs & Co. in 1980 and was made a General Partner in 1986. Mr. Oros resigned from Goldman, Sachs & Co. in March 2000 to join The Enstar Group, Inc. In February 2006, Mr. Oros became a Managing Director of J.C. Flowers & Co. LLC, which serves as investment advisor to J.C. Flowers II L.P., a newly-formed private equity fund affiliated with

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J. Christopher Flowers, another director of the Company. Mr. Oros splits his time between J.C. Flowers & Co. LLC and the Company.

*Nicholas A. Packer* has served as Executive Vice President and the Joint Chief Operating Officer of the Company since its formation in 2001. From 1996 to 2001, Mr. Packer was Chief Operating Officer of Castlewood (EU) Limited, a wholly-owned subsidiary of Castlewood Limited, which is now itself a subsidiary of the Company. Mr. Packer served as Castlewood Limited's Chief Operating Officer from 1995 until 1996. From 1993 to 1995, Mr. Packer joined Mr. Silvester in forming a run-off business venture in Bermuda. Mr. Packer served as Vice President of Anchor Underwriting Managers Limited from 1991 until 1993. Prior to joining Anchor, he was a joint deputy underwriter at CH Bohling & Others, an affiliate of Lloyd's of London.

*Paul J. Collins* became a director of the Company on January 31, 2007 in connection with the completion of the Merger. Mr. Collins served as a director of The Enstar Group, Inc. from May 2004 through the Merger. Mr. Collins retired as a Vice Chairman and member of the Management Committee of Citigroup Inc. in September 2000. From 1985 to 2000, Mr. Collins served as a director of Citicorp and its principal subsidiary, Citibank; from 1988 to 1998, he also served as Vice Chairman of such entities. Mr. Collins currently serves as a director of Nokia Corporation and BG Group, as a member of the supervisory board of Actis Capital LLP and as a trustee of the University of Wisconsin Foundation and the Glyndebourne Arts Trust. He is also a member of the Advisory Board of Welsh, Carson, Anderson & Stowe, a private equity firm.

*T. Wayne Davis* became a director of the Company on January 31, 2007 in connection with the completion of the Merger. Mr. Davis served as a director of The Enstar Group, Inc. from June 1990 through the Merger. Mr. Davis was Chairman of the Board of General Parcel Service, Inc., a parcel delivery service, from January 1989 to September 1997 and was Chairman of the Board of Momentum Logistics, Inc. from September 1997 to March 2003. He also is a director of Winn-Dixie Stores, Inc. and MPS Group, Inc.

*J. Christopher Flowers* has been a director of the Company since November 2001. Mr. Flowers served as a director of The Enstar Group, Inc. from October 1996 through the Merger on January 31, 2007, including serving as Vice Chairman of the board of The Enstar Group, Inc. from December 1998 through July 2003. Mr. Flowers became a General Partner of Goldman, Sachs & Co. in 1988 and a Managing Director in 1996. He resigned from Goldman, Sachs & Co. in November 1998 in order to pursue his own business interests. Mr. Flowers has been a Managing Director of J.C. Flowers & Co., LLC, a financial services investment advisory firm since 2002. Mr. Flowers is director of Shinsei Bank, Ltd. (since 2000), NIBC Capital Bank N.V. (since 2005), Fox-Pitt, Kelton LLC (since 2006) and HSH-Nordbank AG (since 2006).

*Dominic F. Silvester* has served as a director and the Chief Executive Officer of the Company since its formation in 2001. In 1993, Mr. Silvester began a business venture in Bermuda to provide run-off services to the insurance and reinsurance industry. In 1995, the business was assumed by Castlewood Limited, which is now a subsidiary of the Company, for which Mr. Silvester was the Chief Executive Officer. From 1988 until 1993, Mr. Silvester served as the Chief Financial Officer of Anchor Underwriting Managers Limited. Prior to joining Anchor, he was a Vice President at Adams and Porter (Bermuda) Limited and was a senior auditor in the Bermuda office of Deloitte & Touche.

## **Independence of Directors**

Our Board of Directors consists of ten directors, of which six are non-management directors. The board has determined that four of our non-management directors, Messrs. Armstrong, Collins, Curl and Davis, are independent as defined by Nasdaq Marketplace Rule 4200(a)(15). The board has made this determination based primarily on a review of the responses of the directors to questions regarding employment and compensation history, family relationships and affiliations, and discussions with the directors. For details about certain relationships and

transactions among the Company and its executive officers and directors, see Certain Relationships and Related Transactions in this proxy statement.

Nasdaq Marketplace Rule 4350(c)(1) requires that a listed company's board of directors be comprised of a majority of independent directors, however, Nasdaq Marketplace Rule 4350(a)(5) allows a company becoming a public company for the first time up to twelve months from the date of its listing with the Nasdaq Stock Market LLC

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to comply with the majority independent board requirement. As such, we currently do not have a majority of independent directors on our Board of Directors. We will need to meet this requirement by January 31, 2008.

### **Meetings of the Board of Directors and its Committees**

We expect our directors to attend all meetings of our Board of Directors, all meetings of all committees of the board on which they serve and each annual general meeting of shareholders, absent exigent circumstances. Our Board of Directors met three times during the year ended December 31, 2006, a period during which we were not subject to the listing requirements of any exchange and were not a reporting company under the Securities Exchange Act of 1934, as amended (the Exchange Act). Messrs. Flowers and Silvester, both incumbent directors serving during 2006, attended fewer than 75% of the aggregate of the total number of meetings of the board and the total number of meetings of all committees of the board on which the director served. Eight of the ten directors then serving attended the 2006 annual general meeting of shareholders. In 2007, our independent directors will meet quarterly in executive sessions without management.

Our Board of Directors currently maintains an Audit Committee and a Compensation Committee. Current copies of the charter for each of these committees, as well as our Code of Ethics and Code of Conduct, are available on our website at [www.enstargroup.com](http://www.enstargroup.com). In addition, any shareholder may receive copies of these documents in print, without charge, by contacting our Secretary at P.O. Box HM 2267, Windsor Place, 3<sup>rd</sup> Floor, 18 Queen Street, Hamilton, HM JX, Bermuda.

*Audit Committee.* During 2006, the Audit Committee was composed of Mr. James Carey and Ms. Cheryl D. Davis, with Mr. Carey serving as Chairman. The Audit Committee met nine times during the year ended December 31, 2006. On January 31, 2007, the Audit Committee was reconstituted to be comprised of Messrs. Armstrong, Collins, Curl and Davis, with Mr. Armstrong serving as Chairman. This committee has general responsibility for the oversight of the quality and integrity of our financial statements, the qualifications and independence of our independent auditor, the performance of our internal audit function and independent auditor, and our compliance with legal and regulatory requirements. The committee appoints, retains and approves the compensation for our independent auditors, pre-approves fees and services of the independent auditors and reviews the scope and results of their audit. Each member of the Audit Committee is a non-management director and is independent as defined in Nasdaq Marketplace Rule 4200(a)(15) and under the Exchange Act. Our Board of Directors has determined that each of Messrs. Curl and Collins, who are both independent directors, qualify as an audit committee financial expert pursuant to the definition set forth in item 407(d)(5)(ii) of Regulation S-K, as adopted by the Securities and Exchange Commission (the SEC). The Audit Committee operates under a written charter that has been approved by our Board of Directors. The charter is reviewed annually by the Audit Committee, which recommends any proposed changes to our board. A current copy of the charter is available on our website at [www.enstargroup.com](http://www.enstargroup.com).

