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HOLDINGS LIMITED

Underwriting comes first

Effectively balance risk and return

Operate nimbly through the cycle

Investor Presentation
Q2 2013

July 2013
www.lancashiregroup.com

safe harbour statements

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an established and successful market leader

Lancashire is a provider of global specialty insurance and reinsurance products operating in Bermuda and London. Lancashire focuses on short-tail, mostly direct, specialty insurance risks under four general categories: property, energy, marine and aviation.

- Fully converted book value per share plus accumulated dividends has grown at a compounded annual rate of 19.1% since inception
- Total shareholder return of 410.3%(1) since inception, compared with 58.3%(1) for S&P 500, 93.9%(1) for FTSE 250 and 72.1%(1) for FTSE 350 Insurance Index
- Returned 176.8% of original share capital raised at inception or 89.5% of cumulative comprehensive income
- $230.2m returned in H1 2013 including $9.6m interim dividend
- H1 combined ratio of 58.8%(2) and total investment return of negative 0.5%
- H1 2013 growth in fully converted book value per share, adjusted for dividends, of 7.0%
- Saltire ILS fund launched in November 2012, Lancashire Capital Management division Kinesis launched in Q1 2013 and incorporated in Q2

(1) Shareholder return from 12 December 2005 through 25 July 2013. LRE and FTSE returns in USD terms.
(2) Including G&A.

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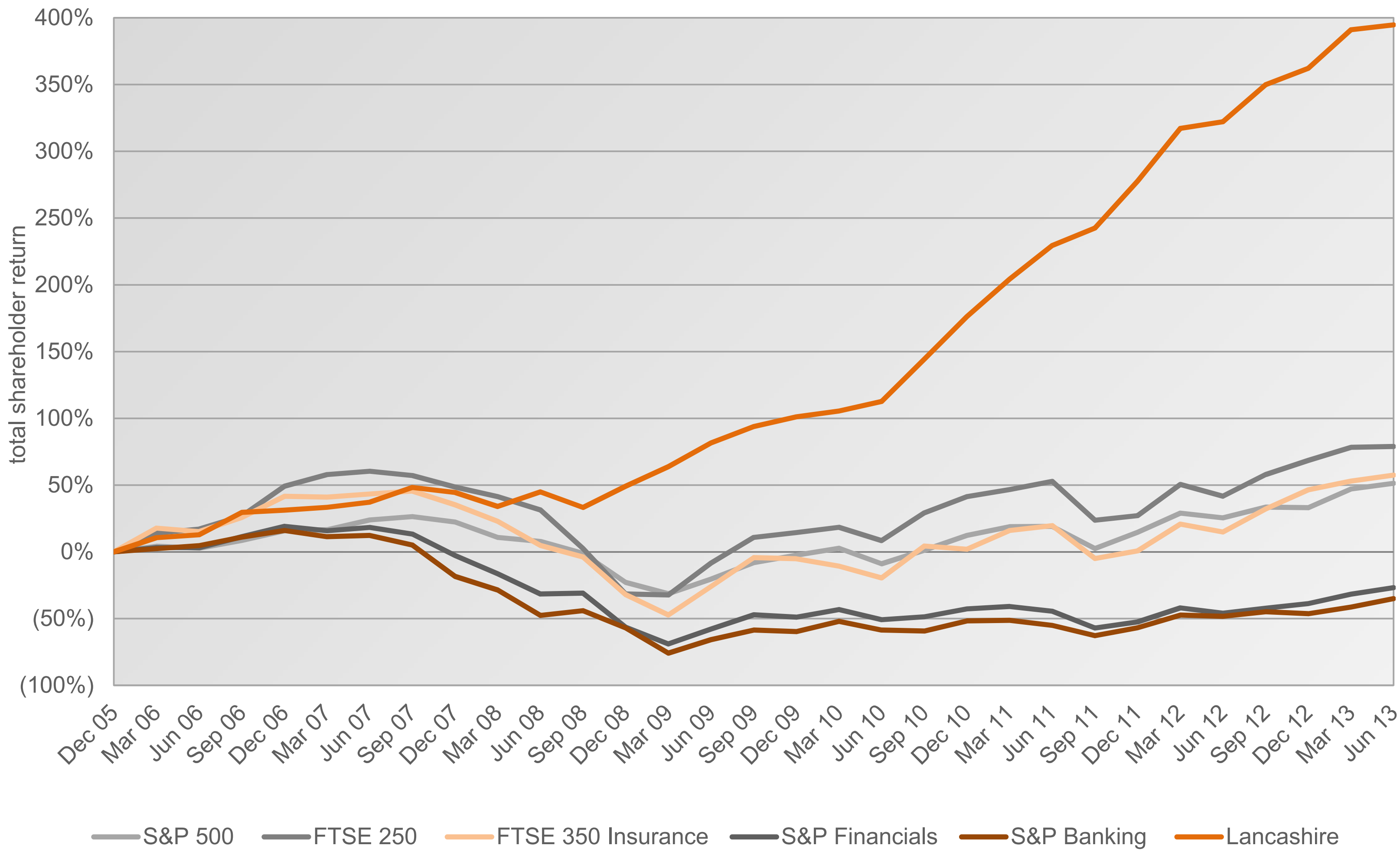
key messages

- **Now over 7 years of consistent excellent performance**
- **We have remained true to our business plan, while adapting to market changes**
  - London and Bermuda remain our underwriting centres
  - Capital management division launched and key individuals hired
- **Demonstrated excellent risk management through significant number of worldwide catastrophe and risk losses**
  - Minimal losses from non-market moving events e.g. crop, tornado, floods and hailstorm
  - Sandy losses well within expectations, a Q4 earnings event. North East ILW cover settled in Q1 2013
  - Costa Concordia – less than 5% market share in largest ever marine hull loss
  - Manage exposures strategically in accordance with our risk profile and risk appetite to optimise portfolio
- **Strong balance sheet and profitability proven**
- **Continue to manage the cycle effectively**
  - Increasingly difficult market to navigate but with organic growth, new lines and portfolio optimisation still able to achieve excellent returns
  - No change in ordinary dividend policy, no progressive dividends, significant special dividends to right size balance sheet and manage excess capacity
  - Accordion sidecar provided enhanced ability to define retrocession product in 2011/12
  - Kinesis Capital Management division launched to further develop third party capital strategy incorporating Accordion and Saltire products

our goal: to provide an attractive risk-adjusted total return to shareholders over the long-term

Lancashire total shareholder return vs. major index returns



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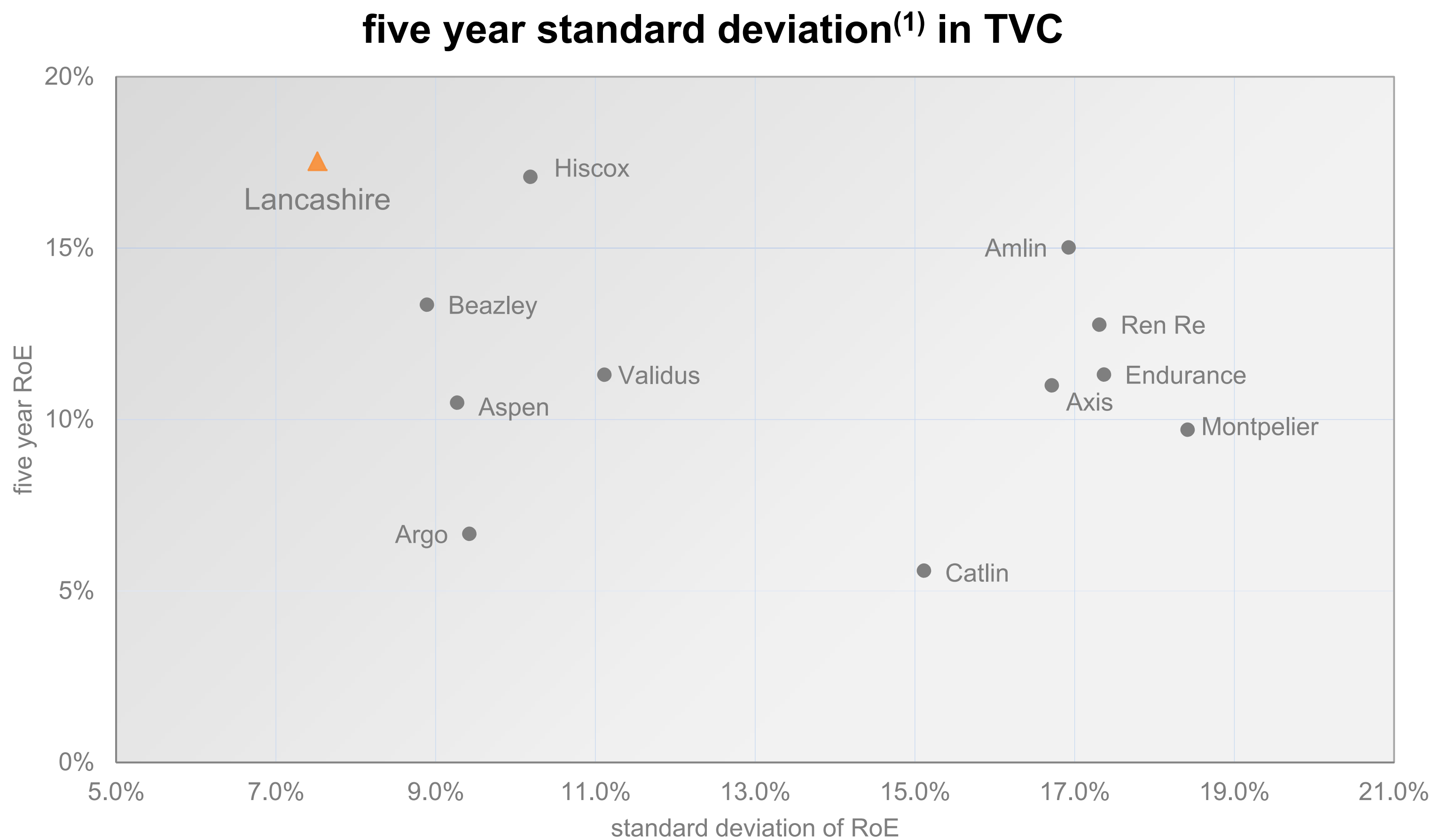
consistency: total value creation (TVC)



