

Underwriting comes **first**

Effectively **balance** risk and return

Operate **nimbly** through the cycle

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CERTAIN STATEMENTS AND INDICATIVE PROJECTIONS (WHICH MAY INCLUDE MODELED LOSS SCENARIOS) MADE IN THIS RELEASE OR OTHERWISE THAT ARE NOT BASED ON CURRENT OR HISTORICAL FACTS ARE FORWARD-LOOKING IN NATURE INCLUDING, WITHOUT LIMITATION, STATEMENTS CONTAINING THE WORDS “BELIEVES”, “ANTICIPATES”, “PLANS”, “PROJECTS”, “FORECASTS”, “GUIDANCE”, “INTENDS”, “EXPECTS”, “ESTIMATES”, “PREDICTS”, “MAY”, “CAN”, “WILL”, “SEEKS”, “SHOULD”, OR, IN EACH CASE, THEIR NEGATIVE OR COMPARABLE TERMINOLOGY. ALL SUCH STATEMENTS OTHER THAN STATEMENTS OF HISTORICAL FACTS INCLUDING, WITHOUT LIMITATION, THE GROUP’S FINANCIAL POSITION, LIQUIDITY, TAX RESIDENCY, RESULTS OF OPERATIONS, PROSPECTS, GROWTH, CAPITAL MANAGEMENT PLANS AND EFFICIENCIES, ABILITY TO CREATE VALUE, DIVIDEND POLICY, OPERATIONAL FLEXIBILITY, COMPOSITION OF MANAGEMENT, BUSINESS STRATEGY, PLANS AND OBJECTIVES OF MANAGEMENT FOR FUTURE OPERATIONS (INCLUDING DEVELOPMENT PLANS AND OBJECTIVES RELATING TO THE GROUP’S INSURANCE BUSINESS) ARE FORWARD LOOKING STATEMENTS. SUCH FORWARD-LOOKING STATEMENTS INVOLVE KNOWN AND UNKNOWN RISKS, UNCERTAINTIES AND OTHER IMPORTANT FACTORS THAT COULD CAUSE THE ACTUAL RESULTS, PERFORMANCE OR ACHIEVEMENTS OF THE GROUP TO BE MATERIALLY DIFFERENT FROM FUTURE RESULTS, PERFORMANCE OR ACHIEVEMENTS EXPRESSED OR IMPLIED BY SUCH FORWARD-LOOKING STATEMENTS.

THESE FACTORS INCLUDE, BUT ARE NOT LIMITED TO: THE GROUP’S ABILITY TO INTEGRATE ITS BUSINESSES AND PERSONNEL; THE SUCCESSFUL RETENTION AND MOTIVATION OF THE GROUP’S KEY MANAGEMENT; THE INCREASED REGULATORY BURDEN FACING THE GROUP, THE NUMBER AND TYPE OF INSURANCE AND REINSURANCE CONTRACTS THAT THE GROUP WRITES OR MAY WRITE; THE GROUP’S ABILITY TO IMPLEMENT SUCCESSFULLY ITS BUSINESS STRATEGY DURING ‘SOFT’ AS WELL AS ‘HARD’ MARKETS; THE PREMIUM RATES WHICH MAY BE AVAILABLE AT THE TIME OF SUCH RENEWALS WITHIN THE GROUP’S TARGETED BUSINESS LINES; THE POSSIBLE LOW FREQUENCY OF LARGE EVENTS; POTENTIALLY UNUSUAL LOSS FREQUENCY; THE IMPACT THAT THE GROUP’S FUTURE OPERATING RESULTS, CAPITAL POSITION AND RATING AGENCY AND OTHER CONSIDERATIONS MAY HAVE ON THE EXECUTION OF ANY CAPITAL MANAGEMENT INITIATIVES OR DIVIDENDS; THE POSSIBILITY OF GREATER FREQUENCY OR SEVERITY OF CLAIMS AND LOSS ACTIVITY THAN THE GROUP’S UNDERWRITING, RESERVING OR INVESTMENT PRACTICES HAVE ANTICIPATED; THE RELIABILITY OF, AND CHANGES IN ASSUMPTIONS TO, CATASTROPHE PRICING, ACCUMULATION AND ESTIMATED LOSS MODELS; INCREASED COMPETITION FROM EXISTING ALTERNATIVE CAPITAL PROVIDERS, INSURANCE LINKED FUNDS AND COLLATERALISED SPECIAL PURPOSE INSURERS AND THE RELATED DEMAND AND SUPPLY DYNAMICS AS CONTRACTS COME UP FOR RENEWAL; THE EFFECTIVENESS OF THE GROUP’S LOSS LIMITATION METHODS; THE POTENTIAL LOSS OF KEY PERSONNEL; A DECLINE IN THE GROUP’S OPERATING SUBSIDIARIES’ RATING WITH A.M. BEST, STANDARD & POOR’S, MOODY’S OR OTHER RATING AGENCIES; INCREASED COMPETITION ON THE BASIS OF PRICING, CAPACITY, COVERAGE TERMS OR OTHER FACTORS; A CYCLICAL DOWNTURN OF THE INDUSTRY; THE IMPACT OF A DETERIORATING CREDIT ENVIRONMENT FOR ISSUERS OF FIXED INCOME INVESTMENTS; THE IMPACT OF SWINGS IN MARKET INTEREST RATES AND SECURITIES PRICES; A RATING DOWNGRADE OF, OR A MARKET DECLINE IN, SECURITIES IN ITS INVESTMENT PORTFOLIO; CHANGES IN GOVERNMENTAL REGULATIONS OR TAX LAWS IN JURISDICTIONS WHERE THE GROUP CONDUCTS BUSINESS; ANY OF THE GROUP’S BERMUDIAN SUBSIDIARIES BECOMING SUBJECT TO INCOME TAXES IN THE UNITED STATES OR THE UNITED KINGDOM; THE INAPPLICABILITY TO THE GROUP OF SUITABLE EXCLUSIONS FROM THE UK CFC REGIME; AND ANY CHANGE IN THE UK GOVERNMENT OR UK GOVERNMENT POLICY WHICH IMPACTS THE CFC REGIME.

ALL FORWARD-LOOKING STATEMENTS IN THIS RELEASE SPEAK ONLY AS AT THE DATE OF PUBLICATION. LANCASHIRE EXPRESSLY DISCLAIMS ANY OBLIGATION OR UNDERTAKING (SAVE AS REQUIRED TO COMPLY WITH ANY LEGAL OR REGULATORY OBLIGATIONS INCLUDING THE RULES OF THE LONDON STOCK EXCHANGE) TO DISSEMINATE ANY UPDATES OR REVISIONS TO ANY FORWARD-LOOKING STATEMENTS TO REFLECT ANY CHANGES IN THE GROUP’S EXPECTATIONS OR CIRCUMSTANCES ON WHICH ANY SUCH STATEMENT IS BASED.

Lancashire Holdings Limited
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Lancashire Holdings Limited
basis of presentation and non-GAAP financial measures



LANCASHIRE HOLDINGS LIMITED'S ("LANCASHIRE" OR "THE GROUP") AUDITED CONSOLIDATED FINANCIAL STATEMENTS ARE PREPARED IN ACCORDANCE WITH ACCOUNTING PRINCIPLES GENERALLY ACCEPTED UNDER INTERNATIONAL FINANCIAL REPORTING STANDARDS ("IFRS") ENDORSED BY THE EUROPEAN UNION. WHERE IFRS IS SILENT, AS IT IS IN RESPECT OF THE MEASUREMENT OF INSURANCE PRODUCTS, THE IFRS FRAMEWORK ALLOWS REFERENCE TO ANOTHER COMPREHENSIVE BODY OF ACCOUNTING PRINCIPLES. IN SUCH INSTANCES, MANAGEMENT DETERMINES APPROPRIATE MEASUREMENT BASES, TO PROVIDE THE MOST USEFUL INFORMATION TO USERS OF THE CONSOLIDATED FINANCIAL STATEMENTS, USING THEIR JUDGMENT AND CONSIDERING THE ACCOUNTING PRINCIPLES GENERALLY ACCEPTED IN THE UNITED STATES ("US GAAP").

THIS FINANCIAL SUPPLEMENT HAS NOT BEEN AUDITED AND MAY CONTAIN DIFFERENCES TO NUMBERS AND DISCLOSURES PROVIDED IN OUR AUDITED AND / OR INTERIM FINANCIAL STATEMENTS. THESE DIFFERENCES ARE DUE TO MANAGEMENT'S PREFERRED PRESENTATION OR TO AID USERS' UNDERSTANDING OF THE GROUP.

THE FOLLOWING INFORMATION INCLUDED IN THIS DOCUMENT HAS NOT BEEN PREPARED IN ACCORDANCE WITH THE ACCOUNTING PRINCIPLES USED BY LANCASHIRE FOR ITS AUDITED AND / OR INTERIM CONSOLIDATED FINANCIAL STATEMENTS AND INCLUDES NON IFRS/US GAAP MEASURES:

NET OPERATING INCOME (LOSS) ATTRIBUTABLE TO LANCASHIRE - NET OPERATING INCOME (LOSS) EXCLUDES: REALISED GAINS AND LOSSES; FOREIGN EXCHANGE AND TAX

NET LOSS RATIO - THE NET LOSS RATIO IS THE NET INSURANCE LOSSES AND LOSS ADJUSTMENT EXPENSES DIVIDED BY NET PREMIUMS EARNED

NET ACQUISITION COST RATIO - THE NET ACQUISITION COST RATIO IS THE NET ACQUISITION EXPENSES DIVIDED BY NET PREMIUMS EARNED

ADMINISTRATIVE EXPENSE RATIO - THE ADMINISTRATIVE EXPENSE RATIO IS THE GENERAL AND ADMINISTRATIVE EXPENSES ("OTHER OPERATING EXPENSES"), BUT EXCLUDING WARRANTS, OPTIONS AND RESTRICTED STOCK EXPENSES, DIVIDED BY NET PREMIUMS EARNED

COMBINED RATIO - THE COMBINED RATIO IS THE SUM OF THE LOSS RATIO, THE NET ACQUISITION COST RATIO AND THE ADMINISTRATIVE EXPENSE RATIO

FULLY CONVERTED BOOK VALUE PER SHARE ("FCBVS") ATTRIBUTABLE TO LANCASHIRE - THE CALCULATION IS BASED ON THE FOLLOWING: THE VALUE OF SHAREHOLDERS' EQUITY ATTRIBUTABLE TO LANCASHIRE PLUS THE PROCEEDS THAT WOULD BE RECEIVED FROM THE EXERCISE OF ALL DILUTIVE WARRANTS AND DILUTIVE RESTRICTED STOCK UNITS AS CALCULATED UNDER THE TREASURY METHOD; DIVIDED BY: THE SUM OF ALL SHARES, DILUTIVE WARRANTS AND DILUTIVE RESTRICTED STOCK UNITS, ASSUMING ALL ARE EXERCISED. TANGIBLE FULLY CONVERTED BOOK VALUE PER SHARE ATTRIBUTABLE TO LANCASHIRE EXCLUDES INTANGIBLE ASSETS FROM CAPITAL.

