

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 IN THIS RELEASE OR OTHERWISE THAT ARE NOT BASED ON CURRENT OR HISTORICAL FACTS ARE FORWARD-LOOKING IN NATURE INCLUDING WITHOUT LIMITATION, STATEMENTS CONTAINING THE WORDS 'BELIEVES', 'ANTICIPATES', 'PLANS', 'PROJECTS', 'FORECASTS', 'GUIDANCE', 'INTENDS', 'EXPECTS', 'ESTIMATES', 'PREDICTS', 'MAY', 'CAN', 'WILL', 'SEEKS', 'SHOULD', OR, IN EACH CASE, THEIR NEGATIVE OR COMPARABLE TERMINOLOGY. ALL 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; THE EFFECTIVENESS OF OUR LOSS LIMITATION METHODS; LOSS OF KEY PERSONNEL; A DECLINE IN OUR OPERATING SUBSIDIARIES' RATING WITH A.M. BEST, STANDARD & POOR'S, MOODY'S OR OTHER RATING AGENCIES; INCREASED COMPETITION ON THE BASIS OF PRICING, CAPACITY, COVERAGE TERMS OR OTHER FACTORS; A CYCLICAL DOWNTURN OF THE INDUSTRY; THE IMPACT OF A DETERIORATING CREDIT ENVIRONMENT FOR ISSUERS OF FIXED INCOME INVESTMENTS; THE IMPACT OF SWINGS IN MARKET INTEREST RATES AND SECURITIES PRICES; A RATING DOWNGRADE OF, OR A MARKET DECLINE IN, SECURITIES IN 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; THE UK TEMPORARY PERIOD EXEMPTION UNDER THE CURRENT CFC REGIME FAILING TO REMAIN IN FORCE FOR THE PERIOD INTENDED; THE FAILURE OF THE UK GOVERNMENT TO BRING BEFORE PARLIAMENT LEGISLATION CONTAINING A SUITABLE NEW CFC REGIME IN LINE WITH THE PROPOSALS OUTLINED IN THE CONSULTATION DOCUMENT; THE OMISSION FROM THE NEW CFC REGIME OF A SUITABLE EXCLUSION (E.G. RELATING TO LARGE RISKS WRITTEN IN THE INTERNATIONAL INSURANCE MARKET); ANY CHANGE IN UK GOVERNMENT OR THE UK GOVERNMENT POLICY WHICH IMPACTS THE TEMPORARY PERIOD EXEMPTION, THE ANTICIPATED TERRITORIAL BUSINESS EXEMPTION OR OTHER ASPECTS OF THE NEW CFC REGIME; AND THE CHANGE IN TAX RESIDENCE OF LANCASHIRE NEGATIVELY IMPACTS STAKEHOLDERS OF LANCASHIRE IN A MATERIAL WAY.

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 JUDGMENT AND CONSIDERING THE ACCOUNTING PRINCIPLES GENERALLY ACCEPTED IN THE UNITED STATES ("US GAAP").

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

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

NET OPERATING INCOME (LOSS) - 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**

	<u>q1</u> <u>2012</u>	<u>q1</u> <u>2011</u>	<u>% change</u> <u>q1-12 vs.</u> <u>q1-11</u>
<b>highlights</b>			
gross premiums written	\$ 234.0	\$ 171.9	36%
net premiums written	132.1	137.7	(4%)
net premiums earned	141.5	145.2	(3%)
net insurance losses	50.5	97.3	(48%)
net investment income	8.7	11.6	(25%)
net realised gains (losses) and impairments	1.2	2.4	(50%)
profit after tax	45.2	8.6	426%
change in net unrealised gains / losses on investments	11.0	(2.2)	600%
comprehensive income	56.2	6.4	778%
net operating income <sup>(1)</sup>	\$ 42.9	\$ 6.9	522%
total investments and cash	\$ 2,090.3	\$ 2,054.1	2%
total shareholders' equity	\$ 1,361.2	\$ 1,282.1	6%
<b>per share data</b>			
net operating income per share - diluted <sup>(2)</sup>	\$ 0.24	\$ 0.04	
profit after tax per share - diluted <sup>(2)</sup>	\$ 0.25	\$ 0.05	
fully converted book value per share	\$ 7.78	\$ 7.50	
change in FCBVS adj for dividends <sup>(3)</sup>	3.4%	0.4%	
fully diluted book value per share	\$ 7.69	\$ 7.39	
change in FDBVS adj for dividends <sup>(4)</sup>	3.5%	0.4%	
<b>financial ratios</b>			
net loss ratio	35.7%	67.0%	
net acquisition cost ratio	21.1%	17.5%	
administrative expense ratio	17.2%	12.9%	
combined ratio	<u>74.0%</u>	<u>97.4%</u>	
net return on total investments	1.1%	0.6%	

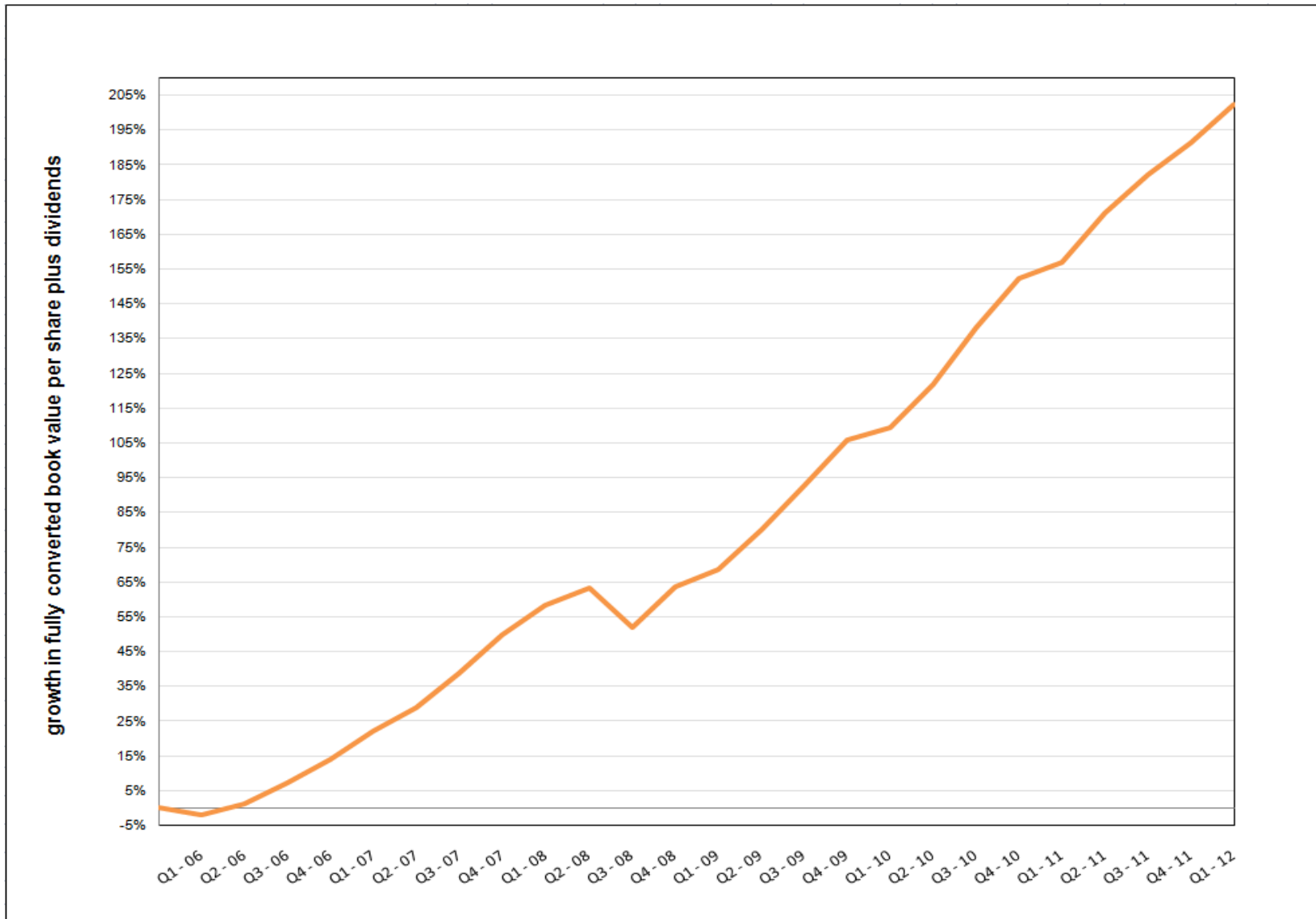
<sup>(1)</sup> excludes realised gains and losses, tax and foreign exchange gains and losses

