

Underwriting comes **first**

Effectively **balance** risk and return

Operate **nimbly** through the cycle

## **NOTE REGARDING FORWARD-LOOKING STATEMENTS:**

CERTAIN STATEMENTS AND INDICATIVE PROJECTIONS (WHICH MAY INCLUDE MODELED LOSS SCENARIOS) MADE 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 STATEMENTS OTHER THAN STATEMENTS OF HISTORICAL FACTS INCLUDING, WITHOUT LIMITATION, THOSE REGARDING THE GROUP'S FINANCIAL POSITION, RESULTS OF OPERATIONS, LIQUIDITY, PROSPECTS, GROWTH, CAPITAL MANAGEMENT PLANS, 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 NUMBER AND TYPE OF INSURANCE AND REINSURANCE CONTRACTS THAT WE WRITE; THE PREMIUM RATES AVAILABLE AT THE TIME OF SUCH RENEWALS WITHIN OUR TARGETED BUSINESS LINES; THE LOW FREQUENCY OF LARGE EVENTS; UNUSUAL LOSS FREQUENCY; THE IMPACT THAT OUR FUTURE OPERATING RESULTS, CAPITAL POSITION AND RATING AGENCY AND OTHER CONSIDERATIONS HAVE ON THE EXECUTION OF ANY CAPITAL MANAGEMENT INITIATIVES; THE POSSIBILITY OF GREATER FREQUENCY OR SEVERITY OF CLAIMS AND LOSS ACTIVITY THAN OUR UNDERWRITING, RESERVING OR INVESTMENT PRACTICES HAVE ANTICIPATED; THE RELIABILITY OF, AND CHANGES IN ASSUMPTIONS TO, CATASTROPHE PRICING, ACCUMULATION AND ESTIMATED LOSS MODELS; LOSS OF KEY PERSONNEL; A DECLINE IN OUR OPERATING SUBSIDIARIES' RATING WITH A.M. BEST COMPANY AND/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 CREATED BY THE FINANCIAL MARKETS AND CREDIT CRISIS; A RATING DOWNGRADE OF, OR A MARKET DECLINE IN, SECURITIES IN OUR INVESTMENT PORTFOLIO; CHANGES IN GOVERNMENTAL REGULATIONS OR TAX LAWS IN JURISDICTIONS WHERE LANCASHIRE CONDUCTS BUSINESS; LANCASHIRE OR ITS BERMUDIAN SUBSIDIARY BECOMING SUBJECT TO INCOME TAXES IN THE UNITED STATES OR THE UNITED KINGDOM; AND THE EFFECTIVENESS OF OUR LOSS LIMITATION METHODS. ANY ESTIMATES RELATING TO LOSS EVENTS INVOLVE THE EXERCISE OF CONSIDERABLE JUDGMENT AND REFLECT A COMBINATION OF GROUND-UP EVALUATIONS, INFORMATION AVAILABLE TO DATE FROM BROKERS AND INSUREDS, MARKET INTELLIGENCE, INITIAL AND/OR TENTATIVE LOSS REPORTS AND OTHER SOURCES. JUDGMENTS IN RELATION TO NATURAL CATASTROPHE AND MAN MADE EVENTS INVOLVE COMPLEX FACTORS POTENTIALLY CONTRIBUTING TO THESE TYPES OF LOSS, AND WE CAUTION AS TO THE PRELIMINARY NATURE OF THE INFORMATION USED TO PREPARE ANY SUCH ESTIMATES.

THESE FORWARD-LOOKING STATEMENTS SPEAK ONLY AS AT THE DATE OF PUBLICATION. LANCASHIRE HOLDINGS LIMITED 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.

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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 JUDGEMENT 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) - NET OPERATING INCOME (LOSS) EXCLUDES: REALISED GAINS AND LOSSES; WARRANTS ISSUED AT IPO; 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 ACQUISITION COST RATIO AND THE ADMINISTRATIVE EXPENSE RATIO

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

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") - THE CALCULATION IS BASED ON THE FOLLOWING: THE VALUE OF TOTAL SHAREHOLDERS' EQUITY DIVIDED BY: THE SUM OF ALL SHARES OUTSTANDING AFTER THE EXERCISE OF ALL DILUTIVE OPTIONS, DILUTIVE WARRANTS AND DILUTIVE RESTRICTED STOCK UNITS, AS CALCULATED UNDER THE TREASURY METHOD, ASSUMING ALL ARE EXERCISED.

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 TOTAL SHAREHOLDERS' EQUITY

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 2010	q4 2009	% change q4-10 vs. q4-09	full year 2010	full year 2009	% change ytd-10 vs. ytd-09
<b>highlights</b>						
gross premiums written	\$ 94.0	\$ 103.4	(9%)	\$ 689.1	\$ 627.8	10%
net premiums written	93.7	100.0	(6%)	649.9	577.1	13%
net premiums earned	149.4	155.6	(4%)	614.2	594.7	3%
net insurance losses	(9.1)	(1.2)	658%	165.7	98.7	68%
net investment income	12.7	14.0	(9%)	53.4	56.0	(5%)
net realised gains and impairments	13.8	8.9	55%	33.2	23.8	39%
profit after tax	131.8	129.6	2%	330.8	385.4	(14%)
change in net unrealised gains / losses on investments	(34.8)	(11.8)	195%	(2.2)	2.8	(179%)
comprehensive income	97.0	117.8	(18%)	328.6	388.2	(15%)
net operating income <sup>(1)</sup>	\$ 123.4	\$ 122.4	1%	\$ 306.5	\$ 364.7	(16%)
total investments and cash	\$ 2,231.4	\$ 2,332.5	(4%)			
total shareholders' equity	\$ 1,286.9	\$ 1,378.9	(7%)			
<b>per share data</b>						
net operating income per share - diluted <sup>(2)</sup>	\$ 0.71	\$ 0.65		\$ 1.73	\$ 1.94	
profit after tax per share - diluted <sup>(2)</sup>	\$ 0.76	\$ 0.69		\$ 1.86	\$ 2.05	
fully converted book value per share	\$ 7.57	\$ 7.41		\$ 7.57	\$ 7.41	
change in FCBVS adj for dividends <sup>(3)</sup>	6.4%	7.0%		23.3%	26.5%	
fully diluted book value per share	\$ 7.46	\$ 7.32		\$ 7.46	\$ 7.32	
change in FDBVS adj for dividends <sup>(4)</sup>	6.8%	7.1%		23.4%	26.4%	
<b>financial ratios</b>						
net loss ratio	(6.1%)	(0.8%)		27.0%	16.6%	
net acquisition cost ratio	15.9%	15.2%		17.3%	17.8%	
administrative expense ratio	11.0%	11.3%		10.1%	10.2%	
combined ratio	<u>20.8%</u>	<u>25.7%</u>		<u>54.4%</u>	<u>44.6%</u>	
net return on total investments	(0.4%)	0.5%		4.2%	3.9%	