CHANGE IN FULLY CONVERTED BOOK VALUE PER SHARE ADJUSTED FOR DIVIDENDS - THE CALCULATION IS THE INTERNAL RATE OF RETURN OF THE CHANGE IN FULLY CONVERTED BOOK VALUE PER SHARE IN THE PERIOD PLUS DIVIDENDS ACCRUED

COMPOUND ANNUAL CHANGE IN FULLY CONVERTED BOOK VALUE PER SHARE ADJUSTED FOR DIVIDENDS ABOVE 3 MONTH TREASURY - THE CALCULATION IS THE INTERNAL RATE OF RETURN ON THE MOVEMENT IN FULLY CONVERTED BOOK VALUE SINCE INCEPTION ON AN ANNUALISED BASIS PLUS DIVIDENDS ACCRUED LESS THE ANNUALISED 3 MONTH TREASURY RATE

FULLY DILUTED BOOK VALUE PER SHARE ("FDBVS") ATTRIBUTABLE TO LANCASHIRE - THE CALCULATION IS BASED ON THE FOLLOWING: THE VALUE OF SHAREHOLDERS' EQUITY ATTRIBUTABLE TO LANCASHIRE DIVIDED BY: THE SUM OF ALL SHARES OUTSTANDING AFTER THE EXERCISE OF ALL DILUTIVE WARRANTS AND DILUTIVE RESTRICTED STOCK UNITS, AS CALCULATED UNDER THE TREASURY METHOD, ASSUMING ALL ARE EXERCISED. TANGIBLE FULLY CONVERTED BOOK VALUE PER SHARE ATTRIBUTABLE TO LANCASHIRE EXCLUDES INTANGIBLE ASSETS FROM CAPITAL.

DEBT TO TOTAL CAPITAL RATIO - THE CALCULATION IS BASED ON THE FOLLOWING AND IS AN INDICATION OF THE LEVERAGE OF THE COMPANY: LONG-TERM DEBT DIVIDED BY LONG-TERM DEBT PLUS SHAREHOLDERS' EQUITY ATTRIBUTABLE TO LANCASHIRE

DEBT TO TOTAL TANGIBLE CAPITAL RATIO - THE CALCULATION IS BASED ON THE FOLLOWING AND IS AN INDICATION OF THE LEVERAGE OF THE COMPANY: LONG-TERM DEBT DIVIDED BY LONG-TERM DEBT PLUS SHAREHOLDERS' EQUITY ATTRIBUTABLE TO LANCASHIRE LESS INTANGIBLE ASSETS

MANAGED CASH INCLUDES BOTH CASH MANAGED BY EXTERNAL INVESTMENT MANAGERS AND NON-OPERATING CASH MANAGED INTERNALLY

ALL AMOUNTS, EXCLUDING SHARE DATA OR WHERE OTHERWISE STATED, ARE IN MILLIONS OF UNITED STATES DOLLARS

MANAGEMENT BELIEVES THE FINANCIAL MEASURES INCLUDED IN THIS FINANCIAL SUPPLEMENT ARE IMPORTANT FOR UNDERSTANDING THE GROUP'S OVERALL RESULTS OF OPERATIONS. WE BELIEVE THAT THE MEASURES INCLUDED IN THIS DOCUMENT ARE IMPORTANT TO INVESTORS AND OTHER INTERESTED PARTIES AND THAT SUCH PERSONS BENEFIT FROM HAVING A CONSISTENT BASIS FOR COMPARISON WITH OTHER COMPANIES WITHIN THE INDUSTRY. HOWEVER, THESE MEASURES MAY NOT BE COMPARABLE TO SIMILARLY LABELED MEASURES USED BY COMPANIES INSIDE OR OUTSIDE THE INSURANCE INDUSTRY. IN ADDITION, THE INFORMATION HEREIN SHOULD NOT BE VIEWED AS A SUBSTITUTE FOR THE MEASURES DETERMINED IN ACCORDANCE WITH THE ACCOUNTING PRINCIPLES USED BY THE GROUP FOR ITS AUDITED CONSOLIDATED FINANCIAL STATEMENTS AND IN ACCORDANCE WITH IFRS/US GAAP. WHERE INDICATED THROUGHOUT THIS DOCUMENT, REFERENCE SHOULD BE MADE TO COMPARABLE INFORMATION IN THE GROUP'S AUDITED CONSOLIDATED FINANCIAL STATEMENTS AND INTERIM RESULTS ANNOUNCEMENT.

Lancashire Holdings Limited
consolidated financial highlights



	q4 2014	q4 ⁽⁷⁾ 2013	% change q4-14 vs. q4-13	full year 2014	full year ⁽⁷⁾ 2013	% change ytd-14 vs. ytd-13
highlights						
gross premiums written	\$ 120.4	\$ 130.8	(8%)	\$ 907.6	\$ 679.7	34%
net premiums written	110.3	128.3	(14%)	742.8	557.6	33%
net premiums earned	174.7	173.6	1%	715.6	568.1	26%
net insurance losses	21.3	51.2	(58%)	226.5	188.1	20%
net investment income	7.2	6.7	7%	28.6	25.4	13%
net realised gains (losses) and impairments	(1.6)	3.5	(146%)	(5.9)	12.6	(147%)
profit after tax attributable to Lancashire	86.8	63.0	38%	229.3	222.5	3%
change in net unrealised gains / losses on investments	(3.3)	(2.8)	(18%)	(2.1)	(32.5)	94%
comprehensive income attributable to Lancashire	83.5	60.2	39%	227.2	190.0	20%
net operating income attributable to Lancashire ⁽¹⁾	\$ 89.4	\$ 51.5	74%	\$ 231.9	\$ 184.2	26%
total investments and cash	\$ 2,290.4	\$ 2,419.0	(5%)			
shareholders' equity attributable to Lancashire	\$ 1,356.8	\$ 1,459.7	(7%)			
per share data attributable to Lancashire						
net operating income per share - diluted ⁽²⁾	\$ 0.45	\$ 0.25		\$ 1.17	\$ 0.97	
profit after tax per share - diluted ⁽²⁾	\$ 0.44	\$ 0.31		\$ 1.16	\$ 1.17	
fully converted book value per share	\$ 6.96	\$ 7.50		\$ 6.96	\$ 7.50	
change in FCBVS adj for dividends ⁽³⁾	5.4%	3.7%		13.9%	18.9%	
change in FCBVS adj for dividends - tangible ⁽⁴⁾	5.9%	not relevant		17.1%	not relevant	
fully diluted book value per share	\$ 6.87	\$ 7.19		\$ 6.87	\$ 7.19	
change in FDBVS adj for dividends ⁽⁵⁾	5.9%	3.2%		17.7%	19.6%	
change in FDBVS adj for dividends - tangible ⁽⁶⁾	6.3%	not relevant		21.7%	not relevant	
financial ratios						
net loss ratio	12.2%	29.5%		31.7%	33.1%	
net acquisition cost ratio	22.7%	22.1%		21.4%	22.1%	
administrative expense ratio	15.5%	19.8%		15.6%	15.0%	
combined ratio	50.4%	71.4%		68.7%	70.2%	
accident year loss ratio	25.2%	34.6%		35.9%	36.1%	
net return on total investments excluding internal FX hedges	0.1%	0.3%		0.7%	0.3%	
net return on total investments including internal FX hedges	0.2%	0.3%		1.0%	0.3%	

⁽¹⁾ excludes realised gains and losses, tax and foreign exchange gains and losses

⁽²⁾ earnings per share calculations use weighted average common shares outstanding - basic when in a net loss position

⁽³⁾ change in fully converted book value per share adjusted for dividends ("FCBVS") is the internal rate of return of the change in fully converted book value per share in the period adjusted for dividends accrued

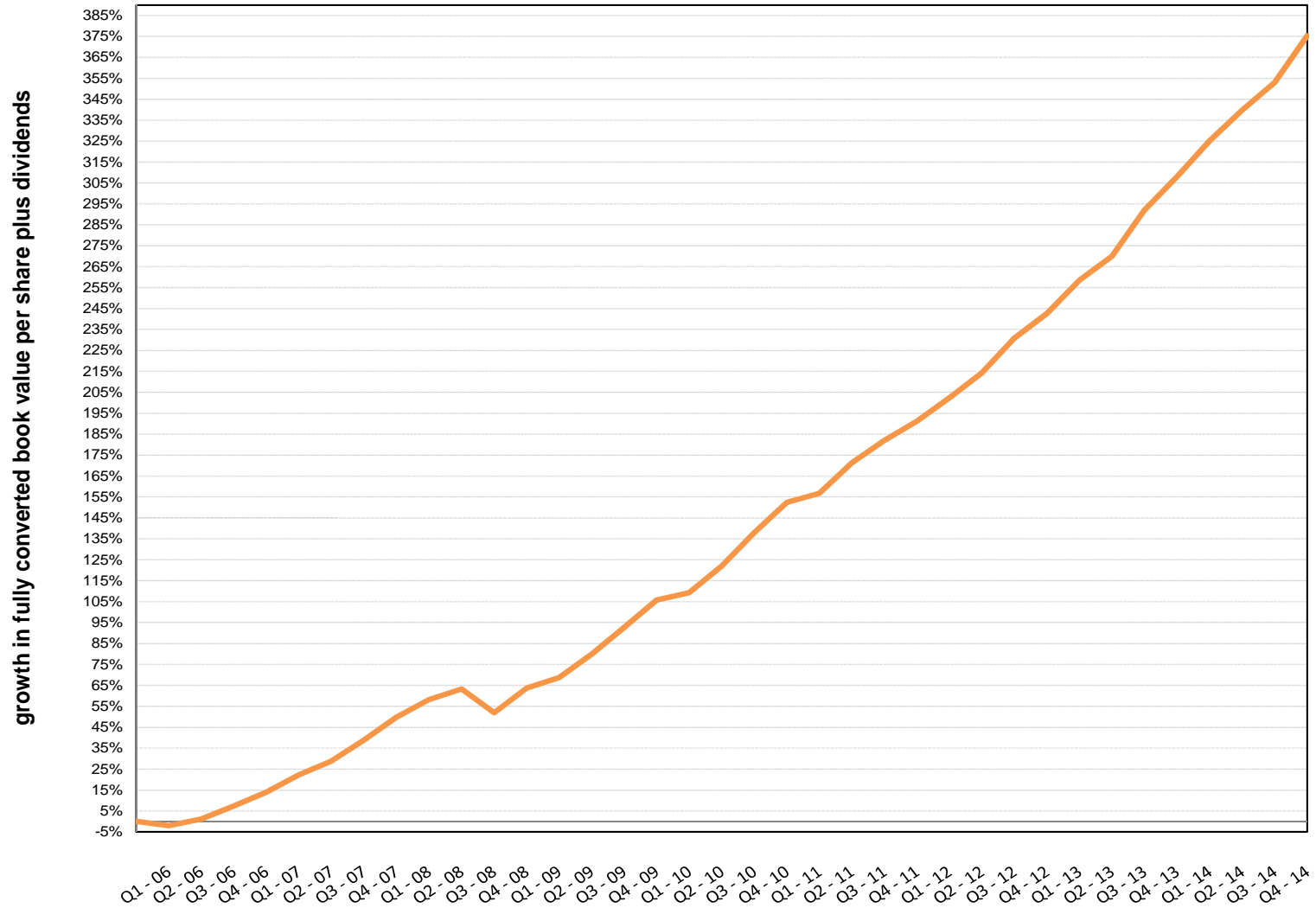
⁽⁴⁾ change in tangible fully converted book value per share adjusted for dividends ("FCBVS") excludes intangible assets from capital

⁽⁵⁾ change in fully diluted book value per share adjusted for dividends ("FDBVS") is the internal rate of return of the change in fully diluted book value per share in the period adjusted for dividends accrued

⁽⁶⁾ change in tangible fully diluted book value per share adjusted for dividends ("FDBVS") excludes intangible assets from capital

⁽⁷⁾ includes Lloyd's segment results from the date of acquisition, 7 November 2013