<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

	q1 2012	q4 2011	q3 2011	q2 2011	q1 2011	full year 2011
gross premiums written	\$ 234.0	\$ 109.6	\$ 142.9	\$ 207.9	\$ 171.9	\$ 632.3
outwards reinsurance premiums	(101.9)	(7.2)	(9.3)	(16.5)	(34.2)	(67.2)
<b>net premiums written</b>	<b>132.1</b>	<b>102.4</b>	<b>133.6</b>	<b>191.4</b>	<b>137.7</b>	<b>565.1</b>
change in unearned premiums	(55.1)	50.7	20.7	(53.4)	(14.5)	3.5
change in unearned premiums on premiums ceded	64.5	(14.9)	(5.5)	4.3	22.0	5.9
<b>net premiums earned</b>	<b>141.5</b>	<b>138.2</b>	<b>148.8</b>	<b>142.3</b>	<b>145.2</b>	<b>574.5</b>
net investment income	8.7	8.9	10.5	12.2	11.6	43.2
net other investment income (losses)	0.7	0.4	(0.9)	0.1	(0.1)	(0.5)
net realised gains (losses) and impairments	1.2	2.6	1.0	2.6	2.4	8.6
share of profit of associate	2.9	0.6	0.3	-	-	0.9
net foreign exchange gains (losses)	2.4	(0.6)	(9.7)	1.8	(0.9)	(9.4)
<b>total net revenue</b>	<b>157.4</b>	<b>150.1</b>	<b>150.0</b>	<b>159.0</b>	<b>158.2</b>	<b>617.3</b>
insurance losses	79.7	85.5	17.1	17.6	105.1	225.3
insurance losses recoverable	(29.2)	(31.1)	1.0	(5.1)	(7.8)	(43.0)
net insurance acquisition expenses	29.9	31.9	28.9	26.2	25.4	112.4
equity based compensation	3.4	6.2	0.4	5.8	6.4	18.8
other operating expenses	24.4	14.7	17.7	19.9	18.7	71.0
<b>total expenses</b>	<b>108.2</b>	<b>107.2</b>	<b>65.1</b>	<b>64.4</b>	<b>147.8</b>	<b>384.5</b>
<b>profit before tax and finance costs</b>	<b>49.2</b>	<b>42.9</b>	<b>84.9</b>	<b>94.6</b>	<b>10.4</b>	<b>232.8</b>
financing costs	(2.7)	(2.7)	(5.9)	(3.6)	(2.0)	(14.2)
<b>profit before tax</b>	<b>46.5</b>	<b>40.2</b>	<b>79.0</b>	<b>91.0</b>	<b>8.4</b>	<b>218.6</b>
tax	(1.3)	(1.2)	(3.3)	(2.1)	0.2	(6.4)
<b>profit after tax</b>	<b>\$ 45.2</b>	<b>\$ 39.0</b>	<b>\$ 75.7</b>	<b>\$ 88.9</b>	<b>\$ 8.6</b>	<b>\$ 212.2</b>
change in net unrealised gains / losses on investments	11.0	0.8	(15.4)	6.2	(2.2)	(10.6)
<b>comprehensive income</b>	<b>\$ 56.2</b>	<b>\$ 39.8</b>	<b>\$ 60.3</b>	<b>\$ 95.1</b>	<b>\$ 6.4</b>	<b>\$ 201.6</b>
net loss ratio	35.7%	39.4%	12.2%	8.8%	67.0%	31.7%
net acquisition cost ratio	21.1%	23.1%	19.4%	18.4%	17.5%	19.6%
administrative expense ratio	17.2%	10.6%	11.9%	14.0%	12.9%	12.4%
combined ratio	74.0%	73.1%	43.5%	41.2%	97.4%	63.7%
net return on total investments	1.1%	0.6%	(0.6%)	1.1%	0.6%	1.8%
basic earnings per share	\$ 0.29	\$ 0.25	\$ 0.49	\$ 0.58	\$ 0.06	\$ 1.38
diluted earnings per share	\$ 0.25	\$ 0.22	\$ 0.42	\$ 0.50	\$ 0.05	\$ 1.20

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

	<u>q1</u> <u>2012</u>	<u>q4</u> <u>2011</u>	<u>q3</u> <u>2011</u>	<u>q2</u> <u>2011</u>	<u>q1</u> <u>2011</u>	<u>full year</u> <u>2011</u>
<b>gross premiums written</b>						
property cat excess of loss	\$ 30.9	\$ 5.6	\$ 27.1	\$ 16.3	\$ 33.0	\$ 82.0
terrorism	22.0	15.8	12.0	17.4	23.2	68.4
property direct and facultative	8.5	12.5	12.6	18.8	13.6	57.5
property retrocession	91.2	5.3	8.5	7.1	25.9	46.8
property political risk	5.4	9.5	4.7	0.8	5.4	20.4
other property	0.5	1.0	-	2.5	1.2	4.7
<b>total property</b>	<u>158.5</u>	<u>49.7</u>	<u>64.9</u>	<u>62.9</u>	<u>102.3</u>	<u>279.8</u>
worldwide offshore energy	32.4	19.3	38.2	60.2	22.6	140.3
gulf of mexico offshore energy	5.5	0.1	7.8	50.7	2.1	60.7
construction energy	4.3	3.5	1.4	4.1	1.5	10.5
onshore energy	1.1	0.1	4.0	3.6	0.9	8.6
energy excess of loss	0.8	(0.1)	-	4.0	1.3	5.2
other energy	0.2	0.3	2.3	0.8	0.3	3.7
<b>total energy</b>	<u>44.3</u>	<u>23.2</u>	<u>53.7</u>	<u>123.4</u>	<u>28.7</u>	<u>229.0</u>
marine hull and total loss	4.7	5.8	3.7	3.4	10.9	23.8
marine builders risk	3.3	6.8	4.8	3.0	5.4	20.0
marine hull war	6.8	4.9	4.8	2.8	5.2	17.7
marine P&I clubs	7.1	0.9	0.3	0.7	9.1	11.0
other marine	1.6	0.2	-	1.0	2.7	3.9
<b>total marine</b>	<u>23.5</u>	<u>18.6</u>	<u>13.6</u>	<u>10.9</u>	<u>33.3</u>	<u>76.4</u>
AV 52	7.4	15.0	8.6	9.3	6.7	39.6
other aviation	0.3	3.1	2.1	1.4	0.9	7.5
<b>total aviation</b>	<u>7.7</u>	<u>18.1</u>	<u>10.7</u>	<u>10.7</u>	<u>7.6</u>	<u>47.1</u>
<b>total gross premiums written</b>	<u><b>\$ 234.0</b></u>	<u><b>\$ 109.6</b></u>	<u><b>\$ 142.9</b></u>	<u><b>\$ 207.9</b></u>	<u><b>\$ 171.9</b></u>	<u><b>\$ 632.3</b></u>



