



Benfield Group Limited

Interim results for the year ended 30 June 2008



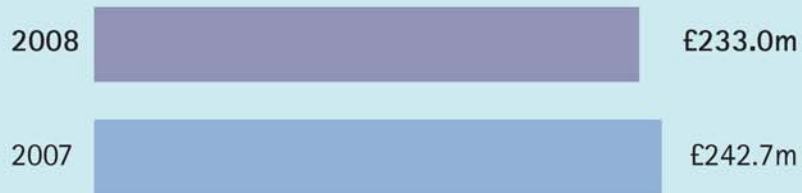


- Trading margin up, reflecting benefits of cost control
- Little change to reinsurance market conditions: further softening but increased catastrophe purchasing
- Currency headwinds easing
- Strong performance from International Division
- 30% growth in MEP revenues
- Further initiatives in capital markets arena
- Additional £31.2m returned to shareholders via share buy-back

Financial Highlights

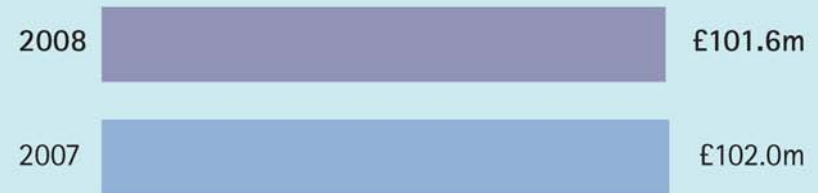


Group revenue



Group revenue £233.0m (2007: £242.7m), a decrease of 4.0%

Group trading result



Group trading result⁽²⁾ £101.6m (2007: £102.0m), a decrease of 0.4%

(1) Adjusted for exceptional items

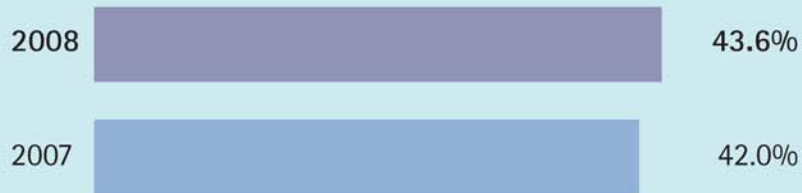
(2) Trading result comprises operating profit from continuing operations before depreciation, amortisation and impairment charges and exceptional items

(3) Trading margin represents trading result as a percentage of operating revenue

Financial Highlights

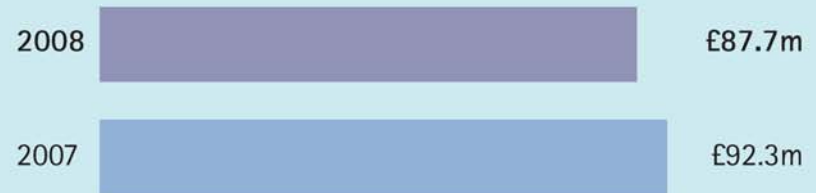


Group trading margin



Group trading margin⁽³⁾ increased to 43.6% (2007: 42.0%)

Profit before tax



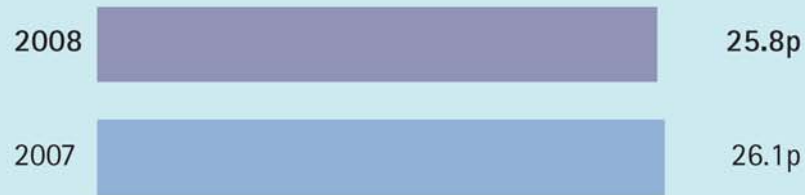
Profit before tax £87.7m (2007: £92.3m), a decrease of 5.0%

- (1) Adjusted for exceptional items
- (2) Trading result comprises operating profit from continuing operations before depreciation, amortisation and impairment charges and exceptional items
- (3) Trading margin represents trading result as a percentage of operating revenue

Financial Highlights

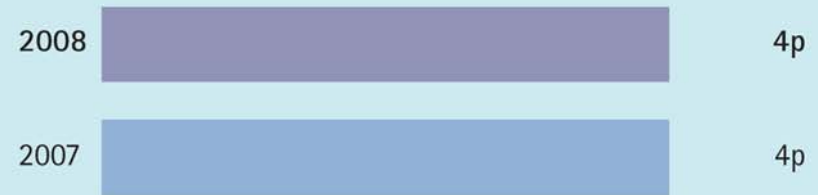


Adjusted diluted earnings per share



Adjusted diluted earnings per share⁽¹⁾ 25.8p (2007: 26.1p)

