lancashire
HOLDINGS LIMITED

Underwriting comes first

Effectively balance risk and return

Operate nimbly through the cycle

Investor Presentation
Q3 2016

December 2016
www.lancashiregroup.com

Safe harbour statements

THIS RELEASE CONTAINS INFORMATION, WHICH MAY BE OF A PRICE SENSITIVE NATURE, THAT LANCASHIRE IS MAKING PUBLIC IN A MANNER CONSISTENT WITH THE EU MARKET ABUSE REGULATION AND OTHER REGULATORY OBLIGATIONS. THE INFORMATION WAS SUBMITTED FOR PUBLICATION, AT 11.00GMT ON 16TH DECEMBER 2016

NOTE REGARDING FORWARD-LOOKING STATEMENTS:

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”, “LIKELY”, “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, 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, CURRENCY EXCHANGE RATES AND SECURITIES PRICES; CHANGES BY CENTRAL BANKS REGARDING THE LEVEL OF INTEREST RATES; THE IMPACT OF INFLATION OR DEFLATION IN RELEVANT ECONOMIES IN WHICH WE OPERATE; THE EFFECT, TIMING AND OTHER UNCERTAINTIES SURROUNDING FUTURE BUSINESS COMBINATIONS WITHIN THE INSURANCE AND REINSURANCE INDUSTRIES; THE IMPACT OF TERRORIST ACTIVITY IN THE COUNTRIES IN WHICH THE GROUP WRITES RISKS; A RATING DOWNGRADE OF, OR A MARKET DECLINE IN, SECURITIES IN THE GROUP’S 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; ANY CHANGE IN UK GOVERNMENT POLICY WHICH IMPACTS THE CFC REGIME OR OTHER TAX CHANGES; AND THE IMPACT OF THE “BREXIT” VOTE AND FUTURE NEGOTIATIONS REGARDING THE U.K’S RELATIONSHIP WITH THE E.U. IN THE RECENT IN-OR-OUT REFERENDUM ON OUR BUSINESS, REGULATORY RELATIONSHIPS, UNDERWRITING PLATFORMS OR THE INDUSTRY GENERALLY.

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 Group

Sticking to the Strategy, Managing the Cycle

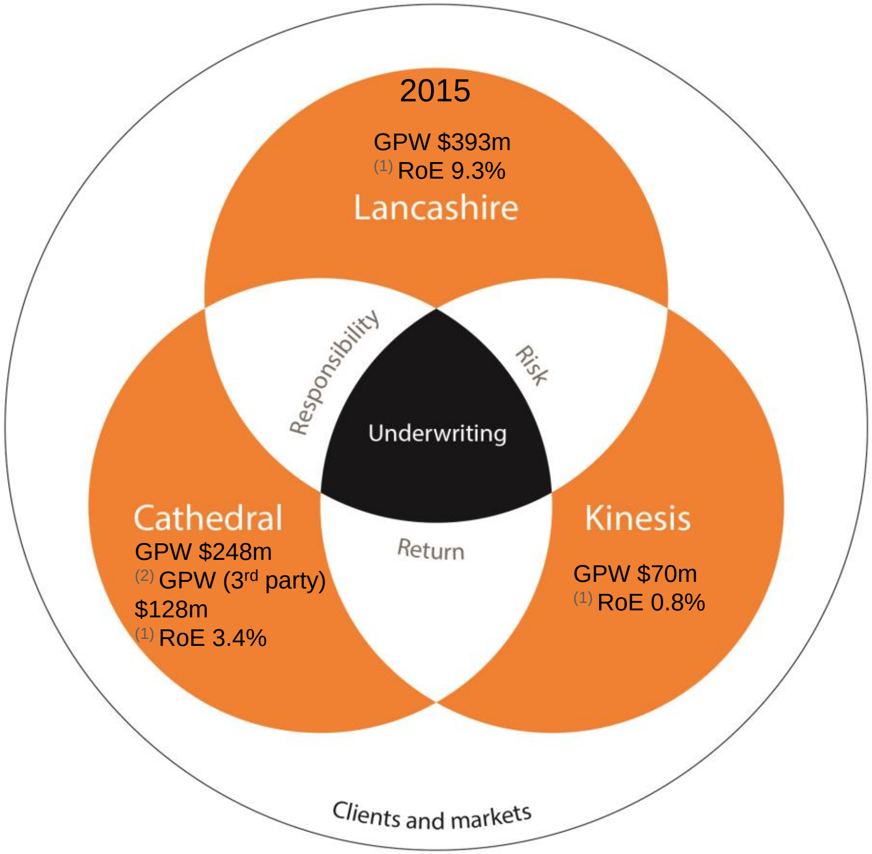
- “Lancashire's strategy since day one has always been to write the most exposure in a hard market and the least in a soft one. There are now abundant reinsurance and retrocession opportunities that allow us to maintain our core insurance and reinsurance portfolios both servicing the requirements of our clients and the broker community, whilst significantly reducing net exposures and protecting risk adjusted returns. From our peak exposures in April 2012, when losses had driven substantial market hardening, we have reduced exposures across the board. We will stick to our strategy in the knowledge that when an event comes, we are well prepared through all three of our platforms to take advantage of subsequent opportunity”

  Alex Maloney, CEO

- Lancashire’s strategy is designed to be robust across all phases of the market cycle and with Lancashire’s London and Bermuda market operations, the Kinesis and the Cathedral Lloyd’s platforms there are multiple ways to maintain or enhance the portfolio

lancashire
HOLDINGS LIMITED

Lancashire Group - The power of three platforms within one business



Lancashire

- ✓ **High layers with high deductibles** differentiate market position and drive low attritional loss ratios
- ✓ **Lower number of large contracts** and single exposures provide greater underwriting control
- ✓ Consistent strategy and transparent risk appetite make LRE the **"go to" underwriter for key brokers**

Cathedral

- ✓ **Low-severity loss exposures and smaller line sizes** drive increased diversification and rate cycle resilience
- ✓ **Lloyd's extensive global network and infrastructure** offers distribution and capital advantages
- ✓ **Long-standing client relationships**, driving good knowledge of underlying risks

Kinesis

- ✓ **Ability to scale-up opportunistically** based on market dislocations, delivering "speed to market" advantage
- ✓ **Large line multi-class reinsurance** on a collateralised basis is high in demand and with limited supply

Three platforms give Lancashire more clout in the market place.
More broker relationships, more cross selling and referral opportunities and more reinsurance purchasing power.

(1) RoE excludes the impact of warrant exercises
(2) Additional premium managed on behalf of 3rd party Names

lancashire HOLDINGS LIMITED

Lancashire Group - Proven strategy for long term success

- ✓ **Underwriting comes first**
  - Underwriting excellence is key to delivery
  - Unique underwriting approach
  - 10 year track-record of consistent combined ratio outperformance
- ✓ **Effectively balance risk and return**
  - Unique bottom-up approach
  - Active management of exposures
- ✓ **Operate nimbly through the cycle**
  - Proven ability to manage risk / return dynamic via re-underwriting, de-risking and M&A
  - Three pillar strategy enabling diversified access and rapid response to market events
- ✓ **Disciplined capital deployment**
  - Commitment to total shareholder returns, not growth and volumes
  - Track-record of active management via special dividends and buybacks

lancashire
HOLDINGS LIMITED

Overview of Lancashire: our 10 year history

2005
- LHL Incorporated
- AM Best assigns A- rating
- IPO & listing on AIM

2010
- S&P assign A- rating, ERM rating adequate with strong risk controls
- Moody's assign A3 rating

	2005	2006	2007	2008	2009	2010
Combined ratio	n/a	44.3%	46.3%	86.3%	44.6%	54.4%
Dividend yield (3)	n/a	n/a	15.2%	n/a	18.1%	18.0%
Return on Equity (2)	(3.2%)	17.8%	31.4%	7.8%	26.5%	23.3%
Tangible capital	$1.1bn	$1.3bn	$1.3bn	$1.4bn	$1.5bn	$1.4bn
No. of employees	5	57	79	91	101	103

2006
- Sirocco sidecar launched
- London office opened

2008
- Hurricane Ike
- Credit crisis – Investment return 3.1%

2009
- Listing on LSE
- Inclusion in FTSE 250 index

(1) 2011 peer group included Amlin, Aspen, Axis, Beazley, Catlin, Endurance, Flagstone, Hiscox, Montpelier, Renaissance Re and Validus

(2) RoE excludes the impact of warrant exercises

(3) Dividend yield is calculated as the total calendar year cash dividends divided by the year end share price. YTD 2016 dividend yield uses the share price at 30 September 2016 and includes the special dividend of $0.75 declared in November 2016

lancashire HOLDINGS LIMITED

Overview of Lancashire: our 10 year history

2011
- Accordion sidecar launched
- AM Best upgrade to A rating
- Significant peer[(1)] outperformance in 2nd largest aggregate loss year in history

2013
- Purchase of Cathedral Capital Limited
- Launch of Kinesis Capital Management, Kinesis Re and Kinesis Holdings

2015
- Syndicate 3010 capacity expanded to £100 million

	2011	2012	2013	2014 (2)	2015 (2)	YTD 2016
Combined ratio	63.7%	63.9%	70.2%	68.7%	72.1%	75.6%
Dividend yield (3)	8.4%	8.3%	12.3%	17.8%	17.3%	10.3%
Return on Equity	13.4%	17.1%	18.9%	14.7%	13.5%	10.5%
Tangible capital	$1.5bn	$1.6bn	$1.6bn	$1.5bn	$1.4bn	$1.5bn
No. of employees	115	104	169	185	192	202

2012
- Rollover of Accordion sidecar
- Saltire facility launched
- Issued $130 million of 5.7% senior unsecured notes due 2022