- Lancashire has one of the best performances and yet the lowest volatility versus peers
- Evidence of adherence to business plan and strong risk management

(1) Standard deviation is a measure of variability around the mean

(2) Compound annual returns for Lancashire and sector are from 1 January 2008 through 31 December 2012. RoE calculated as the internal rate of return of the change in FCBVS in the period plus dividends accrued. For Amlin, Beazley, Catlin, Hiscox and Ren Re, basic book value per share is used as FCBVS is not reported by these companies. Source: Company reports.

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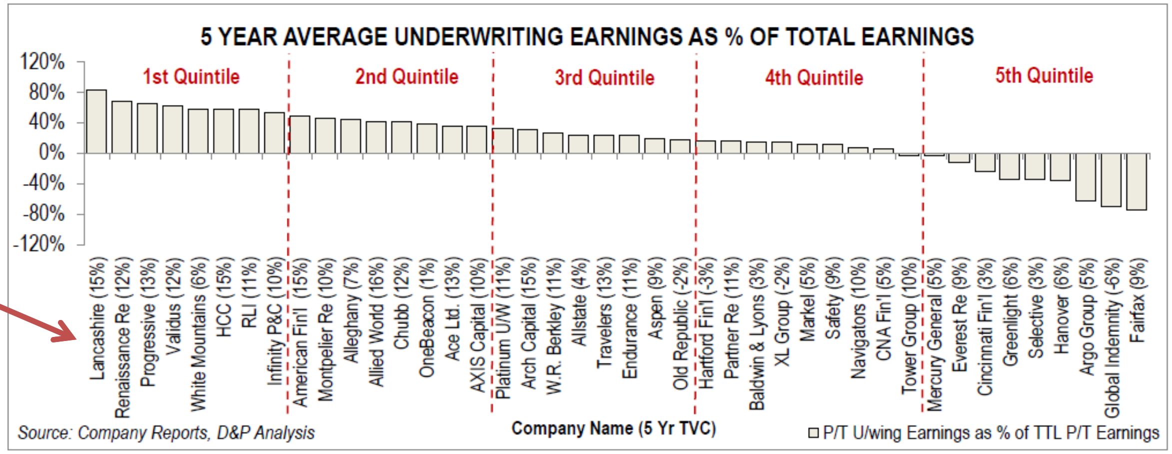
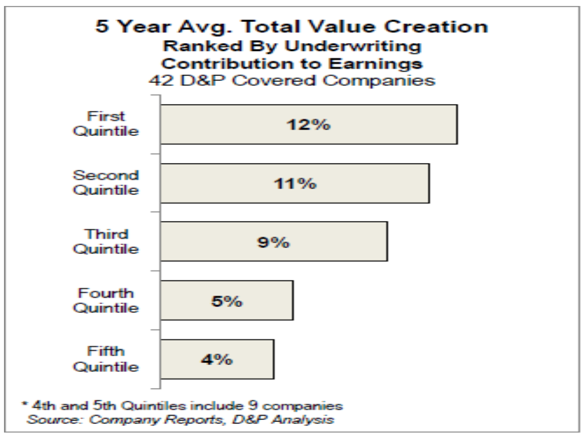
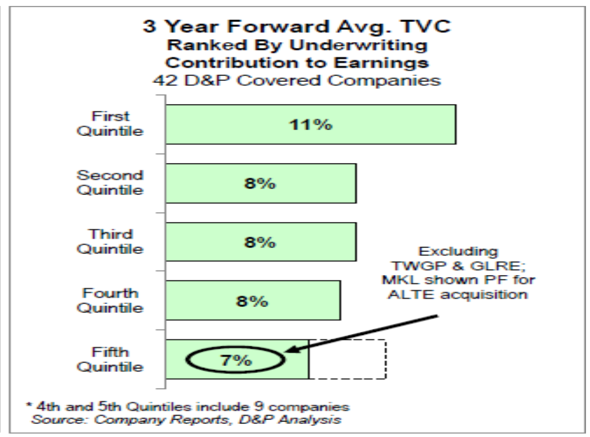
consistency: total value creation (TVC)







- With full-follow broker facilities back in the spotlight, Lancashire’s commitment to underwriting remains unchanged
- Five new underwriting hires in 2013 including a new head of energy and marine
- Why? Because we really believe that underwriting comes first; because underwriting drives value creation

Source: Dowling and Partners

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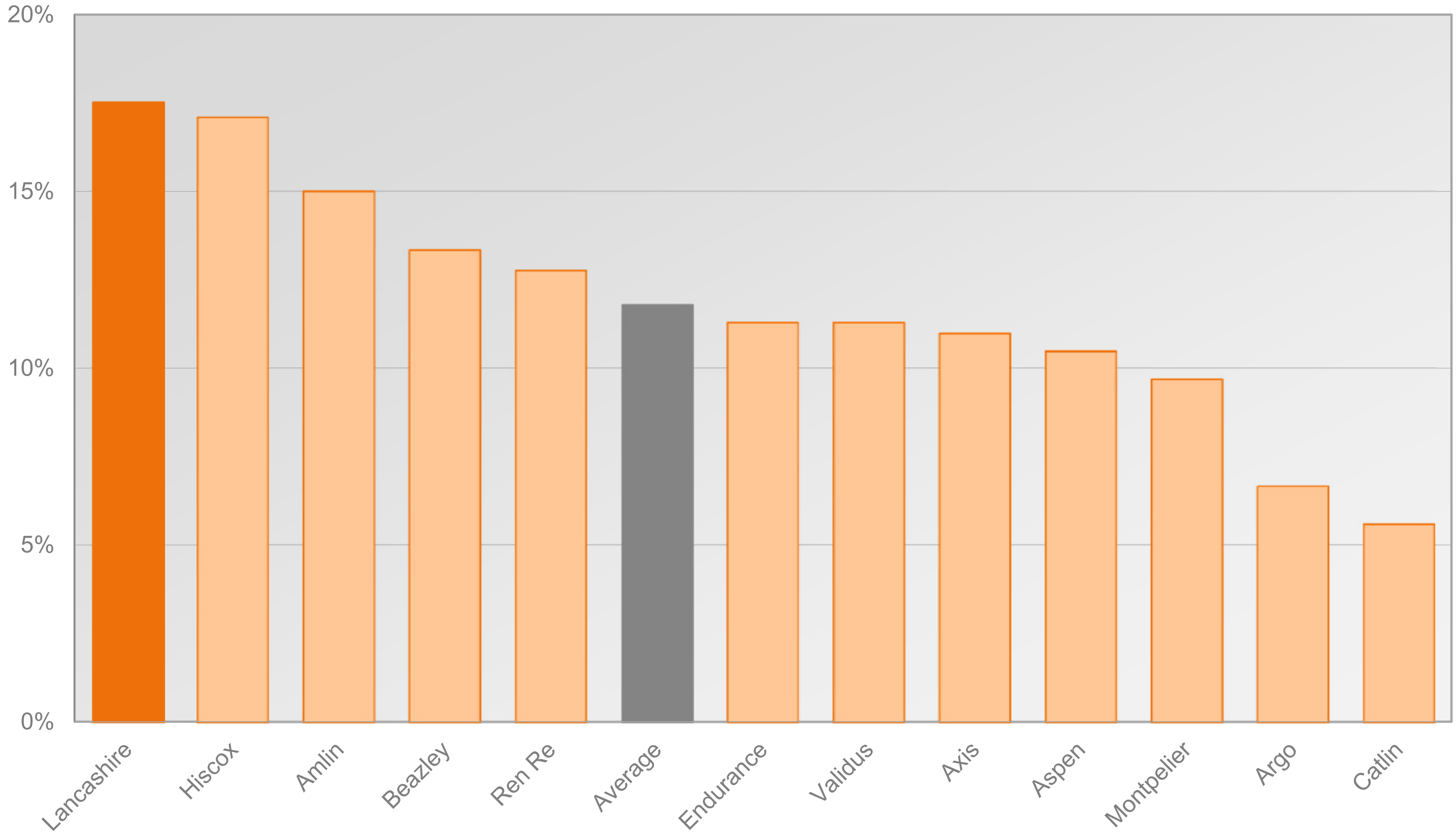
consistency: long-term performance vs peers [1]

5 year compound annual RoE [2]



[1] Peer group as defined by the Board.
[2] Compound annual returns for Lancashire and sector are from 1 January 2008 through 31 December 2012. RoE calculated as the internal rate of return of the change in FCBVS in the period plus dividends accrued. For Amlin, Beazley, Catlin, Hiscox and Ren Re basic book value per share is used as FCBVS is not reported by these companies. Source: Company reports.