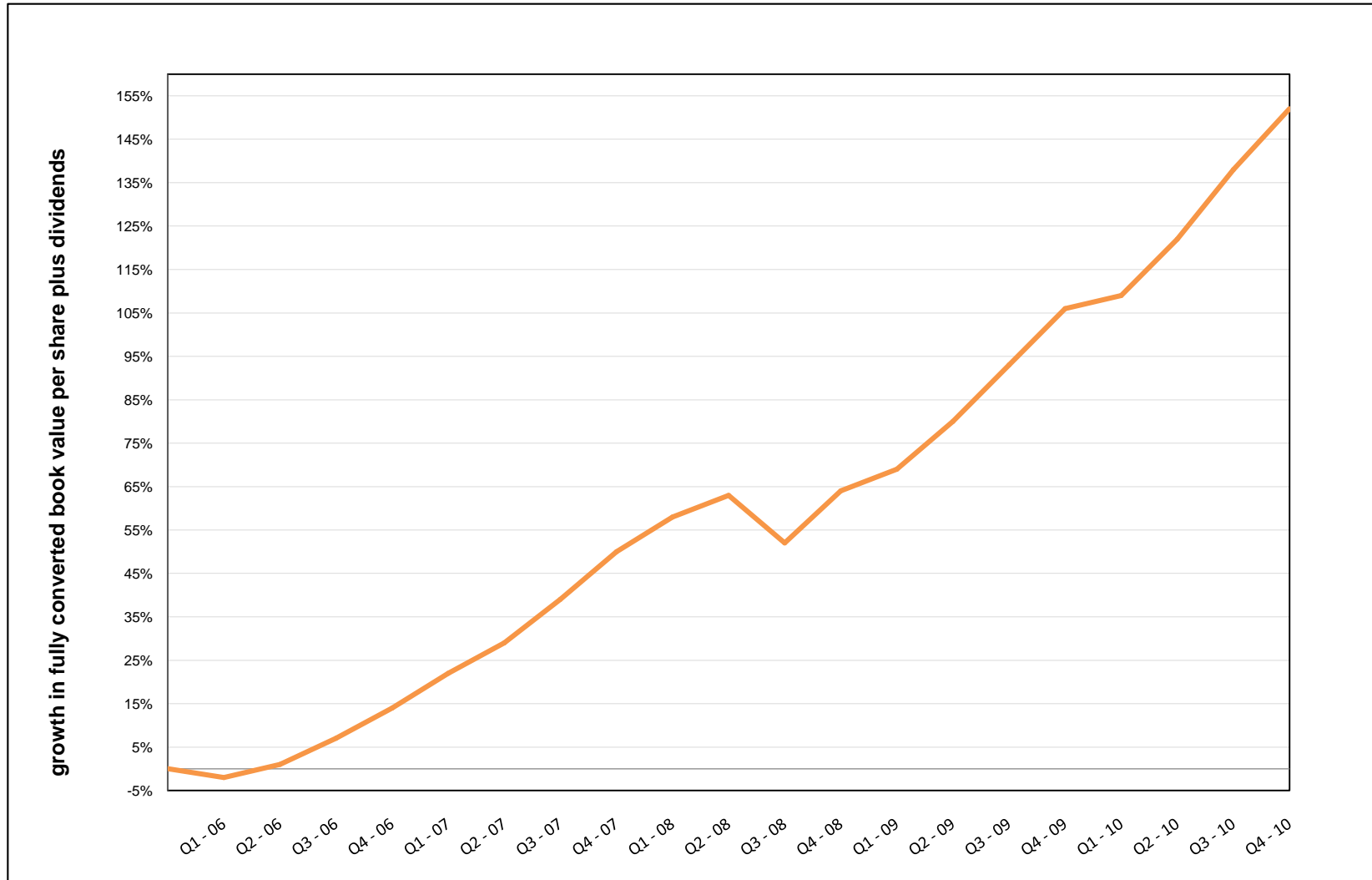
<sup>(1)</sup> excludes realised gains and losses, foreign exchange gains and losses, equity based compensation relating to warrants issued at IPO and tax

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

<sup>(3)</sup> 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 adjusted for dividends accrued

<sup>(4)</sup> 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

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



**Lancashire Holdings Limited**  
summary consolidated income statements

	q4 2010	q3 2010	q2 2010	q1 2010	q4 2009	full year 2010	full year 2009
gross premiums written	\$ 94.0	\$ 135.0	\$ 232.1	\$ 228.0	\$ 103.4	\$ 689.1	\$ 627.8
outwards reinsurance premiums	(0.3)	(1.0)	(13.4)	(24.5)	(3.4)	(39.2)	(50.7)
<b>net premiums written</b>	<b>93.7</b>	<b>134.0</b>	<b>218.7</b>	<b>203.5</b>	<b>100.0</b>	<b>649.9</b>	<b>577.1</b>
change in unearned premiums	64.5	22.9	(72.5)	(47.9)	64.5	(33.0)	22.0
change in unearned premiums on premiums ceded	(8.8)	(8.5)	(1.6)	16.2	(8.9)	(2.7)	(4.4)
<b>net premiums earned</b>	<b>149.4</b>	<b>148.4</b>	<b>144.6</b>	<b>171.8</b>	<b>155.6</b>	<b>614.2</b>	<b>594.7</b>
net investment income	12.7	13.1	13.9	13.7	14.0	53.4	56.0
net other investment income (losses)	-	0.1	0.1	(0.1)	-	0.1	0.3
net realised gains (losses) and impairments	13.8	6.6	8.5	4.3	8.9	33.2	23.8
net foreign exchange gains (losses)	(0.1)	3.6	(1.9)	(1.7)	1.2	(0.1)	3.4
<b>total net revenue</b>	<b>175.8</b>	<b>171.8</b>	<b>165.2</b>	<b>188.0</b>	<b>179.7</b>	<b>700.8</b>	<b>678.2</b>
insurance losses	(11.5)	13.6	59.1	133.5	(6.1)	194.7	104.4
insurance losses recoverable	2.4	0.3	(32.1)	0.4	4.9	(29.0)	(5.7)
net insurance acquisition expenses	23.7	28.3	27.7	26.6	23.7	106.3	106.0
equity based compensation	6.1	4.4	4.7	5.9	7.1	21.1	16.4
other operating expenses	16.5	15.9	19.6	9.8	17.6	61.8	60.5
<b>total expenses</b>	<b>37.2</b>	<b>62.5</b>	<b>79.0</b>	<b>176.2</b>	<b>47.2</b>	<b>354.9</b>	<b>281.6</b>
<b>profit before tax and finance costs</b>	<b>138.6</b>	<b>109.3</b>	<b>86.2</b>	<b>11.8</b>	<b>132.5</b>	<b>345.9</b>	<b>396.6</b>
financing costs	(1.6)	(1.7)	(1.7)	(1.7)	(1.6)	(6.7)	(8.1)
<b>profit before tax</b>	<b>137.0</b>	<b>107.6</b>	<b>84.5</b>	<b>10.1</b>	<b>130.9</b>	<b>339.2</b>	<b>388.5</b>
tax	(5.2)	(1.6)	0.3	(1.9)	(1.3)	(8.4)	(3.1)
<b>profit after tax</b>	<b>\$ 131.8</b>	<b>\$ 106.0</b>	<b>\$ 84.8</b>	<b>\$ 8.2</b>	<b>\$ 129.6</b>	<b>\$ 330.8</b>	<b>\$ 385.4</b>
change in net unrealised gains / losses on investments	(34.8)	19.8	6.0	6.8	(11.8)	(2.2)	2.8
<b>comprehensive income</b>	<b>\$ 97.0</b>	<b>\$ 125.8</b>	<b>\$ 90.8</b>	<b>\$ 15.0</b>	<b>\$ 117.8</b>	<b>\$ 328.6</b>	<b>\$ 388.2</b>
net loss ratio	(6.1%)	9.4%	18.7%	77.9%	(0.8%)	27.0%	16.6%
net acquisition cost ratio	15.9%	19.1%	19.2%	15.5%	15.2%	17.3%	17.8%
administrative expense ratio	11.0%	10.7%	13.6%	5.7%	11.3%	10.1%	10.2%
combined ratio	20.8%	39.2%	51.5%	99.1%	25.7%	54.4%	44.6%
net return on total investments	(0.4%)	2.0%	1.4%	1.2%	0.5%	4.2%	3.9%
basic earnings per share	\$ 0.87	\$ 0.69	\$ 0.53	\$ 0.05	\$ 0.75	\$ 2.08	\$ 2.23
diluted earnings per share	\$ 0.76	\$ 0.61	\$ 0.48	\$ 0.04	\$ 0.69	\$ 1.86	\$ 2.05