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

**three months ending 31 march 2012**

	<b>property</b>	<b>energy</b>	<b>marine</b>	<b>aviation</b>	<b>consolidated</b>
gross premiums written	\$ 158.5	\$ 44.3	\$ 23.5	\$ 7.7	\$ 234.0
net premiums written	87.3	31.0	8.9	4.9	132.1
net premiums earned	68.3	53.9	7.5	11.8	141.5
net insurance losses	15.4	(2.9)	38.0	-	50.5
net insurance acquisition expenses	8.7	12.6	6.2	2.4	29.9
other operating expenses <sup>(1)</sup>					24.4
	<u>\$ 44.2</u>	<u>\$ 44.2</u>	<u>\$ (36.7)</u>	<u>\$ 9.4</u>	<u>\$ 36.7</u>
net loss ratio	22.5%	(5.4%)	506.7%	-	35.7%
net acquisition cost ratio	12.7%	23.4%	82.7%	20.3%	21.1%
administrative expense ratio <sup>(1)</sup>					17.2%
combined ratio	<u>35.2%</u>	<u>18.0%</u>	<u>589.4%</u>	<u>20.3%</u>	<u>74.0%</u>

**three months ending 31 march 2011**

	<b>property</b>	<b>energy</b>	<b>marine</b>	<b>aviation</b>	<b>consolidated</b>
gross premiums written	\$ 102.3	\$ 28.7	\$ 33.3	\$ 7.6	\$ 171.9
net premiums written	89.5	16.4	26.9	4.9	137.7
net premiums earned	71.4	45.0	17.6	11.2	145.2
net insurance losses	95.9	12.2	(5.5)	(5.3)	97.3
net insurance acquisition expenses	8.7	8.7	5.5	2.5	25.4
other operating expenses <sup>(1)</sup>					18.7
	<u>\$ (33.2)</u>	<u>\$ 24.1</u>	<u>\$ 17.6</u>	<u>\$ 14.0</u>	<u>\$ 3.8</u>
net loss ratio	134.3%	27.1%	(31.3%)	(47.3%)	67.0%
net acquisition cost ratio	12.2%	19.3%	31.3%	22.3%	17.5%
administrative expense ratio <sup>(1)</sup>					12.9%
combined ratio	<u>146.5%</u>	<u>46.4%</u>	<u>-</u>	<u>(25.0%)</u>	<u>97.4%</u>

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

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

	<u>q1</u> <u>2012</u>	<u>q4</u> <u>2011</u>	<u>q3</u> <u>2011</u>	<u>q2</u> <u>2011</u>	<u>q1</u> <u>2011</u>	<u>full year</u> <u>2011</u>
<b>underwriting income (loss)</b>						
gross premiums written	\$ 158.5	\$ 49.7	\$ 64.9	\$ 62.9	\$ 102.3	\$ 279.8
outwards reinsurance premiums	(71.2)	(8.4)	(7.8)	(12.2)	(12.8)	(41.2)
<b>net premiums written</b>	<b><u>87.3</u></b>	<b><u>41.3</u></b>	<b><u>57.1</u></b>	<b><u>50.7</u></b>	<b><u>89.5</u></b>	<b><u>238.6</u></b>
change in unearned premiums	(68.2)	23.2	7.9	7.4	(26.5)	12.0
change in unearned premiums on premiums ceded	49.2	(9.1)	(0.8)	7.3	8.4	5.8
<b>net premiums earned</b>	<b><u>\$ 68.3</u></b>	<b><u>\$ 55.4</u></b>	<b><u>\$ 64.2</u></b>	<b><u>\$ 65.4</u></b>	<b><u>\$ 71.4</u></b>	<b><u>\$ 256.4</u></b>
<b>underwriting expenses</b>						
net insurance losses	15.4	39.5	9.5	(14.7)	95.9	130.2
net insurance acquisition expenses	8.7	9.0	8.7	8.7	8.7	35.1
<b>total underwriting expenses</b>	<b><u>24.1</u></b>	<b><u>48.5</u></b>	<b><u>18.2</u></b>	<b><u>(6.0)</u></b>	<b><u>104.6</u></b>	<b><u>165.3</u></b>
<b>net underwriting income (loss)</b>	<b><u>\$ 44.2</u></b>	<b><u>\$ 6.9</u></b>	<b><u>\$ 46.0</u></b>	<b><u>\$ 71.4</u></b>	<b><u>\$ (33.2)</u></b>	<b><u>\$ 91.1</u></b>
net loss ratio (% of net premiums earned)	22.5%	71.3%	14.8%	(22.5%)	134.3%	50.8%
net acquisition cost ratio (% of net premiums earned)	12.7%	16.2%	13.6%	13.3%	12.2%	13.7%
	<u>35.2%</u>	<u>87.5%</u>	<u>28.4%</u>	<u>(9.2%)</u>	<u>146.5%</u>	<u>64.5%</u>

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

	<u>q1</u> <u>2012</u>	<u>q4</u> <u>2011</u>	<u>q3</u> <u>2011</u>	<u>q2</u> <u>2011</u>	<u>q1</u> <u>2011</u>	<u>full year</u> <u>2011</u>
<b>underwriting income</b>						
gross premiums written	\$ 44.3	\$ 23.2	\$ 53.7	\$ 123.4	\$ 28.7	\$ 229.0
outwards reinsurance premiums	(13.3)	1.8	(1.5)	(6.3)	(12.3)	(18.3)
<b>net premiums written</b>	<b><u>31.0</u></b>	<b><u>25.0</u></b>	<b><u>52.2</u></b>	<b><u>117.1</u></b>	<b><u>16.4</u></b>	<b><u>210.7</u></b>
change in unearned premiums	13.1	31.5	3.0	(70.9)	21.3	(15.1)
change in unearned premiums on premiums ceded	9.8	(4.1)	(2.9)	-	7.3	0.3
<b>net premiums earned</b>	<b><u>\$ 53.9</u></b>	<b><u>\$ 52.4</u></b>	<b><u>\$ 52.3</u></b>	<b><u>\$ 46.2</u></b>	<b><u>\$ 45.0</u></b>	<b><u>\$ 195.9</u></b>
<b>underwriting expenses</b>						
net insurance losses	(2.9)	7.7	9.1	24.8	12.2	53.8
net insurance acquisition expenses	12.6	12.2	11.9	9.8	8.7	42.6
<b>total underwriting expenses</b>	<b><u>9.7</u></b>	<b><u>19.9</u></b>	<b><u>21.0</u></b>	<b><u>34.6</u></b>	<b><u>20.9</u></b>	<b><u>96.4</u></b>
<b>net underwriting income</b>	<b><u>\$ 44.2</u></b>	<b><u>\$ 32.5</u></b>	<b><u>\$ 31.3</u></b>	<b><u>\$ 11.6</u></b>	<b><u>\$ 24.1</u></b>	<b><u>\$ 99.5</u></b>
net loss ratio (% of net premiums earned)	(5.4%)	14.7%	17.4%	53.7%	27.1%	27.5%
net acquisition cost ratio (% of net premiums earned)	23.4%	23.3%	22.8%	21.2%	19.3%	21.7%
	<u>18.0%</u>	<u>38.0%</u>	<u>40.2%</u>	<u>74.9%</u>	<u>46.4%</u>	<u>49.2%</u>

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

	<u>q1 2012</u>	<u>q4 2011</u>	<u>q3 2011</u>	<u>q2 2011</u>	<u>q1 2011</u>	<u>full year 2011</u>
<b>underwriting (loss) income</b>						
gross premiums written	\$ 23.5	\$ 18.6	\$ 13.6	\$ 10.9	\$ 33.3	\$ 76.4
outwards reinsurance premiums	(14.6)	(0.6)	-	3.1	(6.4)	(3.9)
<b>net premiums written</b>	<u>8.9</u>	<u>18.0</u>	<u>13.6</u>	<u>14.0</u>	<u>26.9</u>	<u>72.5</u>
change in unearned premiums	(5.1)	5.2	6.3	7.3	(14.0)	4.8
change in unearned premiums on premiums ceded	3.7	(0.7)	(0.8)	(3.2)	4.7	-
<b>net premiums earned</b>	<u>\$ 7.5</u>	<u>\$ 22.5</u>	<u>\$ 19.1</u>	<u>\$ 18.1</u>	<u>\$ 17.6</u>	<u>\$ 77.3</u>
<b>underwriting expenses</b>						
net insurance losses	38.0	7.4	(0.4)	2.6	(5.5)	4.1
net insurance acquisition expenses	6.2	8.6	6.3	4.6	5.5	25.0
<b>total underwriting expenses</b>	<u>44.2</u>	<u>16.0</u>	<u>5.9</u>	<u>7.2</u>	<u>-</u>	<u>29.1</u>
<b>net underwriting (loss) income</b>	<u>\$ (36.7)</u>	<u>\$ 6.5</u>	<u>\$ 13.2</u>	<u>\$ 10.9</u>	<u>\$ 17.6</u>	<u>\$ 48.2</u>
net loss ratio (% of net premiums earned)	506.7%	32.9%	(2.1%)	14.4%	(31.3%)	5.3%
net acquisition cost ratio (% of net premiums earned)	82.7%	38.2%	33.0%	25.4%	31.3%	32.3%
	<u>589.4%</u>	<u>71.1%</u>	<u>30.9%</u>	<u>39.8%</u>	<u>-</u>	<u>37.6%</u>