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consistency: exceptional underwriting performance

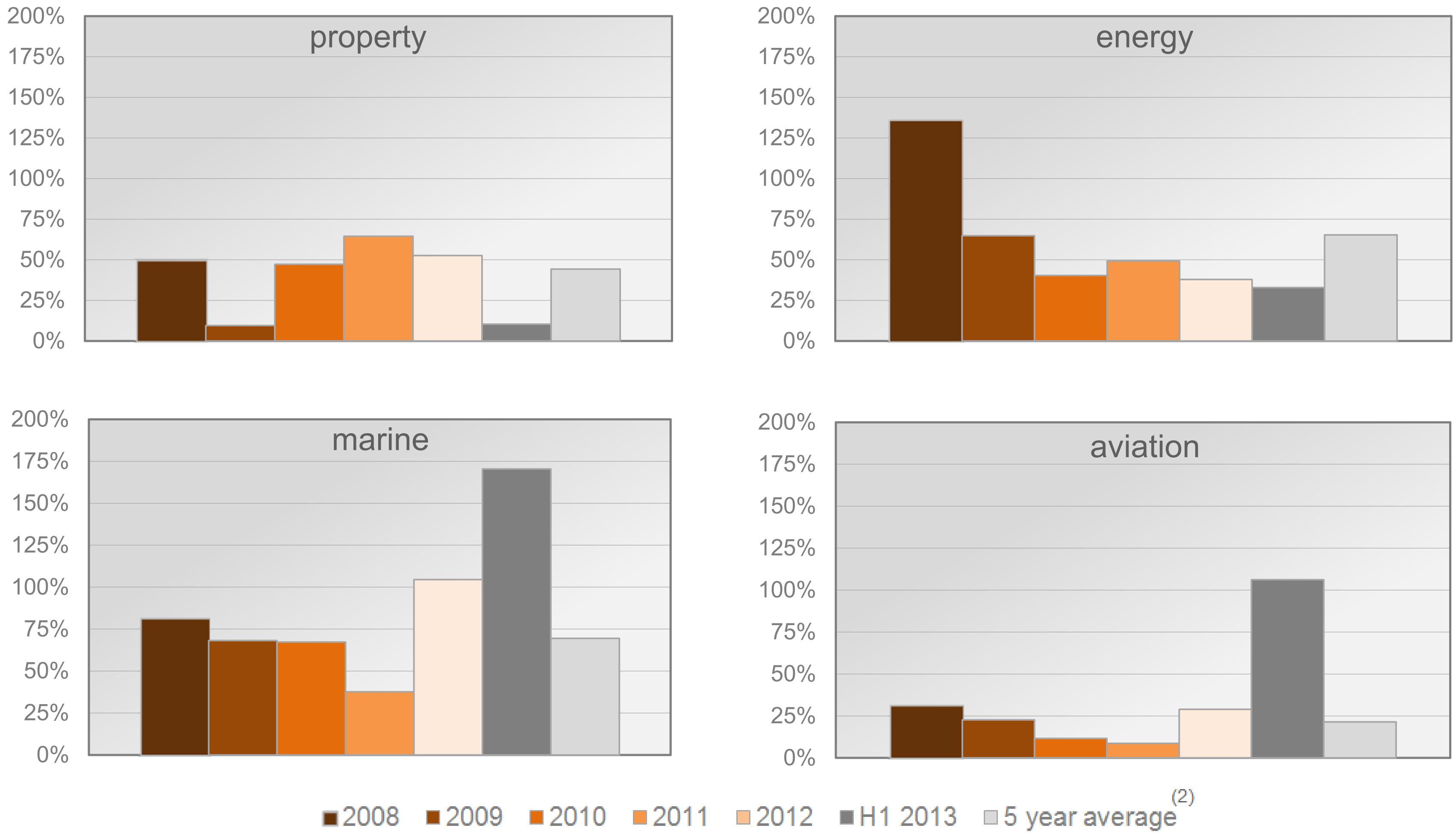
	2008	2009	2010	2011	2012	5 year average (1)	H1 2013
Loss ratio	61.8%	16.6%	27.0%	31.7%	29.9%	33.5%	23.5%
Acquisition cost ratio	16.4%	17.8%	17.3%	19.6%	20.5%	18.3%	22.1%
Expense ratio	8.1%	10.2%	10.1%	12.4%	13.5%	10.8%	13.2%
Combined ratio	86.3%	44.6%	54.4%	63.7%	63.9%	62.6%	58.8%
Sector combined ratio(2)	88.8%	78.3%	88.2%	108.6%	90.7%	91.7%	82.0%
Lancashire out-performance	2.5%	33.7%	33.8%	44.9%	26.8%	29.1%	23.2%

(1) 5 year average based on 2008 to 2012 reporting periods. Lancashire ratios weighted by annual net premiums earned. Annual sector ratios are weighted by annual net premiums earned for the companies reported over five years.

(2) Sector includes Amlin, Argo, Aspen, Axis, Beazley, Catlin, Endurance, Hiscox, Montpelier, Renaissance Re and Validus. H1 2013 combined ratios for Amlin, Argo, Catlin and Endurance not available at time of report. Source: Company reports.

consistency: exceptional underwriting performance

combined ratio by operating segment [1]



[1] The combined ratio by operating segment is the net loss ratio plus the net acquisition cost ratio. The expense ratio is not included.
[2] The 5 year average is a weighted average of the combined ratios from 1 January 2008 to 31 December 2012.

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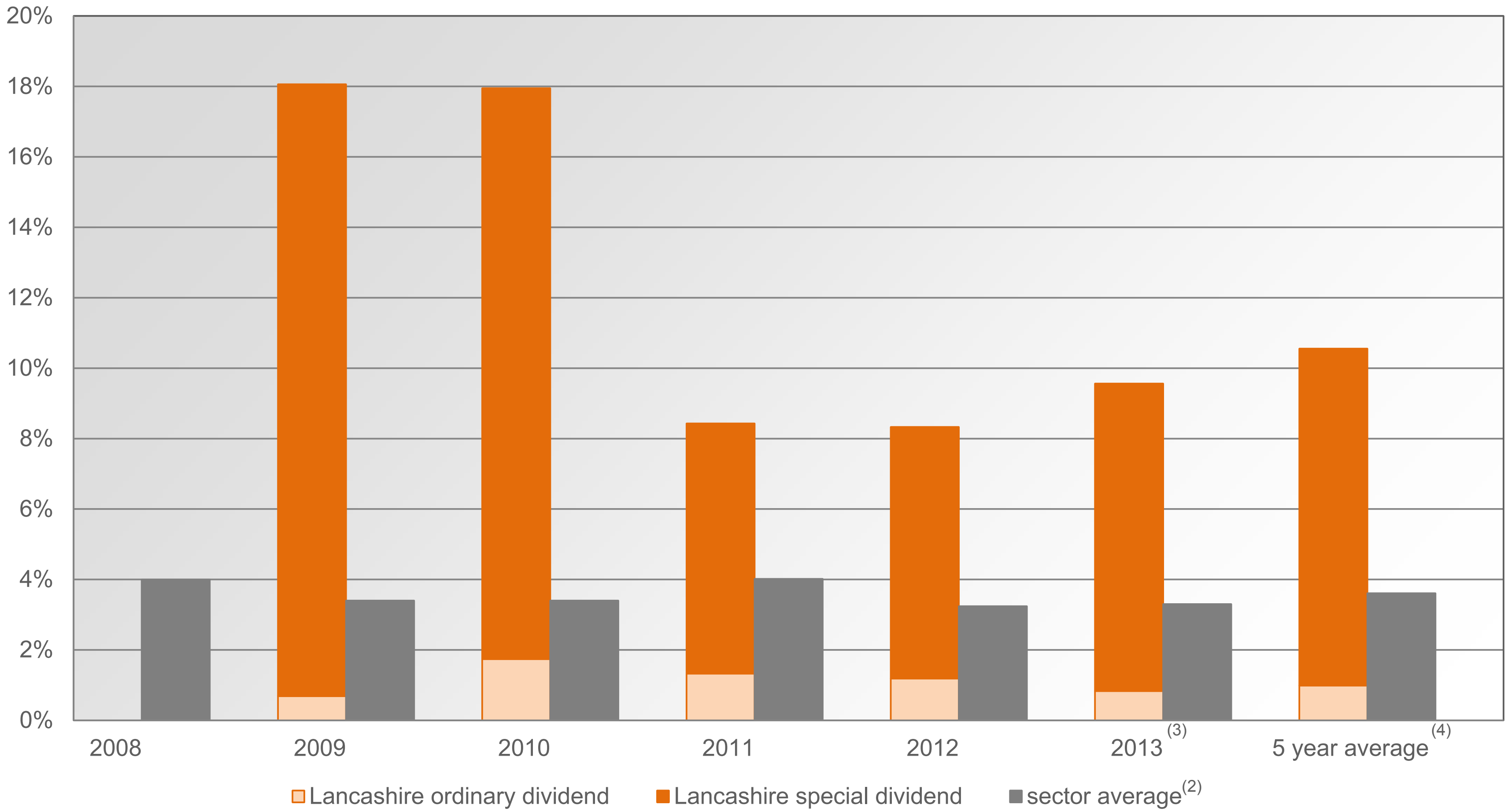
consistency: dividend yield [1]