**Lancashire Holdings Limited**  
**premiums by line of business**

	<u>q4 2010</u>	<u>q3 2010</u>	<u>q2 2010</u>	<u>q1 2010</u>	<u>q4 2009</u>	<u>full year 2010</u>	<u>full year 2009</u>
<b>gross premiums written</b>							
property cat excess of loss	\$ 2.2	\$ 24.1	\$ 17.4	\$ 54.4	\$ 6.1	\$ 98.1	\$ 76.3
terrorism	13.1	11.1	24.8	28.8	18.7	77.8	69.1
property direct and facultative	12.7	15.2	22.2	14.7	16.4	64.8	88.6
property retrocession	2.4	0.2	2.9	46.9	3.9	52.4	61.2
property political risk	6.3	9.9	4.7	8.2	1.7	29.1	15.5
other property	0.2	0.5	1.2	(0.5)	0.4	1.4	6.6
total property	<u>36.9</u>	<u>61.0</u>	<u>73.2</u>	<u>152.5</u>	<u>47.2</u>	<u>323.6</u>	<u>317.3</u>
worldwide offshore energy	22.8	27.6	43.8	28.9	9.8	123.1	100.5
gulf of mexico offshore energy	1.8	14.0	68.9	2.7	0.8	87.4	53.8
construction energy	2.4	4.9	1.0	3.9	3.0	12.2	10.7
onshore energy	1.0	2.7	2.2	1.0	1.1	6.9	7.8
energy excess of loss	-	-	5.4	-	-	5.4	-
other energy	-	2.1	0.8	0.4	-	3.3	2.7
total energy	<u>28.0</u>	<u>51.3</u>	<u>122.1</u>	<u>36.9</u>	<u>14.7</u>	<u>238.3</u>	<u>175.5</u>
marine hull and total loss	(0.5)	9.2	15.1	7.9	4.0	31.7	25.6
marine hull war	2.7	2.6	3.9	7.7	4.1	16.9	20.0
marine builders risk	3.3	1.5	4.8	5.0	3.8	14.6	16.7
marine P&I clubs	0.8	0.1	0.4	10.6	0.2	11.9	10.0
other marine	0.2	0.4	0.1	0.6	0.6	1.3	1.4
total marine	<u>6.5</u>	<u>13.8</u>	<u>24.3</u>	<u>31.8</u>	<u>12.7</u>	<u>76.4</u>	<u>73.7</u>
AV 52	19.5	7.4	10.3	5.4	25.2	42.6	52.9
other aviation	3.1	1.5	2.2	1.4	3.6	8.2	8.4
total aviation	<u>22.6</u>	<u>8.9</u>	<u>12.5</u>	<u>6.8</u>	<u>28.8</u>	<u>50.8</u>	<u>61.3</u>
<b>total gross premiums written</b>	<b><u>\$ 94.0</u></b>	<b><u>\$ 135.0</u></b>	<b><u>\$ 232.1</u></b>	<b><u>\$ 228.0</u></b>	<b><u>\$ 103.4</u></b>	<b><u>\$ 689.1</u></b>	<b><u>\$ 627.8</u></b>



**Lancashire Holdings Limited**  
**summary consolidated underwriting segment results**

**twelve months ending 31 december 2010**

	<b>property</b>	<b>energy</b>	<b>marine</b>	<b>aviation</b>	<b>consolidated</b>
gross premiums written	\$ 323.6	\$ 238.3	\$ 76.4	\$ 50.8	\$ 689.1
net premiums written	304.7	224.4	75.5	45.3	649.9
net premiums earned	311.7	183.3	66.8	52.4	614.2
net insurance losses	108.7	37.0	25.8	(5.8)	165.7
net insurance acquisition expenses	38.3	36.9	19.2	11.9	106.3
other operating expenses <sup>(1)</sup>	61.8				61.8
	<u>\$ 164.7</u>	<u>\$ 109.4</u>	<u>\$ 21.8</u>	<u>\$ 46.3</u>	<u>\$ 280.4</u>
net loss ratio	34.9%	20.2%	38.6%	(11.1%)	27.0%
net acquisition cost ratio	12.3%	20.1%	28.7%	22.7%	17.3%
administrative expense ratio <sup>(1)</sup>					10.1%
combined ratio	<u>47.2%</u>	<u>40.3%</u>	<u>67.3%</u>	<u>11.6%</u>	<u>54.4%</u>

**twelve months ending 31 december 2009**

	<b>property</b>	<b>energy</b>	<b>marine</b>	<b>aviation</b>	<b>consolidated</b>
gross premiums written	\$ 317.3	\$ 175.5	\$ 73.7	\$ 61.3	\$ 627.8
net premiums written	300.1	162.0	64.4	50.6	577.1
net premiums earned	283.5	172.6	75.9	62.7	594.7
net insurance losses	(8.9)	76.9	29.4	1.3	98.7
net insurance acquisition expenses	35.8	34.9	22.4	12.9	106.0
other operating expenses <sup>(1)</sup>	60.5				60.5
	<u>\$ 256.6</u>	<u>\$ 60.8</u>	<u>\$ 24.1</u>	<u>\$ 48.5</u>	<u>\$ 329.5</u>
net loss ratio	(3.1%)	44.6%	38.7%	2.1%	16.6%
net acquisition cost ratio	12.6%	20.2%	29.5%	20.6%	17.8%
administrative expense ratio <sup>(1)</sup>					10.2%
combined ratio	<u>9.5%</u>	<u>64.8%</u>	<u>68.2%</u>	<u>22.7%</u>	<u>44.6%</u>

<sup>(1)</sup> administrative expenses are not allocated by segment

**Lancashire Holdings Limited**  
**property segment - underwriting statement**

	<u>q4</u> <u>2010</u>	<u>q3</u> <u>2010</u>	<u>q2</u> <u>2010</u>	<u>q1</u> <u>2010</u>	<u>q4</u> <u>2009</u>	<u>full year</u> <u>2010</u>	<u>full year</u> <u>2009</u>
<b>underwriting income (loss)</b>							
gross premiums written	\$ 36.9	\$ 61.0	\$ 73.2	\$ 152.5	\$ 47.2	\$ 323.6	\$ 317.3
outwards reinsurance premiums	-	(0.4)	(3.9)	(14.6)	2.1	(18.9)	(17.2)
<b>net premiums written</b>	<b><u>36.9</u></b>	<b><u>60.6</u></b>	<b><u>69.3</u></b>	<b><u>137.9</u></b>	<b><u>49.3</u></b>	<b><u>304.7</u></b>	<b><u>300.1</u></b>
change in unearned premiums	40.0	11.4	6.1	(52.2)	39.7	5.3	(14.8)
change in unearned premiums on premiums ceded	(4.8)	(4.9)	0.3	11.1	(5.5)	1.7	(1.8)
<b>net premiums earned</b>	<b><u>\$ 72.1</u></b>	<b><u>\$ 67.1</u></b>	<b><u>\$ 75.7</u></b>	<b><u>\$ 96.8</u></b>	<b><u>\$ 83.5</u></b>	<b><u>\$ 311.7</u></b>	<b><u>\$ 283.5</u></b>
<b>underwriting expenses</b>							
net insurance losses	0.7	1.7	(4.4)	110.7	(4.8)	108.7	(8.9)
net insurance acquisition expenses	9.5	9.1	9.7	10.0	9.7	38.3	35.8
<b>total underwriting expenses</b>	<b><u>10.2</u></b>	<b><u>10.8</u></b>	<b><u>5.3</u></b>	<b><u>120.7</u></b>	<b><u>4.9</u></b>	<b><u>147.0</u></b>	<b><u>26.9</u></b>
<b>net underwriting income (loss)</b>	<b><u>\$ 61.9</u></b>	<b><u>\$ 56.3</u></b>	<b><u>\$ 70.4</u></b>	<b><u>\$ (23.9)</u></b>	<b><u>\$ 78.6</u></b>	<b><u>\$ 164.7</u></b>	<b><u>\$ 256.6</u></b>
net loss ratio (% of net premiums earned)	1.0%	2.5%	(5.8%)	114.4%	(5.7%)	34.9%	(3.1%)
net acquisition cost ratio (% of net premiums earned)	13.2%	13.6%	12.8%	10.3%	11.6%	12.3%	12.6%
	<u>14.2%</u>	<u>16.1%</u>	<u>7.0%</u>	<u>124.7%</u>	<u>5.9%</u>	<u>47.2%</u>	<u>9.5%</u>