2014
- Alex Maloney named CEO
- Syndicate 3010 capacity added Energy and Terror
- Accordion and Saltire placed in run-off
- New aviation team hired from Atrium

(1) 2011 peer group included Amlin, Aspen, Axis, Beazley, Catlin, Endurance, Flagstone, Hiscox, Montpelier, Renaissance Re and Validus

(2) RoE excludes the impact of warrant exercises

(3) Dividend yield is calculated as the total calendar year cash dividends divided by the year end share price. YTD 2016 dividend yield uses the share price at 30 September 2016 and includes the special dividend of $0.75 declared in November 2016

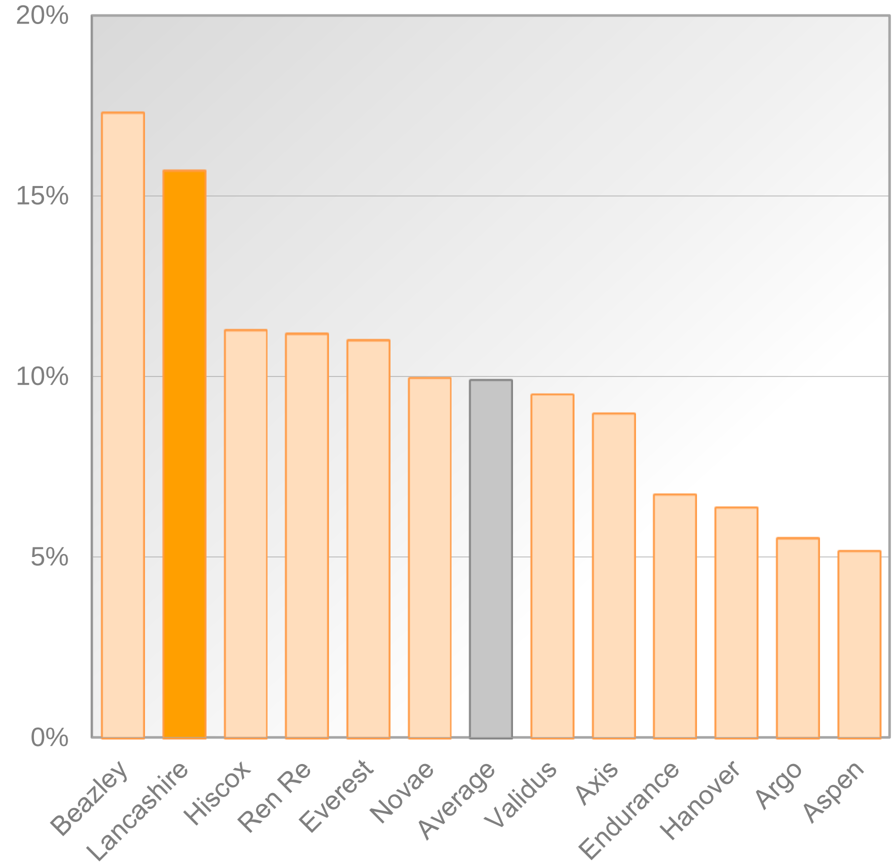
lancashire HOLDINGS LIMITED

Our long-term performance is one of the most consistent in our peer group [1]

RoE ranking in peer group [1]

Company[2]	2011	2012	2013	2014	2015	5 yr avg
Beazley	2	1	1	1	1	1
Lancashire[3]	**1**	**3**	**4**	**4**	**4**	**2**
Hiscox	4	7	2	2	2	3
Everest	7	2	5	3	7	4
Ren Re	11	4	3	6	5	5
Novae	12	6	7	5	3	6
Validus	5	8	6	9	6	7
Axis	8	5	8	8	8	8
Hanover	3	11	11	11	10	9
Endurance	9	12	10	7	9	10
Aspen	6	10	12	10	12	11
Argo	10	9	9	12	11	12

5 year compound annual RoE [3]



[1] Peer group as defined by the Board. Source: Company reports

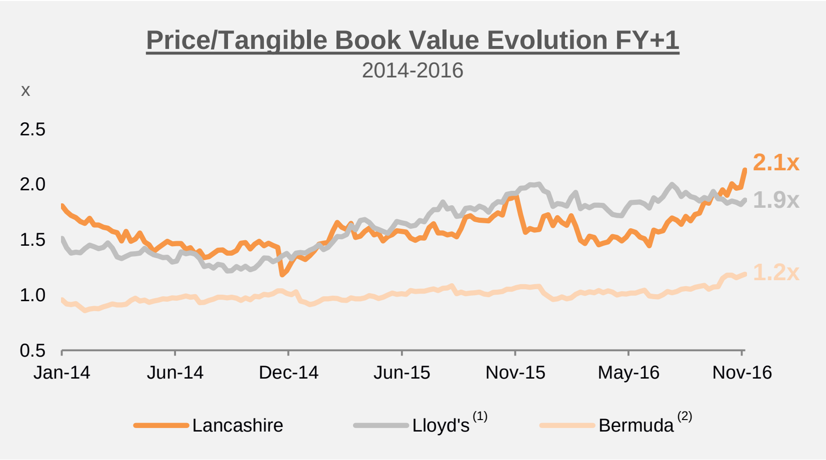
[2] Companies listed in order of average annual RoE ranking for the years 2011 - 2015. Average ranking calculated as the sum of annual rankings for each year divided by five years. Beazley rankings for 2011 to 2012 have been updated to reflect RoE calculated in USD

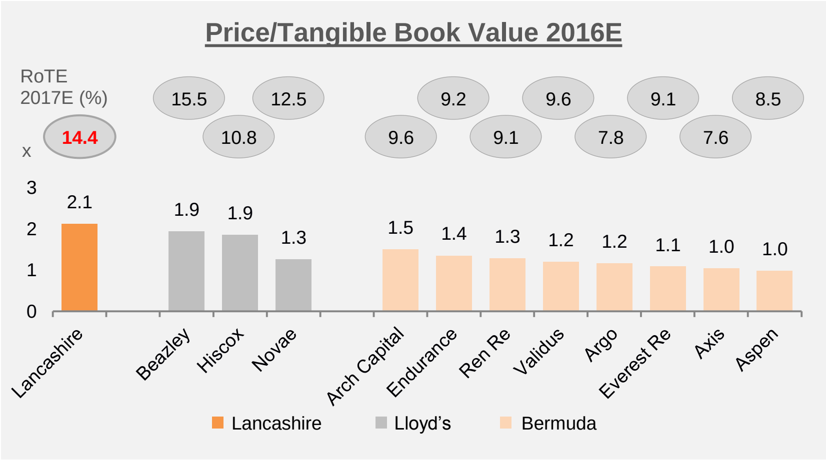
[3] Lancashire RoE calculated excluding the impact of warrant exercises from 2011 to 2015. Data for Lancashire and peers for the period January 1, 2011 through December 31, 2015