[1] Dividend yield is calculated as the total calendar year cash dividends divided by the year end share price. Dividends include recurring dividends, special dividends and B shares issuances.

[2] Sector includes Amlin, Argo, Aspen, Axis, Beazley, Catlin, Endurance, Hiscox, Montpelier, Renaissance Re and Validus.

[3] Estimated 2013 dividend yield is calculated as the total dividends declared in H1 2013 divided by the share price at 30 June 2013. Source: Bloomberg.

[4] 5 year average based on the 2008 to 2012 reporting periods.

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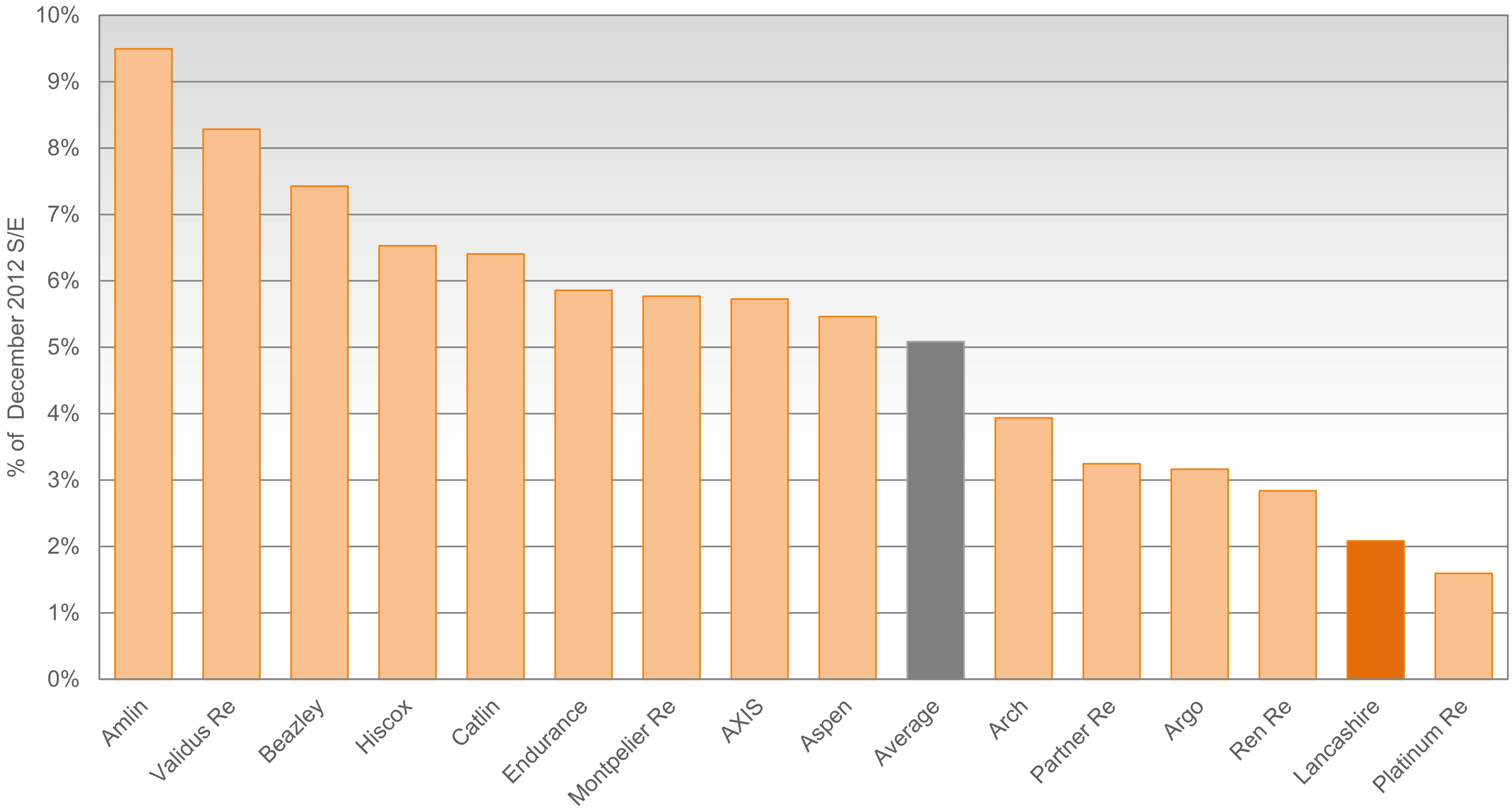
performance in recent cat events

Sandy loss as a % of 2012 shareholders equity [1]



[1] As of 1 May 2013. Source: Company reports.

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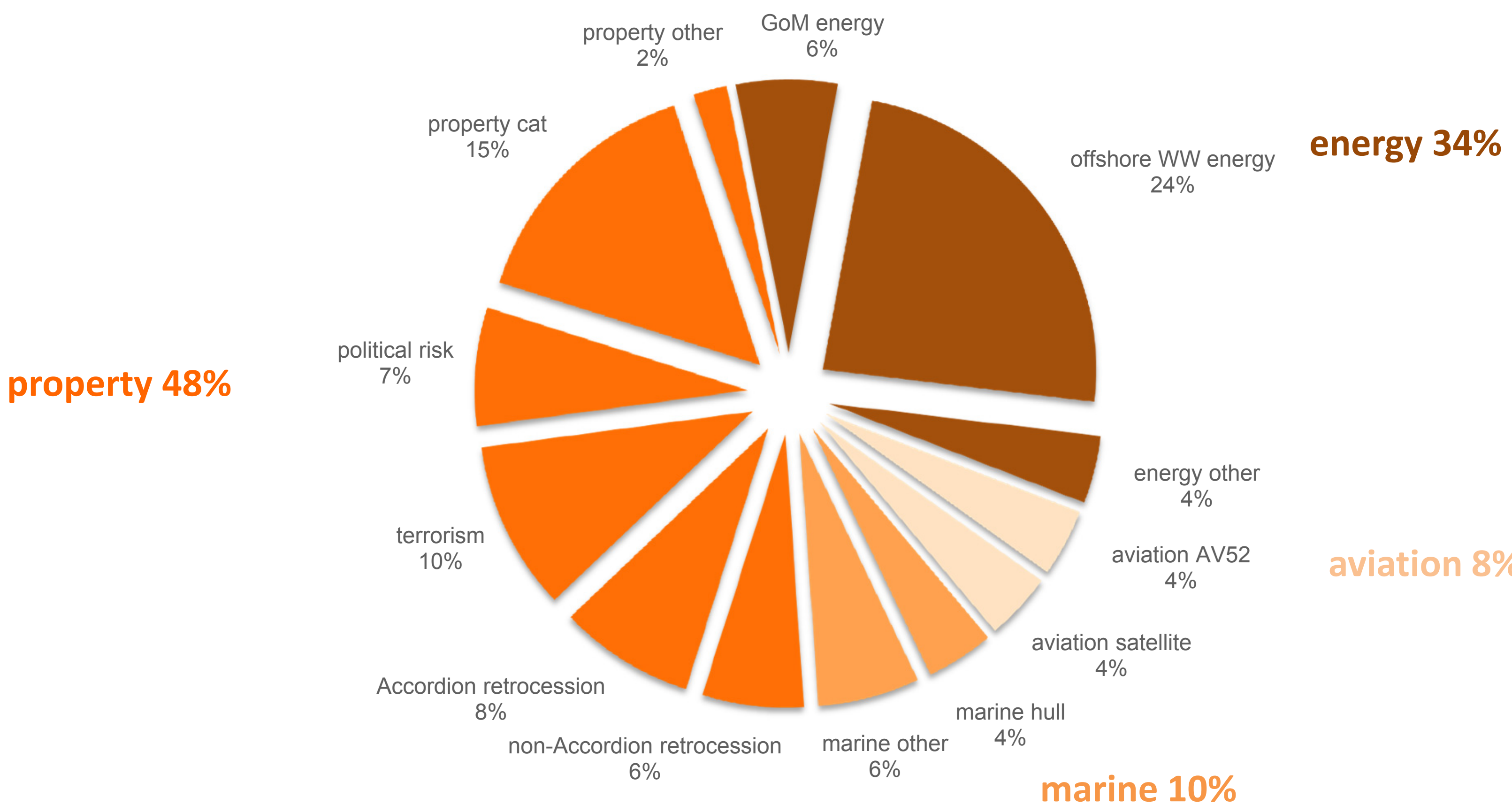
70% insurance 30% reinsurance 34% nat-cat exposed 66% other