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

	<u>q1 2012</u>	<u>q4 2011</u>	<u>q3 2011</u>	<u>q2 2011</u>	<u>q1 2011</u>	<u>full year 2011</u>
<b>underwriting income</b>						
gross premiums written	\$ 7.7	\$ 18.1	\$ 10.7	\$ 10.7	\$ 7.6	\$ 47.1
outwards reinsurance premiums	(2.8)	-	-	(1.1)	(2.7)	(3.8)
<b>net premiums written</b>	<u><b>4.9</b></u>	<u><b>18.1</b></u>	<u><b>10.7</b></u>	<u><b>9.6</b></u>	<u><b>4.9</b></u>	<u><b>43.3</b></u>
change in unearned premiums	5.1	(9.2)	3.5	2.8	4.7	1.8
change in unearned premiums on premiums ceded	1.8	(1.0)	(1.0)	0.2	1.6	(0.2)
<b>net premiums earned</b>	<u><b>\$ 11.8</b></u>	<u><b>\$ 7.9</b></u>	<u><b>\$ 13.2</b></u>	<u><b>\$ 12.6</b></u>	<u><b>\$ 11.2</b></u>	<u><b>\$ 44.9</b></u>
<b>underwriting expenses</b>						
net insurance losses	-	(0.2)	(0.1)	(0.2)	(5.3)	(5.8)
net insurance acquisition expenses	2.4	2.1	2.0	3.1	2.5	9.7
<b>total underwriting expenses</b>	<u><b>2.4</b></u>	<u><b>1.9</b></u>	<u><b>1.9</b></u>	<u><b>2.9</b></u>	<u><b>(2.8)</b></u>	<u><b>3.9</b></u>
<b>net underwriting income</b>	<u><b>\$ 9.4</b></u>	<u><b>\$ 6.0</b></u>	<u><b>\$ 11.3</b></u>	<u><b>\$ 9.7</b></u>	<u><b>\$ 14.0</b></u>	<u><b>\$ 41.0</b></u>
net loss ratio (% of net premiums earned)	-	(2.5%)	(0.8%)	(1.6%)	(47.3%)	(12.9%)
net acquisition cost ratio (% of net premiums earned)	20.3%	26.6%	15.2%	24.6%	22.3%	21.6%
	<u>20.3%</u>	<u>24.1%</u>	<u>14.4%</u>	<u>23.0%</u>	<u>(25.0%)</u>	<u>8.7%</u>

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

<b>cash flows</b>	<u>q1 2012</u>	<u>q4 2011</u>	<u>q3 2011</u>	<u>q2 2011</u>	<u>q1 2011</u>	<u>full year 2011</u>
net cash flows from (used in) operating activities	\$ 49.1	\$ (1.5)	\$ 71.6	\$ 120.2	\$ 67.4	\$ 257.7
net cash flows (used in) from investing activities	(64.1)	103.7	(135.9)	(143.9)	172.3	(3.8)
net cash flows used in financing activities	<u>(8.7)</u>	<u>(153.7)</u>	<u>(11.8)</u>	<u>(23.7)</u>	<u>(265.3)</u>	<u>(454.5)</u>
<b>net (decrease) increase in cash and cash equivalents</b>	<b><u>(23.7)</u></b>	<b><u>(51.5)</u></b>	<b><u>(76.1)</u></b>	<b><u>(47.4)</u></b>	<b><u>(25.6)</u></b>	<b><u>(200.6)</u></b>
cash and cash equivalents, opening	311.8	368.5	448.9	493.3	512.5	512.5
effect of exchange rate fluctuations	<u>(1.0)</u>	<u>(5.2)</u>	<u>(4.3)</u>	<u>3.0</u>	<u>6.4</u>	<u>(0.1)</u>
<b>cash and cash equivalents, closing</b>	<b><u>\$ 287.1</u></b>	<b><u>\$ 311.8</u></b>	<b><u>\$ 368.5</u></b>	<b><u>\$ 448.9</u></b>	<b><u>\$ 493.3</u></b>	<b><u>\$ 311.8</u></b>

**Lancashire Holdings Limited**  
summary consolidated balance sheets



	<u>31 march 2012</u>	<u>31 december 2011</u>	<u>30 september 2011</u>	<u>30 june 2011</u>	<u>31 march 2011</u>
<b>assets</b>					
cash and cash equivalents	\$ 287.1	\$ 311.8	\$ 368.5	\$ 448.9	\$ 493.3
accrued interest receivable	10.7	10.0	12.4	11.8	12.8
investments					
- fixed income securities - available for sale	1,803.2	1,714.0	1,844.1	1,637.3	1,529.9
- at fair value through profit or loss	-	-	0.7	8.6	1.5
- equity securities - available for sale	-	-	-	75.2	29.8
- other investments	-	(0.6)	(0.2)	(0.4)	(0.4)
reinsurance assets					
- unearned premiums on premiums ceded	73.3	8.8	23.7	29.2	24.9
- reinsurance recoveries	94.3	69.7	42.4	46.1	41.0
- other receivables	-	6.2	2.4	0.1	2.5
deferred acquisition costs	67.7	61.4	66.2	70.5	62.7
inwards premiums receivable from insureds and cedants	265.2	212.1	232.1	292.6	239.3
investment in associate	48.8	50.9	7.3	7.5	-
other assets	40.0	63.3	36.5	24.8	61.6
<b>total assets</b>	<b>\$ 2,690.3</b>	<b>\$ 2,507.6</b>	<b>\$ 2,636.1</b>	<b>\$ 2,652.2</b>	<b>\$ 2,498.9</b>
<b>liabilities</b>					
insurance contracts					
- losses and loss adjustment expenses	\$ 589.9	\$ 571.2	\$ 556.9	\$ 576.7	\$ 576.6
- unearned premiums	402.2	347.1	397.8	418.5	365.1
- other payables	19.8	23.5	17.1	19.7	16.0
amounts payable to reinsurers	85.4	17.8	20.0	22.8	20.9
deferred acquisition costs ceded	6.6	0.7	1.2	1.2	0.7
other payables	96.3	92.5	81.0	101.4	106.7
long-term debt	128.9	128.0	129.6	131.5	130.8
<b>total liabilities</b>	<b>1,329.1</b>	<b>1,180.8</b>	<b>1,203.6</b>	<b>1,271.8</b>	<b>1,216.8</b>
<b>shareholders' equity</b>					
share capital	84.3	84.3	84.3	84.3	84.3
own shares	(75.3)	(83.0)	(95.7)	(90.5)	(110.3)
share premium	2.4	2.4	2.4	2.4	2.4
contributed surplus	663.1	660.5	665.9	659.6	669.7
accumulated other comprehensive income	28.6	17.6	16.8	32.2	26.0
other reserves	54.7	67.6	68.4	68.2	74.7
dividends	(19.2)	(180.4)	(28.4)	(18.9)	(18.9)
retained earnings	622.6	757.8	718.8	643.1	554.2
<b>total shareholders' equity</b>	<b>\$ 1,361.2</b>	<b>\$ 1,326.8</b>	<b>\$ 1,432.5</b>	<b>\$ 1,380.4</b>	<b>\$ 1,282.1</b>
<b>total liabilities and shareholders' equity</b>	<b>\$ 2,690.3</b>	<b>\$ 2,507.6</b>	<b>\$ 2,636.1</b>	<b>\$ 2,652.2</b>	<b>\$ 2,498.9</b>
basic book value per share	\$ 8.55	\$ 8.46	\$ 9.22	\$ 8.90	\$ 8.39
fully converted book value per share	\$ 7.78	\$ 7.62	\$ 8.20	\$ 7.96	\$ 7.50
fully diluted book value per share	\$ 7.69	\$ 7.53	\$ 8.10	\$ 7.86	\$ 7.39
debt to total capital ratio	8.7%	8.8%	8.3%	8.7%	9.3%