Interim dividend per share



Interim dividend per share 4p per share (2007: 4p)

- (1) Adjusted for exceptional items
- (2) Trading result comprises operating profit from continuing operations before depreciation, amortisation and impairment charges and exceptional items
- (3) Trading margin represents trading result as a percentage of operating revenue



	H1 2008	H1 2007	Growth
	£m	£m	%
Revenue	127.9	120.4	+6.2%
Trading result	63.2	53.6	+17.9%
Trading margin	49.4%	44.5%	

- Revenue increased by 2.2% at constant rates of exchange
- Expenses decreased by 3.1%



- Strong performance despite continued decline in pricing and high retentions
- European team revenue up 13%: substantial new business wins
- Global Facultative revenue up more than 40%
- Sales of ReMetrica software expanding to include non (re) insurance licensees: recognised as market leading product



	H1 2008	H1 2007	Growth
	£m	£m	%
Revenue	85.2	102.5	-16.9%
Trading result	43.2	56.2	-23.1%
Trading margin	50.7%	54.8%	

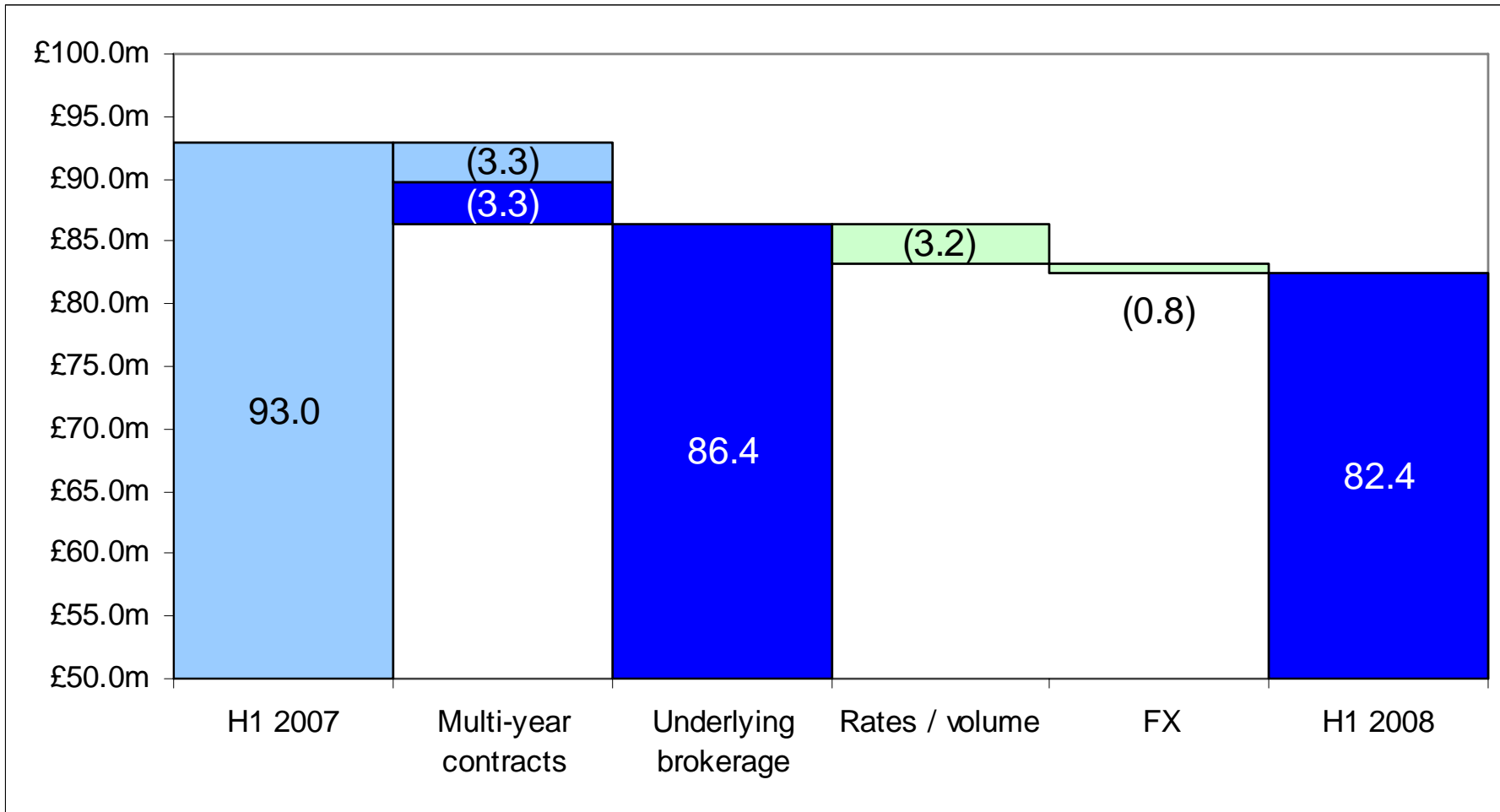
- Revenue decreased by 16.1% at constant rates of exchange
- Underlying revenue decrease of 3% against backdrop of falling prices