Based on 2013 reforecast as of 18 July 2013. Estimates could change without notice in response to several factors, including trading conditions.

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underwriting comes first

appropriate mix of technology and culture

Micro – UMCC [1]

- Daily underwriting call – management awareness
- Collegiate approach – cross class/many sets of eyes
- Multiple pricing assessments/PML impact analysis/soft factors
- No premium targets
- Underwriters compensated on Group RoE
- Close involvement of actuarial and modeling departments

Macro – RRC [2]

- Fortnightly review with underwriters, finance, operations, risk & actuarial departments
- Risk levels monitored regularly versus internal tolerances and preferences
- Simple platform structure enables frequent comprehensive analysis of risk and reward drivers, strategic realignment on a real time basis
- "BLAST" internal model: ReMetrica platform with Lancashire custom features
- Optimisation focus to improve risk:return of portfolio and allocate capital efficiently
- Cat and non-cat modeling performed

Reinsurance: buy risk protection to protect volatility in earnings. Opportunistic purchases where available.

[1] Underwriting & marketing conference call
[2] Risk & return committee

underwriting comes first: property catastrophe reinsurance

mitigating impact of falling rates

- Utilising a modified line size matrix – weighted so that larger capacity deployed on bigger programmes
- New private layers
- New capacity only to those territories where pricing is still attractive

ability to compete

- Multi year capacity / Reinstatement
- Willing to offer more multi-layer support to the programme where pricing is adequate but always expose largest capacity to top layers
- Travel to clients and brokers
- We provide transparency, good service, quick turnaround and excellent claims service

outlook

Cat XL – USA

- Pricing remains adequate overall and was helped by Sandy at 1 Jan but has softened significantly through the year
- New entrants into the regional U.S. market
- Pockets of limited opportunity in January post Sandy – Regional NE
- Very limited Florida exposure

Cat XL – Asia

- Japan – development of key relationships and core clients
- Solid April 2013 renewal season with additional regional development and relationships, rating still held strong post Tohoku Earthquake loss

Cat XL – Rest of world

- Targeted growth in Europe with carefully selected partners at very good levels
- Australasia – top end capacity deployed regionally to avoid lines correlating in the same event – also avoid giving NZ aggregate away in Australian placements

cumulative rate index and RPIs

Class	2006	2007	2008	2009	2010	2011	2012	**H1 2013**
Property catastrophe reinsurance	100	100	97	100	92	100	116	**118**

Year to date RPI observations

- US primary RI rates; nationwide rates off 5 – 10%
- April 2013 Japanese renewals orderly with minor reductions offset by new purchases

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underwriting comes first: energy

mitigating impact of falling rates

- We write the risks with large limit requirements which more insulated from the lows of rating trend
- Relatively low attritional loss ratios
- Avoid middle market risks, with low limits which are more susceptible to competition
- GOM book predominately cat only
- Organic growth within the industry helps maintain premium levels

ability to compete

- Large lines make us relevant and dangerous as a quoting market to other brokers
- We have the ability and willingness to lead business
- We provide transparency, good service, quick turnaround and excellent claims service
- We have developed direct client relationships that overarch broker relationships
- We write our own layers not lead by Lloyd's capacity
- Offering excess third party liability capacity protects signings on risk packages

outlook

Gulf of Mexico

- Stable market outlook for deepwater assets
- Demand from deepwater clients remains
- Looking to lock in pricing with a limited number of selected longer term contracts at historic highs

Worldwide offshore

- Still very profitable for Lancashire as a class
- Capacity remains at all time highs but so do limit requirements
- 2013 rates subject to small reductions BUT rates close to 2006 rates following 4 years of rises

Excess Third Party Liabilities

- A small selective portfolio
- The one area of the energy market experiencing a positive rating trend

New hire James Flude as head of energy and marine will bring new opportunities & relationships

cumulative rate index and RPIs

Class	2006	2007	2008	2009	2010	2011	2012	**H1 2013**
Energy Gulf of Mexico	100	80	64	137	139	140	140	**135**
Energy Worldwide Offshore	100	80	68	84	88	97	100	**98**

Year to date RPI observations

- Gulf of Mexico wind pricing coming under some slight pressure but reductions in deepwater rates much less than shallow water rates as larger limits required for deepwater helps maintain market discipline
- Worldwide offshore rating environment also under some pressure

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underwriting comes first: property terrorism and political violence

mitigating impact of falling rates

- Have hired two new graduates to free up team to spend more time marketing
- TRIPRA uncertainty creating a lot more deal flow
- Incidents and uptick in lending creating new opportunities
- Deploy some smaller subscription capacity on lower layers for preferred business
- Being pragmatic and sticking with the core book

ability to compete

- Large lines make us relevant and dangerous as a quoting market to other brokers
- We have the ability and willingness to lead business
- We provide transparency, good service, quick turnaround and excellent claims service
- We have developed direct client relationships that overarch broker relationships
- We write our own layers not led by Lloyds capacity

outlook

Terrorism

- More competition with new capacity BUT demand still strong with a good flow of new business opportunities
- Monitoring TRIPRA renewal negotiations for potential opportunities

cumulative rate index and RPIs

Class	2006	2007	2008	2009	2010	2011	2012	**2013**
Terrorism	100	86	71	66	60	57	55	**53**

Year to date RPI observations

- Terrorism rates generally down but very variable as to quantum

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underwriting comes first: property sovereign & political risk

mitigating impact of falling rates

- Have hired two new graduates to free up team to spend time marketing
- Large demand for Political Risk and Sovereign products across territories represented by a continued strong submission flow
- Demand driven by increased perception of threat of Political and Sovereign Risk from events such as the Arab Spring
- Increased client awareness of the importance of the PR/Sovereign insurance products in providing regulatory and capital relief and balance sheet protection
- Growing client bases in areas such as the Asia-Pacific and Americas regions
- Lancashire reaping the benefit of early work in creating a market presence and developing strong client and broker relationships, especially on the Sovereign side.

ability to compete

- Large lines make us relevant and dangerous as a quoting market to other brokers
- We have the ability and willingness to lead business
- We provide transparency, good service, quick turnaround and excellent claims service
- We have developed direct client relationships that overarch broker relationships
- We write our own layers not lead by Lloyds capacity
- Lancashire's tenor and non-trade related capabilities are in demand from our clients and provide us with opportunities that other markets are unable to consider

outlook

Political Risk / Sovereign Risk

- Strong demand especially Asia, Africa
- Capacity at same level but certain territories seeing aggregate pressures which are pushing rates up marginally
- Now on all key investment bank security lists and clearly defined appetite expect good growth going forward
- Applying to join Berne Union

cumulative rate index and RPIs

- Political & Sovereign risk broadly flat but varies from territory to territory

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underwriting comes first: marine

mitigating impact of falling rates

- Low attritional loss ratio as we write sizeable share of ancillary classes such as Marine war, breaches (piracy), MII, MAP
- We write the risks with large limit requirements which more insulated from the lows of rating trend in respect of Hull
- Generally for our portfolio rates are stable

ability to compete

- Large lines make us relevant and dangerous as a quoting market to other brokers
- We have the ability and willingness to lead business
- We provide transparency, good service, quick turnaround and excellent claims service
- We have developed direct client relationships that overarch broker relationships

outlook

Marine

- Attractive niche opportunities
- Still too much capacity for small to medium tonnage increases
- P&I rates have increased substantially on loss affected accounts
- Hired an experienced individual to work with new head of energy and marine to ensure deal flow in our preferred portfolio

cumulative rate index and RPIs

Class	2006	2007	2008	2009	2010	2011	2012	**H1 2013**
Marine	100	88	80	82	80	79	86	**91**