Lancashire Holdings Limited  
composition of investment portfolio



	31 march 2012	%	31 december 2011	%	30 september 2011	%	30 june 2011	%	31 march 2011	%
<b>type of investment</b>										
short term investments	\$ 36.1	1.8%	\$ 78.9	4.0%	\$ 102.2	4.7%	\$ 45.7	2.2%	\$ 57.7	2.9%
U.S. treasuries	337.1	16.6%	351.1	17.8%	337.3	15.6%	251.3	11.9%	227.1	11.4%
other government bonds	173.2	8.5%	159.1	8.0%	176.1	8.1%	178.4	8.5%	168.0	8.4%
U.S. municipal bonds	27.9	1.4%	27.7	1.4%	28.2	1.3%	22.1	1.0%	14.8	0.7%
U.S. government agency debt	72.6	3.6%	83.0	4.2%	74.5	3.5%	28.1	1.3%	25.9	1.3%
asset backed securities	68.6	3.4%	69.6	3.5%	72.1	3.3%	73.1	3.5%	31.2	1.5%
U.S. government agency mortgage backed securities	384.9	18.9%	260.3	13.2%	255.8	11.8%	222.2	10.5%	212.4	10.6%
non-agency mortgage backed securities	10.9	0.5%	13.1	0.7%	24.5	1.1%	24.7	1.2%	17.3	0.9%
agency commercial mortgage backed securities	4.4	0.2%	-	-	1.2	0.1%	1.1	0.1%	1.1	0.1%
non-agency commercial mortgage backed securities	27.2	1.3%	31.5	1.6%	33.0	1.5%	24.4	1.2%	24.1	1.2%
corporate bonds - non FDIC guaranteed	617.7	30.3%	590.5	29.9%	662.5	30.6%	685.6	32.6%	667.0	33.3%
corporate bonds - FDIC guaranteed	42.6	2.1%	49.2	2.5%	76.7	3.6%	80.6	3.8%	83.3	4.2%
<b>total fixed income securities - available for sale</b>	<b>1,803.2</b>	<b>88.6%</b>	<b>1,714.0</b>	<b>86.8%</b>	<b>1,844.1</b>	<b>85.2%</b>	<b>1,637.3</b>	<b>77.8%</b>	<b>1,529.9</b>	<b>76.5%</b>
convertible debt securities - at fair value through profit or loss	-	-	-	-	0.7	-	8.6	0.4%	1.5	0.1%
equity securities - available for sale	-	-	-	-	-	-	75.2	3.6%	29.8	1.5%
other investments	-	-	(0.6)	-	(0.2)	-	(0.4)	-	(0.4)	-
managed cash	231.0	11.4%	260.4	13.2%	321.1	14.8%	383.6	18.2%	437.4	21.9%
<b>total investments</b>	<b>\$ 2,034.2</b>	<b>100.0%</b>	<b>\$ 1,973.8</b>	<b>100.0%</b>	<b>\$ 2,165.7</b>	<b>100.0%</b>	<b>\$ 2,104.3</b>	<b>100.0%</b>	<b>\$ 1,998.2</b>	<b>100.0%</b>
<b>credit quality of fixed income securities</b>										
AAA	\$ 287.6	15.9%	\$ 294.2	17.2%	\$ 339.4	18.4%	\$ 871.7	53.2%	\$ 819.2	53.6%
AA+, AA, AA-	951.7	52.8%	877.5	51.2%	916.4	49.7%	142.0	8.7%	145.6	9.5%
A+, A, A-	325.3	18.0%	327.4	19.1%	383.4	20.8%	419.9	25.6%	373.3	24.4%
BBB+, BBB, BBB-	181.6	10.1%	165.9	9.7%	151.7	8.2%	146.7	9.0%	150.0	9.8%
other	57.0	3.2%	49.0	2.8%	53.2	2.9%	57.0	3.5%	41.8	2.7%
	<b>\$ 1,803.2</b>	<b>100.0%</b>	<b>\$ 1,714.0</b>	<b>100.0%</b>	<b>\$ 1,844.1</b>	<b>100.0%</b>	<b>\$ 1,637.3</b>	<b>100.0%</b>	<b>\$ 1,529.9</b>	<b>100.0%</b>
<b>corporate bonds</b>										
industrial	\$ 283.2	42.9%	\$ 277.5	43.4%	\$ 302.7	41.0%	\$ 294.2	38.4%	\$ 291.8	38.9%
financial - non FDIC guaranteed	256.5	38.8%	238.8	37.3%	278.0	37.6%	310.9	40.6%	297.4	39.6%
utility	45.3	6.9%	43.2	6.8%	46.1	6.2%	51.1	6.7%	52.1	6.9%
supranationals	4.0	0.6%	1.5	0.2%	1.5	0.2%	1.5	0.2%	0.5	0.1%
foreign agencies	28.7	4.3%	29.5	4.6%	34.2	4.6%	27.9	3.6%	25.2	3.4%
financial - FDIC guaranteed	42.6	6.5%	49.2	7.7%	76.7	10.4%	80.6	10.5%	83.3	11.1%
	<b>\$ 660.3</b>	<b>100.0%</b>	<b>\$ 639.7</b>	<b>100.0%</b>	<b>\$ 739.2</b>	<b>100.0%</b>	<b>\$ 766.2</b>	<b>100.0%</b>	<b>\$ 750.3</b>	<b>100.0%</b>
quarterly net return on total investments		1.1%		0.6%		(0.6%)		1.1%		0.6%
rolling 12 months net return on total investments		2.3%		1.8%		0.8%		3.3%		3.6%
average book yield of fixed income and managed cash		2.1%		1.9%		2.0%		2.2%		2.2%
average market yield of fixed income and managed cash		1.3%		1.5%		1.5%		1.6%		1.7%
average duration of fixed income and managed cash		1.8 years		1.8 years		1.7 years		1.8 years		1.8 years
average credit quality of fixed income and managed cash		AA-		AA-		AA		AA		AA
average credit quality of fixed income only		AA-		AA-		AA-		AA-		AA



Lancashire Holdings Limited  
investment portfolio - sector detail



	31 march 2012				
type of investment	estimated fair value	weighted average book yield	weighted average market yield	weighted average duration	weighted average rating <sup>(2)</sup>
short term investments	\$ 36.1	0.2%	0.2%	0.5	AAA
U.S. treasuries	337.1	0.5%	0.4%	2.0	AA+
other government bonds	173.2	4.1%	3.6%	3.6	A
U.S. municipal bonds	27.9	3.5%	2.3%	3.5	A+
U.S. government agency debt	72.6	0.9%	0.7%	2.4	AA+
asset backed securities	68.6	1.2%	1.0%	0.2	AAA
U.S. government agency mortgage backed securities	384.9	2.8%	1.5%	1.9	AA+
non-agency mortgage backed securities	10.9	3.1%	2.2%	0.6	AAA
agency commercial mortgage backed securities	4.4	0.6%	0.6%	0.1	AA+
non-agency commercial mortgage backed securities	27.2	4.0%	2.4%	3.8	AAA
corporate bonds - non FDIC guaranteed	617.7	2.8%	1.8%	2.2	A
corporate bonds - FDIC guaranteed	42.6	1.9%	0.3%	0.5	AA+
<b>total fixed income securities - available for sale</b>	<b>1,803.2</b>	<b>2.3%</b>	<b>1.5%</b>	<b>2.1</b>	<b>AA-</b>
managed cash <sup>(1)</sup>	231.0	0.1%	0.1%	-	AA-
<b>total fixed income securities and managed cash</b>	<b>\$ 2,034.2</b>	<b>2.1%</b>	<b>1.3%</b>	<b>1.8</b>	<b>AA-</b>