*Compensation Committee.* During 2006, the Compensation Committee was composed of Messrs. Oros and Carey, with Mr. Oros serving as Chairman. The Compensation Committee met twice during the year ended December 31, 2006. On January 31, 2007, the Compensation Committee was reconstituted to be comprised of Messrs. Armstrong, Curl and Davis, with Mr. Davis serving as Chairman. The Compensation Committee has general responsibility for the compensation of our executive officers. The committee establishes our general compensation philosophy and oversees the development and implementation of our compensation programs. The committee also periodically reviews the compensation of our directors and makes recommendations to our board with respect thereto. Each member of the Compensation Committee is a non-management director and is independent as defined in Nasdaq Marketplace Rule 4200(a)(15). The Compensation Committee operates under a written charter that has been approved by our Board of Directors. The charter is reviewed annually by the Compensation Committee, which recommends any proposed changes to our board. A current copy of the charter is available on our website at [www.enstargroup.com](http://www.enstargroup.com).

*Compensation Committee Interlocks and Insider Participation.* During the year ended December 31, 2006, no executive officer served as a member of the compensation committee or as a director of another entity, one of whose executive officers served on our compensation committee or as one of our directors.

*Nomination Process.* The Company does not have a nominating committee, although we do have a formal nominations process. It is the position of the Board of Directors that it is appropriate for the independent directors,



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rather than a separate committee comprised of most or all of our independent directors, to recommend director candidates. Nasdaq Marketplace Rule 4350(c)(4) requires director nominees of the Company to be selected, or recommended to the Board of Directors for selection, either by (i) a majority of the independent directors or (ii) a nominations committee comprised solely of independent directors. In November 2006, the Board of Directors adopted a resolution in accordance with these requirements regarding the nomination of directors. Pursuant to that resolution, the independent directors, Messrs. Armstrong, Collins, Curl and Davis, will conduct the director nomination process each year in connection with the Company's annual general meeting of shareholders.

When identifying and reviewing director nominees, the independent directors consider the nominees' personal and professional integrity, ability and judgment, as well as other factors deemed appropriate by the independent directors. For incumbent directors, the independent directors review each director's overall service to the Company during the director's term, including the number of meetings attended, level of participation and quality of performance. The independent directors considered and nominated the candidates proposed for election as directors at the Annual General Meeting, with the Board of Directors unanimously agreeing on all actions taken in this regard.

Shareholders may recommend candidates to serve as directors by submitting a written notice to the Board of Directors at Enstar Group Limited, P.O. Box 2267, Windsor Place, 3<sup>rd</sup> Floor, 18 Queen Street, Hamilton, HM JX, Bermuda. Shareholder recommendations must be accompanied by sufficient information to assess the candidate's qualifications and contain the candidate's consent to serve as director if elected. Shareholder nominees will be evaluated by the independent directors in the same manner as nominations made by the independent directors.

## **Code of Ethics/Code of Conduct**

We have adopted a Code of Ethics that applies to all of our senior executive and financial officers, and a Code of Conduct that applies to all of our directors and employees, including all senior executive and financial officers covered by the Code of Ethics. Copies of our Code of Ethics, Code of Conduct and other information relating to our corporate governance are available on our website at [www.enstargroup.com](http://www.enstargroup.com). In addition, any shareholder may receive copies of such documents in print, without charge, by contacting our Secretary at Enstar Group Limited, P.O. Box HM 2267, Windsor Place, 3<sup>rd</sup> Floor, 18 Queen Street, Hamilton, HM JX, Bermuda. We intend to disclose on our website any required amendment to, or waiver of, a provision of the Code of Ethics or Code of Conduct that applies to our senior executive and financial officers.

## **Shareholder Communications with the Board of Directors**

Shareholders and other interested parties may send communications to our Board of Directors by sending written notice to our Secretary at Enstar Group Limited, P.O. Box HM 2267, Windsor Place, 3<sup>rd</sup> Floor, 18 Queen Street, Hamilton, HM JX, Bermuda. The notice may specify whether the communication is directed to the entire board, to the independent directors, or to a particular board committee or individual director. Our Secretary will handle routine inquiries and requests for information. If the Secretary determines the communication is made for a valid purpose and is relevant to the Company and its business, the Secretary will forward the communication to entire board, to the independent directors, to the appropriate committee chairman or to the individual director as the notice was originally addressed. At each meeting of our Board of Directors, our Secretary will present a summary of all communications received since the last meeting that were not forwarded and will make those communications available to the directors on request.

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The Audit Committee of our Board of Directors has selected Deloitte & Touche, Hamilton, Bermuda, as our independent registered public accounting firm for the fiscal year ending December 31, 2007. At the Annual General Meeting, shareholders will be asked to ratify this selection and to authorize our Board of Directors, acting through the Audit Committee, to approve the fees for Deloitte & Touche. Representatives of Deloitte & Touche are expected to be present at the meeting and will have the opportunity to make a statement if they desire to do so. The representatives of Deloitte & Touche will also be available to respond to appropriate questions from shareholders.

**THE BOARD OF DIRECTORS RECOMMENDS THAT YOU VOTE FOR THE RATIFICATION OF THE SELECTION OF DELOITTE & TOUCHE AS OUR INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM FOR 2007 AND THE AUTHORIZATION OF OUR BOARD OF DIRECTORS, ACTING THROUGH THE AUDIT COMMITTEE, TO APPROVE THE FEES FOR THE INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM.**

**Audit and Non-Audit Fees**

Aggregate fees for professional services rendered to us by Deloitte & Touche for the fiscal years ended December 31, 2006 and 2005 are set forth below.

	<b>Fiscal Year 2006</b>	<b>Fiscal Year 2005</b>
Audit Fees	\$ 2,341,776	\$ 993,179
Audit-Related Fees	66,279	123,045
Tax Fees	283,788	159,482
All Other Fees		
<b>Total</b>	<b>\$ 2,691,843</b>	<b>\$ 1,275,706</b>

*Audit Fees* for the years ended December 31, 2006 and December 31, 2005 were for professional services rendered for the audit of our annual financial statements, for the review of our quarterly financial statements, for services in connection with the audits for insurance statutory and regulatory purposes in the various jurisdictions in which we operate and for the provision of consents and comfort letters relating to our filings with the SEC. The percentage of hours expended to audit our financial statements for the years ended December 31, 2006 and 2005 that were attributed to work performed by persons other than Deloitte & Touche's full time, permanent employees was less than 50%.

*Audit-Related Fees* for the years ended December 31, 2006 and December 31, 2005 consisted primarily of professional services rendered for financial accounting and reporting consultations and opening balance sheet audits of acquisitions.

*Tax Fees* for the years ended December 31, 2006 and December 31, 2005 were for professional services rendered for tax compliance and tax consulting.