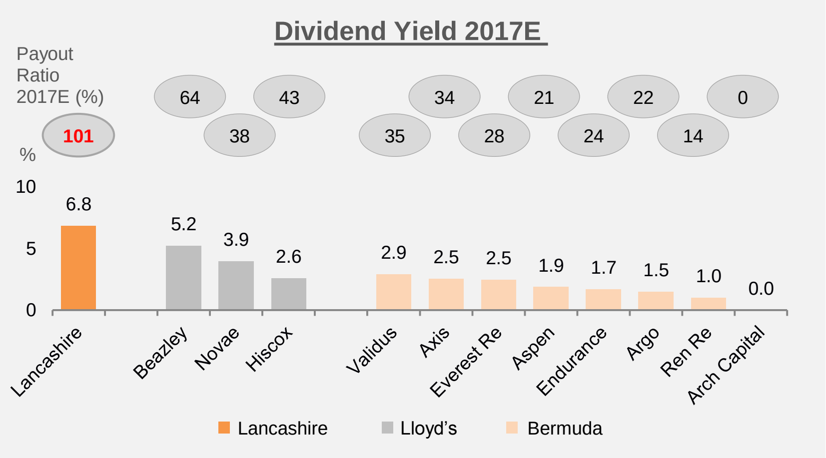
lancashire HOLDINGS LIMITED

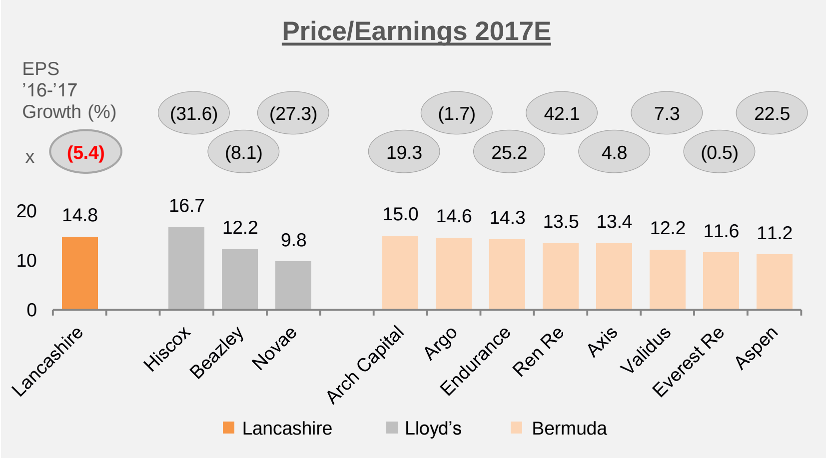
Valuation Recap – Lancashire vs. Peers

Lancashire Valuation Relative to Lloyd's Peers









Source Capital IQ as at 8th November 2016

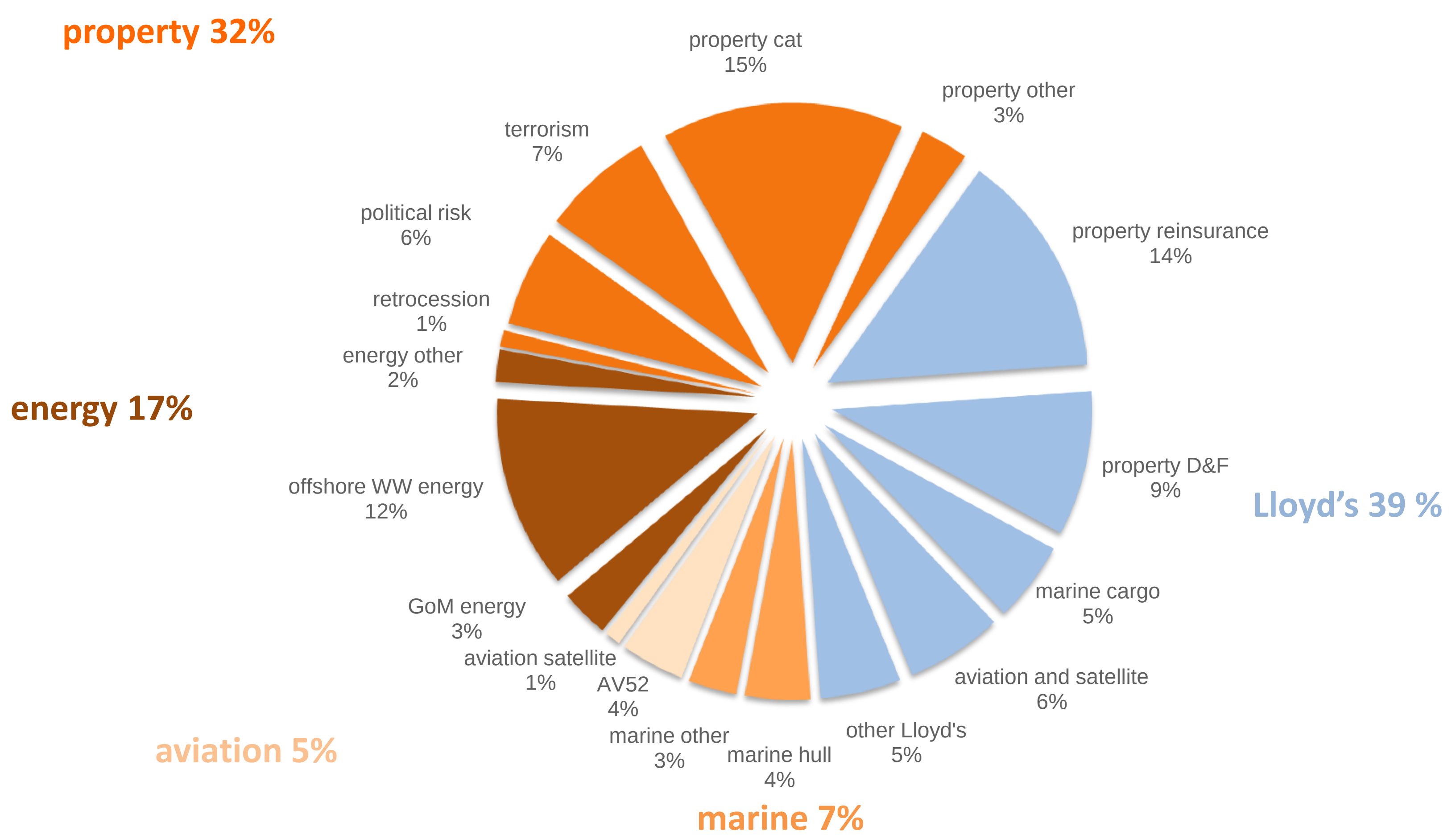
(1) Median of Beazley, Hiscox and Novae
(2) Median of RenRe, Everest Re, Arch Capital, Validus, Aspen, Argo, Axis and Endurance

lancashire HOLDINGS LIMITED

Underwriting comes *first*

Underwriting comes first: Group

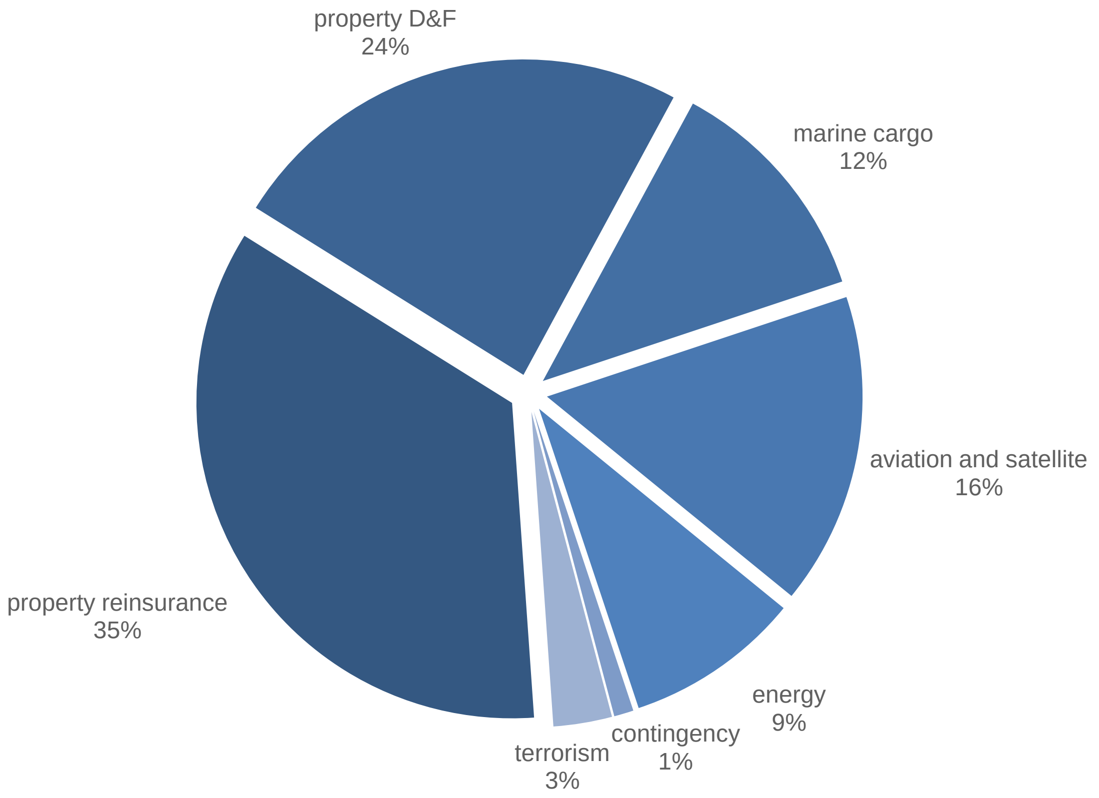
63% insurance 37% reinsurance 37% nat-cat exposed 63% other



Based on 2017 forecast of gross premiums written as of November 2016. Estimates could change without notice in response to several factors, including trading conditions

Underwriting comes first: Cathedral

60% insurance 40% reinsurance   46% nat-cat exposed 54% other

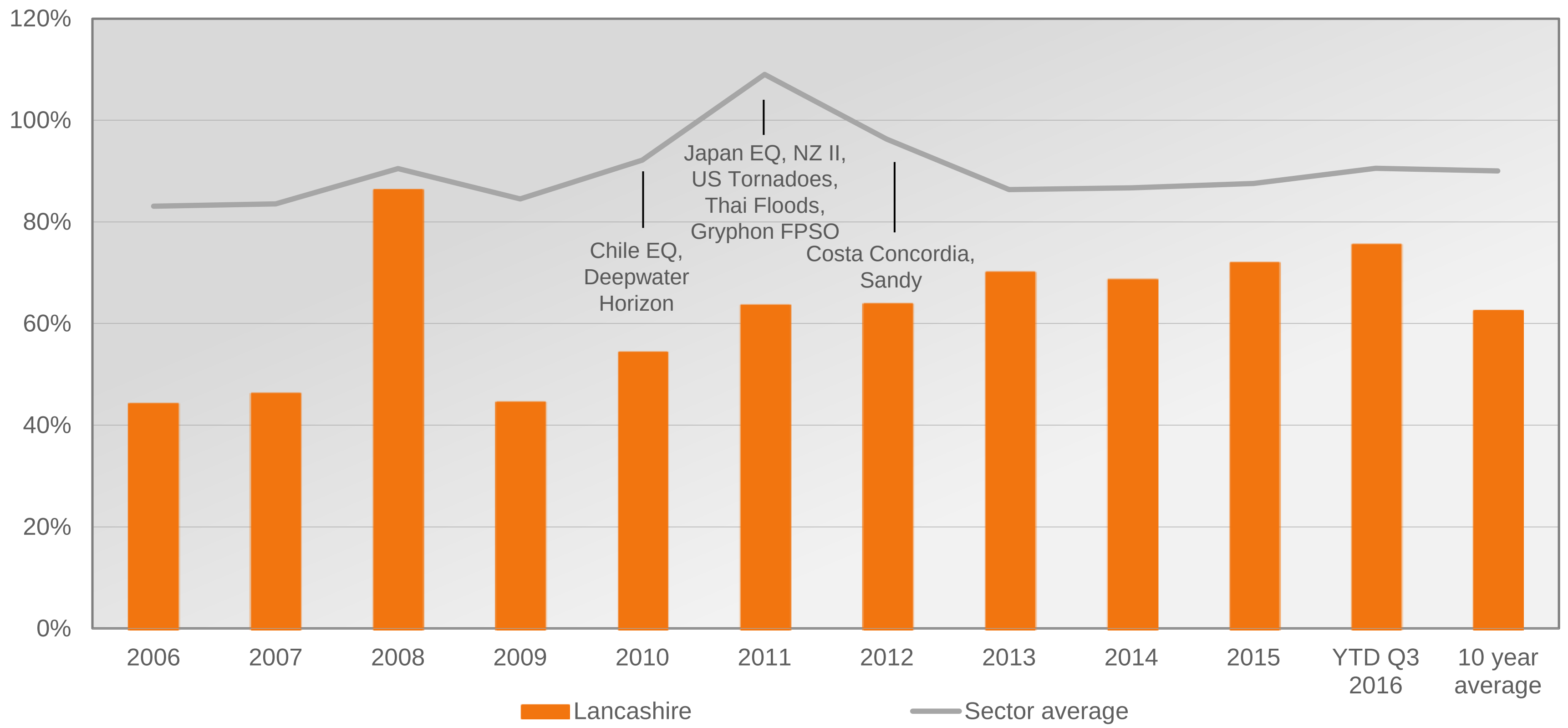


Based on 2017 forecast of gross premiums written as of November 2016. Estimates could change without notice in response to several factors, including trading conditions

lancashire HOLDINGS LIMITED

Our underwriting performance has been exceptional

Combined ratio [1]