	31 december 2011				
type of investment	estimated fair value	weighted average book yield	weighted average market yield	weighted average duration	weighted average rating <sup>(2)</sup>
short term investments	\$ 78.9	0.1%	0.1%	0.2	AAA
U.S. treasuries	351.1	0.7%	0.4%	2.7	AA+
other government bonds	159.1	3.7%	3.5%	3.3	A
U.S. municipal bonds	27.7	3.5%	2.7%	3.6	A+
U.S. government agency debt	83.0	0.7%	0.4%	1.6	AA+
asset backed securities	69.6	1.2%	1.3%	0.2	AAA
U.S. government agency mortgage backed securities	260.3	2.9%	1.4%	1.5	AA+
non-agency mortgage backed securities	13.1	2.3%	2.3%	0.4	AA+
non-agency commercial mortgage backed securities	31.5	3.5%	2.5%	3.4	AAA
corporate bonds - non FDIC guaranteed	590.5	2.9%	2.4%	2.0	A
corporate bonds - FDIC guaranteed	49.2	1.8%	0.3%	0.7	AA+
<b>total fixed income securities - available for sale</b>	<b>1,714.0</b>	<b>2.2%</b>	<b>1.7%</b>	<b>2.0</b>	<b>AA-</b>
managed cash <sup>(1)</sup>	260.4	0.1%	0.1%	-	AA-
<b>total fixed income securities and managed cash</b>	<b>\$ 1,974.4</b>	<b>1.9%</b>	<b>1.5%</b>	<b>1.8</b>	<b>AA-</b>

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

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

**Lancashire Holdings Limited**  
**emerging market debt**

**31 march 2012**

	sovereign	agency	corporate	total
<b>top ten country exposures</b>				
Russia	\$ 11.8	\$ 2.2	\$ 9.8	\$ 23.8
Mexico	9.7	4.4	2.1	16.2
Brazil	8.5	3.8	3.9	16.2
Indonesia	9.5	-	3.5	13.0
Turkey	10.1	-	0.2	10.3
Venezuela	6.2	1.9	2.0	10.1
United Arab Emirates	-	1.3	6.7	8.0
Qatar	3.3	3.4	0.7	7.4
Colombia	4.6	-	2.3	6.9
Peru	5.2	-	0.3	5.5
other emerging markets	12.6	4.8	7.5	24.9
	<u>\$ 81.5</u>	<u>\$ 21.8</u>	<u>\$ 39.0</u>	<u>\$ 142.3</u>

**31 march 2012**  
**ratings distribution**

AA	\$ 10.0
AA-	0.2
A+	2.5
A	6.0
A-	3.1
BBB+	2.5
BBB	51.1
BBB-	21.1
BB+	11.0
BB	19.2
BB-	2.6
B+	12.4
B	0.6
avg BBB	<u>\$ 142.3</u>

Lancashire Holdings Limited  
corporate & global bond holdings

	31 march 2012				
	par value units	estimated fair value	accrued interest	unrealised gain (loss)	credit quality <sup>(1)</sup>
<b>top twenty corporate holdings by issuer</b>					
Bank of Nova Scotia	18.9	\$ 19.0	\$ -	\$ 0.1	AA-
Citigroup Inc	14.3	14.1	0.1	(0.1)	A-
Bank of America Corp	12.6	13.1	0.2	0.1	A-
Nordea Bank AB	12.7	12.8	0.1	0.1	AA+
Morgan Stanley	12.4	12.5	0.1	(0.3)	A-
Sparebank 1 Boligkreditt	11.8	11.8	-	-	AAA
Verizon Communications Inc	11.0	11.8	0.2	0.8	A-
Oracle Corporation	11.0	11.6	0.2	0.3	A
JP Morgan Chase & Co	10.9	11.4	0.1	0.3	A
Philip Morris International Inc	10.2	10.8	0.2	0.3	A
Hewlett-Packard Company	10.1	10.2	-	-	BBB+
Toronto-Dominion Bank	9.9	9.9	-	-	AAA
Wal-Mart Stores Inc	9.2	9.5	0.1	0.3	AA
BP PLC	8.5	9.1	0.1	0.4	A
Rio Tinto Limited	7.5	8.3	0.1	0.3	A-
US Bancorp	8.1	8.2	-	0.1	A
France Telecom SA	7.5	8.0	0.1	0.5	A-
National Bank of Canada	7.3	7.6	0.1	-	AAA
Wells Fargo & Company	7.4	7.5	0.1	0.1	A+
Canadian Imperial Bank of Commerce	7.4	7.5	-	-	AAA
		<u>\$ 214.7</u>	<u>\$ 1.8</u>	<u>\$ 3.3</u>	<u>average A+</u>
<b>top twenty holdings as a % of non FDIC guaranteed corporate bonds</b>		<u>34.8%</u>			

	31 march 2012			
	financials	other industries	total non FDIC guaranteed corporates	other government bonds
<b>bonds by country</b>				
United States	\$ 122.4	\$ 217.6	\$ 340.0	\$ -
Canada	57.4	13.0	70.4	24.3
United Kingdom	16.8	25.7	42.5	8.1
Norway	25.1	-	25.1	2.0
Australia	4.7	12.9	17.6	14.4
France	1.1	16.1	17.2	-
Switzerland	7.8	7.0	14.8	-
Sweden	13.5	-	13.5	-
Netherlands	3.8	4.6	8.4	12.0
Belgium	-	7.3	7.3	-
Germany	-	5.0	5.0	-
Supranational	4.0	-	4.0	-
Hong Kong	-	3.3	3.3	-
Spain	-	3.1	3.1	-
Luxembourg	-	1.5	1.5	-
New Zealand	1.5	-	1.5	-
Japan	1.0	0.5	1.5	-
Italy	-	1.5	1.5	-
Singapore	-	0.5	0.5	-
Denmark	-	-	-	9.1
Emerging market corporates	1.4	37.6	39.0	-
Emerging market sovereign	-	-	-	81.5
Emerging market agency	-	-	-	21.8
	<u>\$ 260.5</u>	<u>\$ 357.2</u>	<u>\$ 617.7</u>	<u>\$ 173.2</u>

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

Lancashire Holdings Limited  
net losses and loss ratios



<b>total</b>	<b>q1 2012</b>	<b>q4 2011</b>	<b>q3 2011</b>	<b>q2 2011</b>	<b>q1 2011</b>
net reserves: start	\$ 501.5	\$ 514.5	\$ 530.6	\$ 535.6	\$ 471.6
paid losses	50.3	63.3	32.1	20.0	39.5
change in prior year AY <sup>(1)</sup>	(20.6)	(37.3)	(21.1)	(46.1)	(50.8)
current year incurred losses	71.1	91.7	39.2	58.6	148.1
foreign exchange	(6.1)	(4.1)	(2.1)	2.5	6.2
net reserves: end	\$ 495.6	\$ 501.5	\$ 514.5	\$ 530.6	\$ 535.6
net premiums earned	\$ 141.5	\$ 138.2	\$ 148.8	\$ 142.3	\$ 145.2
net loss ratio	35.7%	39.4%	12.2%	8.8%	67.0%
IBNR as % of net reserves	33.4%	33.5%	31.9%	29.9%	46.5%