Lancashire Holdings Limited
growth in fully converted book value per share plus dividends since inception



Lancashire Holdings Limited
summary consolidated income statements

	q4 2014	q3 2014	q2 2014	q1 2014	q4 ⁽¹⁾ 2013	full year 2014	full year ⁽¹⁾ 2013
gross premiums written	\$ 120.4	\$ 152.1	\$ 318.4	\$ 316.7	\$ 130.8	\$ 907.6	\$ 679.7
outwards reinsurance premiums	(10.1)	(14.5)	(27.9)	(112.3)	(2.5)	(164.8)	(122.1)
net premiums written	110.3	137.6	290.5	204.4	128.3	742.8	557.6
change in unearned premiums	96.5	67.3	(97.6)	(103.2)	83.0	(37.0)	24.3
change in unearned premiums on premiums ceded	(32.1)	(25.3)	(6.5)	73.7	(37.7)	9.8	(13.8)
net premiums earned	174.7	179.6	186.4	174.9	173.6	715.6	568.1
net investment income	7.2	6.7	7.6	7.1	6.7	28.6	25.4
net other investment income (losses)	1.4	0.9	(1.2)	0.3	(0.8)	1.4	1.4
net realised gains (losses) and impairments	(1.6)	(0.4)	(1.0)	(2.9)	3.5	(5.9)	12.6
share of profit of associates	1.6	1.8	0.9	1.6	0.5	5.9	9.2
other income	8.1	3.3	3.9	4.0	3.2	19.3	4.1
net foreign exchange gains (losses)	3.3	(0.1)	(0.8)	(2.5)	0.6	(0.1)	21.8
total net revenue	194.7	191.8	195.8	182.5	187.3	764.8	642.6
insurance losses	19.7	92.4	57.8	68.0	68.2	237.9	250.0
insurance losses recoverable	1.6	(11.9)	7.2	(8.3)	(17.0)	(11.4)	(61.9)
net insurance acquisition expenses	39.7	40.7	43.4	29.6	38.3	153.4	125.8
equity based compensation	8.9	3.7	8.3	2.4	4.9	23.3	16.7
other operating expenses	27.0	26.7	30.6	27.0	34.4	111.3	85.0
total expenses	96.9	151.6	147.3	118.7	128.8	514.5	415.6
profit before tax and finance costs	97.8	40.2	48.5	63.8	58.5	250.3	227.0
financing expenses	(6.3)	(4.1)	(7.0)	(6.4)	(3.3)	(23.8)	(8.9)
profit before tax	91.5	36.1	41.5	57.4	55.2	226.5	218.1
tax credit (expense)	(4.5)	1.8	3.2	2.6	7.3	3.1	3.8
profit after tax	\$ 87.0	\$ 37.9	\$ 44.7	\$ 60.0	\$ 62.5	\$ 229.6	\$ 221.9
(income) loss attributable to non-controlling interest	(0.2)	(0.3)	0.1	0.1	0.5	(0.3)	0.6
profit after tax attributable to Lancashire	\$ 86.8	\$ 37.6	\$ 44.8	\$ 60.1	\$ 63.0	\$ 229.3	\$ 222.5
change in net unrealised gains / losses on investments	(3.3)	(9.0)	6.8	3.4	(2.8)	(2.1)	(32.5)
comprehensive income attributable to Lancashire	\$ 83.5	\$ 28.6	\$ 51.6	\$ 63.5	\$ 60.2	\$ 227.2	\$ 190.0
net loss ratio	12.2%	44.8%	34.9%	34.1%	29.5%	31.7%	33.1%
net acquisition cost ratio	22.7%	22.7%	23.3%	16.9%	22.1%	21.4%	22.1%
administrative expense ratio	15.5%	14.9%	16.4%	15.4%	19.8%	15.6%	15.0%
combined ratio	50.4%	82.4%	74.6%	66.4%	71.4%	68.7%	70.2%
net return on total investments excluding internal FX hedges	0.1%	(0.3%)	0.6%	0.3%	0.3%	0.7%	0.3%
net return on total investments including internal FX hedges	0.2%	-	0.5%	0.3%	0.3%	1.0%	0.3%
basic earnings per share attributable to Lancashire	\$ 0.46	\$ 0.20	\$ 0.24	\$ 0.33	\$ 0.34	\$ 1.24	\$ 1.31
diluted earnings per share attributable to Lancashire	\$ 0.44	\$ 0.19	\$ 0.23	\$ 0.30	\$ 0.31	\$ 1.16	\$ 1.17

⁽¹⁾ includes Lloyd's segment results from the date of acquisition, 7 November 2013

Lancashire Holdings Limited
premiums by line of business



	q4 2014	q3 2014	q2 2014	q1 2014	q4 ⁽¹⁾ 2013	full year 2014	full year ⁽¹⁾ 2013
gross premiums written							
property cat excess of loss	\$ 1.3	\$ 18.1	\$ 35.4	\$ 69.4	\$ 1.2	\$ 124.2	\$ 97.5
terrorism	4.4	10.8	18.4	21.6	17.0	55.2	67.8
property political risk	14.6	14.6	3.2	12.0	16.2	44.4	66.4
property retrocession	(0.4)	1.3	6.5	10.7	3.1	18.1	80.8
property direct and facultative	1.0	0.1	-	(0.1)	2.8	1.0	10.0
other property	3.8	6.0	6.4	3.9	2.4	20.1	10.9
total property	24.7	50.9	69.9	117.5	42.7	263.0	333.4
worldwide offshore energy	29.6	34.1	48.8	37.4	24.1	149.9	149.2
gulf of mexico offshore energy	0.3	(5.3)	70.5	4.4	2.9	69.9	34.4
energy liabilities	1.5	1.0	3.8	2.2	2.4	8.5	8.8
construction energy	(0.8)	0.1	2.2	5.0	4.0	6.5	12.9
onshore energy	0.1	-	0.9	0.7	0.6	1.7	2.5
other energy	0.1	1.5	1.1	0.2	-	2.9	2.1
total energy	30.8	31.4	127.3	49.9	34.0	239.4	209.9
marine hull and total loss	3.2	4.5	14.0	7.9	3.9	29.6	24.8
marine P&I clubs	1.5	0.2	0.4	10.7	0.7	12.8	10.7
marine builders risk	1.0	3.7	3.3	4.2	2.4	12.2	10.3
marine hull war	2.0	2.1	3.1	3.1	3.1	10.3	15.0
other marine	0.5	0.4	1.1	0.8	0.5	2.8	2.2
total marine	8.2	10.9	21.9	26.7	10.6	67.7	63.0
AV 52	7.2	5.2	7.6	5.9	12.6	25.9	26.5
aviation satellite	5.4	2.3	9.1	8.0	4.2	24.8	16.8
other aviation	0.3	1.1	0.6	0.5	2.2	2.5	5.6
total aviation	12.9	8.6	17.3	14.4	19.0	53.2	48.9
property reinsurance	2.3	16.5	25.6	59.9	3.4	104.3	3.4
property direct and facultative	14.0	15.5	30.4	20.8	13.0	80.7	13.0
marine cargo	8.4	7.7	9.1	12.3	5.0	37.5	5.0
aviation and satellite	7.3	4.9	2.1	13.3	2.6	27.6	2.6
energy	9.2	4.0	12.7	-	-	25.9	-
contingency	0.9	0.6	1.4	1.9	0.5	4.8	0.5
terrorism	1.7	1.1	0.7	-	-	3.5	-
total Lloyd's	43.8	50.3	82.0	108.2	24.5	284.3	24.5
total gross premiums written	\$ 120.4	\$ 152.1	\$ 318.4	\$ 316.7	\$ 130.8	\$ 907.6	\$ 679.7

⁽¹⁾ includes Lloyd's segment results from the date of acquisition, 7 November 2013

Lancashire Holdings Limited
summary consolidated underwriting segment results



twelve months ending 31 december 2014

	property	energy	marine	aviation	Lloyd's	consolidated
gross premiums written	\$ 263.0	\$ 239.4	\$ 67.7	\$ 53.2	\$ 284.3	\$ 907.6
net premiums written	228.7	191.6	58.0	45.1	219.4	742.8
net premiums earned	221.5	169.7	57.7	52.6	214.1	715.6
net insurance losses	21.6	41.9	27.6	32.9	102.5	226.5
net insurance acquisition expenses	26.2	52.4	17.7	9.6	47.5	153.4
other operating expenses ⁽¹⁾						111.3
	<u>\$ 173.7</u>	<u>\$ 75.4</u>	<u>\$ 12.4</u>	<u>\$ 10.1</u>	<u>\$ 64.1</u>	<u>\$ 224.4</u>
net loss ratio	9.8%	24.7%	47.8%	62.5%	47.9%	31.7%
net acquisition cost ratio	11.8%	30.9%	30.7%	18.3%	22.2%	21.4%
administrative expense ratio ⁽¹⁾						15.6%
combined ratio	<u>21.6%</u>	<u>55.6%</u>	<u>78.5%</u>	<u>80.8%</u>	<u>70.1%</u>	<u>68.7%</u>

twelve months ending 31 december 2013

	property	energy	marine	aviation	Lloyd's ⁽²⁾	consolidated
gross premiums written	\$ 333.4	\$ 209.9	\$ 63.0	\$ 48.9	\$ 24.5	\$ 679.7
net premiums written	266.5	171.4	51.8	45.1	22.8	557.6
net premiums earned	218.8	203.1	61.7	44.7	39.8	568.1
net insurance losses	30.2	53.9	65.0	20.0	19.0	188.1
net insurance acquisition expenses	29.4	56.2	21.5	10.1	8.6	125.8
other operating expenses ⁽¹⁾						85.0
	<u>\$ 159.2</u>	<u>\$ 93.0</u>	<u>\$ (24.8)</u>	<u>\$ 14.6</u>	<u>\$ 12.2</u>	<u>\$ 169.2</u>
net loss ratio	13.8%	26.5%	105.3%	44.7%	47.7%	33.1%
net acquisition cost ratio	13.4%	27.7%	34.8%	22.6%	21.6%	22.1%
administrative expense ratio ⁽¹⁾						15.0%
combined ratio	<u>27.2%</u>	<u>54.2%</u>	<u>140.1%</u>	<u>67.3%</u>	<u>69.3%</u>	<u>70.2%</u>

⁽¹⁾ administrative expenses are not allocated by segment

⁽²⁾ includes Lloyd's segment results from the date of acquisition, 7 November 2013

Lancashire Holdings Limited
property segment - underwriting statement

	<u>q4</u> <u>2014</u>	<u>q3</u> <u>2014</u>	<u>q2</u> <u>2014</u>	<u>q1</u> <u>2014</u>	<u>q4</u> <u>2013</u>	<u>full year</u> <u>2014</u>	<u>full year</u> <u>2013</u>
underwriting income							
gross premiums written	\$ 24.7	\$ 50.9	\$ 69.9	\$ 117.5	\$ 42.7	\$ 263.0	\$ 333.4
outwards reinsurance premiums	0.2	(0.9)	(5.4)	(28.2)	(0.6)	(34.3)	(66.9)
net premiums written	24.9	50.0	64.5	89.3	42.1	228.7	266.5
change in unearned premiums	35.0	12.4	(3.9)	(53.4)	28.3	(9.9)	(39.9)
change in unearned premiums on premiums ceded	(8.6)	(7.9)	(1.5)	20.7	(15.9)	2.7	(7.8)
net premiums earned	\$ 51.3	\$ 54.5	\$ 59.1	\$ 56.6	\$ 54.5	\$ 221.5	\$ 218.8
underwriting expenses							
net insurance losses (recoveries)	6.0	20.7	(10.4)	5.3	8.4	21.6	30.2
net insurance acquisition expenses	6.2	8.7	9.4	1.9	7.0	26.2	29.4
total underwriting expenses (recoveries)	12.2	29.4	(1.0)	7.2	15.4	47.8	59.6
net underwriting income	\$ 39.1	\$ 25.1	\$ 60.1	\$ 49.4	\$ 39.1	\$ 173.7	\$ 159.2
net loss ratio (% of net premiums earned)	11.7%	38.0%	(17.6%)	9.4%	15.4%	9.8%	13.8%
net acquisition cost ratio (% of net premiums earned)	12.1%	16.0%	15.9%	3.4%	12.8%	11.8%	13.4%
	23.8%	54.0%	(1.7%)	12.8%	28.2%	21.6%	27.2%