**Lancashire Holdings Limited**  
**energy segment - underwriting statement**

	<u>q4</u> <u>2010</u>	<u>q3</u> <u>2010</u>	<u>q2</u> <u>2010</u>	<u>q1</u> <u>2010</u>	<u>q4</u> <u>2009</u>	<u>full year</u> <u>2010</u>	<u>full year</u> <u>2009</u>
<b>underwriting income</b>							
gross premiums written	\$ 28.0	\$ 51.3	\$ 122.1	\$ 36.9	\$ 14.7	\$ 238.3	\$ 175.5
outwards reinsurance premiums	(0.5)	(0.7)	(7.4)	(5.3)	(0.9)	(13.9)	(13.5)
<b>net premiums written</b>	<b><u>27.5</u></b>	<b><u>50.6</u></b>	<b><u>114.7</u></b>	<b><u>31.6</u></b>	<b><u>13.8</u></b>	<b><u>224.4</u></b>	<b><u>162.0</u></b>
change in unearned premiums	24.3	1.1	(75.2)	11.0	32.4	(38.8)	14.9
change in unearned premiums on premiums ceded	(2.1)	(1.7)	(1.6)	3.1	(1.6)	(2.3)	(4.3)
<b>net premiums earned</b>	<b><u>\$ 49.7</u></b>	<b><u>\$ 50.0</u></b>	<b><u>\$ 37.9</u></b>	<b><u>\$ 45.7</u></b>	<b><u>\$ 44.6</u></b>	<b><u>\$ 183.3</u></b>	<b><u>\$ 172.6</u></b>
<b>underwriting expenses</b>							
net insurance losses	(8.7)	10.1	23.9	11.7	(0.7)	37.0	76.9
net insurance acquisition expenses	6.9	10.7	9.5	9.8	7.6	36.9	34.9
<b>total underwriting expenses</b>	<b><u>(1.8)</u></b>	<b><u>20.8</u></b>	<b><u>33.4</u></b>	<b><u>21.5</u></b>	<b><u>6.9</u></b>	<b><u>73.9</u></b>	<b><u>111.8</u></b>
<b>net underwriting income</b>	<b><u>\$ 51.5</u></b>	<b><u>\$ 29.2</u></b>	<b><u>\$ 4.5</u></b>	<b><u>\$ 24.2</u></b>	<b><u>\$ 37.7</u></b>	<b><u>\$ 109.4</u></b>	<b><u>\$ 60.8</u></b>
net loss ratio (% of net premiums earned)	(17.5%)	20.2%	63.1%	25.6%	(1.6%)	20.2%	44.6%
net acquisition cost ratio (% of net premiums earned)	13.9%	21.4%	25.1%	21.4%	17.0%	20.1%	20.2%
	<u>(3.6%)</u>	<u>41.6%</u>	<u>88.2%</u>	<u>47.0%</u>	<u>15.4%</u>	<u>40.3%</u>	<u>64.8%</u>

**Lancashire Holdings Limited**  
**marine segment - underwriting statement**

	<u>q4</u> <u>2010</u>	<u>q3</u> <u>2010</u>	<u>q2</u> <u>2010</u>	<u>q1</u> <u>2010</u>	<u>q4</u> <u>2009</u>	<u>full year</u> <u>2010</u>	<u>full year</u> <u>2009</u>
<b>underwriting income (loss)</b>							
gross premiums written	\$ 6.5	\$ 13.8	\$ 24.3	\$ 31.8	\$ 12.7	\$ 76.4	\$ 73.7
outwards reinsurance premiums	0.2	0.1	0.5	(1.7)	(2.0)	(0.9)	(9.3)
<b>net premiums written</b>	<b><u>6.7</u></b>	<b><u>13.9</u></b>	<b><u>24.8</u></b>	<b><u>30.1</u></b>	<b><u>10.7</u></b>	<b><u>75.5</u></b>	<b><u>64.4</u></b>
change in unearned premiums	9.6	4.4	(6.2)	(14.7)	6.2	(6.9)	9.8
change in unearned premiums on premiums ceded	(0.7)	(0.7)	(1.1)	0.7	-	(1.8)	1.7
<b>net premiums earned</b>	<b><u>\$ 15.6</u></b>	<b><u>\$ 17.6</u></b>	<b><u>\$ 17.5</u></b>	<b><u>\$ 16.1</u></b>	<b><u>\$ 16.9</u></b>	<b><u>\$ 66.8</u></b>	<b><u>\$ 75.9</u></b>
<b>underwriting expenses</b>							
net insurance losses	(0.5)	2.7	11.8	11.8	3.4	25.8	29.4
net insurance acquisition expenses	4.6	5.4	4.5	4.7	4.6	19.2	22.4
<b>total underwriting expenses</b>	<b><u>4.1</u></b>	<b><u>8.1</u></b>	<b><u>16.3</u></b>	<b><u>16.5</u></b>	<b><u>8.0</u></b>	<b><u>45.0</u></b>	<b><u>51.8</u></b>
<b>net underwriting income (loss)</b>	<b><u>\$ 11.5</u></b>	<b><u>\$ 9.5</u></b>	<b><u>\$ 1.2</u></b>	<b><u>\$ (0.4)</u></b>	<b><u>\$ 8.9</u></b>	<b><u>\$ 21.8</u></b>	<b><u>\$ 24.1</u></b>
net loss ratio (% of net premiums earned)	(3.2%)	15.3%	67.4%	73.3%	20.1%	38.6%	38.7%
net acquisition cost ratio (% of net premiums earned)	29.5%	30.7%	25.7%	29.2%	27.2%	28.7%	29.5%
	<u>26.3%</u>	<u>46.0%</u>	<u>93.1%</u>	<u>102.5%</u>	<u>47.3%</u>	<u>67.3%</u>	<u>68.2%</u>

**Lancashire Holdings Limited**  
**aviation segment - underwriting statement**

	<u>q4</u> <u>2010</u>	<u>q3</u> <u>2010</u>	<u>q2</u> <u>2010</u>	<u>q1</u> <u>2010</u>	<u>q4</u> <u>2009</u>	<u>full year</u> <u>2010</u>	<u>full year</u> <u>2009</u>
<b>underwriting income</b>							
gross premiums written	\$ 22.6	\$ 8.9	\$ 12.5	\$ 6.8	\$ 28.8	\$ 50.8	\$ 61.3
outwards reinsurance premiums	-	-	(2.6)	(2.9)	(2.6)	(5.5)	(10.7)
<b>net premiums written</b>	<b><u>22.6</u></b>	<b><u>8.9</u></b>	<b><u>9.9</u></b>	<b><u>3.9</u></b>	<b><u>26.2</u></b>	<b><u>45.3</u></b>	<b><u>50.6</u></b>
change in unearned premiums	(9.4)	6.0	2.8	8.0	(13.8)	7.4	12.1
change in unearned premiums on premiums ceded	(1.2)	(1.2)	0.8	1.3	(1.8)	(0.3)	-
<b>net premiums earned</b>	<b><u>\$ 12.0</u></b>	<b><u>\$ 13.7</u></b>	<b><u>\$ 13.5</u></b>	<b><u>\$ 13.2</u></b>	<b><u>\$ 10.6</u></b>	<b><u>\$ 52.4</u></b>	<b><u>\$ 62.7</u></b>
<b>underwriting expenses</b>							
net insurance losses	(0.6)	(0.6)	(4.3)	(0.3)	0.9	(5.8)	1.3
net insurance acquisition expenses	2.7	3.1	4.0	2.1	1.8	11.9	12.9
<b>total underwriting expenses</b>	<b><u>2.1</u></b>	<b><u>2.5</u></b>	<b><u>(0.3)</u></b>	<b><u>1.8</u></b>	<b><u>2.7</u></b>	<b><u>6.1</u></b>	<b><u>14.2</u></b>
<b>net underwriting income</b>	<b><u>\$ 9.9</u></b>	<b><u>\$ 11.2</u></b>	<b><u>\$ 13.8</u></b>	<b><u>\$ 11.4</u></b>	<b><u>\$ 7.9</u></b>	<b><u>\$ 46.3</u></b>	<b><u>\$ 48.5</u></b>
net loss ratio (% of net premiums earned)	(5.0%)	(4.4%)	(31.9%)	(2.3%)	8.5%	(11.1%)	2.1%
net acquisition cost ratio (% of net premiums earned)	22.5%	22.6%	29.6%	15.9%	17.0%	22.7%	20.6%
	<u>17.5%</u>	<u>18.2%</u>	<u>(2.3%)</u>	<u>13.6%</u>	<u>25.5%</u>	<u>11.6%</u>	<u>22.7%</u>

**Lancashire Holdings Limited**  
**summary consolidated cash flows**

<b>cash flows</b>	<u>q4 2010</u>	<u>q3 2010</u>	<u>q2 2010</u>	<u>q1 2010</u>	<u>q4 2009</u>	<u>full year 2010</u>	<u>full year 2009</u>
net cash flows from operating activities	\$ 22.9	\$ 117.6	\$ 21.5	\$ 106.8	\$ 13.0	\$ 268.8	\$ 278.4
net cash flows from (used in) investing activities	220.6	(69.0)	141.4	(33.8)	141.1	259.2	(210.7)
net cash flows used in financing activities	<u>(10.5)</u>	<u>(39.0)</u>	<u>(118.1)</u>	<u>(280.5)</u>	<u>(31.8)</u>	<u>(448.1)</u>	<u>(41.8)</u>
<b>net increase (decrease) in cash and cash equivalents</b>	<b><u>233.0</u></b>	<b><u>9.6</u></b>	<b><u>44.8</u></b>	<b><u>(207.5)</u></b>	<b><u>122.3</u></b>	<b><u>79.9</u></b>	<b><u>25.9</u></b>
cash and cash equivalents, opening	288.1	268.7	230.6	440.0	318.3	440.0	413.6
effect of exchange rate fluctuations	<u>(8.6)</u>	<u>9.8</u>	<u>(6.7)</u>	<u>(1.9)</u>	<u>(0.6)</u>	<u>(7.4)</u>	<u>0.5</u>
<b>cash and cash equivalents, closing</b>	<b><u>\$ 512.5</u></b>	<b><u>\$ 288.1</u></b>	<b><u>\$ 268.7</u></b>	<b><u>\$ 230.6</u></b>	<b><u>\$ 440.0</u></b>	<b><u>\$ 512.5</u></b>	<b><u>\$ 440.0</u></b>