There were no fees in the *All Other Fees* category for the fiscal years ended December 31, 2006 and December 31, 2005.

Our Audit Committee approves all services provided by our independent auditors. Accordingly, all of the services and related fees described above were approved by our Audit Committee.

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**PROPOSAL NO. 3 ELECTION OF DIRECTORS FOR OUR SUBSIDIARIES**

Under our amended and restated bye-laws, if we are required or entitled to vote at a general meeting of our subsidiaries, our Board of Directors must refer the subject matter of any vote regarding the appointment, removal or remuneration of directors to the shareholders of the Company and seek authority from our shareholders for our corporate representative or proxy to vote in favor of the resolutions proposed by these subsidiaries. We are submitting the election of the directors identified below for each subsidiary to our shareholders at the Annual General Meeting. Our Board of Directors will cause our corporate representative or proxy to vote the shares in these subsidiaries in the same proportion as the votes received at the meeting from our shareholders on these matters.

**Subsidiary Director Nominees**

**Castlewood Limited**

**Paul J. O Shea**  
**Richard J. Harris**  
**Adrian Kimberley**  
**Elizabeth Dasilva**  
**Michael Smellie**

**Castlewood (EU)**

**Holdings Ltd.**

David Hackett  
Alan Turner

**Castlewood Brokers Limited**

Richard J. Harris  
Elizabeth Dasilva  
Adrian Kimberley  
David Rocke

**Castlewood (EU) Limited**

David Hackett  
Alan Turner  
Steven Aldous  
Duncan McLaughlin  
Derek Reid  
Paul Thomas  
David Grisley  
David Atkins  
Steve Given

**Cranmore (Bermuda) Ltd.**

Paul J. O Shea  
Richard J. Harris  
Adrian Kimberley  
David Rocke

**Cranmore Adjusters Limited**

David Hackett  
Alan Turner  
Steve Norrington  
Phil Cooper  
Mark Wood  
David Ellis

Bantry Holdings Ltd.

Tim Houston  
Duncan Scott  
Adrian Kimberley

Blackrock Holdings Ltd.

Tim Houston  
Duncan Scott  
Adrian Kimberley

Kenmare Holdings Limited

Paul J. O Shea  
Richard J. Harris  
Adrian Kimberley  
Dominic F. Silvester  
Nicholas A. Packer  
David Roche

Kinsale Brokers Limited

Phil Hernon  
Steve Western  
Alan Turner  
Steve Norrington  
Derek Reid

Regis Agencies Limited

Alan Turner  
Steve Aldous

Fitzwilliam (SAC)

Insurance Limited

Paul J. O Shea  
Richard J. Harris  
Adrian Kimberley  
Nicholas A. Packer  
David Roche

Revir Limited

Richard J. Harris  
Adrian Kimberley  
Elizabeth Dasilva  
David Roche

River Thames

Insurance Company

Alan Turner  
Steve Aldous  
David Roche  
Max Lewis

Overseas Reinsurance  
Company Limited

Paul J. O Shea  
Richard J. Harris  
Adrian Kimberley  
David Roche

Hudson Reinsurance  
Company Limited

Paul J. O Shea  
Richard J. Harris  
Adrian Kimberley  
Duncan Scott  
David Roche

Cavell Holdings Limited (U.K.)

Alan Turner  
David Roche  
Steve Aldous  
Derek Reid

Harper Holdings SARL

Nicholas A. Packer  
Jean Baptiste Brekelmans  
Marc Torbick

Denman Holdings Limited

Richard J. Harris  
John J. Oros  
Cameron Leamy  
Kenneth Thomson

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**Harper Insurance Limited**

Richard J. Harris  
Nicholas A. Packer  
Michael Handler  
Florian von Meiss  
Walter Boss

**Harper Financing Limited**

Derek Reid  
Brian Walker  
Alan Turner

**Castlewood (US) Inc.**

Cheryl D. Davis  
John J. Oros  
Karl Wall  
Donna Stolz

**Castlewood Holdings  
(US) Inc.**

Cheryl D. Davis  
John J. Oros  
Karl Wall  
Donna Stolz

**Cranmore (US) Inc.**

Cheryl D. Davis  
John J. Oros  
Karl Wall  
Donna Stolz

**Castlewood Investments, Inc.**

Cheryl D. Davis  
John J. Oros  
Karl Wall  
Donna Stolz

**Longmynd Insurance**

**Company Ltd.**

David Hackett  
David Roche  
Steve Aldous  
Alan Turner

**Mercantile Indemnity**

**Company Ltd.**

David Hackett  
David Roche  
Alan Turner

Steve Aldous  
Derek Reid

Fieldmill Insurance  
Company Ltd.

David Hackett  
David Roche  
Steve Aldous  
Alan Turner

Virginia Holdings Ltd.

Paul J. O Shea  
Richard J. Harris  
Adrian Kimberley  
David Roche

Unione Italiana (UK)  
Reinsurance Company

David Roche  
Alan Turner  
Steve Aldous  
Derek Reid

Cavell Insurance Company Limited

Alan Turner  
David Roche  
Steve Aldous  
Derek Reid  
Darren Truman

Oceania Holdings Ltd.

Paul J. O Shea  
David Roche  
Richard J. Harris  
Adrian Kimberley  
Tim Houston

Cirrus Re Company A/S

Alan Turner  
David Roche  
Steve Aldous  
Jan Endressen

Inter-Ocean Holdings Limited

Paul J. O Shea  
Tim Houston  
Orla Gregory  
Richard J. Harris  
Adrian Kimberley

Enstar USA, Inc.



John J. Oros  
Cheryl D. Davis  
Karl J. Wall

Inter-Ocean Services Ltd.

Paul J. O Shea  
Tim Houston  
Orla Gregory  
Richard J. Harris  
Adrian Kimberley

Inter-Ocean Credit  
Products Ltd.

Paul J. O Shea  
Orla Gregory  
Richard J. Harris  
Adrian Kimberley

Hillcot Underwriting  
Management

Alan Turner  
David Roche  
Steve Aldous

Inter-Ocean Reinsurance  
Company Ltd.

Paul J. O Shea  
Tim Houston  
Orla Gregory  
Richard J. Harris  
Adrian Kimberley

Inter-Ocean Reinsurance  
(Ireland) Ltd.

Richard J. Harris  
Nicholas A. Packer  
Orla Gregory  
Kevin O Connor

Enstar Financial  
Services, Inc.

John J. Oros  
Cheryl D. Davis

Hillcot Holdings Limited

Paul J. O Shea  
Richard J. Harris  
Adrian Kimberley  
Mark Cutis  
Masazumi Kato

Hillcot Reinsurance Limited

Alan Turner  
Steve Aldous  
David Roche  
Masazumi Kato  
Max Lewis

Brampton Insurance  
Company Limited

Alan Turner  
David Roche  
Steve Aldous  
Max Lewis

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Enstar Group  
Operations, Inc.  
John J. Oros  
Cheryl D. Davis

B.H. Acquisition Ltd.  
Adrian Kimberley  
Richard J. Harris  
Paul J. O Shea  
David Roche  
Brittany Insurance  
Company Ltd.  
Paul J. O Shea  
Richard J. Harris  
Adrian Kimberley  
Duncan Scott  
David Roche

Paget Holdings GMBH  
Richard J. Harris  
David Roche  
Adrian Kimberley

Compagnie Europeene  
D Assurances Industrielles SA  
David Roche  
Paul Thomas

**Subsidiary Director Nominees Biographies**

Biographies for Dominic F. Silvester, Paul J. O Shea, Nicholas A. Packer and John J. Oros are included above in Proposal No. 1 Election of Directors. A biography for Richard J. Harris is included below in Executive Officers. Biographies for all other subsidiary director nominees are set forth below.