US Division revenue analysis



	H1 2008	H1 2007	Variance
	£m	£m	£m
Reinsurance broking	82.4	93.0	(10.6)
Benfield Advisory	1.6	8.1	(6.3)
Interest income	1.2	1.4	(0.2)
US Division revenue	85.2	102.5	(17.3)

US Division reinsurance broking bridge H1 2007 to H1 2008





- Significant property catastrophe capacity created in capital markets: Citizens, Globe Re
- Continued innovation in ReMetrics products
- Further opportunities in capital markets: Juniperus



	H1 2008	H1 2007	Growth
	£m	£m	%
Revenue	15.5	14.2	+9.2%
Trading result	(3.0)	(4.6)	+34.8%

➤ MEP revenue increased by 30%

➤ Renewal retention across BCR remains high

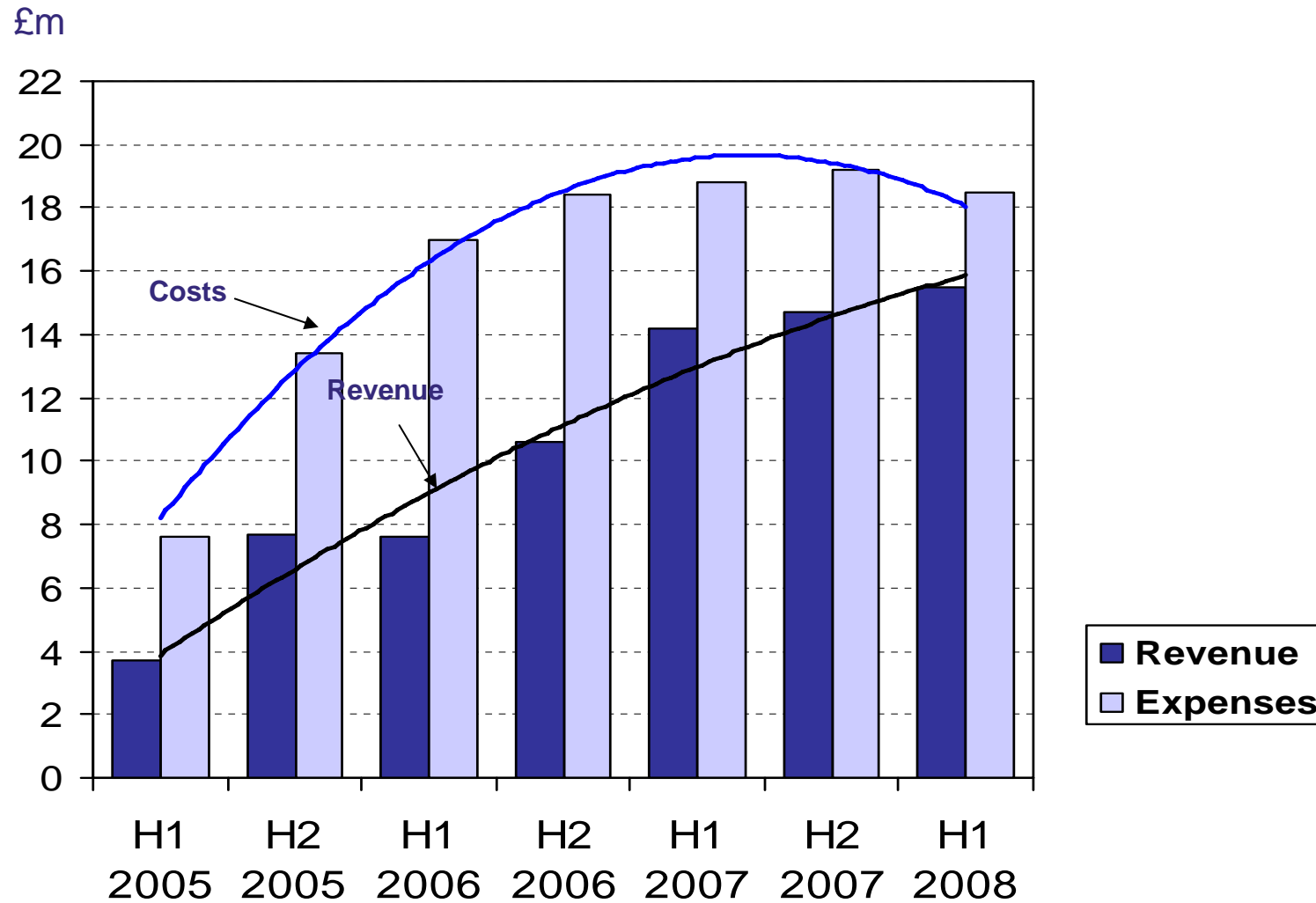


- Momentum of new business growth maintained: substantial new accounts in MEP segment
- Delayed satellite launches held back Space revenue
- New opportunities being generated in alternative energy sources and environmental risk transfer
- Cost control remains a priority



- Aban Offshore Ltd: India's largest private sector offshore drilling contractor
- Oil & Natural Gas Corporation of India: Asia's largest oil and gas exploration and production company
- North West Shelf Shipping Service Company: largest carrier of liquified natural gas from Australia to Asia
- Sea Dragon Offshore: owner/operator of two of the largest semi-submersibles world-wide
- Superior Air Parts: world's leading manufacturer of FAA approved replacement parts for Lycoming and Continental aircraft engines