**Lancashire Holdings Limited**  
**summary consolidated balance sheets**

	<u>31 december 2010</u>	<u>30 september 2010</u>	<u>30 june 2010</u>	<u>31 march 2010</u>	<u>31 december 2009</u>
<b>assets</b>					
cash and cash equivalents	\$ 512.5	\$ 288.1	\$ 268.7	\$ 230.6	\$ 440.0
accrued interest receivable	13.4	14.6	12.9	14.8	12.0
investments					
- fixed income securities - available for sale	1,719.1	1,948.1	1,836.9	1,949.1	1,892.5
- other investments	(0.2)	(0.3)	1.1	-	-
reinsurance assets					
- unearned premiums on premiums ceded	2.9	11.7	20.2	21.8	5.6
- reinsurance recoveries	35.9	44.0	47.8	34.7	35.8
- other receivables	5.6	3.6	2.0	0.7	4.3
deferred acquisition costs	61.2	70.1	74.8	62.8	52.9
inwards premiums receivable from insureds and cedants	217.5	232.4	285.4	227.7	178.2
other assets	59.5	22.3	25.7	39.8	15.8
<b>total assets</b>	<b>\$ 2,627.4</b>	<b>\$ 2,634.6</b>	<b>\$ 2,575.5</b>	<b>\$ 2,582.0</b>	<b>\$ 2,637.1</b>
<b>liabilities</b>					
insurance contracts					
- losses and loss adjustment expenses	\$ 507.5	\$ 565.7	\$ 583.7	\$ 607.5	\$ 488.9
- unearned premiums	350.6	415.1	438.0	365.5	317.6
- other payables	20.6	17.0	19.6	15.2	15.8
amounts payable to reinsurers	4.4	6.2	12.7	14.2	4.2
deferred acquisition costs ceded	0.1	2.6	2.8	2.9	2.7
other payables	328.5	52.7	31.5	88.1	297.6
long-term debt	128.8	129.7	126.3	129.3	131.4
<b>total liabilities</b>	<b>1,340.5</b>	<b>1,189.0</b>	<b>1,214.6</b>	<b>1,222.7</b>	<b>1,258.2</b>
<b>shareholders' equity</b>					
share capital	84.3	84.3	86.7	91.2	91.2
own shares	(106.9)	(111.0)	(117.1)	(92.0)	(76.4)
share premium	2.4	2.4	2.4	2.4	2.4
contributed surplus	662.6	661.9	699.1	760.7	757.0
accumulated other comprehensive income	28.2	63.0	43.2	37.2	30.4
other reserves	70.7	67.2	65.4	63.4	65.3
dividends	(294.2)	(30.2)	(20.8)	(20.8)	(273.5)
retained earnings	839.8	708.0	602.0	517.2	782.5
<b>total shareholders' equity</b>	<b>\$ 1,286.9</b>	<b>\$ 1,445.6</b>	<b>\$ 1,360.9</b>	<b>\$ 1,359.3</b>	<b>\$ 1,378.9</b>
<b>total liabilities and shareholders' equity</b>	<b>\$ 2,627.4</b>	<b>\$ 2,634.6</b>	<b>\$ 2,575.5</b>	<b>\$ 2,582.0</b>	<b>\$ 2,637.1</b>
basic book value per share	\$ 8.45	\$ 9.53	\$ 8.74	\$ 8.08	\$ 8.09
fully converted book value per share	\$ 7.57	\$ 8.43	\$ 7.86	\$ 7.38	\$ 7.41
fully diluted book value per share	\$ 7.46	\$ 8.30	\$ 7.76	\$ 7.30	\$ 7.32
debt to total capital ratio	9.1%	8.2%	8.5%	8.7%	8.7%

Lancashire Holdings Limited  
composition of investment portfolio



	31 december 2010	%	30 september 2010	%	30 june 2010	%	31 march 2010	%	31 december 2009	%
<b>type of investment</b>										
short term investments	\$ 12.1	0.5%	\$ 31.1	1.4%	\$ 99.5	4.8%	\$ 258.6	12.1%	\$ 288.8	14.2%
U.S. treasuries	300.5	13.7%	511.8	23.1%	409.9	19.7%	249.3	11.7%	254.8	12.5%
other government bonds	181.4	8.2%	195.9	8.9%	144.4	7.0%	145.9	6.9%	73.8	3.6%
U.S. municipal bonds	10.9	0.5%	11.5	0.5%	11.2	0.5%	9.0	0.4%	2.5	0.1%
U.S. government agency debt	34.4	1.6%	38.8	1.8%	36.5	1.8%	69.4	3.2%	115.0	5.6%
asset backed securities	19.7	0.9%	16.6	0.7%	4.6	0.2%	-	-	-	-
U.S. government agency mortgage backed securities	337.5	15.3%	351.2	15.9%	385.7	18.5%	458.1	21.5%	484.4	23.8%
non-agency mortgage backed securities	16.5	0.8%	5.9	0.3%	5.9	0.3%	2.6	0.1%	-	-
non-agency commercial mortgage backed securities	26.7	1.2%	22.8	1.0%	19.5	0.9%	-	-	-	-
corporate bonds - non FDIC guaranteed	683.9	31.1%	627.5	28.4%	576.8	27.7%	588.7	27.6%	479.8	23.6%
corporate bonds - FDIC guaranteed	95.5	4.3%	135.0	6.1%	142.9	6.9%	167.5	7.8%	193.4	9.5%
<b>total fixed income securities, available for sale</b>	<b>1,719.1</b>	<b>78.1%</b>	<b>1,948.1</b>	<b>88.1%</b>	<b>1,836.9</b>	<b>88.3%</b>	<b>1,949.1</b>	<b>91.3%</b>	<b>1,892.5</b>	<b>92.9%</b>
managed cash	481.8	21.9%	263.6	11.9%	241.3	11.6%	186.1	8.7%	145.2	7.1%
<b>total fixed income securities and managed cash</b>	<b>2,200.9</b>	<b>100.0%</b>	<b>2,211.7</b>	<b>100.0%</b>	<b>2,078.2</b>	<b>99.9%</b>	<b>2,135.2</b>	<b>100.0%</b>	<b>2,037.7</b>	<b>100.0%</b>
other investments	(0.2)	-	(0.3)	-	1.1	0.1%	-	-	-	-
<b>total investments</b>	<b>\$ 2,200.7</b>	<b>100.0%</b>	<b>\$ 2,211.4</b>	<b>100.0%</b>	<b>\$ 2,079.3</b>	<b>100.0%</b>	<b>\$ 2,135.2</b>	<b>100.0%</b>	<b>\$ 2,037.7</b>	<b>100.0%</b>
<b>credit quality of fixed income securities</b>										
AAA	\$ 968.3	56.3%	\$ 1,235.4	63.4%	\$ 1,213.7	66.1%	\$ 1,315.0	67.5%	\$ 1,434.1	75.8%
AA+, AA, AA-	147.5	8.6%	147.2	7.6%	128.4	7.0%	137.8	7.1%	110.8	5.9%
A+, A, A-	375.2	21.8%	342.7	17.6%	315.5	17.2%	310.3	15.9%	252.4	13.3%
BBB+, BBB, BBB-	182.9	10.7%	175.6	9.0%	149.6	8.1%	156.5	8.0%	95.0	5.0%
other	45.2	2.6%	47.2	2.4%	29.7	1.6%	29.5	1.5%	0.2	-
<b>\$ 1,719.1</b>	<b>100.0%</b>	<b>\$ 1,948.1</b>	<b>100.0%</b>	<b>\$ 1,836.9</b>	<b>100.0%</b>	<b>\$ 1,949.1</b>	<b>100.0%</b>	<b>\$ 1,892.5</b>	<b>100.0%</b>	
<b>corporate bonds</b>										
industrial	\$ 300.3	38.5%	\$ 278.5	36.5%	\$ 254.7	35.4%	\$ 274.2	36.3%	\$ 262.9	39.1%
financial - non FDIC guaranteed	272.8	35.0%	248.3	32.6%	235.6	32.7%	225.2	29.8%	150.7	22.4%
utility	64.6	8.3%	58.0	7.6%	52.4	7.3%	53.1	7.0%	52.7	7.8%
other	11.9	1.5%	12.0	1.6%	13.0	1.8%	13.5	1.8%	13.5	2.0%
foreign agencies	34.3	4.4%	30.7	4.0%	21.1	2.9%	22.7	3.0%	-	-
financial - FDIC guaranteed	95.5	12.3%	135.0	17.7%	142.9	19.9%	167.5	22.1%	193.4	28.7%
<b>\$ 779.4</b>	<b>100.0%</b>	<b>\$ 762.5</b>	<b>100.0%</b>	<b>\$ 719.7</b>	<b>100.0%</b>	<b>\$ 756.2</b>	<b>100.0%</b>	<b>\$ 673.2</b>	<b>100.0%</b>	
quarterly net return on total investments		(0.4%)		2.0%		1.4%		1.2%		0.5%
rolling 12 months net return on total investments		4.2%		5.2%		4.7%		3.9%		3.9%
average book yield of fixed income and managed cash		2.4%		2.6%		2.8%		2.9%		2.8%
average market yield of fixed income and managed cash		1.9%		1.5%		1.9%		2.1%		2.2%
average duration of fixed income and managed cash		2.2 years		2.4 years		2.4 years		2.3 years		2.3 years
average credit quality of fixed income and managed cash		AA		AA		AA		AA		AA+