*Steve Aldous* joined the Company in 1998. He became a director of Castlewood (EU) Limited in 2004, and has management oversight of a number of the Company's U.K. reinsurance subsidiaries. Between 1998 and 2002, he worked for the Company in the commutations department and as a client accounting manager for third party business. Before joining the Company, Mr. Aldous gained offshore reinsurance management experience with Marsh & McLennan in Bermuda between 1994 and 1998. He qualified as a Chartered Accountant in 1992.

*David J. Atkins* was appointed to Head of Claims and Commutations of Castlewood (EU) Limited in April 2007. From 2003 to 2007, he served as Manager of Commutations. Prior to 2003, Mr. Atkins served as Manager of Commutation Valuations for Equitas Management Services Limited in London from 2001 to 2003, and Analyst in the Reserving and Commutations Department from 1997 to 2001.

*Jean-Baptiste Brekelmans* started as a legal account manager in Citco Curacao in 1988, managing portfolio of offshore companies. From 1991 until 2000, he worked as a corporate and tax lawyer for Smeets Thesseling & Van Bokhorst, based in Brussels, New York and The Hague, giving advice on Netherlands Antilles corporate and tax law. In 2000 Mr. Brekelmans joined Loyens & Loeff and moved to the Netherlands and later to Luxembourg. Since 2006,

Mr. Brekelmans has been a legal and tax manager in the Private Equity Real Estate division of Citco Luxembourg.

*Walter H. Boss* is a partner of BLUM Attorneys at Law, and was previously a partner at a large Zurich law firm, after having been a partner at Ernst & Young's International Services Office in New York. Mr. Boss holds a law degree from the University of Berne (Switzerland) and a LLM from New York University Law School.

*Philip Cooper* has been a Director of Cranmore Adjusters Limited since 1999. Mr. Cooper served as a Reinsurance Consultant for Peter Blem Adjusters Limited from 1990 to 1992 and from 1996 to 1999, as well as serving as Director of Training during the latter period for Peter Blem Management Services Limited. Prior to 1990, for Syndicate Underwriting Management he served as Assistant Reinsurance Manager and later head of the Technical Support Group from 1992 to 1996.

*Mark Cutis* joined Shinsei Bank in May 2004 in the newly created position of Chief Investment Officer. He was formerly with HVB, the Munich-headquartered German Bank, where he was originally hired in their New York Branch as Treasurer for the Americas, where he was also responsible for developing and directing HVB's proprietary allocation to Alternative Investments. He became the Chief Executive Officer of HVB's Japanese operations. Prior to joining HVB, Mr. Cutis worked with Merrill Lynch in London and New York, and was the Treasurer of the European Bank for Reconstruction and Development in London.

*Cheryl D. Davis* has served as the Chief Financial Officer of Enstar USA, Inc. since January 2007. Ms. Davis was Chief Financial Officer and Secretary of The Enstar Group, Inc. from April 1991 through the Merger in January 2007 and was Vice President of Corporate Taxes of The Enstar Group, Inc. from 1989. Ms. Davis has been employed with The Enstar Group, Inc. since April 1988. Prior to joining The Enstar Group, Inc., Ms. Davis was a Senior Manager with KPMG Peat Marwick.

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*David Ellis* joined Cranmore Adjusters Limited as a Reinsurance Consultant in 2000 has been a director since 2007. Mr. Ellis served as a Reinsurance Consultant for Compre Administrators Limited from 1999 to 2000 and for Ward & Associates Limited from 1993 to 1999.

*Jan Endresen* is the Managing Director of Oslo Reinsurance Company ASA ( Oslo Re ) in Norway, a position he has held since 1998. Prior to becoming Managing Director of Oslo Re, Mr. Endresen headed the legal department of Oslo Re from 1994. From 1991 to 1997, Mr. Endresen was Head of the legal department for Storebrand Asset Management ASA. From 1983 to 1991, he was Managing Director of Norsk Kausjon AS.

*Steven Given* joined Castlewood (EU) Limited in June 2001, and leads the Group Commutations Team. Mr. Given was previously Chief Financial Officer of IAM (Bermuda) Limited from 1997 to 2001, and Financial Controller of LaSalle Re Limited in Bermuda from 1993 to 1997. Prior to 1993, Mr. Given was employed as an audit senior for KPMG Peat Marwick in Bermuda and for Pannell Kerr Forster in Dublin. Mr. Given is a Fellow of the Institute of Chartered Accountants in Ireland and holds an MBA from the Edinburgh Business School.

*Orla Gregory* has been an Account Manager with the Company since 2003. Ms. Gregory worked as Financial Controller of Irish European Reinsurance Company Ltd. in Ireland from 2001 to 2003. She worked in Bermuda from 1999 to 2001 for Ernst & Young as an Investment Accountant. Prior to this, Ms. Gregory worked for QBE Insurance & Reinsurance (Europe) Limited in Ireland from 1993 to 1998 as a Financial Accountant.

*David J. Grisley* has been the U.K. IT Director of Castlewood (EU) Limited since 1996 . From 1993 until 1996, Mr. Grisley served as IT Manager for Powerscourt Group Limited in Bermuda. Prior to 1993, Mr. Grisley was the IT Manager for Anchor Underwriting Mangers in Bermuda from 1988, and a senior IT consultant for the Bermuda office of Coopers & Lybrand from 1984 to 1987.

*David W. Hackett* has been the Financial Director of Castlewood (EU) Limited since 1996. Mr. Hackett also served as Vice President of Castlewood Limited from 1993 to 1996. From 1991 until 1993, he served as Vice President for Anchor Underwriting Managers Limited in Bermuda. Mr. Hackett was Senior Vice President for International Risk Management Limited in Bermuda from 1979 to 1991, and a senior auditor in the Montreal office of Thorne Riddell from 1973 to 1979.

*Michael H.P. Handler* is the Chairman of Guy Carpenter Continental Europe, Managing Director of the Firm and member of the Guy Carpenter International Management Board. Mr. Handler began his career with Guy Carpenter in 1974, working in both New York and briefly in Copenhagen until his transfer to Zurich in 1996. He has been on the Board of Directors of Russian Reinsurance Company since 1997 and its Non-Executive Chairman since 2003.

*Phil Hernon* has been the Managing Director of Kinsale Brokers Limited since its formation in 2003. Prior to that position, Mr. Hernon held various senior positions within three of Lloyd s Brokers. In 1995, he was a founding Director of Helix U.K. Ltd.