Lancashire Holdings Limited
energy segment - underwriting statement

	<u>q4</u> <u>2014</u>	<u>q3</u> <u>2014</u>	<u>q2</u> <u>2014</u>	<u>q1</u> <u>2014</u>	<u>q4</u> <u>2013</u>	<u>full year</u> <u>2014</u>	<u>full year</u> <u>2013</u>
underwriting income							
gross premiums written	\$ 30.8	\$ 31.4	\$ 127.3	\$ 49.9	\$ 34.0	\$ 239.4	\$ 209.9
outwards reinsurance premiums	(4.5)	(2.1)	(10.0)	(31.2)	0.3	(47.8)	(38.5)
net premiums written	26.3	29.3	117.3	18.7	34.3	191.6	171.4
change in unearned premiums	23.8	19.3	(70.0)	4.4	28.2	(22.5)	27.8
change in unearned premiums on premiums ceded	(8.3)	(8.6)	(0.2)	17.7	(9.5)	0.6	3.9
net premiums earned	\$ 41.8	\$ 40.0	\$ 47.1	\$ 40.8	\$ 53.0	\$ 169.7	\$ 203.1
underwriting expenses							
net insurance (recoveries) losses	(2.7)	6.7	12.6	25.3	9.1	41.9	53.9
net insurance acquisition expenses	14.6	13.4	14.2	10.2	15.0	52.4	56.2
total underwriting expenses	11.9	20.1	26.8	35.5	24.1	94.3	110.1
net underwriting income	\$ 29.9	\$ 19.9	\$ 20.3	\$ 5.3	\$ 28.9	\$ 75.4	\$ 93.0
net loss ratio (% of net premiums earned)	(6.5%)	16.8%	26.8%	62.0%	17.2%	24.7%	26.5%
net acquisition cost ratio (% of net premiums earned)	34.9%	33.5%	30.1%	25.0%	28.3%	30.9%	27.7%
	28.4%	50.3%	56.9%	87.0%	45.5%	55.6%	54.2%

Lancashire Holdings Limited
marine segment - underwriting statement

	q4 2014	q3 2014	q2 2014	q1 2014	q4 2013	full year 2014	full year 2013
underwriting income (loss)							
gross premiums written	\$ 8.2	\$ 10.9	\$ 21.9	\$ 26.7	\$ 10.6	\$ 67.7	\$ 63.0
outwards reinsurance premiums	(0.3)	0.1	-	(9.5)	(0.5)	(9.7)	(11.2)
net premiums written	7.9	11.0	21.9	17.2	10.1	58.0	51.8
change in unearned premiums	8.6	6.9	(4.2)	(11.6)	7.0	(0.3)	9.9
change in unearned premiums on premiums ceded	(2.3)	(2.4)	(2.3)	7.0	(1.4)	-	-
net premiums earned	\$ 14.2	\$ 15.5	\$ 15.4	\$ 12.6	\$ 15.7	\$ 57.7	\$ 61.7
underwriting expenses							
net insurance losses	1.0	0.9	21.8	3.9	14.2	27.6	65.0
net insurance acquisition expenses	3.6	5.0	5.3	3.8	5.4	17.7	21.5
total underwriting expenses	4.6	5.9	27.1	7.7	19.6	45.3	86.5
net underwriting income (loss)	\$ 9.6	\$ 9.6	\$ (11.7)	\$ 4.9	\$ (3.9)	\$ 12.4	\$ (24.8)
net loss ratio (% of net premiums earned)	7.0%	5.8%	141.6%	31.0%	90.4%	47.8%	105.3%
net acquisition cost ratio (% of net premiums earned)	25.4%	32.3%	34.4%	30.2%	34.4%	30.7%	34.8%
	32.4%	38.1%	176.0%	61.2%	124.8%	78.5%	140.1%

Lancashire Holdings Limited
aviation segment - underwriting statement

	q4 2014	q3 2014	q2 2014	q1 2014	q4 2013	full year 2014	full year 2013
underwriting income (loss)							
gross premiums written	\$ 12.9	\$ 8.6	\$ 17.3	\$ 14.4	\$ 19.0	\$ 53.2	\$ 48.9
outwards reinsurance premiums	(1.7)	-	(3.7)	(2.7)	-	(8.1)	(3.8)
net premiums written	11.2	8.6	13.6	11.7	19.0	45.1	45.1
change in unearned premiums	2.0	7.2	(2.6)	(1.9)	(7.4)	4.7	(0.4)
change in unearned premiums on premiums ceded	(0.1)	(1.5)	2.6	1.8	(1.0)	2.8	-
net premiums earned	\$ 13.1	\$ 14.3	\$ 13.6	\$ 11.6	\$ 10.6	\$ 52.6	\$ 44.7
underwriting expenses							
net insurance losses	0.7	14.3	17.4	0.5	0.5	32.9	20.0
net insurance acquisition expenses	2.9	1.6	2.9	2.2	2.3	9.6	10.1
total underwriting expenses	3.6	15.9	20.3	2.7	2.8	42.5	30.1
net underwriting income (loss)	\$ 9.5	\$ (1.6)	\$ (6.7)	\$ 8.9	\$ 7.8	\$ 10.1	\$ 14.6
net loss ratio (% of net premiums earned)	5.3%	100.0%	127.9%	4.3%	4.7%	62.5%	44.7%
net acquisition cost ratio (% of net premiums earned)	22.1%	11.2%	21.3%	19.0%	21.7%	18.3%	22.6%
	27.4%	111.2%	149.2%	23.3%	26.4%	80.8%	67.3%

Lancashire Holdings Limited
Lloyd's segment - underwriting statement

	q4	q3	q2	q1	q4 ⁽¹⁾	full year	full year ⁽¹⁾
	2014	2014	2014	2014	2013	2014	2013
underwriting income							
gross premiums written	\$ 43.8	\$ 50.3	\$ 82.0	\$ 108.2	\$ 24.5	\$ 284.3	\$ 24.5
outwards reinsurance premiums	(3.8)	(11.6)	(8.8)	(40.7)	(1.7)	(64.9)	(1.7)
net premiums written	40.0	38.7	73.2	67.5	22.8	219.4	22.8
change in unearned premiums	27.1	21.5	(16.9)	(40.7)	26.9	(9.0)	26.9
change in unearned premiums on premiums ceded	(12.8)	(4.9)	(5.1)	26.5	(9.9)	3.7	(9.9)
net premiums earned	\$ 54.3	\$ 55.3	\$ 51.2	\$ 53.3	\$ 39.8	\$ 214.1	\$ 39.8
underwriting expenses							
net insurance losses	16.3	37.9	23.6	24.7	19.0	102.5	19.0
net insurance acquisition expenses	12.4	12.0	11.6	11.5	8.6	47.5	8.6
total underwriting expenses	28.7	49.9	35.2	36.2	27.6	150.0	27.6
net underwriting income	\$ 25.6	\$ 5.4	\$ 16.0	\$ 17.1	\$ 12.2	\$ 64.1	\$ 12.2
net loss ratio (% of net premiums earned)	30.0%	68.5%	46.1%	46.3%	47.7%	47.9%	47.7%
net acquisition cost ratio (% of net premiums earned)	22.8%	21.7%	22.7%	21.6%	21.6%	22.2%	21.6%
	52.8%	90.2%	68.8%	67.9%	69.3%	70.1%	69.3%

⁽¹⁾ includes Lloyd's segment results from the date of acquisition, 7 November 2013

Lancashire Holdings Limited
summary consolidated cash flows

cash flows	q4 2014	q3 2014	q2 2014	q1 2014	q4 ⁽¹⁾ 2013	full year 2014	full year ⁽¹⁾ 2013
net cash flows from operating activities	\$ 32.7	\$ 82.1	\$ 68.4	\$ 29.3	\$ 57.1	\$ 212.5	\$ 167.7
net cash flows from (used in) investing activities	182.6	(44.1)	(178.0)	106.0	(219.6)	66.5	87.0
net cash flows from (used in) financing activities	(268.1)	(10.6)	(78.4)	(7.9)	(96.6)	(365.0)	(146.7)
net increase (decrease) in cash and cash equivalents	(52.8)	27.4	(188.0)	127.4	(259.1)	(86.0)	108.0
cash and cash equivalents, opening	364.5	345.4	532.4	403.0	663.7	403.0	295.8
effect of exchange rate fluctuations	(8.2)	(8.3)	1.0	2.0	(1.6)	(13.5)	(0.8)
cash and cash equivalents, closing	\$ 303.5	\$ 364.5	\$ 345.4	\$ 532.4	\$ 403.0	\$ 303.5	\$ 403.0

(1) includes Lloyd's segment results from the date of acquisition, 7 November 2013

Lancashire Holdings Limited
summary consolidated balance sheets



	31 december 2014	30 september 2014	30 june 2014	31 march 2014	31 december 2013 ⁽¹⁾
assets					
cash and cash equivalents	\$ 303.5	\$ 364.5	\$ 345.4	\$ 532.4	\$ 403.0
accrued interest receivable	7.7	7.6	8.5	8.0	8.9
investments					
- fixed income securities - available for sale	1,787.1	2,038.6	2,016.6	1,917.5	1,966.1
- at fair value through profit or loss	31.2	30.8	30.7	30.1	29.6
- equity securities - available for sale	15.8	16.1	17.2	15.4	15.6
- hedge funds - at fair value through profit or loss	152.1	99.9	89.5	-	-
- other investments	0.7	3.3	1.7	4.3	4.7
reinsurance assets					
- unearned premiums on premiums ceded	24.7	56.8	82.1	88.6	14.9
- reinsurance recoveries	112.4	124.3	123.5	140.5	183.0
- other receivables	5.3	6.8	6.9	19.6	10.8
deferred acquisition costs	104.6	119.6	123.6	96.9	73.8
inwards premiums receivable from insureds and cedants	316.2	368.8	464.5	384.8	288.4
investment in associates	52.7	30.1	28.3	23.6	64.7
goodwill and other intangible assets	153.8	153.8	157.8	164.8	177.2
other assets	50.0	34.2	36.0	26.8	27.1
total assets	\$ 3,117.8	\$ 3,455.2	\$ 3,532.3	\$ 3,453.3	\$ 3,267.8
liabilities					
insurance contracts					
- losses and loss adjustment expenses	\$ 752.6	\$ 843.8	\$ 831.5	\$ 824.6	\$ 853.4
- unearned premiums	479.1	575.6	642.9	545.3	442.1
- other payables	40.8	36.1	39.3	29.0	28.9
amounts payable to reinsurers	34.2	40.9	70.5	78.9	30.9
deferred acquisition costs ceded	0.1	0.4	0.7	0.8	0.2
other payables	88.4	63.7	73.3	144.6	80.9
deferred tax liability	38.7	35.6	37.4	38.8	38.7
long-term debt	326.6	328.5	331.9	332.2	332.3
total liabilities	1,760.5	1,924.6	2,027.5	1,994.2	1,807.4
shareholders' equity					
share capital	96.1	96.1	94.6	92.7	92.7
own shares	(43.3)	(28.6)	(21.2)	(34.4)	(36.8)
share premium	-	-	-	192.2	192.2
contributed surplus	855.9	856.6	837.3	647.7	645.7
accumulated other comprehensive income	0.8	4.1	13.1	6.3	2.9
other reserves	31.2	24.9	31.0	49.3	55.2
dividends	(321.0)	(73.6)	(63.2)	(63.2)	(325.6)
retained earnings	737.1	650.3	612.7	567.9	833.4
shareholders' equity attributable to Lancashire	\$ 1,356.8	\$ 1,529.8	\$ 1,504.3	\$ 1,458.5	\$ 1,459.7
non-controlling interest	0.5	0.8	0.5	0.6	0.7
total shareholders' equity	\$ 1,357.3	\$ 1,530.6	\$ 1,504.8	\$ 1,459.1	\$ 1,460.4
total liabilities and shareholders' equity	\$ 3,117.8	\$ 3,455.2	\$ 3,532.3	\$ 3,453.3	\$ 3,267.8
basic book value per share attributable to Lancashire	\$ 7.24	\$ 8.10	\$ 8.05	\$ 8.02	\$ 8.06
fully converted book value per share attributable to Lancashire	\$ 6.96	\$ 7.74	\$ 7.67	\$ 7.49	\$ 7.50
fully diluted book value per share attributable to Lancashire	\$ 6.87	\$ 7.62	\$ 7.50	\$ 7.25	\$ 7.19
debt to total capital ratio	19.4%	17.7%	18.1%	18.6%	18.5%
debt to total tangible capital ratio	21.4%	19.3%	19.8%	20.4%	20.6%