Lancashire Holdings Limited  
investment portfolio - sector detail

31 december 2010						
	estimated fair value	weighted average book yield	weighted average market yield	weighted average duration	weighted average rating	
<b>type of investment</b>						
short term investments	\$ 12.1	0.5%	0.4%	0.1	AAA	
U.S. treasuries	300.5	1.1%	1.4%	3.5	AAA	
other government bonds	181.4	3.9%	3.4%	2.6	A	
U.S. municipal bonds	10.9	5.9%	6.0%	7.7	A	
U.S. government agency debt	34.4	2.2%	1.6%	3.4	AAA	
asset backed securities	19.7	1.4%	1.3%	0.2	AAA	
U.S. government agency mortgage backed securities	337.5	3.5%	2.7%	2.9	AAA	
non-agency mortgage backed securities	16.5	2.5%	2.9%	1.4	AAA	
non-agency commercial mortgage backed securities	26.7	3.9%	3.7%	3.8	AAA	
corporate bonds - non FDIC guaranteed	683.9	3.4%	2.4%	2.9	A	
corporate bonds - FDIC guaranteed	95.5	2.1%	0.6%	1.3	AAA	
<b>total fixed income securities</b>	<b>1,719.1</b>	<b>2.9%</b>	<b>2.3%</b>	<b>2.9</b>	<b>AA</b>	
managed cash <sup>(1)</sup>	481.8	0.3%	0.3%	-	AA+	
<b>total fixed income securities and managed cash</b>	<b>\$ 2,200.9</b>	<b>2.4%</b>	<b>1.9%</b>	<b>2.2</b>	<b>AA</b>	

31 december 2009						
	estimated fair value	weighted average book yield	weighted average market yield	weighted average duration	weighted average rating	
<b>type of investment</b>						
short term investments	\$ 288.8	0.6%	0.5%	0.2	AAA	
U.S. treasuries	254.8	2.2%	2.3%	4.0	AAA	
other government bonds	73.8	2.9%	1.7%	2.4	AAA	
U.S. municipal bonds	2.5	4.9%	4.3%	8.7	AA+	
U.S. government agency debt	115.0	2.3%	2.0%	2.7	AAA	
U.S. government agency mortgage backed securities	484.4	4.4%	3.4%	2.5	AAA	
corporate bonds - non FDIC guaranteed	479.8	3.9%	2.8%	3.0	A	
corporate bonds - FDIC guaranteed	193.4	2.2%	1.5%	2.2	AAA	
<b>total fixed income securities</b>	<b>1,892.5</b>	<b>3.0%</b>	<b>2.3%</b>	<b>2.5</b>	<b>AA+</b>	
managed cash <sup>(1)</sup>	145.2	0.1%	0.2%	-	AA	
<b>total fixed income securities and managed cash</b>	<b>\$ 2,037.7</b>	<b>2.8%</b>	<b>2.2%</b>	<b>2.3</b>	<b>AA+</b>	

<sup>(1)</sup> managed cash includes money market funds, treasury bills and agency discount notes. Where book yields are not available, book yield is assumed to be equal to market yield.

Lancashire Holdings Limited  
corporate issuer and country exposure



31 december 2010					
	par value units	estimated fair value	accrued interest	unrealised gain (loss)	credit quality
<b>top twenty holdings by issuer</b>					
JP Morgan Chase & Company	26.5	\$ 28.6	\$ 0.4	\$ 0.5	A+
Verizon Communications Incorporated	19.2	20.8	0.2	1.6	A-
Bank of America Corporation	17.3	18.6	0.2	0.2	A
Morgan Stanley	15.9	16.9	0.2	0.4	A
Citigroup Incorporated	13.3	14.5	0.2	0.4	A
Oracle Corporation	11.8	12.8	0.1	0.3	A
US Bancorp	12.2	12.1	-	(0.1)	A+
Credit Suisse Group Ag	11.2	12.0	0.1	0.1	A+
Pfizer Incorporated	11.1	11.9	0.2	0.4	AA
Bank of New York Mellon Corporation	10.7	11.4	0.1	0.3	AA-
Pepsico Incorporated	10.8	11.3	0.1	0.4	A-
Philip Morris International Incorporated	9.8	10.5	0.1	0.5	A
International Business Machines Corporation	9.9	10.3	0.1	0.3	A+
Goldman Sachs Group Incorporated	9.0	10.2	0.2	0.2	A
Wal-Mart Stores Incorporated	9.9	10.0	-	0.2	AA
BP PLC	9.1	9.5	0.1	0.1	A
General Electric Company	9.0	9.3	-	0.2	AA
Wells Fargo & Company	8.6	9.2	0.1	0.3	AA-
France Telecom SA	8.2	8.8	0.2	0.6	A-
Barclays PLC	8.1	8.8	0.2	0.2	AA-
		<u>\$ 257.5</u>	<u>\$ 2.8</u>	<u>\$ 7.1</u>	<u>average A+</u>
<b>top twenty holdings as a % of non-FDIC corporate bonds</b>		<u>37.7%</u>			

31 december 2010						31 december 2010		31 december 2010	
top ten emerging market debt country exposures						ratings distribution of total emerging market debt portfolio		other government bonds (non U.S.)	
	short term investments	sovereign	agency	corporate	total				
Russia	\$ 0.3	\$ 10.8	\$ 3.9	\$ 11.1	\$ 26.1	AA	\$ 5.0	Germany	\$ 22.7
Brazil	-	7.5	2.0	9.6	19.1	AA-	0.5	Australia	21.7
Mexico	0.6	8.4	0.6	8.0	17.6	A+	4.7	Sweden	18.2
Turkey	-	13.8	-	-	13.8	A	11.0	Netherlands	9.1
Indonesia	0.1	8.1	-	2.2	10.4	A-	4.1	United Kingdom	9.1
Kazakhstan	-	-	0.9	6.4	7.3	BBB+	4.2	Canada	1.9
Qatar	-	2.8	2.5	1.4	6.7	BBB	37.9	emerging market sovereign debt	87.7
Colombia	-	4.5	-	1.0	5.5	BBB-	38.3	emerging market agency debt	11.0
South Africa	-	4.8	-	0.4	5.2	BB+	7.9		
Philippines	-	4.6	-	0.2	4.8	BB	28.0		
other emerging markets	-	22.4	1.1	10.3	33.8	BB-	8.4		
	<u>\$ 1.0</u>	<u>\$ 87.7</u>	<u>\$ 11.0</u>	<u>\$ 50.6</u>	<u>\$ 150.3</u>	B+	0.3		
						avg BBB-	<u>\$ 150.3</u>		<u>\$ 181.4</u>