*Timothy J. Houston* has been a Financial Projects Manager with Castlewood Limited since 2000. Between 1995 and 2000 he held a number of positions with Deloitte & Touche in Bermuda. Mr. Houston is responsible for overall run-off coordination, including day-to day operations, litigation and arbitration support and commutation negotiations. He is a member of the Institute of Chartered Accountants of Bermuda.

*Masazumi Kato* currently holds the position of Senior Managing Executive Officer with Shinsei Bank. Mr. Kato has been with Shinsei Bank from 1974 to present where he has held a number of progressively more senior positions.

*Adrian C. Kimberley* has been the Group Financial Controller of the Company since 2001. Mr. Kimberley also served as controller of Castlewood Limited from 2000 to 2001. From 1995 until 2000, he served as Senior Account Manager for Powerscourt Management Limited in Bermuda. Mr. Kimberley was the Controller for Techware Systems Corporation in Vancouver, Canada from 1992 to 1995, and a senior auditor in the Vancouver office of KPMG Peat Marwick from 1986 to 1992.

*Cameron J. D. Leamy* was formerly Senior Vice President Marketing of Sun Life and became the Chief Marketing Officer for all the Company's lines of business throughout its operations world-wide. Prior to that, he was

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Branch Manager of the Company's United States operations. Mr. Leamy retired from Sun Life at the end of 1996. He is currently a member of the Board of Directors of R.G.A. Canada Ltd., Sun Life Assurance Company of Canada (Barbados) Limited and Sun Life of Canada Reinsurance (Barbados) Ltd.

*Max Lewis* is currently an independent consultant who has been a non-executive director of certain group companies since 2002. Mr. Lewis is also a non-executive director of Motors Insurance Company U.K. He worked in various senior executive positions at Marsh (formally Sedgwick Group) from 1979 to 2001 and in December 2006 retired as chairman of the Medisure Group of Companies.

*Duncan McLaughlin* has been a Director of Castlewood (EU) Limited since April 2006. He joined the Company in 2000 and was previously a Senior Manager dealing with technical aspects of reinsurance run-off particularly for third party clients. Prior to joining the Company, he was a senior reinsurance auditor for Compre from 1998 to 1999, a reinsurance specialist at CNA from 1996 to 1997, a reinsurance auditor for Chiltoning from 1994 to 1996 and a reinsurance technician for Syndicate Underwriting Management from 1992 to 1994.

*Steven Norrington* has been the Managing Director of Cranmore Adjusters Limited since 1999. From 1993 to 1999, Mr. Norrington served as a Reinsurance Consultant and Director of Peter Blem Adjusters Limited. From 1991 to 1993, he served as a Reinsurance Auditor for Insurance & Reinsurance Services Ltd., formerly the audit team of Walton Insurance Ltd. for whom he served from 1990. Prior to 1990, he worked for the Liquidator of Mentor Insurance Ltd. from 1998 to 1990 and for Alexander Howden Group in various roles from 1983 to 1988.

*Kevin O Connor* has been the General Manager of Inter-Ocean Reinsurance (Ireland) Ltd. since April 2006. Mr. O Connor has been a Senior Partner in O Connor, Crossan & Co., a chartered certified accountancy practice in Ireland since 2005. He worked previously as a sole practitioner from 1995 to 2004. In 1994 he worked as Assistant Financial Controller at Belvedere Insurance Company Ltd. in Bermuda. From 1978 to 1993, he worked in practice for a number of audit and accountancy firms in Ireland.

*Derek Reid* has been the Legal Director of Castlewood (EU) Limited since January 2004. Previously, he was a partner in the insurance/reinsurance group at Clyde & Co in England handling a mixture of contentious and non-contentious insurance/reinsurance run-off work. He qualified as a solicitor in 1991.

*David Rocke* has been a senior officer with the Company since 1996. From 2002 to 2006, he served as a director of Castlewood (EU) Limited and of the Company's U.K. insurance subsidiaries. Immediately prior to joining Castlewood in 1996, Mr. Rocke held the position of Insolvency Manager at Deloitte & Touche in Bermuda, having previously been a senior auditor with that firm.

*Duncan M. Scott* has been a Vice President of Run-Off and Insolvency Operations of the Company since 2001. From 1995 until 2000, he served as Controller & General Manager of Stockholm Re (Bermuda) Ltd (in liquidation). From 1993 to 1994, he served as AVP Reinsurance of Stockholm Re (Bermuda) Ltd. Mr. Scott was a senior auditor in the Bermuda office of Ernst & Young from 1990 to 1992 and in the Newcastle, U.K. office of KPMG from 1986 to 1989.

*Michael A. Smellie* has been an accounting manager at Castlewood Limited since 1996. From 1993 to 1996, Mr. Smellie was a Vice President of Paumanock Insurance Company Ltd since 1993. From 1987 to 1992, he was the financial controller of Frank B. Hall (Underwriting Managers) Ltd. Prior to that position, he worked as auditor with Touche Ross & Co (now Deloitte & Touche) in Jamaica, the United States and Bermuda, leaving the firm as a senior audit manager.

*Donna L. Stolz* has been the Executive Vice President and Chief Administrative Officer of Castlewood (US) Inc. since 2005. Ms. Stolz was the Vice President of Administration for International Solutions LLC in 2004. She served as Vice

President of Marketing and Sales from 1997 to 2001 and Senior Business Analyst from 1994 to 1997 for Systems Integration and Imaging Technologies, Inc.

*C. Paul Thomas* has been an account manager for a number of run-off clients of Castlewood (EU) Limited since 2001 and a director of Castlewood (EU) Limited since 2006. Before joining Castlewood (EU) Limited, Mr. Thomas served as a financial controller and, subsequently, finance director of Wasa International (UK) Insurance Company from 1997 to 2001. Prior to this, Mr. Thomas held increasingly senior financial positions within Friends Provident Group between 1993 and 1997 and NM Financial Management between 1988 and 1993.



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*Kenneth F. G. Thomson* is the President of Thomson International Management Inc., a Barbados-based organisation specializing in the provision of management, administrative and accounting services to the International Business sector. Previously, he was the Area Manager for CIBC Barbados with the overall responsibility for the operations of CIBC in Barbados, including ten branches, the Corporate Finance Centre, the Trust Company and Data Services centre, involving a workforce of some 300 employees.

*Marc Torbick* has been a lawyer working for the Citco Group since October 2001. From 2005, he helped in creating the Private Equity Real Estate Division within Citco Luxembourg. Mr. Torbick worked as a legal trust officer from 2001 to 2005. Since 2006, Mr. Torbick has been a legal Account Manager in the Private Equity Real Estate division of Citco Luxembourg.

*Darren S. Truman* has been a Senior Technical Manager of the company since April 2004. Mr. Truman also served as a Technical Manager for Gerling Global General and Re in London from July 2003 to March 2004. From September 1994 to June 2003, he held a number of positions within RiverStone Management in London, the last four years as a Workout Specialist. From September 1987 to September 1994, Mr. Truman held a number of positions within Thurgood Farmer and Hackett in London the last two years as Section Head for LMX Broking.