Benfield Corporate Risk Development





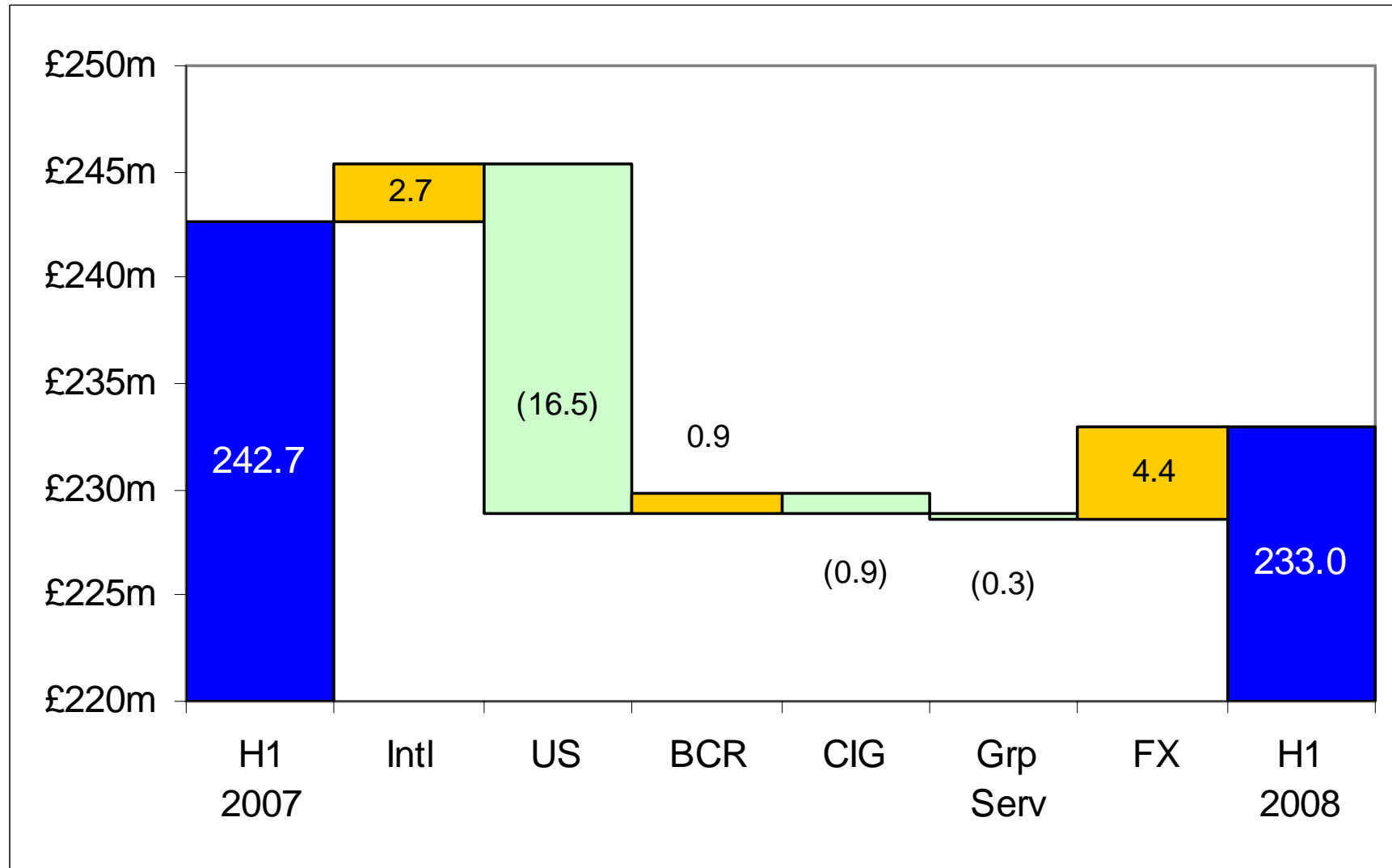
Financial Highlights

Summary Income Statement



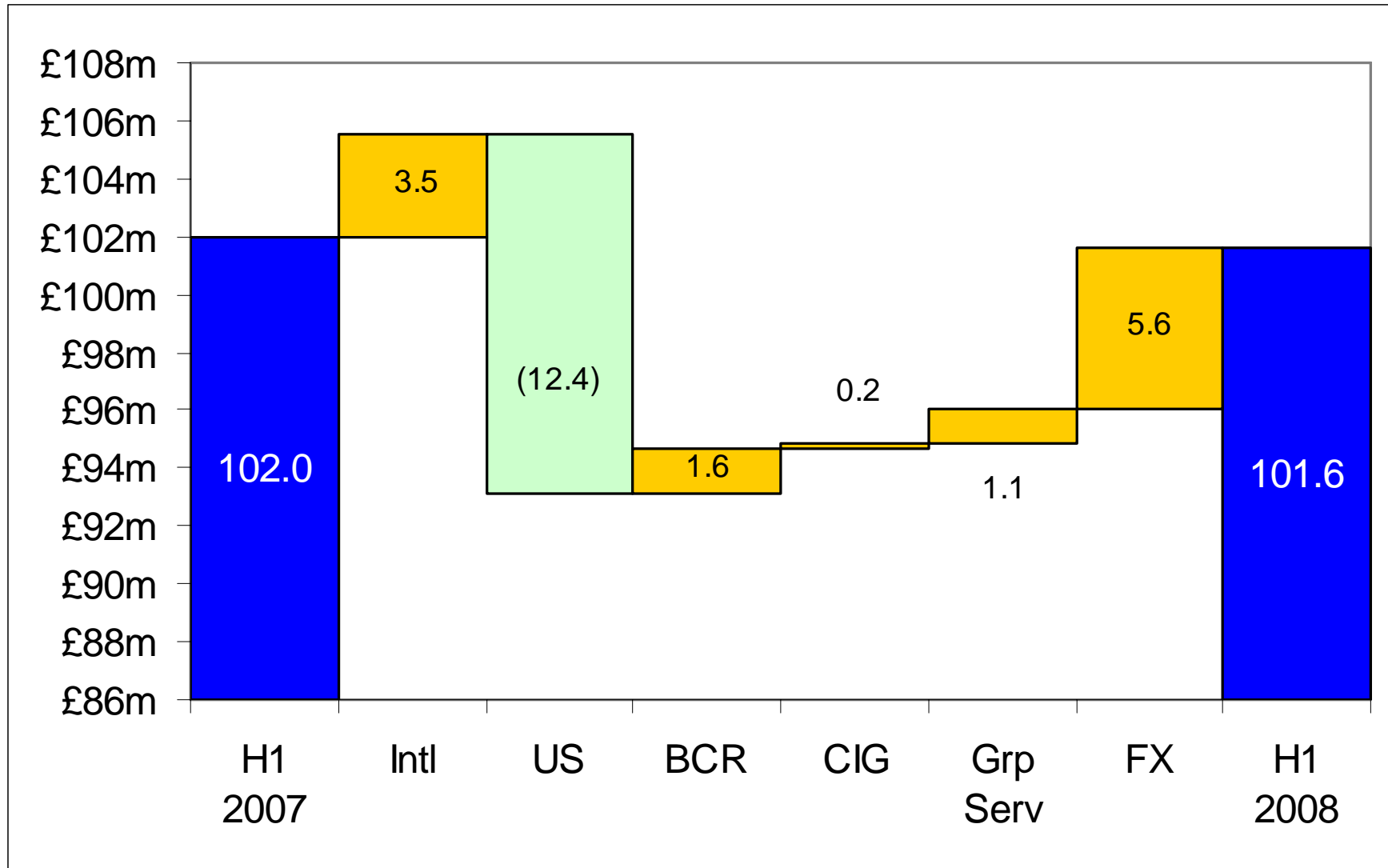
	6 months to 30 June		Variance	
	2008 £m	2007 £m	£m	%
Commission and fees	228.0	236.2	8.2A	3.5%A
Interest income	<u>5.0</u>	<u>6.5</u>	<u>1.5A</u>	<u>23.1%A</u>
Total revenue	<u>233.0</u>	<u>242.7</u>	<u>9.7A</u>	<u>4.0%A</u>
Other operating income	2.4	10.2	7.8A	76.5%A