⁽¹⁾ includes Lloyd's segment assets and liabilities as at 31 December 2013

Lancashire Holdings Limited
composition of investment portfolio



	31 december 2014			30 september 2014			30 june 2014			31 march 2014			31 december 2013		
			%			%			%			%			%
type of investment															
short term investments	\$	30.4	1.4%	\$	104.1	4.2%	\$	158.2	6.5%	\$	255.2	10.6%	\$	231.0	9.8%
fixed income funds		15.4	0.7%		16.7	0.7%		20.9	0.9%		26.2	1.1%		26.3	1.1%
U.S. treasuries		363.0	16.3%		419.9	17.0%		370.1	15.2%		260.0	10.7%		217.3	9.2%
other government bonds		84.0	3.8%		87.2	3.5%		100.3	4.1%		98.4	4.1%		107.9	4.5%
U.S. municipal bonds		28.9	1.3%		18.7	0.8%		20.5	0.8%		20.5	0.8%		21.4	0.9%
U.S. government agency debt		17.5	0.8%		34.1	1.4%		42.5	1.7%		41.9	1.7%		98.2	4.1%
asset backed securities		184.1	8.3%		190.3	7.7%		169.2	7.0%		135.3	5.6%		151.4	6.4%
U.S. government agency mortgage backed securities		168.0	7.6%		231.9	9.4%		217.6	8.9%		223.4	9.3%		252.0	10.7%
non-agency mortgage backed securities		20.8	0.9%		23.2	0.9%		30.7	1.3%		33.0	1.4%		8.8	0.4%
agency commercial mortgage backed securities		2.4	0.1%		5.5	0.2%		5.6	0.2%		4.0	0.2%		4.2	0.2%
non-agency commercial mortgage backed securities		39.6	1.8%		46.1	1.9%		47.3	1.9%		36.9	1.5%		37.9	1.6%
bank loans		127.9	5.8%		138.7	5.6%		140.7	5.8%		134.1	5.6%		107.8	4.5%
corporate bonds		705.1	31.7%		722.2	29.1%		693.0	28.5%		648.6	26.9%		701.9	29.7%
total fixed income securities - available for sale		1,787.1	80.5%		2,038.6	82.4%		2,016.6	82.8%		1,917.5	79.5%		1,966.1	83.1%
fixed income - at fair value through profit or loss		31.2	1.4%		30.8	1.2%		30.7	1.3%		30.1	1.2%		29.6	1.3%
equity securities - available for sale		15.8	0.7%		16.1	0.7%		17.2	0.7%		15.4	0.6%		15.6	0.7%
hedge funds - at fair value through profit or loss		152.1	6.8%		99.9	4.0%		89.5	3.7%		-	-		-	-
other investments		0.7	-		3.3	0.1%		1.7	0.1%		4.3	0.2%		4.7	0.2%
managed cash		235.6	10.6%		287.2	11.6%		280.0	11.4%		446.5	18.5%		346.6	14.7%
total investments	\$	2,222.5	100.0%	\$	2,475.9	100.0%	\$	2,435.7	100.0%	\$	2,413.8	100.0%	\$	2,362.6	100.0%
credit quality of fixed income securities															
AAA	\$	347.3	19.1%	\$	446.9	21.6%	\$	481.0	23.5%	\$	542.2	27.8%	\$	481.2	24.1%
AA+, AA, AA-		759.3	41.7%		931.9	45.0%		887.2	43.3%		775.3	39.8%		847.9	42.5%
A+, A, A-		385.1	21.2%		365.6	17.7%		353.6	17.3%		339.8	17.5%		368.7	18.5%
BBB+, BBB, BBB-		192.0	10.6%		187.7	9.1%		188.7	9.2%		162.4	8.3%		186.5	9.3%
other		134.6	7.4%		137.3	6.6%		136.8	6.7%		127.9	6.6%		111.4	5.6%
	\$	1,818.3	100.0%	\$	2,069.4	100.0%	\$	2,047.3	100.0%	\$	1,947.6	100.0%	\$	1,995.7	100.0%
corporate bonds & bank loans (AFS) and fixed income (FVTPL)															
industrials	\$	487.3	56.5%	\$	486.0	54.5%	\$	469.9	54.4%	\$	432.9	53.3%	\$	452.8	53.9%
financials		338.3	39.1%		354.8	39.8%		340.9	39.4%		325.6	40.0%		336.5	40.1%
utilities		35.7	4.1%		45.5	5.1%		47.3	5.5%		47.1	5.8%		42.8	5.1%
supranationals		2.9	0.3%		5.4	0.6%		6.3	0.7%		7.2	0.9%		7.2	0.9%
	\$	864.2	100.0%	\$	891.7	100.0%	\$	864.4	100.0%	\$	812.8	100.0%	\$	839.3	100.0%
quarterly net return excluding the impact of internal FX hedges			0.1%			(0.3%)			0.6%			0.3%			0.3%
quarterly net return including the impact of internal FX hedges			0.2%			-			0.5%			0.3%			0.3%
rolling 12 month net return excluding the impact of internal FX hedges			0.7%			0.9%			1.6%			0.5%			0.3%
rolling 12 month net return including the impact of internal FX hedges			1.0%			1.1%			1.6%			0.5%			0.3%
average book yield of fixed income and managed cash			1.5%			1.4%			1.3%			1.2%			1.4%
average market yield of fixed income and managed cash			1.5%			1.3%			1.1%			1.1%			1.2%
average duration of fixed income and managed cash		1.8 years			1.8 years			1.7 years			1.5 years			1.6 years	
average duration of fixed income, managed cash and derivative instruments		1.5 years			1.5 years			1.3 years			1.0 years			1.0 years	
average credit quality of fixed income and managed cash		AA-			AA-			AA-			AA-			AA-	
average credit quality of fixed income only		AA-			AA-			AA-			AA-			AA-	

31 december 2014					
	estimated fair value	weighted average book yield	weighted average market yield	weighted average duration	weighted average rating ⁽²⁾
type of investment					
short term investments	\$ 30.4	0.1%	0.1%	0.5	AAA
fixed income funds	15.4	2.0%	2.0%	1.5	AA+
U.S. treasuries	363.0	0.9%	0.9%	2.9	AA+
other government bonds	84.0	1.8%	1.7%	2.3	AA
U.S. municipal bonds	28.9	2.9%	1.8%	3.3	AA
U.S. government agency debt	17.5	2.3%	2.1%	5.7	AA+
asset backed securities	184.1	1.2%	1.2%	0.8	AAA
U.S. government agency mortgage backed securities	168.0	2.2%	2.0%	2.6	AA+
non-agency mortgage backed securities	20.8	1.6%	1.3%	0.3	AA-
agency commercial mortgage backed securities	2.4	0.5%	0.8%	0.1	AA+
non-agency commercial mortgage backed securities	39.6	1.7%	1.4%	1.3	AAA
bank loans	127.9	4.0%	4.3%	-	BB-
corporate bonds	705.1	1.8%	1.6%	2.3	A
total fixed income securities - available for sale	1,787.1	1.7%	1.7%	2.1	AA-
fixed income securities at fair value through profit or loss	31.2	-	-	0.8	A-
managed cash ⁽¹⁾	235.6	0.1%	0.1%	-	A+
total fixed income securities and managed cash	\$ 2,053.9	1.5%	1.5%	1.8	AA-

31 december 2013					
	estimated fair value	weighted average book yield	weighted average market yield	weighted average duration	weighted average rating ⁽²⁾
type of investment					
short term investments	\$ 231.0	0.3%	0.2%	0.4	AA+
fixed income funds	26.3	2.0%	2.0%	1.5	AA+
U.S. treasuries	217.3	0.5%	0.6%	2.0	AA+
other government bonds	107.9	2.5%	2.5%	2.6	AA-
U.S. municipal bonds	21.4	2.8%	2.3%	2.6	A+
U.S. government agency debt	98.2	0.9%	1.0%	3.2	AA+
asset backed securities	151.4	1.0%	0.9%	0.5	AA+
U.S. government agency mortgage backed securities	252.0	2.0%	2.0%	3.1	AA+
non-agency mortgage backed securities	8.8	2.3%	2.0%	0.6	AA
agency commercial mortgage backed securities	4.2	0.6%	1.2%	4.3	AA+
non-agency commercial mortgage backed securities	37.9	2.0%	1.5%	2.2	AA+
bank loans	107.8	4.1%	4.0%	-	BB-
corporate bonds	701.9	1.8%	1.3%	2.1	A+
total fixed income securities - available for sale	1,966.1	1.6%	1.4%	1.9	AA-
fixed income securities at fair value through profit or loss	29.6	0.7%	0.7%	1.9	A-
managed cash ⁽¹⁾	346.6	0.2%	0.2%	-	A+
total fixed income securities and managed cash	\$ 2,342.3	1.4%	1.2%	1.6	AA-

⁽¹⁾ managed cash includes money market funds, t-bills, and repurchase agreements. Where book yields are not available, book yield is assumed to be equal to market yield

⁽²⁾ primary rating source is S&P. If it is not available, the S&P equivalent rating of other nationally recognised rating agencies is used