[1] 10 year average based on 2006 to 2015 reporting periods. Lancashire ratios weighted by annual net premiums earned. Annual sector ratios are weighted by annual net premiums earned

[2] Sector includes Argo, Aspen, Axis, Beazley, Endurance, Everest, Hanover, Hiscox, Novae, Renaissance Re and Validus. Source: Company reports

General market update

Class	2016 Rating Expectation	Market Dynamics
Property Reinsurance & Retrocession	Rates off 5% – 10%	• Clients using savings to buy more limit – Japan & certain U.S. clients • M&A reducing limit purchased for some carriers but also providing new opportunities
Energy Offshore Worldwide	Rates off 10% – 15%	• Oil price impacted demand during 2015 and this has continued in 2016. Less impact on premium in 2016 but pricing still weakening given market capacity remaining at all time highs. Demand for liability product remains stable, with adjustments for drop in exposure
Energy Gulf of Mexico	Rates off 5% – 10%	• Deepwater wind portfolio rate reductions are less than other parts of the energy portfolio as large limits are required and there is less overcapacity in this market. Lender requirements often drive purchasing decisions which has resulted in stable demand for the product over the past 8 years
Marine	Rates off 10%	• Cruise liner clients benefit from low oil price • Falling commodity prices impacting cargo portfolio • Stable demand from the International Group
Terrorism & Political Risks	Rates off 5% – 10%	• Global political uncertainty maintains demand for product • Falling commodity prices impacting Sovereign risk demand
Property Direct & Facultative	Binder rates off 5% to 7.5% Open Market rates off 10% to 15%	• Binder portfolio very stable with only single digit rate reductions • Open market risks with pressure on coverage and deductibles as well
Aviation AV52	Rates off 5% – 10%	• Demand stable
Aviation Reinsurance	Rates off 5% – 10%	• Competitive landscape • M&A reducing client base
Aviation War & Aviation Direct	Aviation War rates steady to -5% Aviation Direct rates off less 10% – 15%	• First signs of change following two years of war losses with broker line-slips attracting significantly less capacity • Market still overcapitalised and line-slips very active

lancashire HOLDINGS LIMITED

Kinesis Capital Management Indicative Results

	Mean loss scenarios (10%Expected Loss)			No loss scenarios		
	Limit of $300m [1]	Limit of $500m [1]	Limit of $1B [1]	Limit of $300m [1]	Limit of $500m [1]	Limit of $1B [1]
Lancashire investment [2]	24.2	40.4	80.8	24.2	40.4	80.8
RoL (net)	21.0%	21.0%	21.0%	21.0%	21.0%	21.0%
RoE contribution, excluding PC [3]	0.2%	0.4%	1.1%	0.3%	0.6%	1.4%
RoE contribution, including PC [3]	0.3%	0.7%	1.7%	0.8%	1.4%	3.1%
Current year earnings ($m) [1]						
Underwriting fees	4.9	8.1	16.3	4.9	8.1	16.3
G&A costs [4]	(4.3)	(5.1)	(5.9)	(4.8)	(6.5)	(9.2)
LHL equity pickup [5]	2.3	3.8	7.7	4.6	7.8	15.6
Net CY contribution to LHL, after NCI	2.4	6.2	17.4	4.2	8.8	21.7
Subsequent year earnings ($m)						
Profit commissions	2.6	4.3	8.7	7.6	12.6	25.2
Total profit contribution	5.0	10.5	26.1	11.8	21.4	46.9

- Actual annualised return since inception has been in the mid to high teens

[1] Assumes 75% written at 1/1 and 25% at 1/7 from a standing start i.e. no run-off earnings from prior years. Earnings patterns reflect the underlying risks attaching i.e. not straight line

[2] LHL's investments 10% of the underlying risks in aggregate, up to a maximum of $100m invested through co-investment alongside third-party investors or co-insurance

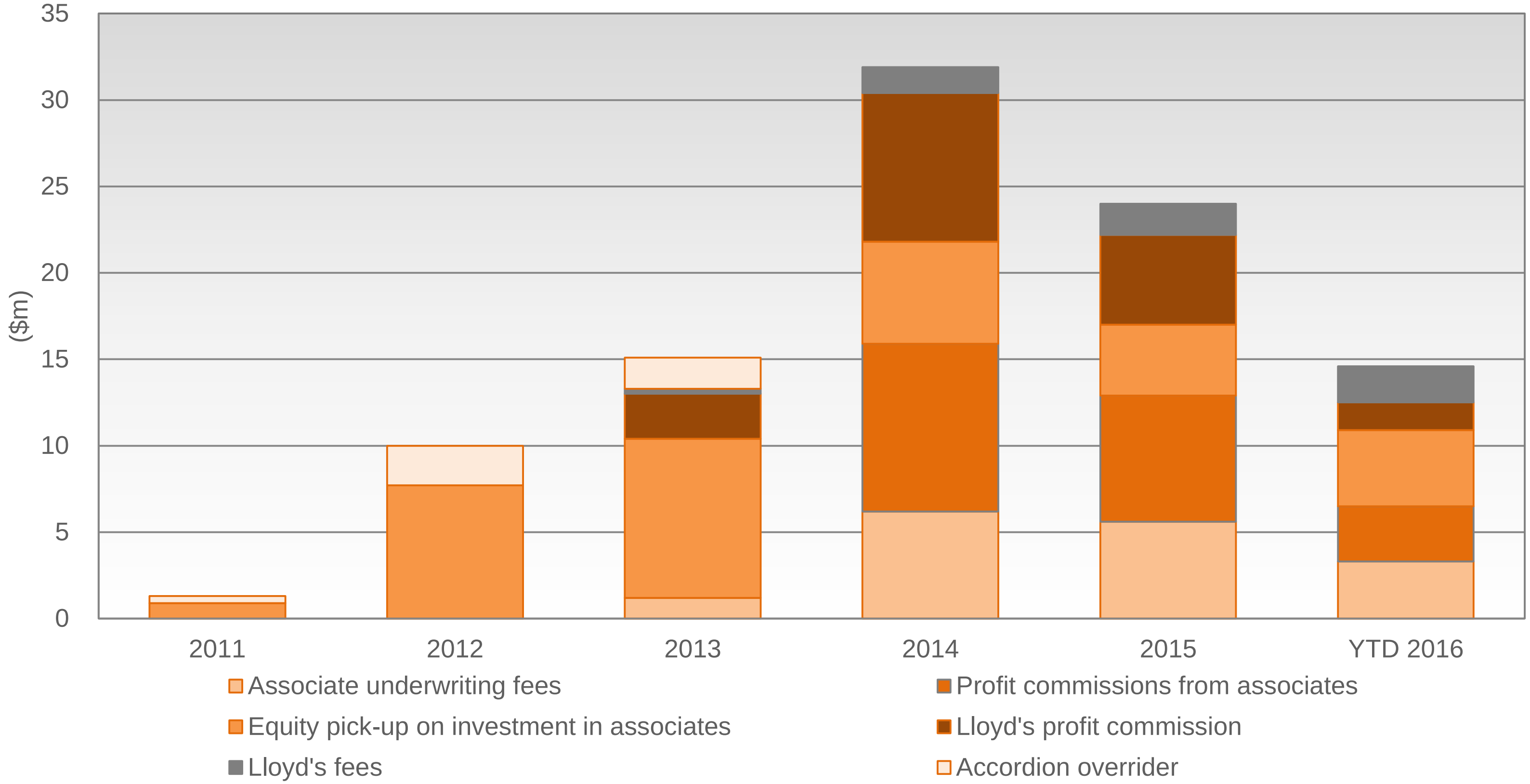
[3] Indicative assuming LHL target cross cycle RoE of 13% over the risk free rate, actual contribution will vary depending on actual RoE produced

[4] Staff levels increase as limits increase; bonuses increase as total profit contribution increases: bonuses subject to caps