Other operating expenses	(135.7)	(152.1)	16.4F	10.8%F
Depreciation, amortisation and impairment charges	<u>(5.7)</u>	<u>(4.9)</u>	<u>0.8A</u>	<u>16.3%A</u>
Operating Profit	<u>94.0</u>	<u>95.9</u>	<u>1.9A</u>	<u>2.0%A</u>
Analysed as:				
Total revenue	233.0	242.7	9.7A	4.0%A
General & administrative expenses	<u>(131.4)</u>	<u>(140.7)</u>	<u>9.3F</u>	<u>6.6%F</u>
Trading result	101.6	102.0	0.4A	0.4%A
Depreciation, amortisation and impairment charges	(5.7)	(4.9)	0.8A	16.3%A
Exceptional items	(1.9)	(1.2)	0.7A	58.3%A
Operating profit	94.0	95.9	1.9A	2.0%A
Finance costs	<u>(6.4)</u>	<u>(3.6)</u>	<u>2.8A</u>	<u>77.8%A</u>
Profit before taxation	87.6	92.3	4.7A	5.1%A
Taxation	<u>(29.8)</u>	<u>(29.9)</u>	<u>0.1F</u>	<u>0.3%F</u>
Profit after tax	57.8	62.4	4.6A	7.4%A
Minority interests	<u>-</u>	<u>(0.1)</u>	<u>0.1F</u>	<u>NA</u>
Net profit	<u>57.8</u>	<u>62.3</u>	<u>4.6A</u>	<u>7.4%A</u>
Diluted EPS (pence)	<u>25.8p</u>	<u>26.1p</u>	<u>0.3pA</u>	<u>1.1%A</u>