Lancashire Holdings Limited  
net losses and loss ratios

<b>total</b>	<b>q4 2010</b>	<b>q3 2010</b>	<b>q2 2010</b>	<b>q1 2010</b>	<b>q4 2009</b>	<b>full year 2010</b>	<b>full year 2009</b>
net reserves: start	\$ 521.7	\$ 535.9	\$ 572.8	\$ 453.1	\$ 488.6	\$ 453.1	\$ 486.7
paid losses	38.8	37.5	56.0	13.1	32.9	145.4	131.8
change in prior AY <sup>(1)</sup>	(21.8)	(22.2)	(39.3)	(16.8)	(39.5)	(100.1)	(63.5)
current year incurred losses	12.7	36.1	66.3	150.7	38.3	265.8	162.2
foreign exchange	(2.2)	9.4	(7.9)	(1.1)	(1.4)	(1.8)	(0.5)
<b>net reserves: end</b>	<b>\$ 471.6</b>	<b>\$ 521.7</b>	<b>\$ 535.9</b>	<b>\$ 572.8</b>	<b>\$ 453.1</b>	<b>\$ 471.6</b>	<b>\$ 453.1</b>
net premiums earned	149.4	148.4	144.6	171.8	155.6	614.2	594.7
net loss ratio	(6.1%)	9.4%	18.7%	77.9%	(0.8%)	27.0%	16.6%
IBNR as % of net reserves	40.6%	37.6%	35.6%	54.8%	43.8%	40.6%	43.8%

<b>property</b>	<b>q4 2010</b>	<b>q3 2010</b>	<b>q2 2010</b>	<b>q1 2010</b>	<b>q4 2009</b>	<b>full year 2010</b>	<b>full year 2009</b>	<b>energy</b>	<b>q4 2010</b>	<b>q3 2010</b>	<b>q2 2010</b>	<b>q1 2010</b>	<b>q4 2009</b>	<b>full year 2010</b>	<b>full year 2009</b>
net reserves: start	\$ 173.3	\$ 176.3	\$ 191.9	\$ 85.0	\$ 96.6	\$ 85.0	\$ 128.2	net reserves: start	\$ 247.3	\$ 258.7	\$ 276.8	\$ 272.5	\$ 297.0	\$ 272.5	\$ 275.3
paid losses	7.2	11.7	5.6	2.5	6.5	27.0	35.2	paid losses	28.4	22.1	41.4	7.7	23.5	99.6	79.3
change in prior AY <sup>(1)</sup>	5.1	(5.6)	(17.1)	(11.2)	(7.5)	(28.8)	(44.4)	change in prior AY <sup>(1)</sup>	(20.0)	(10.7)	(15.2)	(1.7)	(29.6)	(47.6)	(9.3)
current year incurred losses	(4.4)	7.3	12.7	121.9	2.7	137.5	35.5	current year incurred losses	11.3	20.8	39.1	13.4	28.9	84.6	86.2
foreign exchange	(1.8)	7.0	(5.6)	(1.3)	(0.3)	(1.7)	0.9	foreign exchange	-	0.6	(0.6)	0.3	(0.3)	0.3	(0.4)
<b>net reserves: end</b>	<b>\$ 165.0</b>	<b>\$ 173.3</b>	<b>\$ 176.3</b>	<b>\$ 191.9</b>	<b>\$ 85.0</b>	<b>\$ 165.0</b>	<b>\$ 85.0</b>	<b>net reserves: end</b>	<b>\$ 210.2</b>	<b>\$ 247.3</b>	<b>\$ 258.7</b>	<b>\$ 276.8</b>	<b>\$ 272.5</b>	<b>\$ 210.2</b>	<b>\$ 272.5</b>
net premiums earned	\$ 72.1	\$ 67.1	\$ 75.7	\$ 96.8	\$ 83.5	\$ 311.7	\$ 283.5	net premiums earned	\$ 49.7	\$ 50.0	\$ 37.9	\$ 45.7	\$ 44.6	\$ 183.3	172.6
net loss ratio	1.0%	2.5%	(5.8%)	114.4%	(5.7%)	34.9%	(3.1%)	net loss ratio	(17.5%)	20.2%	63.1%	25.6%	(1.6%)	20.2%	44.6%

<b>marine</b>	<b>q4 2010</b>	<b>q3 2010</b>	<b>q2 2010</b>	<b>q1 2010</b>	<b>q4 2009</b>	<b>full year 2010</b>	<b>full year 2009</b>	<b>aviation</b>	<b>q4 2010</b>	<b>q3 2010</b>	<b>q2 2010</b>	<b>q1 2010</b>	<b>q4 2009</b>	<b>full year 2010</b>	<b>full year 2009</b>
net reserves: start	\$ 94.0	\$ 93.3	\$ 92.1	\$ 83.0	\$ 83.3	\$ 83.0	\$ 71.4	net reserves: start	\$ 7.1	\$ 7.6	\$ 12.0	\$ 12.6	\$ 11.7	\$ 12.6	\$ 11.8
paid losses	3.2	3.7	9.0	2.9	2.9	18.8	16.7	paid losses	-	-	-	-	-	-	0.6
change in prior AY <sup>(1)</sup>	(6.3)	(5.3)	(2.5)	(3.6)	(2.2)	(17.7)	(6.1)	change in prior AY <sup>(1)</sup>	(0.6)	(0.6)	(4.5)	(0.3)	(0.2)	(6.0)	(3.7)
current year incurred losses	5.8	8.0	14.3	15.4	5.6	43.5	35.5	current year incurred losses	-	-	0.2	-	1.1	0.2	5.0
foreign exchange	(0.4)	1.7	(1.6)	0.2	(0.8)	(0.1)	(1.1)	foreign exchange	-	0.1	(0.1)	(0.3)	-	(0.3)	0.1
<b>net reserves: end</b>	<b>\$ 89.9</b>	<b>\$ 94.0</b>	<b>\$ 93.3</b>	<b>\$ 92.1</b>	<b>\$ 83.0</b>	<b>\$ 89.9</b>	<b>\$ 83.0</b>	<b>net reserves: end</b>	<b>\$ 6.5</b>	<b>\$ 7.1</b>	<b>\$ 7.6</b>	<b>\$ 12.0</b>	<b>\$ 12.6</b>	<b>\$ 6.5</b>	<b>\$ 12.6</b>
net premiums earned	\$ 15.6	\$ 17.6	\$ 17.5	\$ 16.1	\$ 16.9	\$ 66.8	\$ 75.9	net premiums earned	\$ 12.0	\$ 13.7	\$ 13.5	\$ 13.2	\$ 10.6	\$ 52.4	62.7
net loss ratio	(3.2%)	15.3%	67.4%	73.3%	20.1%	38.6%	38.7%	net loss ratio	(5.0%)	(4.4%)	(31.9%)	(2.3%)	8.5%	(11.1%)	2.1%

<sup>(1)</sup> AY = accident year

**Lancashire Holdings Limited**  
**losses by accident year**

**gross losses**

<u>accident year</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
estimate of ultimate liability:					
at end of accident year	39.1	154.8	444.6	163.3	297.4
one year later	34.7	131.2	417.4	107.8	-
two years later	32.0	103.5	377.5	-	-
three years later	27.6	94.8	-	-	-
four years later	27.2	-	-	-	-
as at 31 december 2010	<u>\$ 27.2</u>	<u>\$ 94.8</u>	<u>\$ 377.5</u>	<u>\$ 107.8</u>	<u>\$ 297.4</u>
payments made	(21.0)	(65.6)	(233.4)	(25.9)	(51.3)
<b>total gross liability</b>	<b><u>\$ 6.2</u></b>	<b><u>\$ 29.2</u></b>	<b><u>\$ 144.1</u></b>	<b><u>\$ 81.9</u></b>	<b><u>\$ 246.1</u></b>
accident year gross loss ratio <sup>(1)</sup>	9.0%	13.6%	55.5%	16.6%	45.3%

**net losses**

<u>accident year</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
estimate of ultimate liability:					
at end of accident year	39.1	151.2	403.9	161.7	263.6
one year later	34.7	125.0	370.3	106.5	-
two years later	32.0	99.5	334.4	-	-
three years later	27.6	91.3	-	-	-
four years later	27.2	-	-	-	-
as at 31 december 2010	<u>\$ 27.2</u>	<u>\$ 91.3</u>	<u>\$ 334.4</u>	<u>\$ 106.5</u>	<u>\$ 263.6</u>
payments made	(21.0)	(62.6)	(207.7)	(25.9)	(34.2)
<b>total net liability</b>	<b><u>\$ 6.2</u></b>	<b><u>\$ 28.7</u></b>	<b><u>\$ 126.7</u></b>	<b><u>\$ 80.6</u></b>	<b><u>\$ 229.4</u></b>
accident year net loss ratio <sup>(1)</sup>	11.2%	14.9%	55.1%	17.9%	42.9%
initial accident year net loss ratio	16.1%	24.7%	66.5%	27.2%	n/a
reduction in net loss ratio post accident year end	4.9%	9.8%	11.4%	9.3%	n/a

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

**Lancashire Holdings Limited**  
**estimated exposures to peak zone elemental losses**

zones	perils	1 january 2011 100 year return period		1 january 2011 250 year return period	
		estimated gross loss	estimated net loss	estimated gross loss	estimated net loss
gulf of mexico <sup>(1)</sup>	hurricane	\$ 249.7	\$ 244.8	\$ 368.1	\$ 352.9
california	earthquake	118.5	115.3	215.2	204.2
pacific northwest	earthquake	44.6	45.0	159.3	153.3
pan-european	windstorm	116.9	116.9	184.3	184.3
japan	earthquake	110.3	110.3	200.5	200.5
japan	typhoon	75.5	75.5	171.8	171.8

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

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.