<b>property</b>	<b>q1 2012</b>	<b>q4 2011</b>	<b>q3 2011</b>	<b>q2 2011</b>	<b>q1 2011</b>
net reserves: start	\$ 246.9	\$ 232.4	\$ 233.8	\$ 251.1	\$ 165.0
paid losses	41.3	22.2	10.5	5.1	14.7
change in prior year AY <sup>(1)</sup>	(1.3)	(23.3)	(4.9)	(26.7)	(8.6)
current year incurred losses	16.7	62.8	14.4	12.0	104.5
foreign exchange	(7.4)	(2.8)	(0.4)	2.5	4.9
net reserves: end	\$ 213.6	\$ 246.9	\$ 232.4	\$ 233.8	\$ 251.1
net premiums earned	\$ 68.3	\$ 55.4	\$ 64.2	\$ 65.4	\$ 71.4
net loss ratio	22.5%	71.3%	14.8%	(22.5%)	134.3%

<b>energy</b>	<b>q1 2012</b>	<b>q4 2011</b>	<b>q3 2011</b>	<b>q2 2011</b>	<b>q1 2011</b>
net reserves: start	\$ 183.4	\$ 212.9	\$ 221.7	\$ 207.9	\$ 210.2
paid losses	4.1	36.5	17.2	10.8	15.0
change in prior year AY <sup>(1)</sup>	(14.6)	(10.3)	(11.6)	(12.7)	(22.7)
current year incurred losses	11.7	18.0	20.7	37.5	34.9
foreign exchange	0.4	(0.7)	(0.7)	(0.2)	0.5
net reserves: end	\$ 176.8	\$ 183.4	\$ 212.9	\$ 221.7	\$ 207.9
net premiums earned	\$ 53.9	\$ 52.4	\$ 52.3	\$ 46.2	\$ 45.0
net loss ratio	(5.4%)	14.7%	17.4%	53.7%	27.1%

<b>marine</b>	<b>q1 2012</b>	<b>q4 2011</b>	<b>q3 2011</b>	<b>q2 2011</b>	<b>q1 2011</b>
net reserves: start	\$ 70.7	\$ 68.5	\$ 74.2	\$ 75.3	\$ 89.9
paid losses	4.9	4.5	4.4	4.0	9.8
change in prior year AY <sup>(1)</sup>	(4.7)	(3.4)	(4.5)	(6.6)	(14.1)
current year incurred losses	42.7	10.8	4.1	9.2	8.6
foreign exchange	0.9	(0.7)	(0.9)	0.3	0.7
net reserves: end	\$ 104.7	\$ 70.7	\$ 68.5	\$ 74.2	\$ 75.3
net premiums earned	\$ 7.5	\$ 22.5	\$ 19.1	\$ 18.1	\$ 17.6
net loss ratio	506.7%	32.9%	(2.1%)	14.4%	(31.3%)

<b>aviation</b>	<b>q1 2012</b>	<b>q4 2011</b>	<b>q3 2011</b>	<b>q2 2011</b>	<b>q1 2011</b>
net reserves: start	\$ 0.5	\$ 0.7	\$ 0.9	\$ 1.3	\$ 6.5
paid losses	-	0.1	-	0.1	-
change in prior year AY <sup>(1)</sup>	-	(0.3)	(0.1)	(0.1)	(5.4)
current year incurred losses	-	0.1	-	(0.1)	0.1
foreign exchange	-	0.1	(0.1)	(0.1)	0.1
net reserves: end	\$ 0.5	\$ 0.5	\$ 0.7	\$ 0.9	\$ 1.3
net premiums earned	\$ 11.8	\$ 7.9	\$ 13.2	\$ 12.6	\$ 11.2
net loss ratio	-	(2.5%)	(0.8%)	(1.6%)	(47.3%)

<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>	<u>2011</u>	<u>2012</u>
estimate of ultimate liability:							
at end of accident year	39.1	154.8	444.6	163.3	297.4	397.0	-
one year later	34.7	131.2	417.4	107.8	209.4	-	-
two years later	32.0	103.5	377.5	73.1	-	-	-
three years later	27.6	94.8	345.1	-	-	-	-
four years later	27.2	83.5	-	-	-	-	-
five years later	24.4	-	-	-	-	-	-
as at 31 december 2011	<u>\$ 24.4</u>	<u>\$ 83.5</u>	<u>\$ 345.1</u>	<u>\$ 73.1</u>	<u>\$ 209.4</u>	<u>\$ 397.0</u>	<u>\$ -</u>
as at 31 march 2012	<u>\$ 24.2</u>	<u>\$ 82.7</u>	<u>\$ 344.5</u>	<u>\$ 71.1</u>	<u>\$ 210.8</u>	<u>\$ 368.3</u>	<u>\$ 104.2</u>
payments made	<u>(21.7)</u>	<u>(73.7)</u>	<u>(290.9)</u>	<u>(43.6)</u>	<u>(124.4)</u>	<u>(61.6)</u>	<u>-</u>
<b>total gross liability</b>	<b><u>\$ 2.5</u></b>	<b><u>\$ 9.0</u></b>	<b><u>\$ 53.6</u></b>	<b><u>\$ 27.5</u></b>	<b><u>\$ 86.4</u></b>	<b><u>\$ 306.7</u></b>	<b><u>\$ 104.2</u></b>
accident year gross loss ratio <sup>(1)</sup>	8.0%	11.9%	50.6%	10.9%	32.1%	57.9%	58.2%

### net losses

<u>accident year</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
estimate of ultimate liability:							
at end of accident year	39.1	151.2	403.9	161.7	263.6	340.8	-
one year later	34.7	125.0	370.3	106.5	185.8	-	-
two years later	32.0	99.5	334.4	72.4	-	-	-
three years later	27.6	91.3	304.2	-	-	-	-
four years later	27.2	80.2	-	-	-	-	-
five years later	24.4	-	-	-	-	-	-
as at 31 december 2011	<u>\$ 24.4</u>	<u>\$ 80.2</u>	<u>\$ 304.2</u>	<u>\$ 72.4</u>	<u>\$ 185.8</u>	<u>\$ 340.8</u>	<u>\$ -</u>
as at 31 march 2012	<u>\$ 24.2</u>	<u>\$ 79.4</u>	<u>\$ 304.0</u>	<u>\$ 70.5</u>	<u>\$ 187.2</u>	<u>\$ 315.4</u>	<u>\$ 71.5</u>
payments made	<u>(21.7)</u>	<u>(70.6)</u>	<u>(257.4)</u>	<u>(43.1)</u>	<u>(102.2)</u>	<u>(61.6)</u>	<u>-</u>
<b>total net liability</b>	<b><u>\$ 2.5</u></b>	<b><u>\$ 8.8</u></b>	<b><u>\$ 46.6</u></b>	<b><u>\$ 27.4</u></b>	<b><u>\$ 85.0</u></b>	<b><u>\$ 253.8</u></b>	<b><u>\$ 71.5</u></b>
accident year net loss ratio <sup>(1)</sup>	9.9%	13.0%	50.1%	11.9%	30.5%	54.9%	50.5%
initial accident year net loss ratio	16.1%	24.7%	66.5%	27.2%	42.9%	59.3%	n/a
reduction in net loss ratio post accident year end	6.2%	11.7%	16.4%	15.3%	12.4%	4.4%	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 april 2012 100 year return period		1 april 2012 250 year return period	
		estimated gross loss	estimated net loss	estimated gross loss	estimated net loss
gulf of mexico <sup>(1)</sup>	hurricane	\$ 593.6	\$ 360.0	\$ 763.8	\$ 498.7
california	earthquake	219.0	120.7	496.7	283.4
pacific northwest	earthquake	33.2	33.2	313.6	190.7
pan-european	windstorm	399.0	205.2	482.7	276.9
japan	earthquake	238.3	162.1	466.8	293.9
japan	typhoon	236.4	151.1	500.8	346.6