Group revenue movement

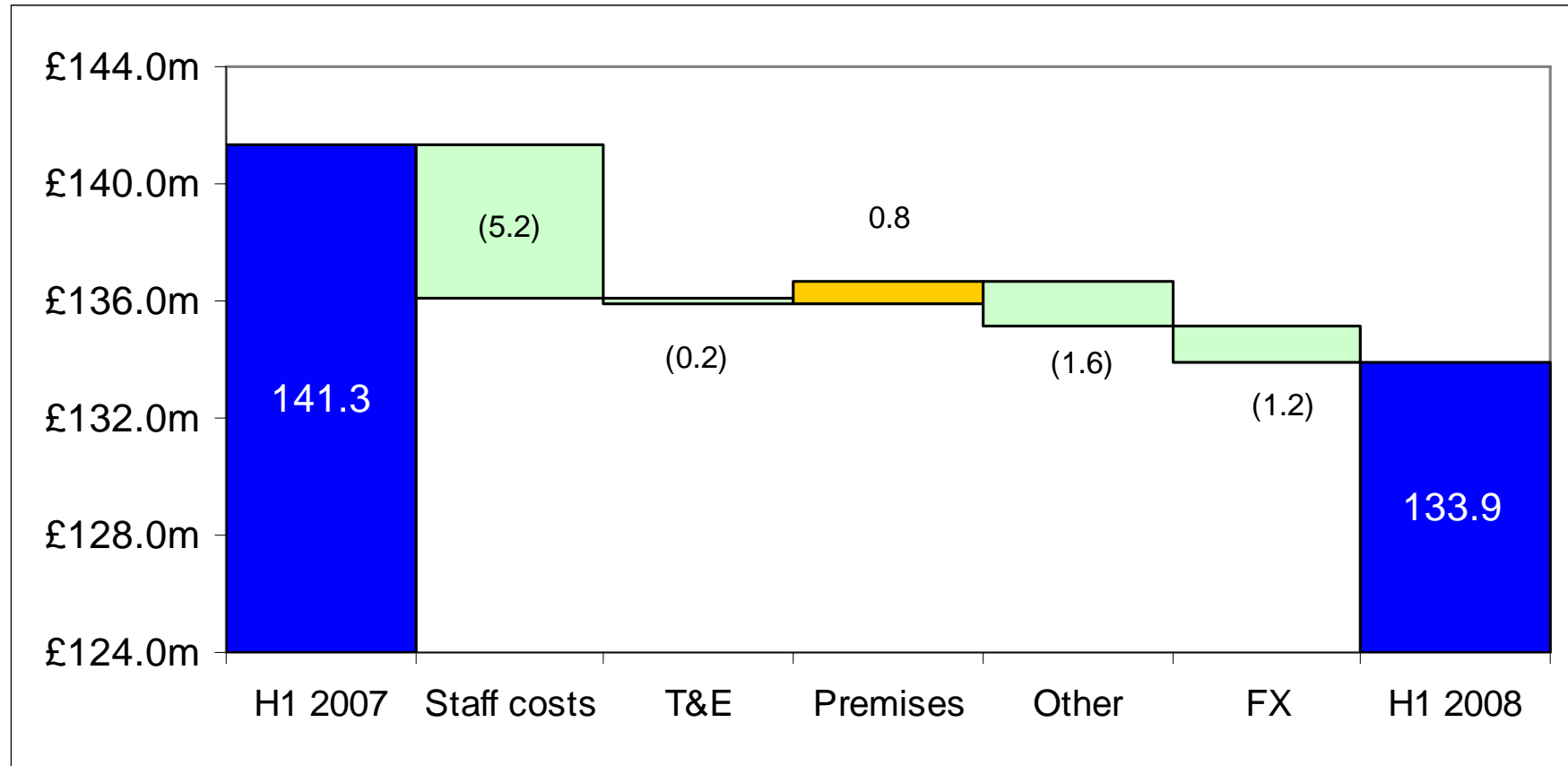


¹ Excluding exceptional items

Group trading result movement



Operating expenses ⁽¹⁾ movement



¹ Excluding exceptional items

Operating expenses ⁽¹⁾



	H1 2008	H1 2007	Change
	£m	£m	%
Staff costs	98.6	102.3	-3.6%
Travel & entertaining	9.5	9.5	0.0%
Premises	9.3	8.4	+10.7%
Other	16.5	21.1	-21.8%
Total	133.9	141.3	-5.2%

¹ Excluding exceptional items

Foreign currency



Exchange rates		H1 2007	FY 2007	H1 2008
Rate achieved for conversion of currency earned in the UK	- US\$	1.85	1.80	1.98
	EUR	1.49	1.48	1.33
	JPY	222	218	197
Average rate for translation of currency	US\$	1.97	2.00	1.97
	EUR	1.48	1.46	1.29
	JPY	237	236	207