[5] NPW less UW fees less losses less PC x 10% investment (subject to cap). PC provision is included in Kinesis Re in year 1 but not recognised as income by KCM until year 2. Equity pickup ignores capital returns to LHL

lancashire HOLDINGS LIMITED

Third party capital: fee income



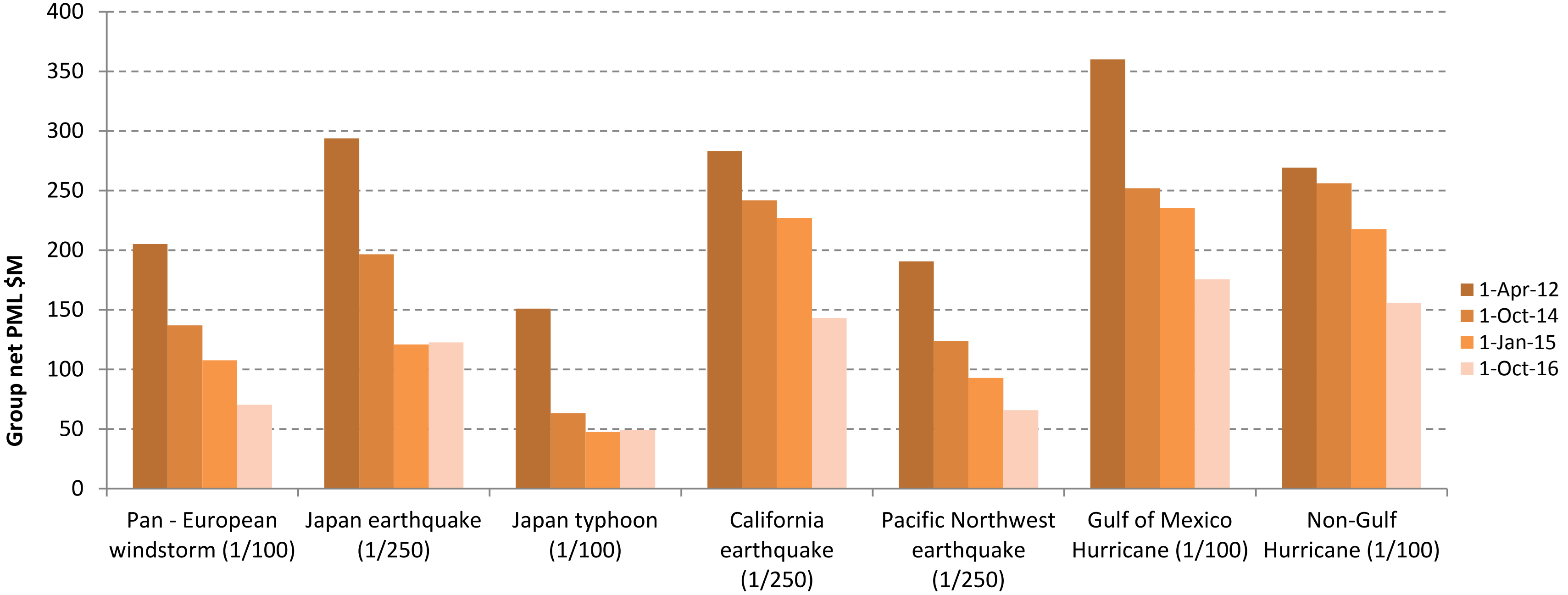
- Kinesis profit commissions earned on the January 2015 underwriting cycle are expected to total $6.6 million of which $5.4 million has been received as at 31 October 2016
- Kinesis profit commissions of $0.8 million earned on July 2015 UW cycle and received in Q4 2016
- Assuming mean losses for the remainder of the January 2016 UW cycle, we would receive approximately $5.0 million of profit commission in 2017. A no loss scenario would produce $5.9 million

lancashire HOLDINGS LIMITED

Effectively *balance* risk and return

Managing the cycle – reducing net exposures

- Since April 2012, which was the high-tide mark of the pricing cycle, the Group has reduced PMLs across all key exposures, in spite of the addition of Cathedral
- PMLs are not perfect predictors of losses but they do provide consistent measures of catastrophe risk levels



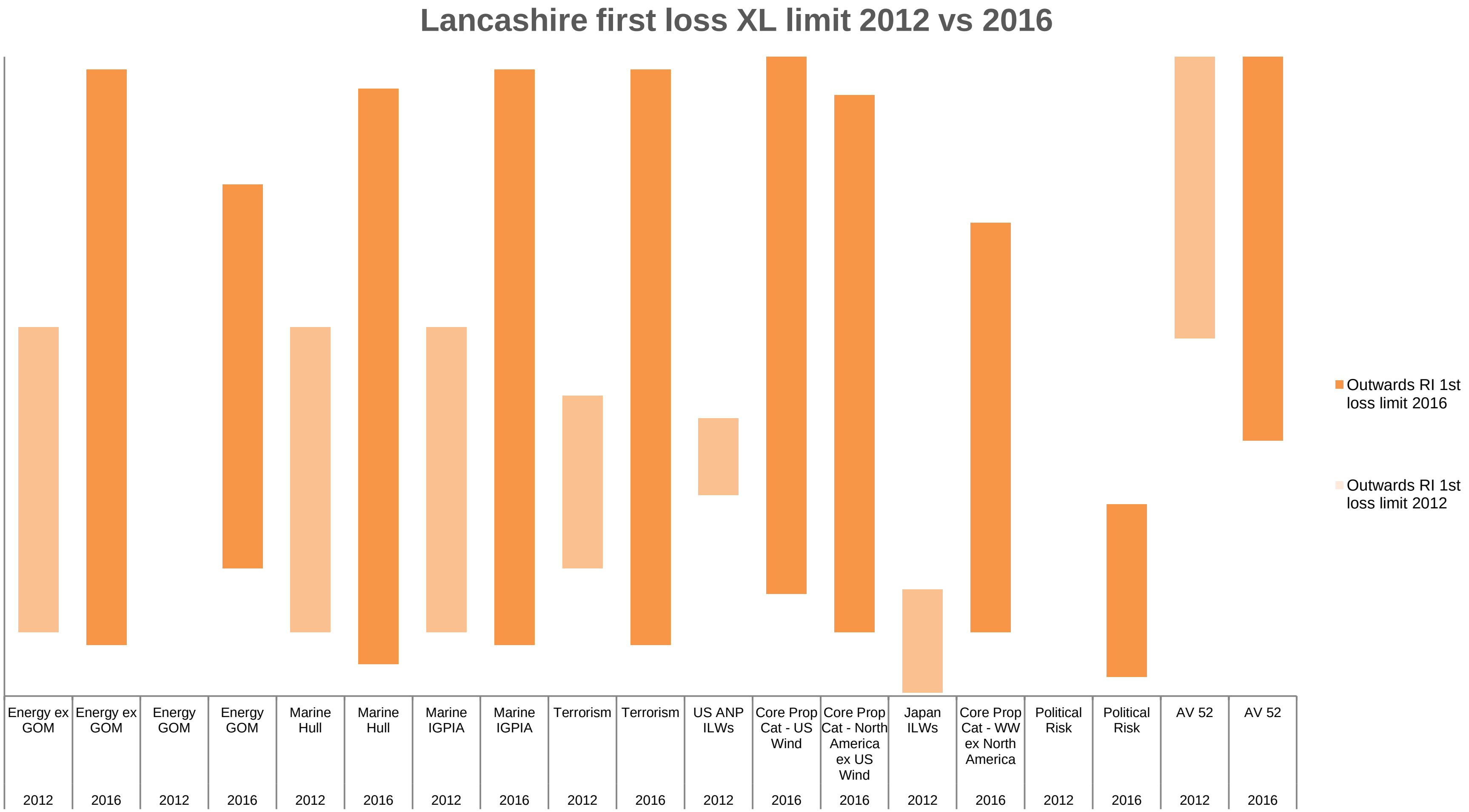
The Group has developed the estimates of losses expected from certain catastrophes for its portfolio of property and energy contracts using commercially available catastrophe models, which are applied and adjusted by the Group. These estimates include assumptions regarding the location, size and magnitude 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. 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

lancashire HOLDINGS LIMITED

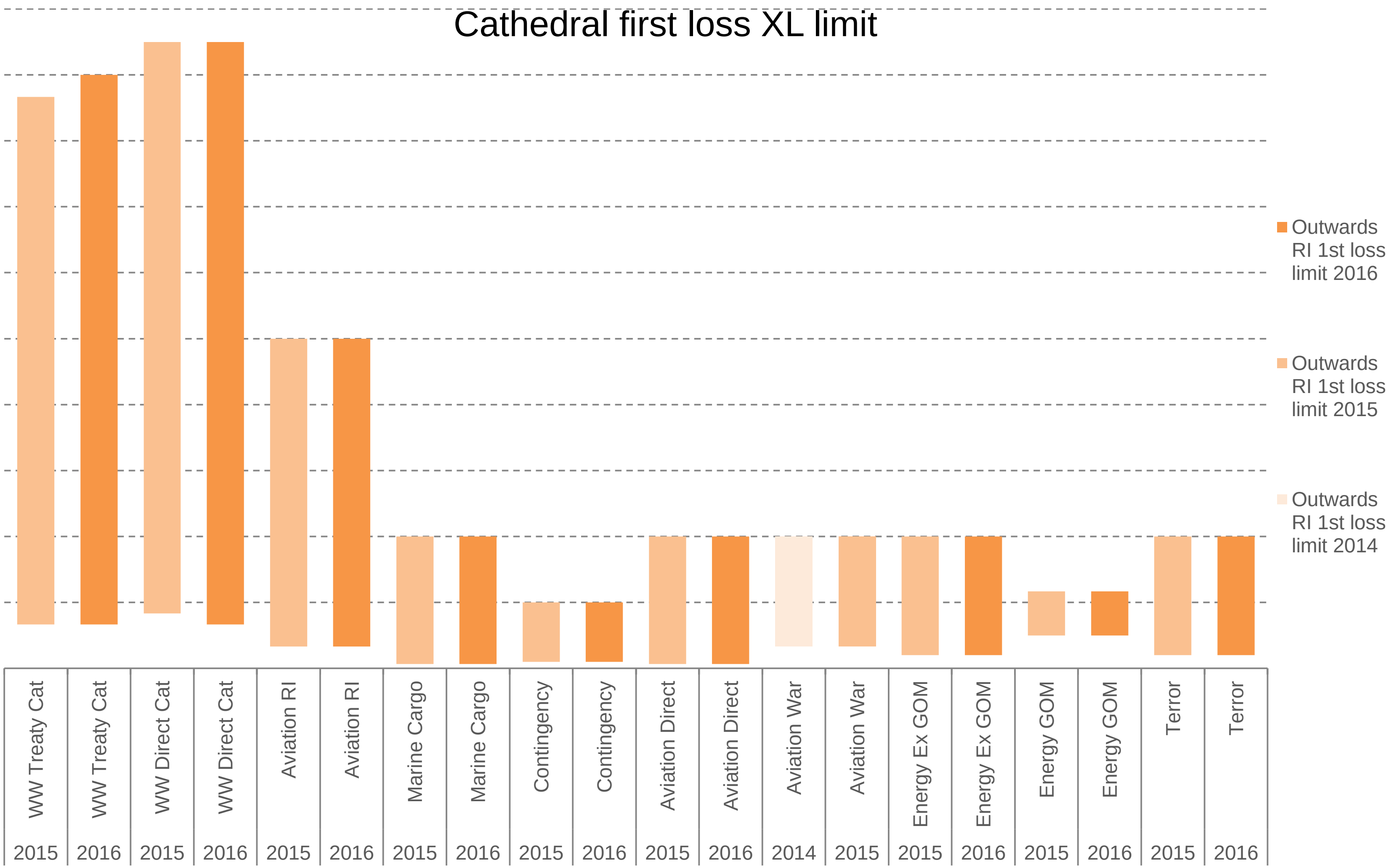
Exposure management – Increasing RI purchases