Lancashire Holdings Limited
corporate & global bond holdings

	31 december 2014				
	par value units	estimated fair value	accrued interest	unrealised gain (loss)	credit quality ⁽¹⁾
top twenty corporate holdings by issuer					
Lloyds Banking Group Plc	32.1	\$ 33.6	\$ -	\$ 1.2	A-
Mitsubishi UFJ Financial Group Inc.	17.2	17.1	0.1	-	A+
Verizon Communications Inc.	15.8	15.9	0.1	-	BBB+
DNB Boligkredit AS	11.9	12.1	0.1	0.1	AAA
JPMorgan Chase & Co.	10.2	10.8	0.1	0.1	A
BP Plc	10.7	10.5	0.1	(0.1)	A
Bank of Nova Scotia	10.5	10.5	-	-	AA
Berkshire Hathaway Inc.	9.6	10.0	0.1	0.1	A+
Australia & New Zealand Banking Group Ltd.	9.6	9.7	-	-	AA+
Morgan Stanley	9.0	9.7	0.1	0.1	A-
Ford Motor Credit Company	8.4	8.9	0.1	-	BBB-
Total SA	8.6	8.7	-	-	AA-
UBS AG	8.1	8.6	0.1	-	AA-
The Goldman Sachs Group Inc.	7.7	8.2	0.1	0.1	A-
Westpac Banking Group	7.8	7.9	-	-	AA-
Credit Suisse Group AG	7.3	7.7	0.1	0.2	A
Bayer AG	7.4	7.4	-	-	A-
Abbvie Inc.	7.0	6.9	-	-	A
Commonwealth Bank of Australia	6.8	6.9	-	-	AA
Barclays Plc	6.9	6.9	-	-	A+
		<u>\$ 218.0</u>	<u>\$ 1.1</u>	<u>\$ 1.8</u>	<u>A+</u>

top twenty holdings as a % of corporate bonds (AFS) and fixed income (FVTPL)

29.6%

	31 december 2014			
	financials	other industries	total ⁽²⁾	other government bonds
bonds by country				
United States	\$ 141.5	\$ 382.5	\$ 524.0	\$ -
United Kingdom	49.8	37.4	87.2	0.4
Canada	29.7	19.7	49.4	24.6
Australia	34.1	7.5	41.6	9.8
France	10.3	14.6	24.9	8.4
Netherlands	13.2	11.4	24.6	6.4
Germany	2.8	15.8	18.6	9.8
Norway	15.5	0.8	16.3	5.0
Japan	10.2	7.7	17.9	-
Switzerland	15.6	0.7	16.3	-
Sweden	13.9	-	13.9	0.2
Luxembourg	-	7.2	7.2	-
Mexico	-	3.0	3.0	3.6
Hong Kong	-	4.9	4.9	-
United Arab Emirates	-	0.2	0.2	3.5
Belgium	-	3.2	3.2	-
Russian Federation	-	-	-	3.1
Supranationals	2.9	-	2.9	-
Marshall Islands	-	2.4	2.4	-
Qatar	-	-	-	2.2
Spain	-	2.0	2.0	-
China	-	0.2	0.2	1.5
Macau	-	1.6	1.6	-
Finland	0.4	-	0.4	1.1
Brazil	-	-	-	1.3
Chile	1.3	-	1.3	-
Denmark	-	-	-	1.2
Colombia	-	-	-	0.9
Other	-	0.2	0.2	1.0
	<u>\$ 341.2</u>	<u>\$ 523.0</u>	<u>\$ 864.2</u>	<u>\$ 84.0</u>

⁽¹⁾ credit quality is calculated based on the weighted average credit ratings of the underlying debt securities. Primary rating source is S&P. If it is not available, the S&P equivalent rating of other nationally recognised rating agencies is used

⁽²⁾ Includes corporate bonds & bank loans (AFS) and fixed income (FVTPL)

Lancashire Holdings Limited
net losses and loss ratios



total	q4 2014	q3 2014	q2 2014	q1 2014	q4 2013	full year 2014	full year 2013
net reserves: start	\$ 719.5	\$ 708.0	\$ 684.1	\$ 670.4	\$ 454.1	\$ 670.4	\$ 464.4
net reserves in Lloyd's segment ⁽¹⁾	-	-	-	-	224.2	-	224.2
paid losses	95.9	54.3	43.6	51.9	55.2	245.7	192.0
change in prior AY ⁽²⁾	(25.0)	(11.3)	(8.2)	10.1	(8.2)	(34.4)	(15.9)
current year incurred losses	46.3	91.8	73.2	49.6	59.4	260.9	204.0
foreign exchange	(4.7)	(14.7)	2.5	5.9	(3.9)	(11.0)	(14.3)
net reserves: end	\$ 640.2	\$ 719.5	\$ 708.0	\$ 684.1	\$ 670.4	\$ 640.2	\$ 670.4
net premiums earned	174.7	179.6	186.4	174.9	173.6	715.6	568.1
net loss ratio	12.2%	44.8%	34.9%	34.1%	29.5%	31.7%	33.1%
IBNR as % of net reserves	31.6%	29.9%	29.4%	32.7%	31.8%	31.6%	31.8%

property	q4 2014	q3 2014	q2 2014	q1 2014	q4 2013	full year 2014	full year 2013
net reserves: start	\$ 192.2	\$ 187.8	\$ 206.9	\$ 202.0	\$ 212.6	\$ 202.0	\$ 250.2
paid losses	28.0	7.8	9.5	6.4	14.2	51.7	62.4
change in prior AY ⁽²⁾	(1.3)	(1.2)	(16.0)	(1.3)	(0.8)	(19.8)	(13.2)
current year incurred losses	7.3	21.9	5.6	6.6	9.2	41.4	43.4
foreign exchange	0.3	(8.5)	0.8	6.0	(4.8)	(1.4)	(16.0)
net reserves: end	\$ 170.5	\$ 192.2	\$ 187.8	\$ 206.9	\$ 202.0	\$ 170.5	\$ 202.0
net premiums earned	51.3	54.5	59.1	56.6	54.5	221.5	218.8
net loss ratio	11.7%	38.0%	(17.6%)	9.4%	15.4%	9.8%	13.8%

energy	q4 2014	q3 2014	q2 2014	q1 2014	q4 2013	full year 2014	full year 2013
net reserves: start	\$ 183.7	\$ 181.9	\$ 172.5	\$ 150.7	\$ 157.1	\$ 150.7	\$ 159.8
paid losses	18.5	4.0	3.5	3.6	15.4	29.6	63.0
change in prior AY ⁽²⁾	(7.6)	(5.6)	(2.0)	9.8	2.9	(5.4)	(18.4)
current year incurred losses	4.9	12.3	14.6	15.5	6.2	47.3	72.3
foreign exchange	(1.2)	(0.9)	0.3	0.1	(0.1)	(1.7)	-
net reserves: end	\$ 161.3	\$ 183.7	\$ 181.9	\$ 172.5	\$ 150.7	\$ 161.3	\$ 150.7
net premiums earned	41.8	40.0	47.1	40.8	53.0	169.7	203.1
net loss ratio	(6.5%)	16.8%	26.8%	62.0%	17.2%	24.7%	26.5%

⁽¹⁾ net reserves in Lloyd's segment on date of acquisition, 7 November 2013

⁽²⁾ AY = accident year

Lancashire Holdings Limited
net losses and loss ratios (cont.)

<u>marine</u>	q4 2014		q3 2014		q2 2014		q1 2014		q4 2013		full year 2014		full year 2013	
net reserves: start	\$	87.8	\$	91.1	\$	76.9	\$	88.9	\$	81.1	\$	88.9	\$	52.1
paid losses		9.6		3.4		7.5		15.9		6.6		36.4		29.0
change in prior AY ⁽¹⁾		(2.2)		(3.3)		16.0		(0.8)		(1.2)		9.7		23.4
current year incurred losses		3.2		4.2		5.8		4.7		15.4		17.9		41.6
foreign exchange		(0.4)		(0.8)		(0.1)		-		0.2		(1.3)		0.8
net reserves: end	\$	78.8	\$	87.8	\$	91.1	\$	76.9	\$	88.9	\$	78.8	\$	88.9
net premiums earned		14.2		15.5		15.4		12.6		15.7		57.7		61.7
net loss ratio		7.0%		5.8%		141.6%		31.0%		90.4%		47.8%		105.3%
<u>aviation</u>	q4 2014		q3 2014		q2 2014		q1 2014		q4 2013		full year 2014		full year 2013	
net reserves: start	\$	32.4	\$	20.5	\$	3.1	\$	3.8	\$	3.3	\$	3.8	\$	2.3
paid losses		13.0		2.3		-		1.2		-		16.5		18.6
change in prior AY ⁽¹⁾		(0.4)		(0.5)		0.3		(0.3)		-		(0.9)		1.4
current year incurred losses		1.1		14.8		17.1		0.8		0.5		33.8		18.6
foreign exchange		(0.1)		(0.1)		-		-		-		(0.2)		0.1
net reserves: end	\$	20.0	\$	32.4	\$	20.5	\$	3.1	\$	3.8	\$	20.0	\$	3.8
net premiums earned		13.1		14.3		13.6		11.6		10.6		52.6		44.7
net loss ratio		5.3%		100.0%		127.9%		4.3%		4.7%		62.5%		44.7%
<u>Lloyd's</u>	q4 2014		q3 2014		q2 2014		q1 2014		q4 2013		full year 2014		full year 2013	
net reserves: start	\$	223.4	\$	226.7	\$	224.7	\$	225.0	\$	224.2	\$	225.0	\$	224.2
paid losses		26.8		36.8		23.1		24.8		19.0		111.5		19.0
change in prior AY ⁽¹⁾		(13.5)		(0.7)		(6.5)		2.7		(9.1)		(18.0)		(9.1)
current year incurred losses		29.8		38.6		30.1		22.0		28.1		120.5		28.1
foreign exchange		(3.3)		(4.4)		1.5		(0.2)		0.8		(6.4)		0.8
net reserves: end	\$	209.6	\$	223.4	\$	226.7	\$	224.7	\$	225.0	\$	209.6	\$	225.0
net premiums earned		54.3		55.3		51.2		53.3		39.8		214.1		39.8
net loss ratio		30.0%		68.5%		46.1%		46.3%		47.7%		47.9%		47.7%

⁽¹⁾ AY = accident year

Lancashire Holdings Limited
losses by accident year



gross losses excluding Lloyd's segment

<u>accident year</u>	<u>2006 & prior</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
estimate of ultimate liability:									
at end of accident year	39.1	154.8	444.6	163.3	297.4	397.0	250.3	176.9	-
one year later	34.7	131.2	417.4	107.8	209.4	371.9	290.9	-	-
two years later	32.0	103.5	377.5	73.1	204.2	362.3	-	-	-
three years later	27.6	94.8	345.1	66.0	204.4	-	-	-	-
four years later	27.2	83.5	340.8	64.7	-	-	-	-	-
five years later	24.4	81.0	346.9	-	-	-	-	-	-
six years later	24.0	81.7	-	-	-	-	-	-	-
seven years later	24.9	-	-	-	-	-	-	-	-
as at 31 december 2014	<u>\$ 25.0</u>	<u>\$ 82.3</u>	<u>\$ 343.6</u>	<u>\$ 62.6</u>	<u>\$ 197.4</u>	<u>\$ 381.1</u>	<u>\$ 290.1</u>	<u>\$ 155.6</u>	<u>\$ 138.1</u>
payments made	(23.3)	(77.3)	(336.2)	(53.8)	(177.9)	(229.4)	(212.0)	(80.7)	(17.0)
total gross liability	\$ 1.7	\$ 5.0	\$ 7.4	\$ 8.8	\$ 19.5	\$ 151.7	\$ 78.1	\$ 74.9	\$ 121.1
accident year gross loss ratio ⁽¹⁾	8.3%	11.8%	50.5%	9.6%	30.1%	59.9%	39.8%	23.8%	23.2%

net losses excluding Lloyd's segment

<u>accident year</u>	<u>2006 & prior</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
estimate of ultimate liability:									
at end of accident year	39.1	151.2	403.9	161.7	263.6	340.8	201.4	176.9	-
one year later	34.7	125.0	370.3	106.5	185.8	319.3	182.7	-	-
two years later	32.0	99.5	334.4	72.4	180.1	310.1	-	-	-
three years later	27.6	91.3	304.2	65.3	179.9	-	-	-	-
four years later	27.2	80.2	302.7	64.0	-	-	-	-	-
five years later	24.4	77.9	307.7	-	-	-	-	-	-
six years later	24.0	78.5	-	-	-	-	-	-	-
seven years later	24.9	-	-	-	-	-	-	-	-
as at 31 december 2014	<u>\$ 25.0</u>	<u>\$ 79.1</u>	<u>\$ 304.8</u>	<u>\$ 62.0</u>	<u>\$ 172.8</u>	<u>\$ 324.8</u>	<u>\$ 181.9</u>	<u>\$ 155.6</u>	<u>\$ 138.1</u>
payments made	(23.3)	(74.1)	(297.6)	(53.3)	(154.7)	(205.9)	(106.9)	(80.7)	(17.0)
total net liability	\$ 1.7	\$ 5.0	\$ 7.2	\$ 8.7	\$ 18.1	\$ 118.9	\$ 75.0	\$ 74.9	\$ 121.1
accident year net loss ratio ⁽¹⁾	10.3%	12.9%	50.2%	10.4%	28.1%	56.5%	31.2%	29.5%	27.5%
initial accident year net loss ratio	16.1%	24.7%	66.5%	27.2%	42.9%	59.3%	34.6%	33.5%	27.5%
reduction (increase) in net loss ratio post accident year end	5.8%	11.8%	16.3%	16.8%	14.8%	2.8%	3.4%	4.0%	n/a