Year to date RPI observations

- Hull and IV rates under competitive pressure
- P&I rates increased at February 2013 renewals
- Costa Concordia main reason for uptick in 2012
- War & Builders risk rates under competitive pressure as marine underwriters look to adjust their portfolios to towards the more profitable sub-classes

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underwriting comes first: aviation & satellite

mitigating impact of falling rates

AV52

- Leadership and line size allow us to set terms and manage rate softening
- No attritional losses
- Leadership and line size means we see all major risks and new business

Satellite

- Tenor gives us a competitive edge

ability to compete

- Large lines make us relevant and dangerous as a quoting market to other brokers
- We have the ability and willingness to lead business
- We provide transparency, good service and quick turnaround
- This class is exempt from one of the major broker/underwriter quota share facilities

outlook

Aviation

- Market still seeing downward pressure as capacity for AV52 remains at all time high
- Risk profile remains attractive and passenger numbers picking up
- Re-entered satellite market with new launch/extended orbit coverage with stable outlook

cumulative rate index and RPIs

Class	2006	2007	2008	2009	2010	2011	2012	**2013**
Aviation (AV52)	100	80	69	68	62	59	55	**50**

Year to date RPI observations

- Moderate rate reductions continue in AV52
- Main renewal season in November

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underwriting comes first: Kinesis

the Vehicle

- Kinesis Re newly formed special purpose vehicle
- Established to write reinsurance business on a fully collaterised basis
- Looking for initial funding of between $300m to $500m
- Key individuals Darren Redhead (Ex DE Shaw) & Mathieu Marsan (Ex Pentelia Capital management)
- Targeting fees similar to Saltire, dependent on product
- Lancashire will have an investment in the fund

demand

- Collaterised Multi-Class market approximately $10bn of total limit
- No meaningful seller of multiclass collateralised capacity
- Cedants brokers increasingly seeking solutions for both severity and frequency
- Pricing is most attractive in short tail collateralised reinsurance particularly multi class
- Demand for capital relief products

core

Core

- Modified Saltire product
- Saltire type product incorporating aggregate elemental and non elemental bespoke covers with EL of 8 to 10%
- Post loss non marine and marine retro
- Post loss specific single shot opportunities such as JIA and Sirocco on a special draw basis

why Lancashire

- Lancashire has demonstrated sector leading combined ratio for both elemental and non elemental risks
- Weightings in non elemental specialty lines allows confidence in risk assessment and pricing innovation
- Key personnel great track record with years of experience coupled with Lancashire expertise and track record specifically in specialty non elemental lines
- Utilising Lancashire's deep understanding of specialty lines KCM is uniquely positioned to access the multi class collaterised demand in the market
- Deep access via its long standing relationships in both the industry and third party capital

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underwriting comes first: lessons learned

	What did we do; what did we learn?
Sandy 2012	• We stick to the “single peril” higher layers to avoid flood, these perils are not adequately understood, modeled or rated • Confirmation not to write D&F & Binders • Confirmed marine classes such as cargo and fine arts are not properly rated for catastrophe
Costa Concordia 2012	• Multiple influences on removal of wreck costs leading to higher loss • Bought additional reinsurance with over $40m of new limits • Exited marine ILW market as attachment points currently too low and pricing inadequate
Japan 2011	• Confirmed our small presence in the region pre loss was appropriate; we increased presence significantly post loss as we had increased confidence in actual exposures calibrated by the loss, coupled with favourable pricing increases; translates into a willingness to take on increased risk • Exited D&F class • Our modeling proved robust – roughly a 1/100 year loss for Lancashire
USA 2006 to 2012	• Above all confirmed our “single peril” approach to the U.S.; we generally prefer higher layers of regional programs where you can avoid the flood, brush fire, hail and tornado losses • Calibrated our exposures on some of the Mid-Atlantic programs where we participate on higher layers; no appetite to move lower • Opened up the Farm Bureau business where clients bought a lot more cover • Exited D&F class
Thailand 2011	• Improved tracking of CBI and Flood exposures added to our underwriting system • Exited D&F class • Wrote JIA renewals at large rate rises and with restrictions on coverage
Ike 2008	• Don’t over rely on models: Shelf loss approximately 20% of actual loss, deepwater assets performed as expected. F.L.O.A.T. implemented. Exited majority of the shelf insurance assets • Engineers as well as modelers under-estimated the wave duration impact, Business Interruption drives volatility

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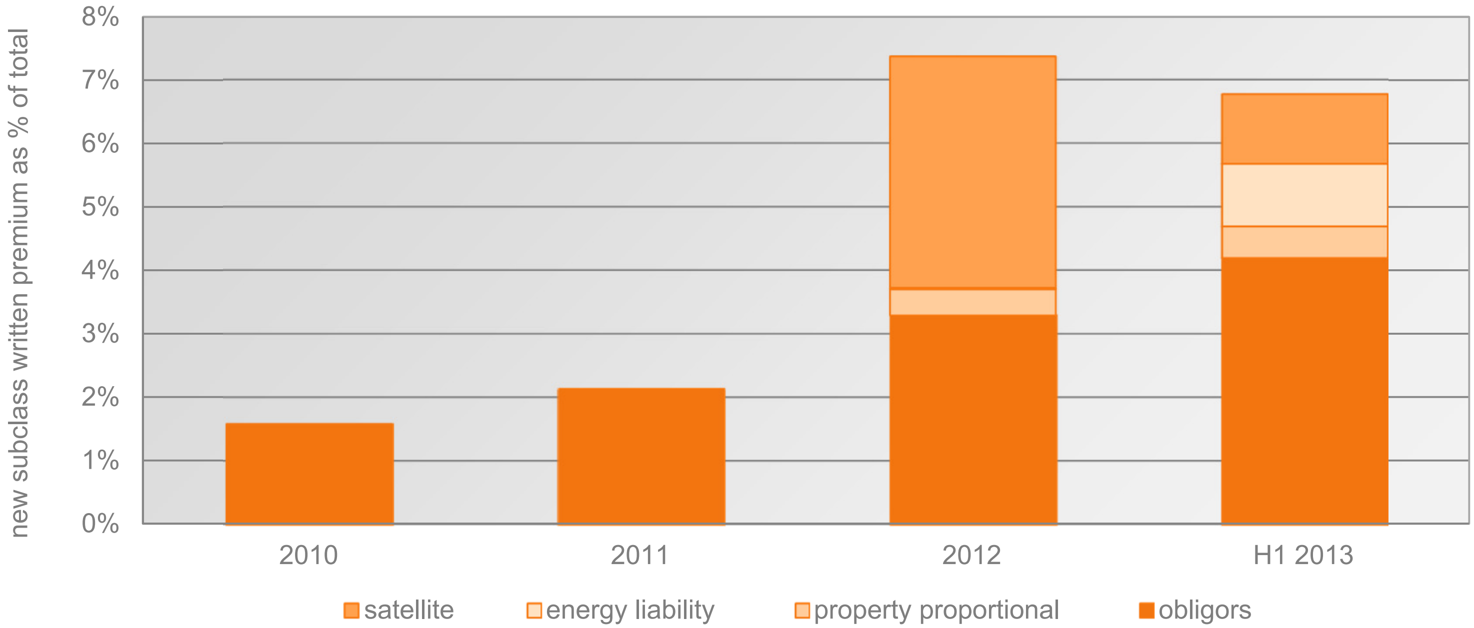
underwriting comes first: we stick to our knitting BUT we can adapt our expertise to new lines



- Obligors - uses same analysis elements as political risk; country, counterparty, industry, geo-political
- Property proportional - allied to and supports the same clients as the Japanese Cat XL portfolio
- Energy liability - same client base as risk portfolio and attaching in Deepwater-type scenario
- Satellite - same broking houses/teams as aviation, previously written up to 2008