- Terrorism excludes terror pools
- First loss limit purchased by Lancashire on an excess of loss basis, excluding ILWs, quota shares, cessions to side cars, facultative purchases and reinstatements
- Excludes Cathedral's reinsurance
- A portion of the Lancashire property cat cover is shared with Syndicate 2010

lancashire HOLDINGS LIMITED

Exposure management – Stable RI purchases

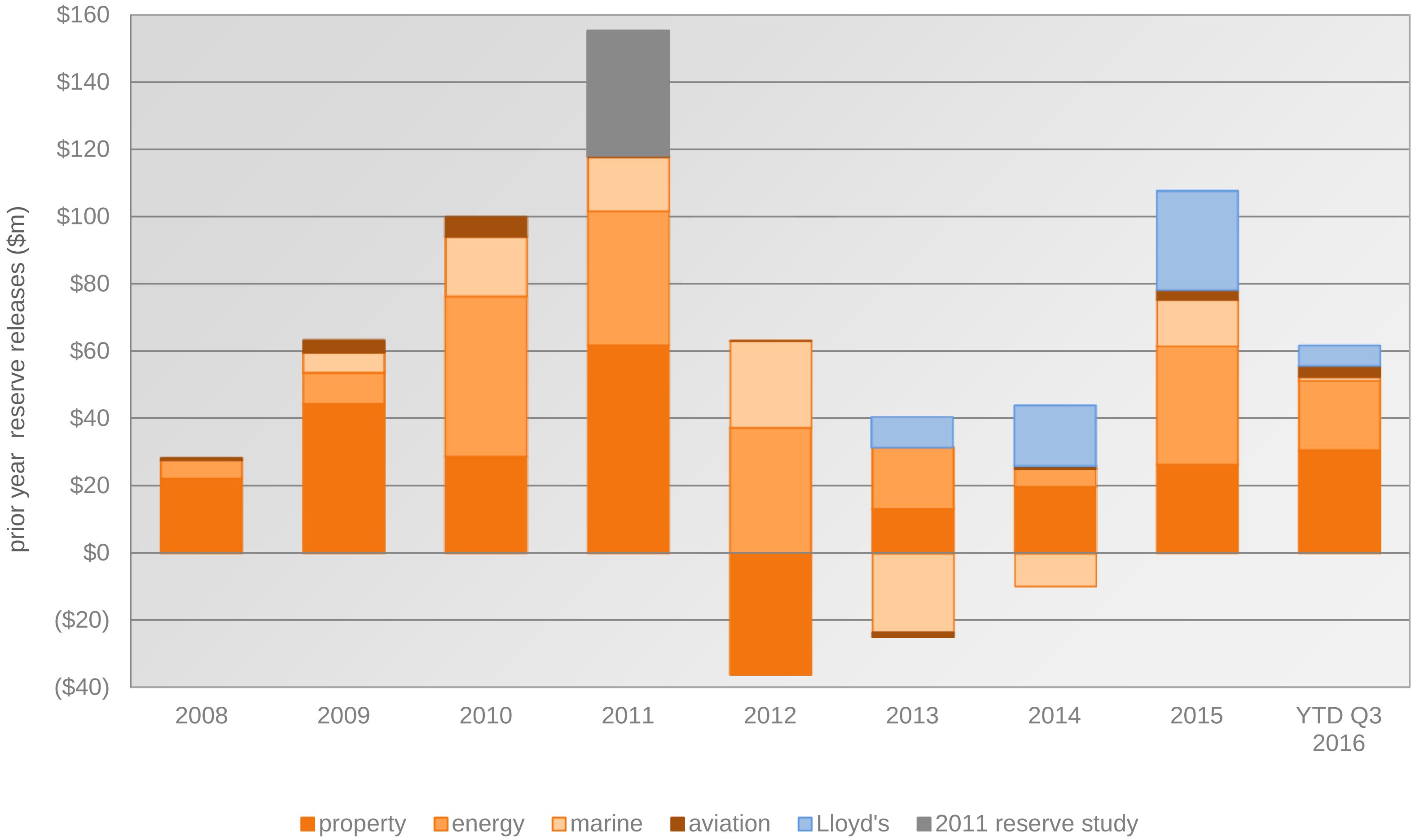


- First loss limit purchased by Cathedral on an excess of loss basis, excluding ILWs, quota shares, cessions to sidecars, facultative purchases and reinstatements

lancashire HOLDINGS LIMITED

Reserve adequacy

Consistent net favourable reserve development [1]



(1) Excludes the impact of foreign exchange revaluations

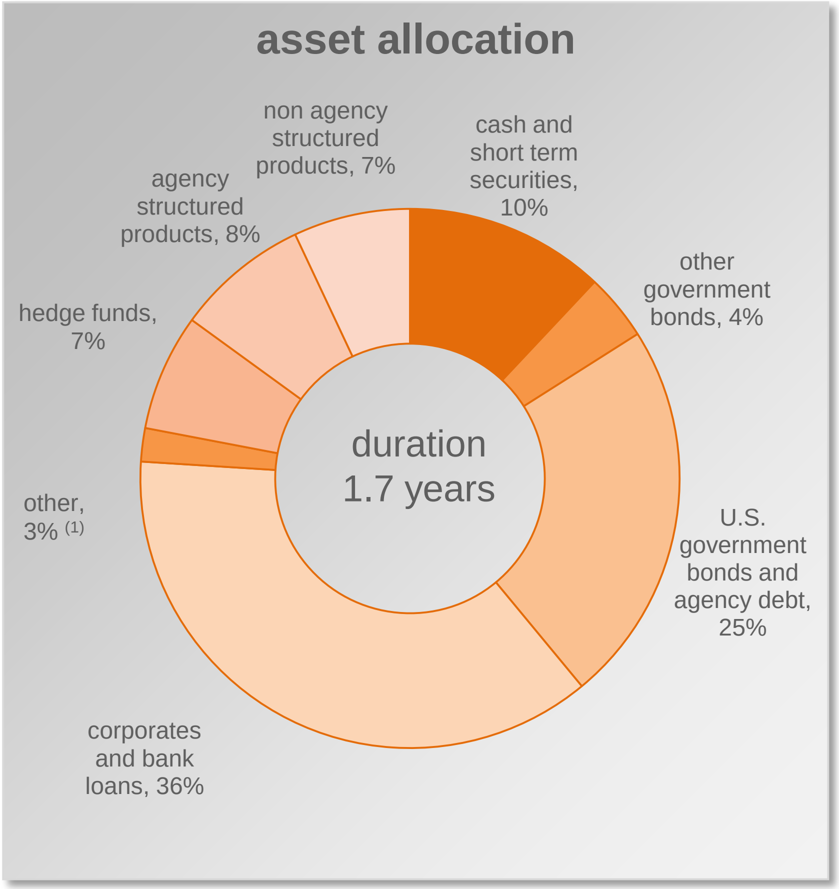
Effectively balance risk and return – investment philosophy