*Alan Turner* joined the Company in 2000. He is currently the Managing Director of Castlewood (EU) Limited, having been appointed to this role in April 2006, and is a serving director on the boards of a number of the Company's U.K. subsidiaries. Prior to this, he was responsible for the general management of several of the Company's U.K. reinsurance company subsidiaries. From 1989 to 2000, he was employed by Deloitte & Touche in the U.K. and then Bermuda, specializing in audit and insolvency work. He obtained a U.K. Chartered Accountant designation in 1992 and also has a BA (Hons) Business Studies degree qualification.

*Dr. Florian von Meiss* opened a law firm in 1980 under the name of Thurnherr von Meiss and Partners at Usterstrasse 14, Zurich. He continues to practice primarily in cooperate matters and concentrates on the consumer industry. Dr. von Meiss holds law degrees from both the University of Zurich and the Columbia School of Law.

*Brian J. Walker* joined Castlewood (EU) Limited in 2003 as a Senior Manager and has served as Assistant General Manager of Harper Insurance Ltd. since 2004. From 2000 until 2003, he served as Group Finance Director of British-American (UK) Ltd. Prior to 2000, Mr. Walker was a Senior Audit Manager with Ernst & Young, Bermuda.

*Karl J. Wall* has been the President and Chief Operating Officer of Castlewood (US) Inc. since 2005. Mr. Wall served as Chief Executive Officer and Operating Manager of International Solutions LLC from 1993 to 2005. He was Chief Operating Officer for Facility Insurance Corporation from 1997 until 2000. He was the Vice President at American Centennial Insurance Company from 1986 to 1993.

*Steve Western* has been Finance Director with Kinsale Brokers Limited since January 2004. Mr. Western also served as Chief Operating Officer for Castlewood Risk Management based in Bermuda from 1995 to 2003. From 1987 to 1994, he served as a Senior Vice President with International Risk Management (Bermuda) Ltd. Prior to that position, Mr. Western was based in London as an Audit Senior with Clark Whitehill Chartered Accountants from 1982 to 1986.

*Mark S. Wood* joined Cranmore Adjusters Limited in 1999 as an Associate Director and has been a Director since 2002. Mr. Wood served as a Reinsurance Consultant for Peter Blem Adjusters Limited from 1998 to 1999 and for Rodney-Smith & Partners Limited (which ultimately became Whittington Insurance Consultants Limited) from 1989 to 1998. Between 1983 and 1989, he worked in the claims and reinsurance teams for the A.A. Cassidy and D.W. Graves Syndicates at Lloyd's, Greig Fester Limited and Finnish Industrial & General Insurance Company Limited.



**Table of Contents****PRINCIPAL SHAREHOLDERS AND MANAGEMENT OWNERSHIP**

The following table sets forth information as of April 16, 2007 regarding beneficial ownership of our ordinary shares by each of the following, in each case based on information provided to us by these individuals:

each person or group known to us to be the beneficial owner of more than 5% of our ordinary shares;

each of our directors;

each of our Chief Executive Officer, Chief Financial Officer and our next two most highly compensated executive officers who were serving as of December 31, 2006; and

all of our directors and executive officers as a group.

Unless otherwise indicated, the address of each of the beneficial owners identified is c/o Enstar Group Limited, P.O. Box 2267, Windsor Place, 3rd Floor, 18 Queen Street, Hamilton HM JX, Bermuda and each person has sole voting and dispositive power with respect to all such shares.

<b>Name of Beneficial Owner</b>	<b>Number of Shares</b>	<b>Number of Shares Subject to Option</b>	<b>Percent of Class</b>
Dominic F. Silvester(1)	2,239,735	0	18.81%
Trident II, L.P. and related affiliates(2)	2,082,236	0	17.48%
J. Christopher Flowers(3)	1,226,070	0	10.29%
Paul O Shea(4)	726,243	0	6.10%
Nicholas A. Packer(5)	711,309	0	5.97%
John J. Oros(6)	203,168	294,224	4.08%
Nimrod T. Frazer(7)	306,901	156,919	3.84%
T. Wayne Davis(8)	152,371	14,711	1.40%
Richard J. Harris(9)	52,701	0	*
T. Whit Armstrong(10)	34,389	14,711	*
Paul J. Collins(11)	16,304	4,903	*
Gregory L. Curl(12)	1,383	4,903	*
All Executive Officers and Directors as a group (11 Persons)(13)	5,670,574	490,371	51.58%

\* Less than 1%.

- (1) Includes 644,989 ordinary shares held directly by Mr. Silvester, 531,582 ordinary shares held by the Left Trust and 1,063,164 ordinary shares held by Right Trust. Mr. Silvester and his immediate family are the sole beneficiaries of the Left Trust and the Right Trust. The trustee of the Left Trust is R&H Trust Co. (NZ) Limited, a New Zealand company, whose registered office is 162 Wickstead Street, Wanganui 5001, New Zealand. The trustee of the Right Trust is R&H Trust Co. (BVI) Ltd., or RHTCBV, a British Virgin Islands Company, whose registered office is Woodbourne Hall, P.O. Box 3162, Road Town, Tortola, British Virgin Islands.

- (2) Includes (a) 1,966,672 ordinary shares held by Trident II, L.P., or Trident II; (b) 56,220 ordinary shares held by Marsh & McLennan Capital Professionals Fund, L.P., or Trident PF; and (c) 59,344 ordinary shares held by Marsh & McLennan Employees Securities Company, L.P., or Trident ESC. The sole general partner of Trident II is Trident Capital II, L.P., or Trident GP, and the manager of Trident II is Stone Point Capital LLC, or Stone Point. The general partners of Trident GP are four single member limited liability companies that are owned by individuals who are members of Stone Point. The sole general partner of Trident PF is a company controlled by four individuals who are members of Stone Point. The sole general partner of Trident ESC is a company that is a wholly-owned subsidiary of Marsh & McLennan Companies, Inc., or MMC. Stone Point has authority to execute documents on behalf of the general partner of Trident ESC pursuant to a limited power of attorney, but Stone Point is not affiliated with MMC. The principal address for Trident II, Trident PF and Trident ESC is c/o Maples & Calder, Ugland House, Box 309, South Church Street, George Town, Grand

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Cayman, Cayman Islands. Trident PF and Trident ESC have agreed with Trident II that (i) Trident ESC will divest its holdings in the Company only in parallel with Trident II, (ii) Trident PF will not dispose of its holdings in the Company before Trident II disposes of its interest, and (iii) to the extent that Trident PF elects to divest its interest in the Company at the same time as Trident II, Trident PF will divest its holdings in parallel with Trident II. As a result of this agreement, Trident II may be deemed to beneficially own 115,564 ordinary shares of the Company directly held by Trident PF and Trident ESC collectively, and Trident PF and Trident ESC may be deemed to beneficially own 1,966,672 ordinary shares of the Company directly held by Trident II. Trident II disclaims beneficial ownership of the ordinary shares of the Company that are, or may be deemed to be, beneficially owned by Trident PF or Trident ESC, and Trident PF and Trident ESC each disclaims beneficial ownership of the ordinary shares of the Company that are, or may be deemed to be, beneficially owned by Trident II. Trident PF and Trident ESC are not affiliated and each disclaims beneficial ownership of the ordinary shares of the Company that are, or may be deemed to be, beneficially owned by the other.