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

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

THE ESTIMATES OF LOSSES ABOVE ARE BASED ON ASSUMPTIONS THAT ARE INHERENTLY SUBJECT TO SIGNIFICANT UNCERTAINTIES AND CONTINGENCIES. IN PARTICULAR, 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>q1</u> <u>2012</u>	<u>q4</u> <u>2011</u>	<u>q3</u> <u>2011</u>	<u>q2</u> <u>2011</u>	<u>q1</u> <u>2011</u>	<u>full year</u> <u>2011</u>
<b>basic earnings per share:</b>						
profit after tax	\$ 45.2	\$ 39.0	\$ 75.7	\$ 88.9	\$ 8.6	\$ 212.2
net operating income	\$ 42.9	\$ 38.1	\$ 87.7	\$ 86.3	\$ 6.9	\$ 219.0
<b>dilutive shares</b>						
weighted average shares outstanding - basic	157,736,713	155,859,689	155,187,916	153,752,249	152,511,716	154,339,421
dilutive effect of warrants	19,159,273	18,942,775	19,059,160	18,538,842	17,092,332	17,754,552
dilutive effect of stock options	124,855	274,564	624,329	653,629	910,248	269,355
dilutive effect of restricted stock	3,389,155	5,206,856	4,614,667	4,170,764	4,616,541	5,088,005
weighted average & equivalent shares outstanding - diluted	<u>180,409,996</u>	<u>180,283,884</u>	<u>179,486,072</u>	<u>177,115,484</u>	<u>175,130,837</u>	<u>177,451,333</u>
<b>basic earnings per share</b>	<u>\$ 0.29</u>	<u>\$ 0.25</u>	<u>\$ 0.49</u>	<u>\$ 0.58</u>	<u>\$ 0.06</u>	<u>\$ 1.38</u>
<b>diluted earnings per share</b>	<u>\$ 0.25</u>	<u>\$ 0.22</u>	<u>\$ 0.42</u>	<u>\$ 0.50</u>	<u>\$ 0.05</u>	<u>\$ 1.20</u>
<b>diluted operating earnings per share</b>	<u>\$ 0.24</u>	<u>\$ 0.21</u>	<u>\$ 0.49</u>	<u>\$ 0.49</u>	<u>\$ 0.04</u>	<u>\$ 1.23</u>

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

	<u>31 march 2012</u>	<u>31 december 2011</u>	<u>30 september 2011</u>	<u>30 june 2011</u>	<u>31 march 2011</u>
numerator (\$ in millions):					
shareholders' equity	\$ 1,361.2	\$ 1,326.8	\$ 1,432.5	\$ 1,380.4	\$ 1,282.1
proceeds from assumed exercise of outstanding dilutive warrants	160.8	162.2	169.0	169.7	173.3
proceeds from assumed exercise of outstanding dilutive options	0.3	0.7	2.3	2.5	3.5
book value numerator	<u>\$ 1,522.3</u>	<u>\$ 1,489.7</u>	<u>\$ 1,603.8</u>	<u>\$ 1,552.6</u>	<u>\$ 1,458.9</u>
denominator (in shares):					
common voting shares outstanding	159,183,598	156,770,726	155,373,165	155,050,457	152,898,018
shares issuable upon exercise of outstanding dilutive warrants	32,925,626	33,200,626	34,669,587	34,809,587	35,602,930
shares issuable upon exercise of outstanding dilutive options	149,722	337,067	833,762	892,780	1,292,991
shares relating to dilutive restricted stock	3,512,900	5,189,111	4,606,481	4,181,469	4,677,310
fully converted book value denominator	<u>195,771,846</u>	<u>195,497,530</u>	<u>195,482,995</u>	<u>194,934,293</u>	<u>194,471,249</u>
<b>basic book value per share</b>	<u><b>\$ 8.55</b></u>	<u><b>\$ 8.46</b></u>	<u><b>\$ 9.22</b></u>	<u><b>\$ 8.90</b></u>	<u><b>\$ 8.39</b></u>
<b>fully converted book value per share</b>	<u><b>\$ 7.78</b></u>	<u><b>\$ 7.62</b></u>	<u><b>\$ 8.20</b></u>	<u><b>\$ 7.96</b></u>	<u><b>\$ 7.50</b></u>
dividend per common share <sup>(1)</sup>	\$ 0.10	\$ 0.80	\$ 0.05	\$ -	\$ 0.10
change in FCBVS adj for dividends <sup>(2)</sup> - quarter	3.4%	2.7%	3.6%	6.1%	0.4%
change in FCBVS adj for dividends <sup>(2)</sup> - rolling 12 months	16.9%	13.4%	18.0%	23.1%	23.7%
compound annual change in FCBVS adj for dividends <sup>(2)</sup>	19.4%	19.5%	19.8%	19.9%	19.7%
compound annual change in FCBVS adj for dividends <sup>(2)</sup> - above 3 month treasury	17.6%	17.7%	17.9%	17.9%	17.6%
change in FCBVS adj for dividends <sup>(2)</sup> - since inception	202.4%	191.2%	182.0%	171.3%	156.8%

<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 march 2012</u>	<u>31 december 2011</u>	<u>30 september 2011</u>	<u>30 june 2011</u>	<u>31 march 2011</u>
shareholders' equity	\$ 1,361.2	\$ 1,326.8	\$ 1,432.5	\$ 1,380.4	\$ 1,282.1
weighted average exercise price per share of dilutive warrants	\$ 4.88	\$ 4.89	\$ 4.87	\$ 4.87	\$ 4.87
weighted average exercise price per share of dilutive options	\$ 1.94	\$ 2.11	\$ 2.72	\$ 2.79	\$ 2.72
denominator (in shares):					
common voting shares outstanding	159,183,598	156,770,726	155,373,165	155,050,457	152,898,018
unvested restricted shares and restricted share units	3,512,900	5,189,111	4,606,481	4,181,469	4,677,310
dilutive warrants outstanding	32,925,626	33,200,626	34,669,587	34,809,587	35,602,930
proforma warrants bought back	<u>(18,808,207)</u>	<u>(19,165,724)</u>	<u>(18,328,504)</u>	<u>(19,059,509)</u>	<u>(20,664,075)</u>
proforma net shares issued	14,117,419	14,034,902	16,341,083	15,750,078	14,938,855
dilutive options outstanding	149,722	337,067	833,762	892,780	1,292,991
proforma options bought back	<u>(33,974)</u>	<u>(84,017)</u>	<u>(245,965)</u>	<u>(279,826)</u>	<u>(419,098)</u>
proforma net shares issued	115,748	253,050	587,797	612,954	873,893
proforma dilutive shares outstanding	<u>176,929,665</u>	<u>176,247,789</u>	<u>176,908,526</u>	<u>175,594,958</u>	<u>173,388,076</u>
<b>basic book value per common share</b>	<b><u>\$ 8.55</u></b>	<b><u>\$ 8.46</u></b>	<b><u>\$ 9.22</u></b>	<b><u>\$ 8.90</u></b>	<b><u>\$ 8.39</u></b>
<b>diluted book value per common share</b>	<b><u>\$ 7.69</u></b>	<b><u>\$ 7.53</u></b>	<b><u>\$ 8.10</u></b>	<b><u>\$ 7.86</u></b>	<b><u>\$ 7.39</u></b>
dividend per common share <sup>(1)</sup>	\$ 0.10	\$ 0.80	\$ 0.05	\$ -	\$ 0.10
change in FDBVS adj for dividends <sup>(2)</sup> - quarter	3.5%	2.8%	3.7%	6.4%	0.4%
change in FDBVS adj for dividends <sup>(2)</sup> - rolling 12 months	17.4%	13.8%	17.9%	23.4%	23.6%
compound annual change in FDBVS adj for dividends <sup>(2)</sup>	19.2%	19.4%	19.6%	19.7%	19.5%
compound annual change in FDBVS adj for dividends <sup>(2)</sup> - above 3 month treasury	17.5%	17.6%	17.7%	17.7%	17.4%
change in FDBVS adj for dividends <sup>(2)</sup> - since inception	200.2%	189.1%	179.7%	169.0%	154.3%

<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