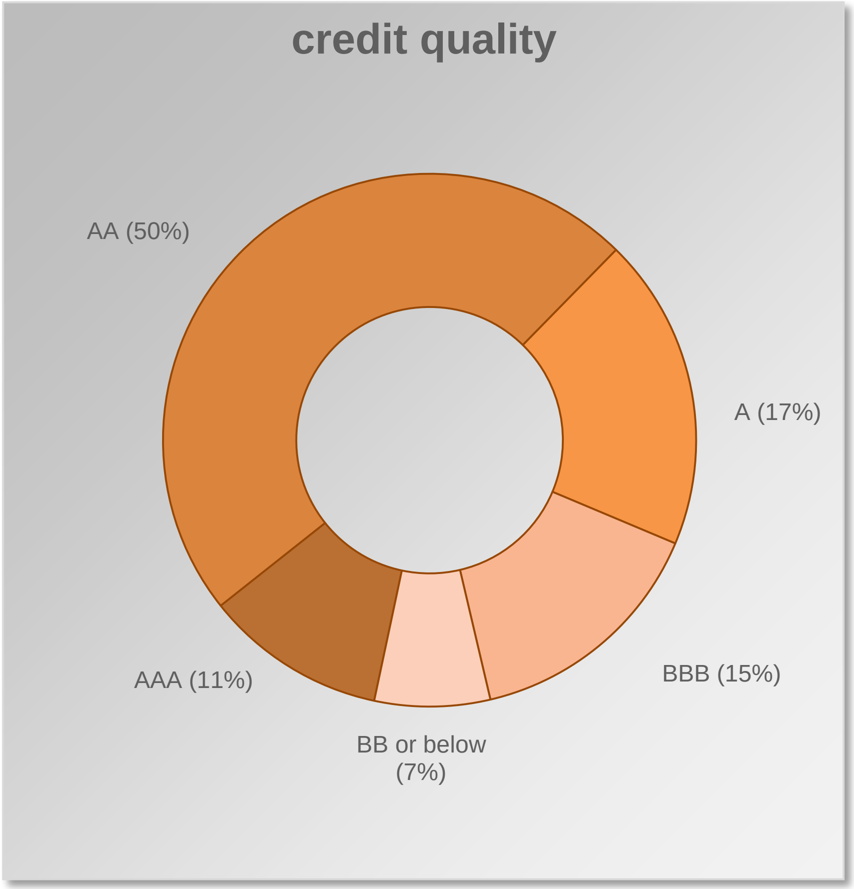
- **Our market outlook remains subdued**
  - The growth outlook for the U.S. economy has improved due to the U.S. election results, and the expectation that policies will stimulate domestic growth through increased spending, tax cuts and deregulation
  - Low levels of global growth continue, creating a gap in monetary policies between the U.S. and global central banks, as the U.S. is expected to raise interest rates while global central banks maintain accommodative interest rate policies
  - Divergent central bank policies, geopolitical events and oil price volatility continue to exacerbate 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 in anticipation of gradual increases in U.S. interest rates over the next few years
  - Mitigate interest rate risk:
    - ✓ Hold floating rate notes and non-fixed income securities
    - ✓ Maintain an allocation to a low volatility hedge fund portfolio, diversifying the overall investment portfolio
    - ✓ Short five-year treasury futures overlay used to protect the investment portfolio from a rise in interest rates, reducing duration by 0.2 years
  - Continue monitoring risk/return trade off in the portfolio:
    - ✓ Continue to manage the risk on/risk off balance in anticipation of gradually rising U.S. interest rates, while also protecting the portfolio in risk-off environments.

lancashire HOLDINGS LIMITED

Effectively balance risk and return

Capital preservation and interest rate risk management

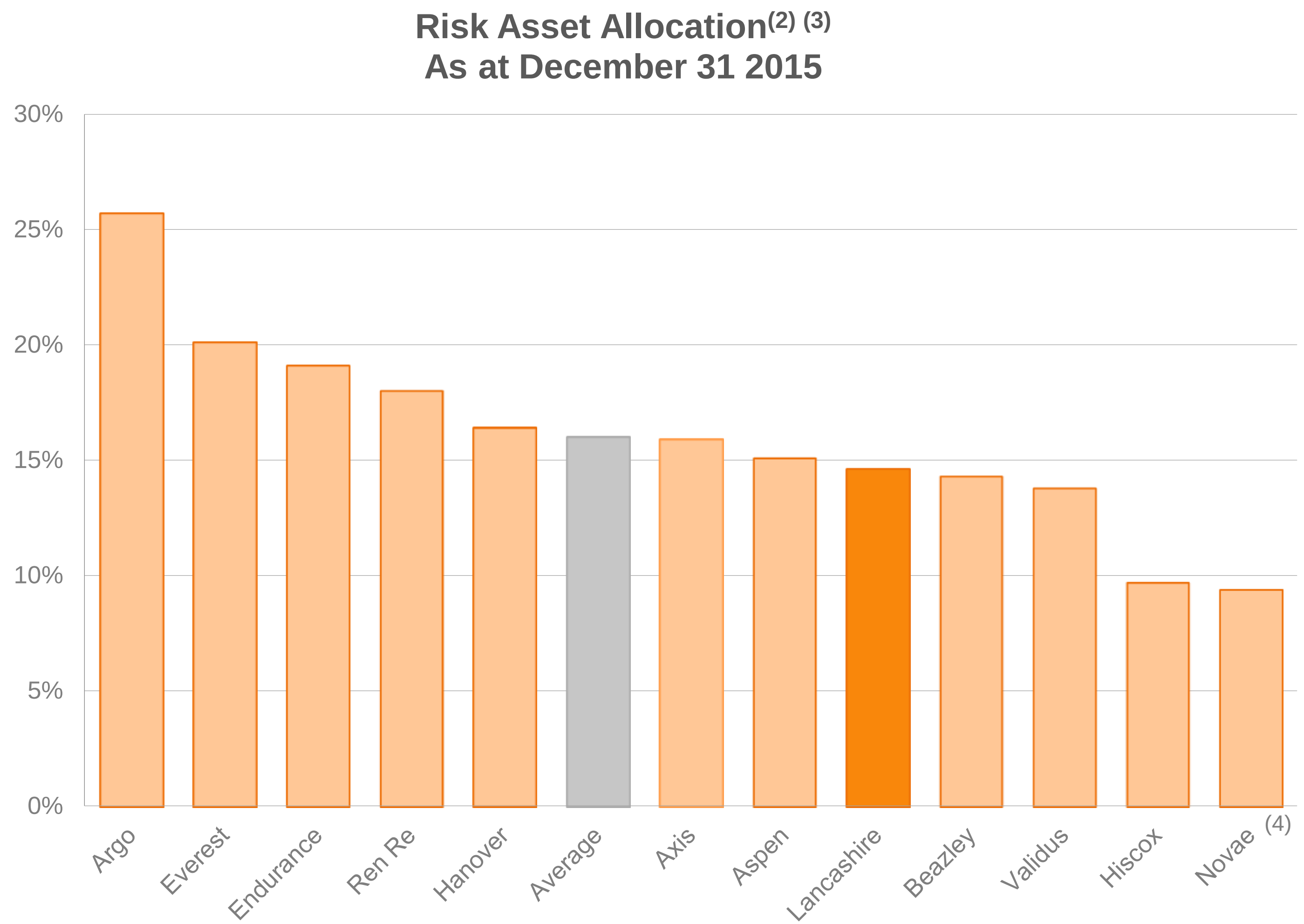




- Total portfolio at 30 September 2016 = $2,028 million
- Average portfolio credit rating of AA- (including internally managed cash)

(1) Other includes fixed income - at fair value through profit and loss, equity securities, and other investments

Risk asset levels remain below peer group[1] average



(1) Peer group as defined by the Board. Source: Company reports

(2) Risk assets include: equities, hedge funds, private equities and bonds below investment grade

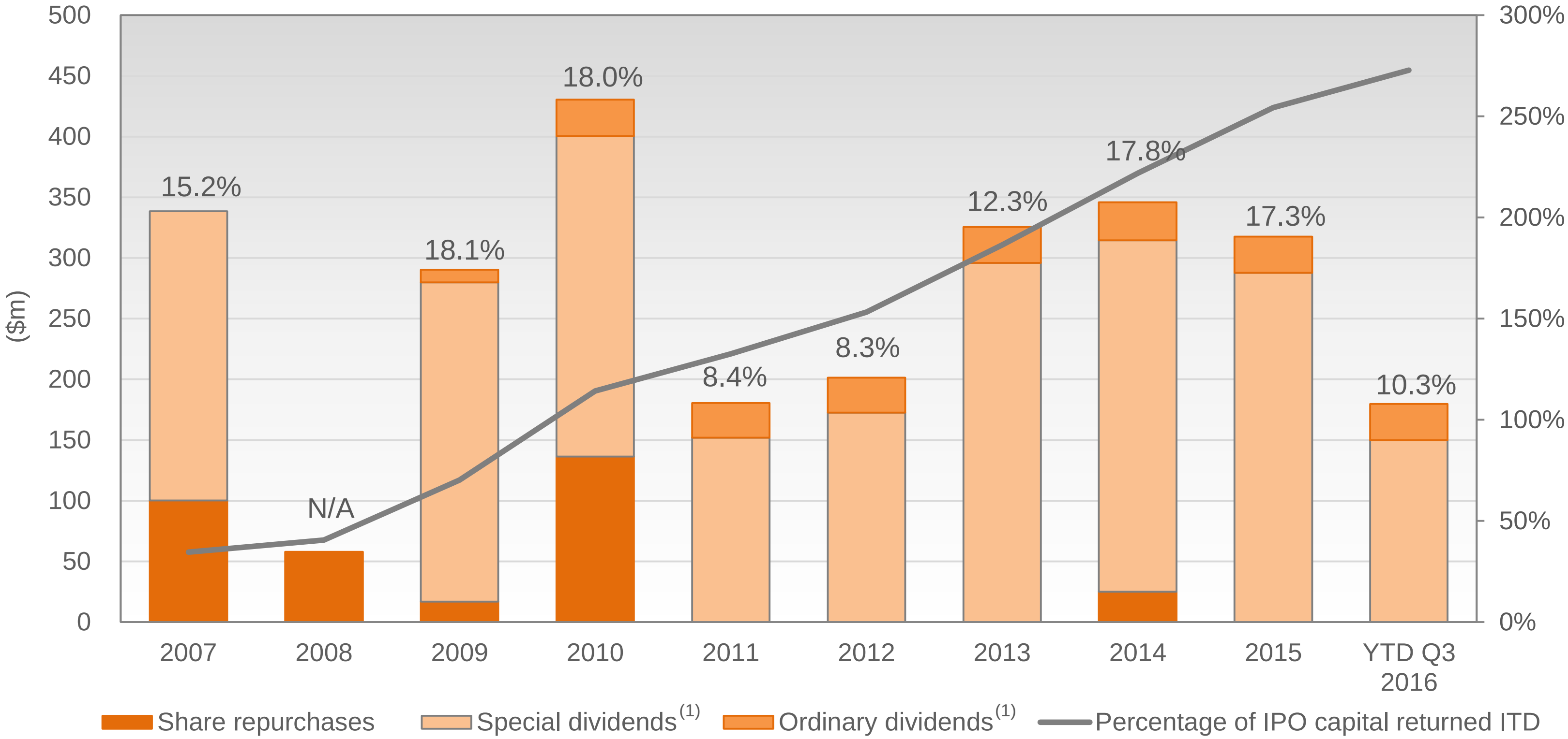
(3) Risk assets as a percentage of total cash and investments