- (3) Includes 4,515 restricted share units of the Company received in the Merger in exchange for 4,515 restricted stock units of The Enstar Group, Inc. The principal address for Mr. Flowers is 717 Fifth Ave., 26<sup>th</sup> floor, New York, NY 10022.
- (4) Includes 17,468 ordinary shares held directly by Mr. O Shea and 708,775 ordinary shares held by the Elbow Trust. Mr. O Shea and his immediate family are the sole beneficiaries of the Elbow Trust. The trustee of the Elbow Trust is RHTCBV.
- (5) Includes 2,534 ordinary shares held directly by Mr. Packer and 708,775 ordinary shares held by the Hove Trust. Mr. Packer and his immediate family are the sole beneficiaries of the Hove Trust. The trustee of the Hove Trust is RHTCBV.
- (6) Includes 3,168 ordinary shares held directly by Mr. Oros and 200,000 ordinary shares indirectly owned by Mr. Oros through Brittany Ridge Investment Partners, L.P., of which 62,500 ordinary shares are pledged in a brokerage margin account.
- (7) Includes 156,901 ordinary shares held directly by Mr. Frazer and 150,000 ordinary shares indirectly owned by Mr. Frazer through Frazer Holdings, L.P.
- (8) Includes 32,300 ordinary shares held directly by Mr. Davis, 3,100 ordinary shares held by Mr. Davis wife, 17,200 ordinary shares held in trust, 81,025 shares held in a private foundation for which Mr. Davis has voting and investment power, but is not a beneficiary, 600 ordinary shares held indirectly by Mr. Davis through T. Wayne Davis PA, 500 ordinary shares held indirectly by Mr. Davis through Redwing Land Company, 1,000 ordinary shares held indirectly by Mr. Davis through Redwing Properties Inc., 1,000 ordinary shares held in a SEP, 1,500 ordinary shares held in an IRA, and 14,146 restricted share units of the Company received in the Merger in exchange for 14,146 restricted stock units of The Enstar Group, Inc.
- (9) Includes 17,460 ordinary shares that are issued, but remain subject to certain vesting restrictions.
- (10) Includes 14,922 restricted share units of the Company received in the Merger in exchange for 14,922 restricted stock units of The Enstar Group, Inc.
- (11) Includes 1,304 restricted share units of the Company received in the Merger in exchange for 1,304 restricted stock units of The Enstar Group, Inc.

- (12) Includes 1,383 restricted share units of the Company received in the Merger in exchange for 1,383 restricted stock units of The Enstar Group, Inc.
- (13) See footnotes 1 and 3 through 11.

**Table of Contents****EXECUTIVE OFFICERS**

The table below sets forth certain information concerning our executive officers:

<b>Name</b>	<b>Age</b>	<b>Position(s)</b>
Dominic F. Silvester(1)	46	Chief Executive Officer and Director
Paul J. O Shea(1)	49	Executive Vice President, Joint Chief Operating Officer and Director
Nicholas A. Packer(1)	44	Executive Vice President, Joint Chief Operating Officer and Director
Richard J. Harris	45	Chief Financial Officer

(1) Biography available above under Proposal One Election of Directors.

*Richard J. Harris* has served as the Chief Financial Officer of the Company since May 2003. From 2000 until April 2003, Mr. Harris served as Managing Director of RiverStone Holdings Limited & Subsidiary Companies, the European run-off operations of Fairfax Financial Holdings Limited. As Managing Director, he was responsible for all operational activities, including claims oversight, reinsurance collections, commutations and litigation. Previously, he served as the Chief Financial Officer of Sphere Drake Group and in the auditing group of the Bermuda office of Deloitte & Touche.

Effective as of the closing of the Merger on January 31, 2007, John J. Oros, 60, became the Executive Chairman and a director of the Company. Mr. Oros' biography is available above under Proposal No. 1 Election of Directors.

**EXECUTIVE COMPENSATION****Compensation Discussion And Analysis**

During 2006, the Compensation Committee of our Board of Directors was comprised of two members of our Board of Directors. The compensation committee's basic responsibility was to review the performance of our management in achieving corporate goals and objectives and to ensure that our executive officers are compensated effectively in a manner consistent with our strategy and compensation practices. Toward that end, the compensation committee oversaw, reviewed and administered all of our compensation, equity and employee benefit plans and programs applicable to executive officers.

Following completion of the Merger on January 31, 2007, our compensation committee was reconstituted to be comprised of three independent directors. This new committee will be responsible going forward for establishing the philosophy and objectives of our compensation programs, designing and administering the various elements of our compensation programs and assessing the performance of our executive officers and the effectiveness of our compensation programs in achieving their objectives. Many of the concepts discussed below may evolve as our new compensation committee begins its work in 2007 and as we adjust to being a company registered under the Exchange Act and traded on the Nasdaq Global Select Market.

*Compensation Philosophy and Objectives*

As a quickly growing company, we operate in an extremely competitive and rapidly changing industry. We believe that the skill, talent, judgment and dedication of our executive officers are critical factors affecting the long-term value of our company. Therefore, our goal is to maintain an executive compensation program that will fairly compensate our executives, attract and retain qualified executives who are able to contribute to our long-term success, induce performance consistent with clearly defined corporate goals and align our executives' long-term interests with those of our shareholders. As a private company during 2006, we did not identify specific metrics or goals against which we measured the performance of our executive officers. Our decisions on compensation for our executive officers were based primarily upon our assessment of each individual's performance. We relied upon judgment and not upon rigid guidelines or formulas in determining the amount and mix of compensation elements



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for each executive officer. Factors affecting our judgment include the nature and scope of the executive's responsibilities and effectiveness in leading our initiatives to achieve corporate goals.

For the fiscal year ended December 31, 2006, Mr. Silvester, our Chief Executive Officer, as the manager of the members of the executive team, assessed the individual contribution of each member of the executive team, other than himself, and, where applicable, made a recommendation to the compensation committee with respect to any merit increase in salary, cash bonus, and share awards under the 2006-2010 Annual Incentive Compensation Program. The compensation committee evaluated, discussed and modified or approved these recommendations and conducted a similar evaluation of Mr. Silvester's contributions to the Company.

During 2007 and beyond, our objective will be to provide overall compensation that is appropriate given our business model and other criteria to be established by the compensation committee. Some of the elements of the overall compensation program are expected to include competitive base salaries, short-term cash incentives and long-term incentives in the form of options to purchase ordinary shares or share awards.

We expect that our Chief Executive Officer, as the manager of the members of the executive team, will continue to assess the individual contributions of the executive team and make a recommendation to the compensation committee with respect to any merit increase in salary, cash bonus and options to purchase ordinary shares or share awards. The compensation committee will then evaluate, discuss and modify or approve these recommendations and conduct a similar evaluation of the Chief Executive Officer's contributions to corporate goals and achievement of individual goals.

*Role of Executive Officers and Compensation Consultant*

Our Chief Executive Officer and Chief Financial Officer support the compensation committee in its work by providing information relating to our financial plans, performance assessments of our executive officers and other personnel-related data. In addition, the committee has the authority under its charter to engage the services of outside advisors, experts and others to assist it. The compensation committee has not, to date, engaged any third-party consultant to assist it in performing its duties, though it may elect to do so in the future.