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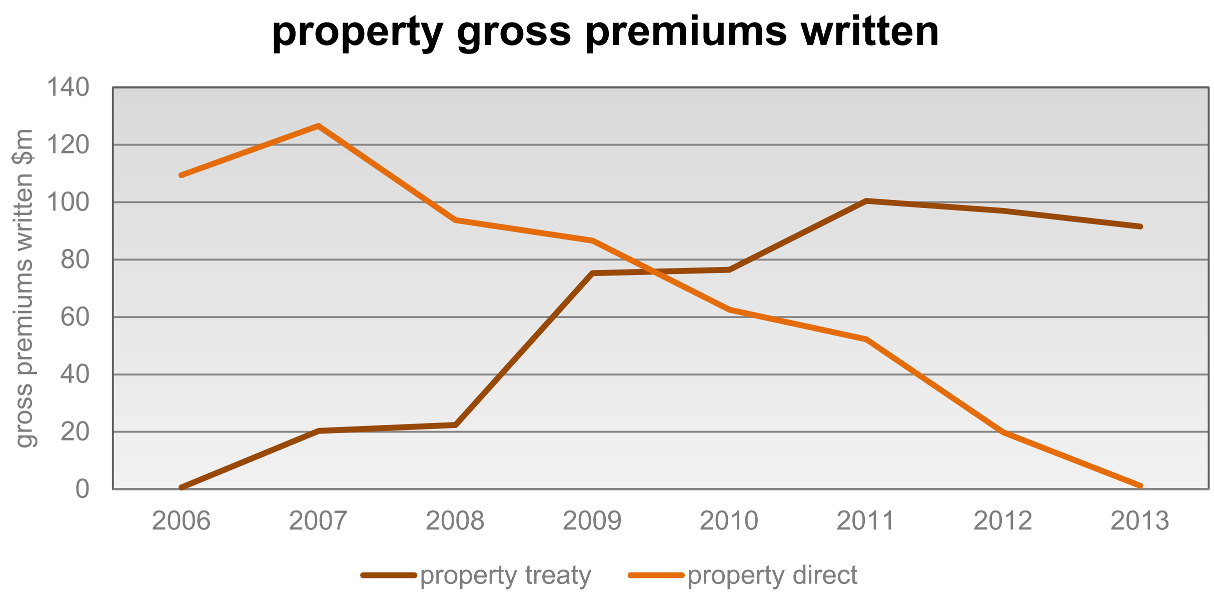
underwriting comes first: how property D&F has been replaced by property catastrophe



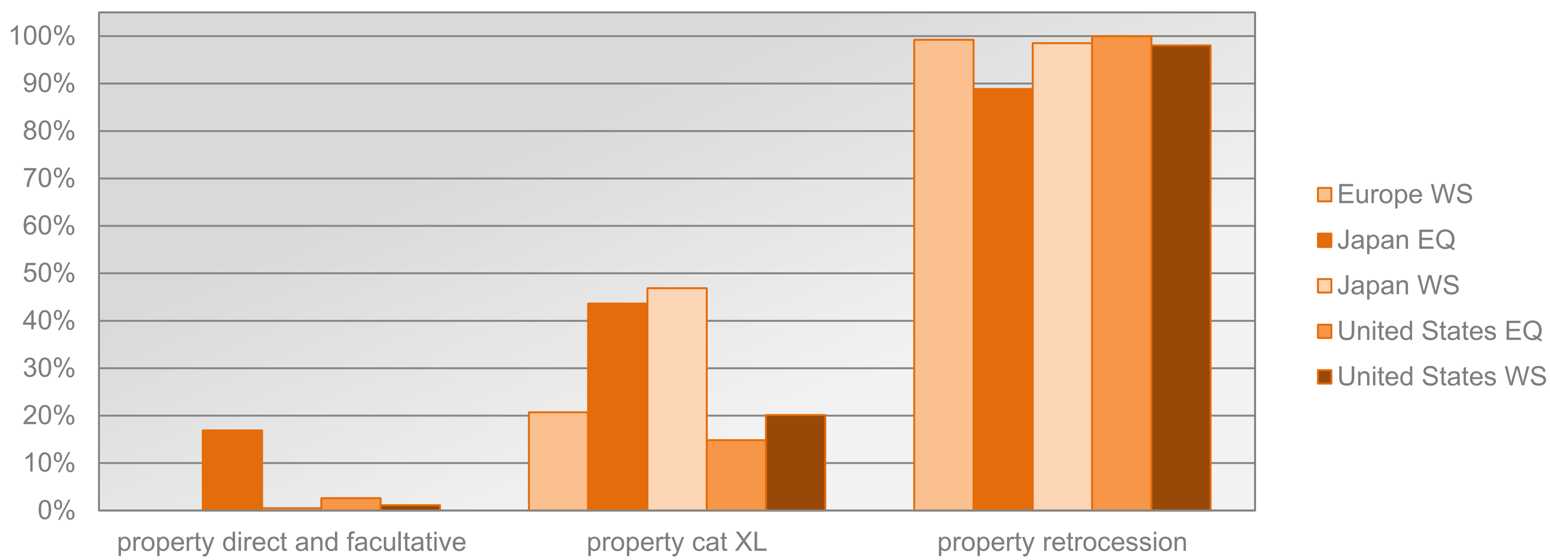
- 2006/7 – Dislocated D&F market allowing swift entry for start-up phase
- 2008/9 – Stabilising markets in D&F, opportunity to build Cat XL post-Ike
- 2009/11 – Increasing use of BLAST and RRC to analyse relative metrics – ROE and parameter risk
- 2012/13 – Run off D&F, build out Cat XL

underwriting comes first: how this helps to optimise the portfolio

- D&F accounted for 32% of Lancashire's Tohoku EQ Loss, 95% of Thai Flood Loss, 69% of Superstorm Sandy Loss

- Parameter Risk – the risk that the modelling is wrong. In the 2011 year pre-D&F run-off;
  - Lancashire's D&F 100 year PML ranges from <1% to 3% of maximum exposure for all perils except Japan EQ
  - Cat XL 100 year PML ranges from 15% to 47% of maximum exposure
  - Retro 100 year PML ranges from 89% to 100% of maximum exposure

100 yr PML / Max Exposure as at July 2011 by Class



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effectively balance risk and return

zones	perils	100 year return period $m (% of capital) [1]	250 year return period $m (% of capital) [1]
gulf of mexico [2]	hurricane	243 (16%)	367 (24%)
california	earthquake	78 (5%)	195 (13%)
pacific northwest	earthquake	16 (1%)	140 (9%)
pan-european	windstorm	170 (11%)	263 (17%)
japan	earthquake	135 (9%)	255 (17%)
japan	typhoon	105 (7%)	245 (16%)

THE GROUP HAS DEVELOPED THE ESTIMATES OF LOSSES EXPECTED FROM CERTAIN CATASTROPHES FOR ITS PORTFOLIO OF PROPERTY AND ENERGY CONTRACTS USING COMMERCIALLY 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.

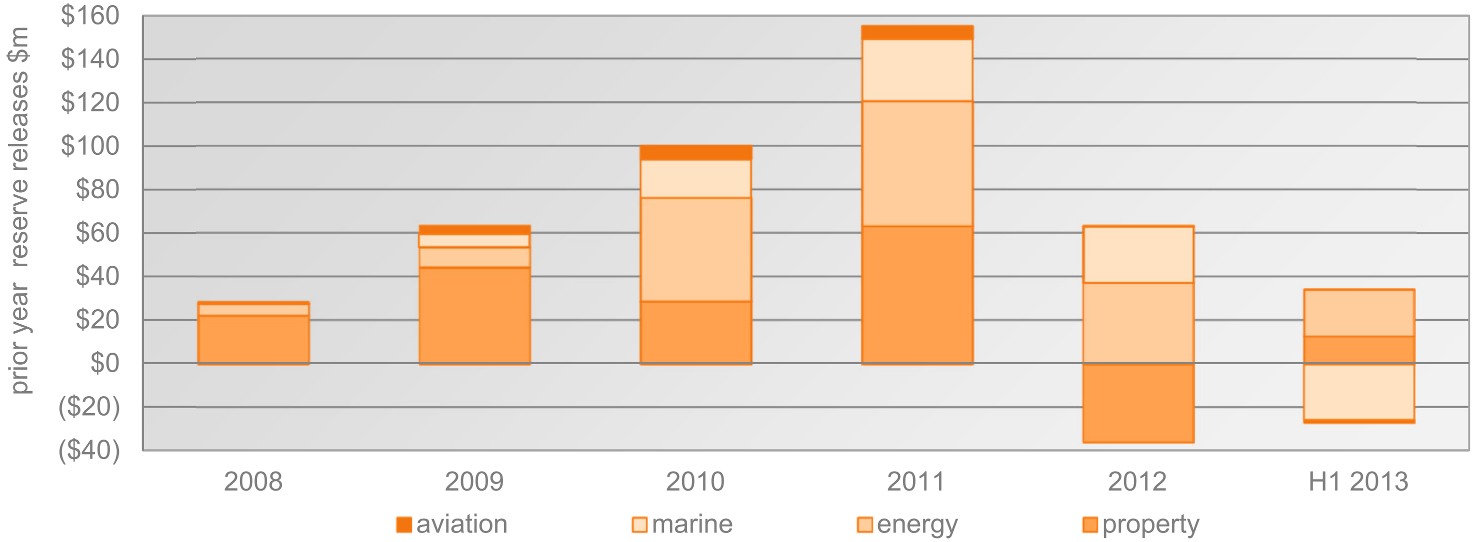
THE ESTIMATES OF LOSSES ABOVE ARE BASED ON ASSUMPTIONS THAT ARE INHERENTLY SUBJECT TO SIGNIFICANT UNCERTAINTIES AND CONTINGENCIES. IN PARTICULAR, MODELED LOSS ESTIMATES DO NOT NECESSARILY ACCURATELY PREDICT ACTUAL LOSSES, AND MAY SIGNIFICANTLY DEVIATE FROM ACTUAL LOSSES. SUCH ESTIMATES, THEREFORE, SHOULD 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] Estimated net loss as at 1 July 2013.