⁽¹⁾ accident year loss ratio is calculated using the ultimate liability revalued at the current balance sheet date

Lancashire Holdings Limited
losses by accident year (cont.)

gross losses Lloyd's segment

<u>accident year</u>	<u>2006 & prior</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
estimate of ultimate Lloyd's segment liability:									
at acquisition ⁽²⁾	35.6	5.8	8.8	25.0	31.4	89.2	64.5	71.2	-
as at 31 december 2013 ⁽²⁾	\$ 35.7	\$ 5.9	\$ 8.7	\$ 24.4	\$ 31.4	\$ 84.7	\$ 59.5	\$ 103.1	\$ -
as at 31 december 2014	\$ 33.6	\$ 5.5	\$ 7.3	\$ 19.1	\$ 32.0	\$ 69.3	\$ 48.7	\$ 104.2	\$ 136.7
payments made	(2.7)	(1.6)	(1.4)	(3.2)	(10.7)	(32.7)	(21.3)	(54.3)	(44.1)
total gross liability	\$ 30.9	\$ 3.9	\$ 5.9	\$ 15.9	\$ 21.3	\$ 36.6	\$ 27.4	\$ 49.9	\$ 92.6
accident year gross loss ratio ⁽¹⁾								64.2%	49.7%

net losses Lloyd's segment

<u>accident year</u>	<u>2006 & prior</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
estimate of ultimate Lloyd's segment liability:									
at acquisition ⁽²⁾	10.7	4.7	7.4	15.8	22.7	47.8	49.8	65.3	-
as at 31 december 2013 ⁽²⁾	\$ 10.6	\$ 5.1	\$ 7.2	\$ 15.1	\$ 22.4	\$ 44.5	\$ 45.9	\$ 93.2	\$ -
as at 31 december 2014	\$ 8.5	\$ 4.6	\$ 6.3	\$ 12.7	\$ 22.2	\$ 36.7	\$ 34.9	\$ 95.3	\$ 118.9
payments made	(0.4)	(1.3)	(1.3)	(1.8)	(5.9)	(14.0)	(15.8)	(50.7)	(39.3)
total net liability	\$ 8.1	\$ 3.3	\$ 5.0	\$ 10.9	\$ 16.3	\$ 22.7	\$ 19.1	\$ 44.6	\$ 79.6
accident year net loss ratio ⁽¹⁾								75.4%	55.5%

gross losses Group

<u>accident year</u>	<u>2006 & prior</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
estimate of ultimate liability:									
at end of accident year	39.1	154.8	444.6	163.3	297.4	397.0	250.3	280.0	-
one year later	34.7	131.2	417.4	107.8	209.4	371.9	350.4	-	-
two years later	32.0	103.5	377.5	73.1	204.2	447.0	-	-	-
three years later	27.6	94.8	345.1	66.0	235.8	-	-	-	-
four years later	27.2	83.5	340.8	89.1	-	-	-	-	-
five years later	24.4	81.0	355.6	-	-	-	-	-	-
six years later	24.0	87.6	-	-	-	-	-	-	-
seven years later	60.6	-	-	-	-	-	-	-	-
as at 31 december 2014	\$ 58.6	\$ 87.8	\$ 350.9	\$ 81.7	\$ 229.4	\$ 450.4	\$ 338.8	\$ 259.8	\$ 274.8
payments made	(26.0)	(78.9)	(337.6)	(57.0)	(188.6)	(262.1)	(233.3)	(135.0)	(61.1)
total gross liability	\$ 32.6	\$ 8.9	\$ 13.3	\$ 24.7	\$ 40.8	\$ 188.3	\$ 105.5	\$ 124.8	\$ 213.7
accident year gross loss ratio ⁽¹⁾								26.8%	31.6%

net losses Group

<u>accident year</u>	<u>2006 & prior</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
estimate of ultimate liability:									
at end of accident year	39.1	151.2	403.9	161.7	263.6	340.8	201.4	270.1	-
one year later	34.7	125.0	370.3	106.5	185.8	319.3	228.6	-	-
two years later	32.0	99.5	334.4	72.4	180.1	354.6	-	-	-
three years later	27.6	91.3	304.2	65.3	202.3	-	-	-	-
four years later	27.2	80.2	302.7	79.1	-	-	-	-	-
five years later	24.4	77.9	314.9	-	-	-	-	-	-
six years later	24.0	83.6	-	-	-	-	-	-	-
seven years later	35.5	-	-	-	-	-	-	-	-
as at 31 december 2014	\$ 33.5	\$ 83.7	\$ 311.1	\$ 74.7	\$ 195.0	\$ 361.5	\$ 216.8	\$ 250.9	\$ 257.0
payments made	(23.7)	(75.4)	(298.9)	(55.1)	(160.6)	(219.9)	(122.7)	(131.4)	(56.3)
total net liability	\$ 9.8	\$ 8.3	\$ 12.2	\$ 19.6	\$ 34.4	\$ 141.6	\$ 94.1	\$ 119.5	\$ 200.7
accident year net loss ratio ⁽¹⁾								32.7%	35.9%

initial accident year net loss ratio								36.1%	35.9%
reduction (increase) in net loss ratio post accident year end								3.4%	n/a

⁽¹⁾ accident year loss ratio is calculated using the ultimate liability revalued at the current balance sheet date

⁽²⁾ accident year loss allocations for the Lloyd's segment at acquisition and at 31 December 2013 have been re-estimated to bring in line with the Lancashire Group methodology

Lancashire Holdings Limited
estimated exposures to peak zone elemental losses

zones	perils	1 january 2015 ⁽²⁾		1 january 2015 ⁽²⁾	
		100 year return period		250 year return period	
		estimated gross loss	estimated net loss	estimated gross loss	estimated net loss
gulf of mexico ⁽¹⁾	hurricane	\$ 393.5	\$ 235.2	\$ 567.4	\$ 350.4
non gulf of mexico - US	hurricane	413.3	217.9	690.3	409.4
california	earthquake	272.4	134.7	441.8	227.0
pacific northwest	earthquake	51.9	35.4	188.7	92.8
pan-european	windstorm	246.5	107.7	359.2	159.8
japan	earthquake	161.8	77.3	290.9	120.9
japan	typhoon	111.5	47.6	179.0	68.8

THE GROUP HAS DEVELOPED THE ESTIMATES OF LOSSES EXPECTED FROM CERTAIN CATASTROPHES FOR ITS PORTFOLIO OF PROPERTY AND ENERGY CONTRACTS USING COMMERCIALY AVAILABLE CATASTROPHE MODELS, WHICH ARE APPLIED AND ADJUSTED BY THE GROUP. THESE ESTIMATES INCLUDE ASSUMPTIONS REGARDING THE LOCATION, SIZE AND MAGNITUDE OF AN EVENT, THE FREQUENCY OF EVENTS, THE CONSTRUCTION TYPE AND DAMAGEABILITY OF PROPERTY IN A ZONE, AND THE COST OF REBUILDING PROPERTY IN A ZONE, AMONG OTHER ASSUMPTIONS. RETURN PERIOD REFERS TO THE FREQUENCY WITH WHICH LOSSES OF A GIVEN AMOUNT OR GREATER ARE EXPECTED TO OCCUR.

GROSS LOSS ESTIMATES ARE NET OF REINSTATEMENT PREMIUMS AND GROSS OF OUTWARD REINSURANCE, BEFORE INCOME TAX. NET LOSS ESTIMATES ARE NET OF REINSTATEMENT PREMIUMS AND NET OF OUTWARD REINSURANCE, BEFORE INCOME TAX.

THE ESTIMATES OF LOSSES ABOVE ARE BASED ON ASSUMPTIONS THAT ARE INHERENTLY SUBJECT TO SIGNIFICANT UNCERTAINTIES AND CONTINGENCIES. IN PARTICULAR, MODELLED LOSS ESTIMATES DO NOT NECESSARILY ACCURATELY PREDICT ACTUAL LOSSES, AND MAY SIGNIFICANTLY DEVIATE FROM ACTUAL LOSSES. SUCH ESTIMATES, THEREFORE, SHOULD NOT BE CONSIDERED AS A REPRESENTATION OF ACTUAL LOSSES AND INVESTORS SHOULD NOT RELY ON THE ESTIMATED EXPOSURE INFORMATION WHEN CONSIDERING INVESTMENT IN THE GROUP. THE GROUP UNDERTAKES NO DUTY TO UPDATE OR REVISE SUCH INFORMATION TO REFLECT THE OCCURRENCE OF FUTURE EVENTS.