Constant currency analysis for H1 2008

		Impact on revenue	Impact on trading result
		£m	£m
Non-sterling revenue transactions in UK subsidiaries – US\$		(3.5)	(3.5)
	Other currencies	5.0	5.0
Asset / liability revaluation in UK subsidiaries	– US\$	-	0.5
	Other currencies	-	2.0
Translation of overseas subsidiaries	- US\$	(0.2)	(0.1)
	Other currencies	3.1	1.7
Total exchange effect		4.4	5.6

Cashflow and Balance Sheet



	H1 2008 £m	H1 2007 £m
Opening net debt at 1 January	(76.2)	(46.8)
Cashflow from operating activities	37.7	27.3
Tax paid	(7.1)	(8.8)
Investments, acquisitions and disposals	(32.6)	(3.2)
Capital expenditure	(3.8)	(4.3)
Dividends paid	(18.3)	(17.1)
Net cost of shares repurchased and issued	(31.1)	(14.5)
Net finance income	0.3	3.0
Other	0.3	(1.5)
Closing net debt at 30 June	(130.8)	(65.9)
Net assets	167.9	194.3

Exceptional Items



	H1 2008 £m	H1 2007 £m
Income		
Facultative team settlement	-	9.7
	<hr/>	<hr/>
	-	9.7
	<hr/>	<hr/>
Expenses		
Lloyd's New Central Fund settlement	-	(8.2)
Restructuring costs	(1.9)	(2.7)
	<hr/>	<hr/>
	(1.9)	(10.9)
	<hr/>	<hr/>
Total	(1.9)	(1.2)
	<hr/> <hr/>	<hr/> <hr/>



Outlook



- Market expected to soften further absent a major catastrophe event
- Reinsurance pricing still seen as relatively expensive
- Demand for peak catastrophe capacity remains strong
- Capital markets opportunities continue to expand



- No change to previous expectation of marginally lower trading result in 2008 relative to 2007
- Soft markets no bar to continued growth as shown by International and MEP results
- Focused on further opportunities in developing markets
- Cost control initiatives continue:
 - £15 million annualised savings from 2009
 - Outsourcing feasibility study



Questions



Appendices

Divisional Financial Results



	H1 2008	H1 2007	Growth as reported
	£m	£m	%
Revenue			
International	127.9	120.4	+6.2%
US	85.2	102.5	-16.9%
Benfield Corporate Risk	15.5	14.2	+9.2%
Corporate Investment Group	4.0	4.9	-18.4%
Group Services	0.4	0.7	-42.9%
Group revenue	233.0	242.7	-4.0%
Trading result			
International	63.2	53.6	+17.9%
US	43.2	56.2	-23.1%
Benfield Corporate Risk	(3.0)	(4.6)	+34.8%
Corporate Investment Group	(0.8)	(1.0)	+20.0%
Group Services	(1.0)	(2.2)	+54.5%
Group trading result	101.6	102.0	-0.4%
Trading margin			
International	49.4%	44.5%	
US	50.7%	54.8%	
Group trading margin	43.6%	42.0%	

Fully Diluted Common Shares



	Common Shares	
	At 30 Jun 2008	Weighted average for H1 2008
Common Shares in Issue	210,717,667	213,203,644
Treasury Shares	(9,432,616)	(9,543,021)
Issuable under share and option Plans:		
DSU's	7,017,263	7,552,957
Share Options	18,487,534	19,169,417
Treasury Share Method Adjustment *	(14,566,306)	(13,345,868)
Common shares issuable in respect of CRCP	16,000,000	16,000,000
Fully diluted common shares	228,223,542	233,037,129

DSU and Option Vesting Schedule

	2008	2009	2010	2011	2012+
Shares and options vesting during period					
DSU's	486,341	3,615,636	606,676	1,659,888	648,722
Share options	8,713,710	2,864,293	2,779,592	2,449,322	1,680,617

* (Cash proceeds if all options / DSUs exercised including future cost to be recognised on awards granted to employees)



Benfield Group Limited

Interim results for the year ended 30 June 2008