(4) Novae does not disclose the allocation to non-investment grade bonds and is therefore assumed to be zero

Operate *nimbly* through the cycle

Operate nimbly through the cycle

proven record of active capital management



272.8% of original IPO share capital has been returned to shareholders [(3)]

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

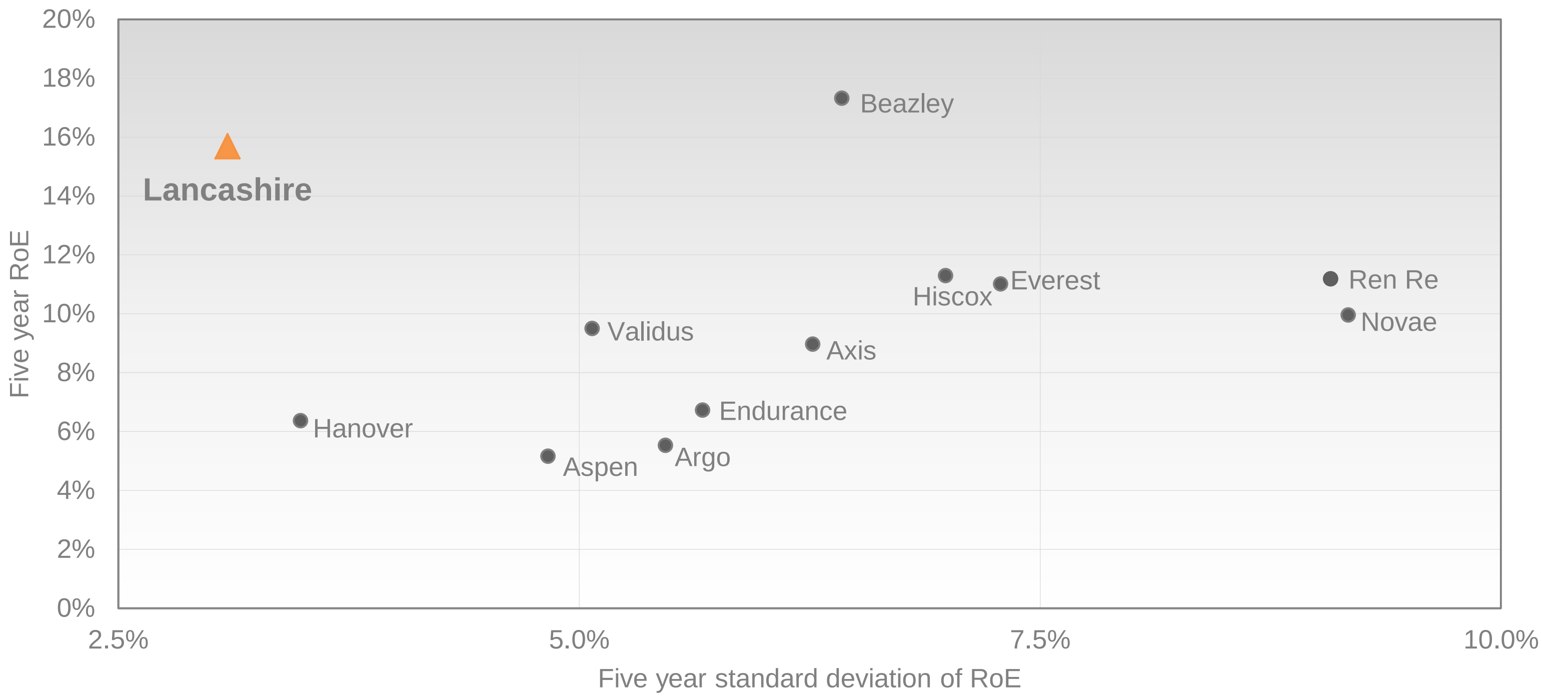
[(2)] Dividend yield is shown above the data in the chart area. Dividend yield is calculated as the total calendar year cash dividends divided by the year end share price. YTD 2016 dividend yield uses the share price at 30 September 2016 and includes the special dividend of $0.75 declared in November 2016

[(3)] Includes the special dividend of $0.75 declared in November 2016

lancashire HOLDINGS LIMITED

Consistency: Total value creation (TVC)

Five year standard deviation[(1)] in 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 2011 through 31 December 2015. RoE calculated as the internal rate of return of the change in FCBVS in the period plus dividends accrued. Lancashire RoE calculation excludes the impact of warrant exercises. For Argo, Beazley, Everest, Hiscox, Novae and Ren Re, basic book value per share is used as FCBVS is not reported by these companies. Source: Company reports

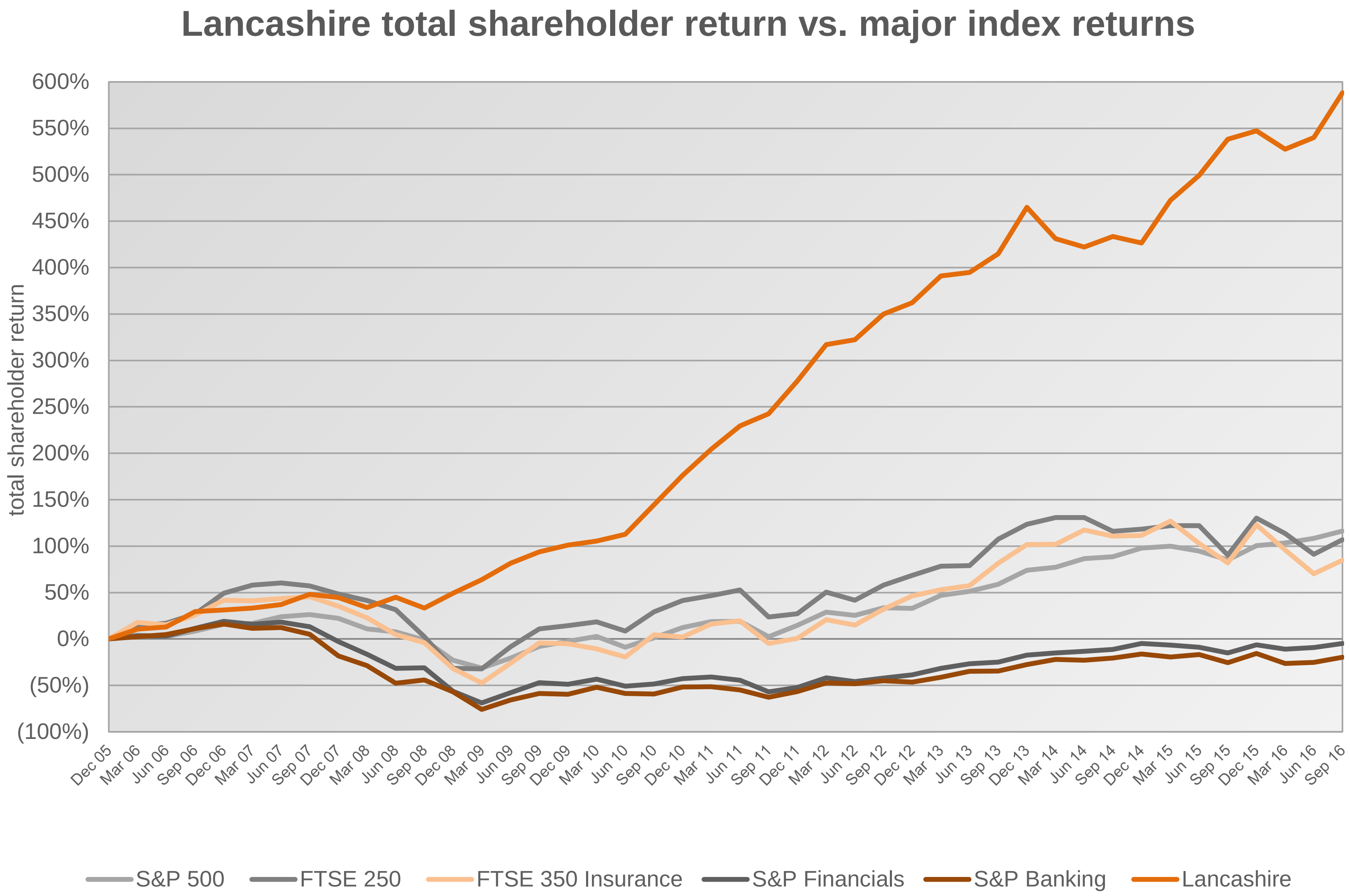
lancashire HOLDINGS LIMITED

Sticking to our *game plan*

Conclusion

- Lancashire has one of the **best performances** and yet the **lowest volatility** in the London and Bermudian markets
- Our strategy is designed to cope with hard and soft markets, managing capital and exposures to provide superior risk-adjusted returns across the cycle
- Group management is fully integrated and has decades of experience in rated company, Lloyd’s and collateralised markets
- Group profitability is not overly dependent on property reinsurance, with strong weightings to speciality classes with proven RoE potential and low attritional loss ratios
- A well-diversified portfolio across multiple lines and geographies as a base to trade across the cycle
- Third party capital vehicle well established with a stable investor and client base and capacity to grow rapidly in the right market conditions

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



lancashire HOLDINGS LIMITED