*Principal Elements of Executive Compensation*

Our executive compensation program currently consists of the three components discussed below. There is no pre-established policy or target for the allocation between either cash and non-cash or short-term and long-term incentive compensation. Rather, the relevant factors associated with each executive are reviewed on a case-by-case basis to determine the appropriate level and mix of compensation.

**Base Salaries.** The salaries of our Chief Executive Officer and our other executive officers are established based on the scope of their responsibilities, taking into account competitive market compensation for similar positions based on information available to the compensation committee. We believe that our base salary levels are consistent with levels necessary to achieve our compensation objective, which is to maintain base salaries competitive with the market. We believe that below-market compensation could, in the long run, jeopardize our ability to retain our executive officers. Due to the competitive market for highly qualified employees in our industry and our geographic location, we may choose to set our cash compensation levels at the higher end of the market in the future. Any base salary adjustments are expected to be based on competitive conditions, market increases in salaries, individual performance, our overall financial results and changes in job duties and responsibilities.

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**Annual Incentive Compensation.** We maintain an annual incentive plan, the purpose of which is to set aside a portion of net after-tax profits to be allocated among our executive officers. The annual incentive plan is designed to reward performance that furthers key corporate goals and aligns the interests of management with our financial performance. The allocation of the annual incentive plan pool among our executive officers is the responsibility of the compensation committee and is determined on the basis of individual performance, as determined by the compensation committee and the Chief Executive Officer. For the year ended December 31, 2006, we awarded cash bonuses to our executive officers in the amounts set forth below:

<b>Executive Officer</b>	<b>Cash Bonus Amount</b>
Dominic F. Silvester	\$ 937,508
Paul J. O Shea	\$ 937,508
Nicholas A. Packer	\$ 750,046
Richard J. Harris	\$ 750,046

**Long-Term Incentive Compensation.** The Company has established the 2006 Equity Incentive Plan to provide employees of the Company long-term incentive compensation in the form of share ownership, which we believe is in line with our objective of aligning the interests of management with our long-term performance. The Equity Incentive Plan is administered by the compensation committee. The compensation committee currently expects that the majority of shares available for issuance under the Equity Incentive Plan will be used for the purpose of granting bonus shares, which are issued in lieu of all or a portion of the cash bonus payments under the annual incentive plan. Other awards under the Equity Incentive Plan may be made at varying times and in varying amounts in the discretion of the compensation committee.

For the year ended December 31, 2006, we awarded bonus shares to our executive officers in the amounts set forth below:

<b>Executive Officer</b>	<b>Bonus Shares Awarded</b>
Dominic F. Silvester	3,168
Paul J. O Shea	3,168
Nicholas A. Packer	2,534
Richard J. Harris	2,534

The bonus shares awarded to our executive officers were immediately vested. The shares are, however, subject to a one-year restriction on transfer.

*Share Ownership Guidelines*

We currently do not require our directors or executive officers to own a particular amount of our ordinary shares, nor do we have a policy regarding hedging the economic risk of such ownership. The compensation committee is satisfied that the equity holdings among our directors and executive officers are sufficient at this time to provide motivation and to align this group's interests with our long-term performance.

*Perquisites*

Our executive officers participate in the same group insurance and employee benefit plans as our other salaried employees. In addition, our executive officers generally receive housing allowances and certain other benefits that are described in the Summary Compensation Table on page 20.

*Post-Termination Protection and Change in Control*

We have entered into employment agreements with Messrs. Silvester, Oros, O Shea, Packer and Harris. Each such agreement provides for accelerated vesting of equity in the event that we are subject to a change in control and the executive officer's employment terminates for specified reasons. See Employment Agreements below for a summary of these employment agreements. The terms of each employment agreement reflect arm's length negotiations between us and the executive officer. In addition, our 2006 Equity Incentive Plan and our 2006

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2010 Annual Incentive Compensation Program provide that our executive officers receive certain benefits upon a change in control. These benefits are described below in Potential Payments Upon Termination or Change in Control. The basis for the change in control provisions in both the employment agreements and the incentive plans is that they are consistent with customary industry practice and competitive in the marketplace.

### *Financial Restatements*

The compensation committee has not adopted a policy with respect to whether we will make retroactive adjustments to any cash- or equity-based incentive compensation paid to executive officers (or others) where the payment was predicated upon the achievement of financial results that were subsequently the subject of a restatement. Our compensation committee believes that this issue is best addressed when the need actually arises, when all of the facts regarding the restatement are known.

### *Tax and Accounting Treatment of Compensation*

Section 162(m) of the Internal Revenue Code places a limit of \$1 million on the amount of compensation that we may deduct from our U.S. source income in any one year with respect to our Chief Executive Officer, our Chief Financial Officer and each of our next three most highly paid executive officers. As a Bermuda-based company with limited U.S. source income, this limitation has not historically impacted our decisions regarding executive compensation.

We account for equity compensation paid to our employees under the rules of SFAS 123(R), which requires us to estimate and record an expense for each award of equity compensation over the service period of the award. Accounting rules also require us to record cash compensation as an expense at the time the obligation is accrued.

### *Summary*

The compensation committee believes that our compensation philosophy and programs are designed to foster a performance-oriented culture that aligns our executive officers' interests with those of our shareholders. The compensation committee also believes that the compensation of our executives is both appropriate and responsive to the goal of improving shareholder value.

## **Compensation Committee Report**

*The following report is not deemed to be soliciting material or to be filed with the SEC or subject to the SEC's proxy rules or the liabilities of Section 18 of the Exchange Act, and the report shall not be deemed to be incorporated by reference into any prior or subsequent filing by the Company under the Securities Act of 1933, as amended (the Securities Act), or the Exchange Act.*

The compensation committee has reviewed and discussed the Compensation Discussion and Analysis set forth above with our management. Based on its review and discussions, the committee recommended to our Board of Directors that the Compensation Discussion and Analysis be included in this proxy statement and incorporated by reference into our Annual Report in Form 10-K filed with the SEC for the fiscal year ended December 31, 2006.

T. Wayne Davis, Chairperson  
T. Whit Armstrong  
Gregory L. Curl

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The following table sets forth compensation earned in fiscal 2006 by our Chief Executive Officer, our Chief Financial Officer, and the next two most highly compensated executive officers who were serving as of December 31, 2006. These individuals are referred to in this proxy statement as the named executive officers.

<b>Name and Principal Position</b>	<b>Year</b>	<b>Salary (\$)</b>	<b>Bonus (\$)</b>	<b>Stock Awards (\$)(1)</b>	<b>All Other Compensation (\$)</b>	<b>Total (\$)</b>
Dominic F. Silvester <i>Chief Executive Officer and Director</i>	2006	\$ 550,295	\$ 937,508	\$ 312,492	\$ 726,905(2)	\$ 2,527,200
Paul J. O Shea <i>Executive Vice President, Joint Chief Operating Officer and Director</i>	2006	\$ 427,388	\$ 937,508	\$ 312,492	\$ 157,250(3)	\$ 1,834,638