<sup>(1)</sup> landing hurricane from florida to texas

**Lancashire Holdings Limited**  
**earnings per share**

	<u>q4 2010</u>	<u>q4 2009</u>	<u>full year 2010</u>	<u>full year 2009</u>
<b>basic earnings per share:</b>				
profit after tax	\$ 131.8	\$ 129.6	\$ 330.8	\$ 385.4
net operating income	\$ 123.4	\$ 122.4	\$ 306.5	\$ 364.7
<b>dilutive shares</b>				
weighted average shares outstanding - basic	151,852,512	172,153,602	158,806,410	172,740,238
dilutive effect of warrants	17,197,369	13,426,359	14,214,198	12,649,142
dilutive effect of stock options	672,045	606,972	500,310	494,544
dilutive effect of restricted stock	4,224,981	1,963,654	3,990,315	1,903,964
weighted average & equivalent shares outstanding - diluted	<u>173,946,907</u>	<u>188,150,587</u>	<u>177,511,233</u>	<u>187,787,888</u>
<b>basic earnings per share</b>	<u>\$ 0.87</u>	<u>\$ 0.75</u>	<u>\$ 2.08</u>	<u>\$ 2.23</u>
<b>diluted earnings per share</b>	<u>\$ 0.76</u>	<u>\$ 0.69</u>	<u>\$ 1.86</u>	<u>\$ 2.05</u>
<b>diluted operating earnings per share</b>	<u>\$ 0.71</u>	<u>\$ 0.65</u>	<u>\$ 1.73</u>	<u>\$ 1.94</u>

**Lancashire Holdings Limited**  
**basic and fully converted book value per share**

	<u>31 december 2010</u>	<u>30 september 2010</u>	<u>30 june 2010</u>	<u>31 march 2010</u>	<u>31 december 2009</u>
numerator (\$ in millions):					
shareholders' equity	\$ 1,286.9	\$ 1,445.6	\$ 1,360.9	\$ 1,359.3	\$ 1,378.9
proceeds from assumed exercise of outstanding dilutive warrants	177.7	178.3	179.4	180.5	185.6
proceeds from assumed exercise of outstanding dilutive options	2.3	7.4	6.2	6.6	4.0
book value numerator	<u>\$ 1,466.9</u>	<u>\$ 1,631.3</u>	<u>\$ 1,546.5</u>	<u>\$ 1,546.4</u>	<u>\$ 1,568.5</u>
denominator (in shares):					
common voting shares outstanding	152,367,003	151,684,042	155,791,315	168,299,510	170,470,393
shares issuable upon exercise of outstanding dilutive warrants	36,498,390	36,648,390	36,932,789	37,182,159	38,312,564
shares issuable upon exercise of outstanding dilutive options	863,644	1,759,895	1,507,491	1,739,939	1,029,798
shares relating to dilutive restricted stock	4,122,964	3,507,393	2,490,766	2,263,191	1,894,048
fully converted book value denominator	<u>193,852,001</u>	<u>193,599,720</u>	<u>196,722,361</u>	<u>209,484,799</u>	<u>211,706,803</u>
<b>basic book value per share</b>	<u><b>\$ 8.45</b></u>	<u><b>\$ 9.53</b></u>	<u><b>\$ 8.74</b></u>	<u><b>\$ 8.08</b></u>	<u><b>\$ 8.09</b></u>
<b>fully converted book value per share</b>	<u><b>\$ 7.57</b></u>	<u><b>\$ 8.43</b></u>	<u><b>\$ 7.86</b></u>	<u><b>\$ 7.38</b></u>	<u><b>\$ 7.41</b></u>
dividend per common share <sup>(1)</sup>	\$ 1.40	\$ 0.05	\$ -	\$ 0.10	\$ 1.25
change in FCBVS adj for dividends <sup>(2)</sup> - quarter	6.4%	7.9%	6.5%	0.9%	7.0%
change in FCBVS adj for dividends <sup>(2)</sup> - rolling 12 months	23.3%	24.4%	24.2%	24.9%	26.5%
compound annual change in FCBVS adj for dividends <sup>(2)</sup>	20.3%	20.0%	19.4%	19.0%	19.8%
compound annual change in FCBVS adj for dividends <sup>(2)</sup> - above 3 month treasury	18.2%	17.8%	17.0%	16.5%	17.1%
change in FCBVS adj for dividends <sup>(2)</sup> - since inception	152.4%	138.0%	122.0%	109.3%	105.8%

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

<sup>(2)</sup> 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 2010</u>	<u>30 september 2010</u>	<u>30 june 2010</u>	<u>31 march 2010</u>	<u>31 december 2009</u>
shareholders' equity	\$ 1,286.9	\$ 1,445.6	\$ 1,360.9	\$ 1,359.3	\$ 1,378.9
weighted average exercise price per share of dilutive warrants	\$ 4.87	\$ 4.86	\$ 4.86	\$ 4.86	\$ 4.85
weighted average exercise price per share of dilutive options	\$ 2.65	\$ 4.21	\$ 4.12	\$ 3.80	\$ 3.87
denominator (in shares):					
common voting shares outstanding	152,367,003	151,684,042	155,791,315	168,299,510	170,470,393
unvested restricted shares and restricted share units	4,122,964	3,507,393	2,490,766	2,263,191	1,894,048
dilutive warrants outstanding	36,498,390	36,648,390	36,932,789	37,182,159	38,312,564
proforma warrants bought back	<u>(21,034,819)</u>	<u>(18,703,607)</u>	<u>(20,540,337)</u>	<u>(22,353,566)</u>	<u>(22,950,049)</u>
proforma net shares issued	15,463,571	17,944,783	16,392,452	14,828,593	15,362,515
dilutive options outstanding	863,644	1,759,895	1,507,491	1,739,939	1,029,798
proforma options bought back	<u>(271,039)</u>	<u>(776,532)</u>	<u>(710,545)</u>	<u>(819,579)</u>	<u>(492,288)</u>
proforma net shares issued	592,605	983,363	796,946	920,360	537,510
proforma dilutive shares outstanding	<u>172,546,143</u>	<u>174,119,581</u>	<u>175,471,479</u>	<u>186,311,654</u>	<u>188,264,466</u>
<b>basic book value per common share</b>	<b><u>\$ 8.45</u></b>	<b><u>\$ 9.53</u></b>	<b><u>\$ 8.74</u></b>	<b><u>\$ 8.08</u></b>	<b><u>\$ 8.09</u></b>
<b>diluted book value per common share</b>	<b><u>\$ 7.46</u></b>	<b><u>\$ 8.30</u></b>	<b><u>\$ 7.76</u></b>	<b><u>\$ 7.30</u></b>	<b><u>\$ 7.32</u></b>
dividend per common share <sup>(1)</sup>	\$ 1.40	\$ 0.05	\$ -	\$ 0.10	\$ 1.25
change in FDBVS adj for dividends <sup>(2)</sup> - quarter	6.8%	7.6%	6.3%	1.1%	7.1%
change in FDBVS adj for dividends <sup>(2)</sup> - rolling 12 months	23.4%	24.1%	24.2%	25.2%	26.4%
compound annual change in FDBVS adj for dividends <sup>(2)</sup>	20.1%	19.7%	19.1%	18.8%	19.5%
compound annual change in FDBVS adj for dividends <sup>(2)</sup> - above 3 month treasury	17.9%	17.5%	16.7%	16.2%	16.8%
change in FDBVS adj for dividends <sup>(2)</sup> - since inception	149.9%	135.1%	119.8%	107.6%	103.9%

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

<sup>(2)</sup> 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