⁽¹⁾ landing hurricane from florida to texas

⁽²⁾ gross and net losses include Lloyd's segment

Lancashire Holdings Limited
earnings per share



	q4 2014	q4 2013	full year 2014	full year 2013
basic earnings per share:				
profit after tax attributable to Lancashire	\$ 86.8	\$ 63.0	\$ 229.3	\$ 222.5
net operating income attributable to Lancashire	\$ 89.4	\$ 51.5	\$ 231.9	\$ 184.2
dilutive shares				
weighted average shares outstanding - basic	188,018,962	182,717,232	185,558,086	169,270,681
dilutive effect of warrants	8,952,357	17,981,444	10,112,990	17,788,368
dilutive effect of restricted stock	2,209,021	3,446,325	2,442,255	3,431,739
weighted average & equivalent shares outstanding - diluted	<u>199,180,340</u>	<u>204,145,001</u>	<u>198,113,331</u>	<u>190,490,788</u>
basic earnings per share attributable to Lancashire	<u>\$ 0.46</u>	<u>\$ 0.34</u>	<u>\$ 1.24</u>	<u>\$ 1.31</u>
diluted earnings per share attributable to Lancashire	<u>\$ 0.44</u>	<u>\$ 0.31</u>	<u>\$ 1.16</u>	<u>\$ 1.17</u>
diluted operating earnings per share attributable to Lancashire	<u>\$ 0.45</u>	<u>\$ 0.25</u>	<u>\$ 1.17</u>	<u>\$ 0.97</u>

Lancashire Holdings Limited
basic and fully converted book value per share

	<u>31 december 2014</u>	<u>30 september 2014</u>	<u>30 june 2014</u>	<u>31 march 2014</u>	<u>31 december 2013</u>
numerator (\$ in millions):					
shareholders' equity attributable to Lancashire	\$ 1,356.8	\$ 1,529.8	\$ 1,504.3	\$ 1,458.5	\$ 1,459.7
proceeds from assumed exercise of outstanding dilutive warrants	93.0	94.2	108.3	140.3	141.9
book value numerator	<u>\$ 1,449.8</u>	<u>\$ 1,624.0</u>	<u>\$ 1,612.6</u>	<u>\$ 1,598.8</u>	<u>\$ 1,601.6</u>
deduction for goodwill and other intangible assets	153.8	153.8	157.8	164.8	177.2
tangible book value numerator	<u>\$ 1,296.0</u>	<u>\$ 1,470.2</u>	<u>\$ 1,454.8</u>	<u>\$ 1,434.0</u>	<u>\$ 1,424.4</u>
denominator (in shares):					
common voting shares outstanding	187,504,582	188,814,736	186,756,533	181,771,038	181,026,145
shares issuable upon exercise of outstanding dilutive warrants	18,707,484	18,938,878	21,768,088	28,793,021	29,116,692
shares relating to dilutive restricted stock	<u>2,031,974</u>	<u>1,963,584</u>	<u>1,677,037</u>	<u>2,900,651</u>	<u>3,489,304</u>
fully converted book value denominator	<u>208,244,040</u>	<u>209,717,198</u>	<u>210,201,658</u>	<u>213,464,710</u>	<u>213,632,141</u>
basic book value per share attributable to Lancashire	<u>\$ 7.24</u>	<u>\$ 8.10</u>	<u>\$ 8.05</u>	<u>\$ 8.02</u>	<u>\$ 8.06</u>
fully converted book value per share attributable to Lancashire	<u>\$ 6.96</u>	<u>\$ 7.74</u>	<u>\$ 7.67</u>	<u>\$ 7.49</u>	<u>\$ 7.50</u>
tangible basic book value per share attributable to Lancashire	<u>\$ 6.42</u>	<u>\$ 7.29</u>	<u>\$ 7.21</u>	<u>\$ 7.12</u>	<u>\$ 7.08</u>
tangible fully converted book value per share attributable to Lancashire	<u>\$ 6.22</u>	<u>\$ 7.01</u>	<u>\$ 6.92</u>	<u>\$ 6.72</u>	<u>\$ 6.67</u>
dividend per common share ⁽¹⁾	\$ 1.20	\$ 0.05	\$ -	\$ 0.30	\$ 0.45
change in FCBVS adj for dividends ⁽²⁾ - quarter	5.4%	1.6%	2.4%	3.9%	3.7%
change in FCBVS adj for dividends ⁽²⁾ - rolling 12 months	13.9%	12.1%	18.6%	17.9%	18.9%
compound annual change in FCBVS adj for dividends ⁽²⁾	18.9%	18.9%	19.0%	19.2%	19.2%
compound annual change in FCBVS adj for dividends ⁽²⁾ - above 3 month treasury	17.7%	17.6%	17.8%	17.8%	17.9%
change in FCBVS adj for dividends ⁽²⁾ - since inception	375.3%	353.0%	339.8%	325.1%	308.0%
change in tangible FCBVS adj for dividends ⁽²⁾ - quarter	5.9%	2.0%	3.0%	5.3%	n/a

⁽¹⁾ warrants and restricted stock contain anti-dilution provisions in regards to dividends; the exercise price of options may be adjusted for dividend payments

⁽²⁾ change in fully converted book value per share ("FCBVS") adjusted for dividends is the internal rate of return of the change in fully converted book value per share in the period plus dividends accrued

Lancashire Holdings Limited
basic and fully diluted book value per share



	<u>31 december 2014</u>	<u>30 september 2014</u>	<u>30 june 2014</u>	<u>31 march 2014</u>	<u>31 december 2013</u>
shareholders' equity attributable to Lancashire	\$ 1,356.8	\$ 1,529.8	\$ 1,504.3	\$ 1,458.5	\$ 1,459.7
deduction for goodwill and other intangible assets	\$ 153.8	\$ 153.8	\$ 157.8	\$ 164.8	\$ 177.2
tangible shareholders' equity attributable to Lancashire	<u>\$ 1,203.0</u>	<u>\$ 1,376.0</u>	<u>\$ 1,346.5</u>	<u>\$ 1,293.7</u>	<u>\$ 1,282.5</u>
weighted average exercise price per share of dilutive warrants	\$ 4.97	\$ 4.97	\$ 4.98	\$ 4.87	\$ 4.87
denominator (in shares):					
common voting shares outstanding	187,504,582	188,814,736	186,756,533	181,771,038	181,026,145
unvested restricted shares and restricted share units	2,031,974	1,963,584	1,677,037	2,900,651	3,489,304
dilutive warrants outstanding	18,707,484	18,938,878	21,768,088	28,793,021	29,116,692
proforma warrants bought back	<u>(10,658,426)</u>	<u>(9,074,964)</u>	<u>(9,679,865)</u>	<u>(12,311,581)</u>	<u>(10,570,639)</u>
proforma net shares issued	8,049,058	9,863,914	12,088,223	16,481,440	18,546,053
proforma dilutive shares outstanding	<u>197,585,614</u>	<u>200,642,234</u>	<u>200,521,793</u>	<u>201,153,129</u>	<u>203,061,502</u>
basic book value per share attributable to Lancashire	<u>\$ 7.24</u>	<u>\$ 8.10</u>	<u>\$ 8.05</u>	<u>\$ 8.02</u>	<u>\$ 8.06</u>
fully diluted book value per share attributable to Lancashire	<u>\$ 6.87</u>	<u>\$ 7.62</u>	<u>\$ 7.50</u>	<u>\$ 7.25</u>	<u>\$ 7.19</u>
tangible basic book value per share attributable to Lancashire	<u>\$ 6.42</u>	<u>\$ 7.29</u>	<u>\$ 7.21</u>	<u>\$ 7.12</u>	<u>\$ 7.08</u>
tangible fully diluted book value per share attributable to Lancashire	<u>\$ 6.09</u>	<u>\$ 6.86</u>	<u>\$ 6.71</u>	<u>\$ 6.43</u>	<u>\$ 6.32</u>
dividend per common share ⁽¹⁾	\$ 1.20	\$ 0.05	\$ -	\$ 0.30	\$ 0.45
change in FDBVS adj for dividends ⁽²⁾ - quarter	5.9%	2.3%	3.5%	5.0%	3.2%
change in FDBVS adj for dividends ⁽²⁾ - rolling 12 months	17.7%	14.7%	21.7%	20.4%	19.6%
compound annual change in FDBVS adj for dividends ⁽²⁾	18.8%	18.7%	18.9%	19.0%	18.9%
compound annual change in FDBVS adj for dividends ⁽²⁾ - above 3 month treasury	17.6%	17.5%	17.6%	17.6%	17.5%
change in FDBVS adj for dividends ⁽²⁾ - since inception	372.7%	349.6%	335.0%	318.4%	299.6%
change in tangible FDBVS adj for dividends ⁽²⁾ - quarter	6.3%	3.0%	4.4%	6.5%	n/a

⁽¹⁾ warrants and restricted stock contain anti-dilution provisions in regards to dividends; the exercise price of options may be adjusted for dividend payments

⁽²⁾ change in fully diluted book value per share ("FDBVS") adjusted for dividends is the internal rate of return of the change in fully diluted book value per share in the period plus dividends accrued

Cathedral Capital Limited
summary consolidated income statements ⁽¹⁾

	q4 2014	q3 2014	q2 2014	q1 2014	q4 2013	full year 2014	full year 2013
gross premiums written	\$ 43.8	\$ 50.3	\$ 82.0	\$ 108.2	\$ 34.2	\$ 284.3	\$ 288.2
outwards reinsurance premiums	(3.8)	(11.6)	(8.8)	(40.7)	(5.7)	(64.9)	(65.9)
net premiums written	40.0	38.7	73.2	67.5	28.5	219.4	222.3
change in unearned premiums	27.1	21.5	(16.9)	(40.7)	42.1	(9.0)	2.4
change in unearned premiums on premiums ceded	(12.8)	(4.9)	(5.1)	26.5	(13.3)	3.7	(0.1)
net premiums earned	54.3	55.3	51.2	53.3	57.3	214.1	224.6
net investment income	0.8	0.5	0.6	0.6	1.3	2.5	7.1
net other investment income (losses)	(0.1)	0.1	(0.2)	-	0.8	(0.2)	(0.6)
net realised gains (losses) and impairments ⁽²⁾	(0.2)	(0.3)	0.2	(0.1)	(0.2)	(0.4)	(0.8)
other income	6.2	0.5	3.1	0.4	3.0	10.2	8.9
net foreign exchange gains (losses)	1.3	(1.9)	0.2	(0.9)	(1.4)	(1.3)	(2.6)
total net revenue	62.3	54.2	55.1	53.3	60.8	224.9	236.6
insurance losses	16.1	51.9	17.0	25.2	30.3	110.2	103.7
insurance losses recoverable	0.2	(14.0)	6.6	(0.5)	(1.8)	(7.7)	(13.4)
net insurance acquisition expenses	12.4	12.0	11.6	11.5	12.3	47.5	52.0
equity based compensation	4.4	0.7	1.5	1.0	-	7.6	-
other operating expenses	10.9	9.8	8.9	10.9	13.6	40.5	36.0
total expenses	44.0	60.4	45.6	48.1	54.4	198.1	178.3
profit (loss) before tax and finance costs	18.3	(6.2)	9.5	5.2	6.4	26.8	58.3
financing expenses	(0.7)	(0.8)	(0.7)	(0.7)	(5.9)	(2.9)	(19.6)
profit (loss) before tax	17.6	(7.0)	8.8	4.5	0.5	23.9	38.7
tax credit (expense)	(1.7)	1.1	(0.1)	2.5	2.7	1.8	(5.7)
profit (loss) after tax	\$ 15.9	\$ (5.9)	\$ 8.7	\$ 7.0	\$ 3.2	\$ 25.7	\$ 33.0
change in net unrealised gains / losses on investments	(0.5)	(0.9)	1.0	0.1	0.3	(0.3)	0.3
comprehensive income (loss)	\$ 15.4	\$ (6.8)	\$ 9.7	\$ 7.1	\$ 3.5	\$ 25.4	\$ 33.3
net loss ratio	30.0%	68.5%	46.1%	46.3%	49.7%	47.9%	40.2%
net acquisition cost ratio	22.8%	21.7%	22.7%	21.6%	21.5%	22.2%	23.2%
administrative expense ratio	20.1%	17.7%	17.4%	20.5%	23.7%	18.9%	16.0%
combined ratio	72.9%	107.9%	86.2%	88.4%	94.9%	89.0%	79.4%
adjusted combined ratio ⁽³⁾	72.9%	105.2%	81.3%	80.1%	86.7%	85.1%	77.3%

⁽¹⁾ 2013 information is being provided for informational purposes only. Lancashire financial statements include results of Cathedral from the date of acquisition, 7 November 2013. Cathedral results from the date of acquisition include acquisition related adjustments and do not therefore reflect the company's stand-alone position.

⁽²⁾ Includes unrealised gains and losses prior to 7 November 2013

⁽³⁾ Excludes acquisition related adjustments from the date of acquisition, 7 November 2013.