[2] Landing hurricane from Florida to Texas.

effectively balance risk and return: reserve adequacy

consistent favourable reserve development



- Reserving record has demonstrated conservative reserving
  - 2006 accident year developed favourably by 35.3% so far
  - 2007 accident year developed favourably by 47.9% so far
  - 2008 accident year developed favourably by 24.7% so far
  - 2009 accident year developed favourably by 60.2% so far
  - 2010 accident year developed favourably by 31.6% so far
  - 2011 accident year developed favourably by 12.3% so far
  - 2012 accident year developed favourably by 1.5% so far
- Adverse property development in 2012 mainly due to Thailand flood loss development – further support for D&F exit
- Being an insurer (70% of reforecast premium) rather than a reinsurer means we get much better loss data, in a more timely manner
- Towers Watson review reserves every six months
- Reserve duration is approximately two years

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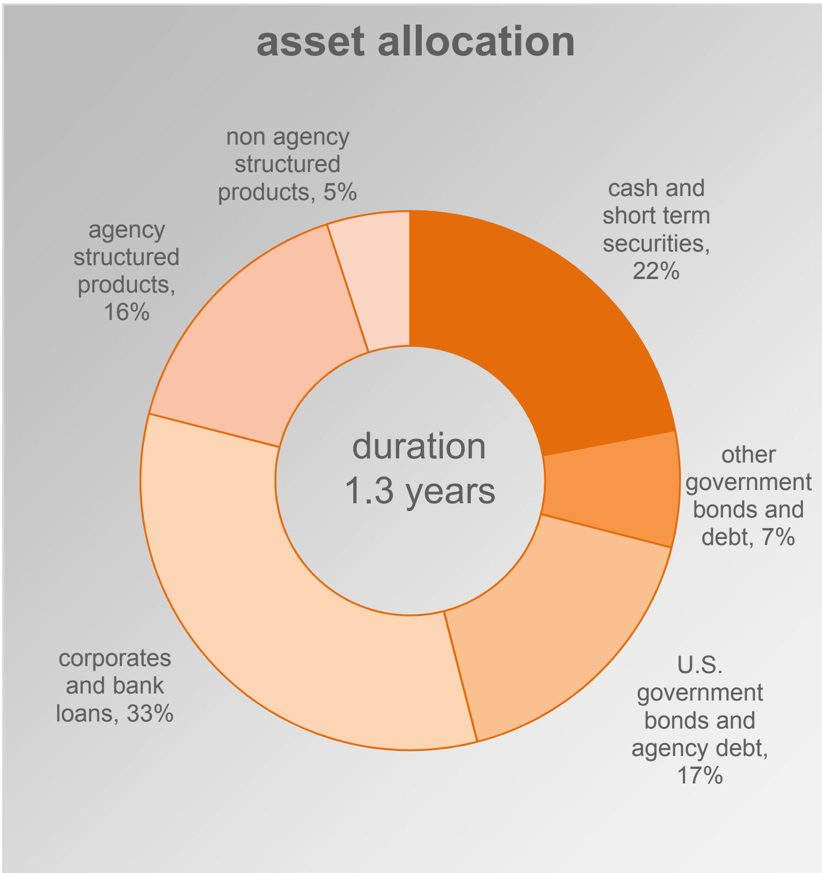
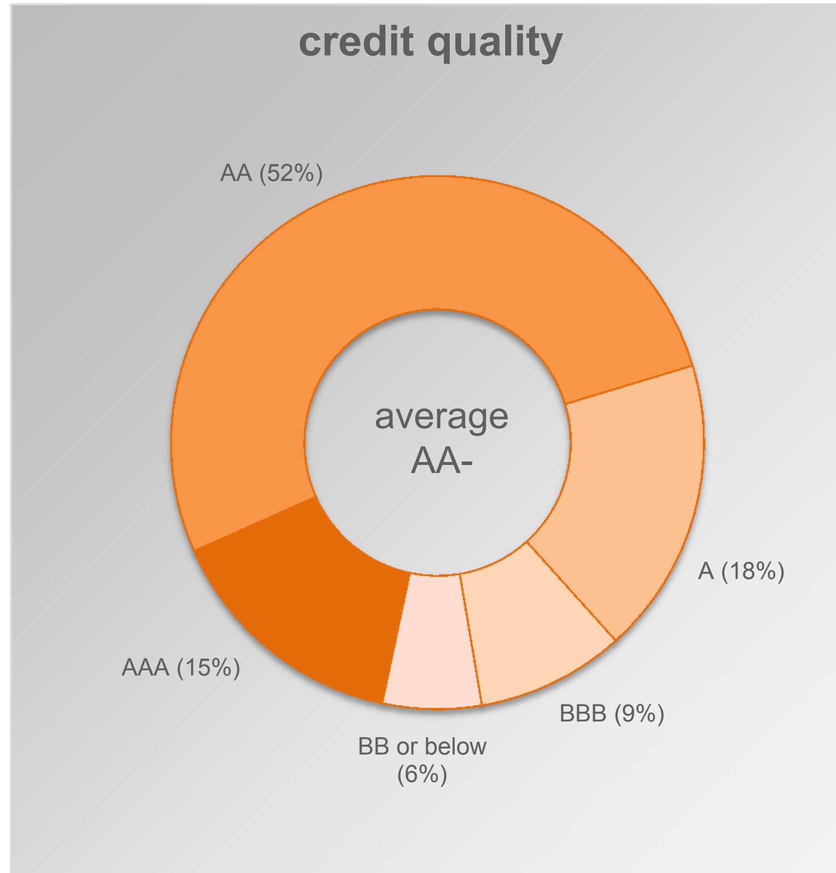
effectively balance risk and return

capital preservation





- Total portfolio at June 30, 2013 = $1,995m

effectively balance risk and return: conservative investment philosophy

- **Our market outlook remains subdued:**
  - With mixed economic news out of the U.S., and the markets' swift reactions to the Federal Reserve's statements, volatility continues to be the headline for the remaining half of the year
  - China's lower expected growth continues to affect global growth and central bank policies around the world, leaving policy mistakes as a considerable risk in the global economy

- **Preservation of capital continues to be paramount and we will focus on interest rate risk**
  - Maintain reduced investment portfolio duration, despite low yields
  - Increased exposure to floating rate notes
  - Implementation of tail risk hedge:
    - ✓ In the first six months of 2013, derivative instruments were purchased and sold to protect the investment portfolio from a rapid rise in interest rates
    - ✓ In Q2 the swaptions strategy contributed 0.3% of positive return, mitigating the losses in that quarter
  - Continue monitoring risk/return trade off in the portfolio:
    - ✓ Maintain a balance between interest rate duration and credit spread duration to neutralise the movements between the risk on /risk off trade environment
  - Continue to manage investment "Realistic Loss Scenarios" ("RLS")
    - ✓ Monitor "risk on" and "risk off" performance
    - ✓ Market neutral positioning
    - ✓ Define risk appetite and preferences

operate nimbly through the cycle

proven record of active capital management

	2007 $m	2008 $m	2009 $m	2010 $m	2011 $m	2012 $m	2013 $m	total $m
share repurchases	100.2	58.0	16.9	136.4	-	-	-	311.5
special dividends [1]	239.1	-	263.0	264.0	152.0	172.6	201.4	1,292.1
ordinary dividends – interim [1]	-	-	10.5	9.4	9.5	9.6	9.6	48.6
ordinary dividends – final [1]	-	-	-	20.8	18.9	19.2	19.2	78.1
total	**339.3**	**58.0**	**290.4**	**430.6**	**180.4**	**201.4**	**230.2**	**1,730.3**
average price of share repurchase [2]	102.2%	88.4%	98.5%	97.9%	n/a	n/a	n/a	97.6%
weighted average dividend yield [3]	15.2%	n/a	18.1%	18.0%	8.4%	8.3%	9.9%	n/a

176.8% of original share capital has been returned to shareholders

(1) Dividends included in the financial statement year in which they were recorded.

(2) Ratio of price paid compared to book value.

(3) Dividend yield is calculated as the total calendar year cash dividends divided by the year end share price. 2013 dividend yield is based on the share price at 30 June 2013.

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conclusion

- **Lancashire has one of the best performances and yet the lowest volatility in the London and Bermuda markets**
- **We have provided shareholders with superior returns vs. major indices**
- **We have remained true to our business plan, while adapting to market changes**
- **We have exhibited the best underwriting discipline in our peer group**
- **Our financial strength and risk management are excellent, we don't diversify because the model tells us to**
- **Management team proven and ability to add new underwriting talent demonstrated**

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