

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 SUCH STATEMENTS OTHER THAN STATEMENTS OF HISTORICAL FACTS INCLUDING, WITHOUT LIMITATION, THE GROUP’S FINANCIAL POSITION, RESULTS OF OPERATIONS, PROSPECTS, GROWTH, CAPITAL MANAGEMENT PLANS AND EFFICIENCIES, ABILITY TO CREATE VALUE, DIVIDEND POLICY, OPERATIONAL FLEXIBILITY, COMPOSITION OF MANAGEMENT, BUSINESS STRATEGY, PLANS AND OBJECTIVES OF MANAGEMENT FOR FUTURE OPERATIONS (INCLUDING DEVELOPMENT PLANS AND OBJECTIVES RELATING TO THE GROUP’S INSURANCE BUSINESS) ARE FORWARD LOOKING STATEMENTS. SUCH FORWARD-LOOKING STATEMENTS MAY INVOLVE KNOWN AND UNKNOWN RISKS, UNCERTAINTIES AND OTHER IMPORTANT FACTORS THAT COULD CAUSE THE ACTUAL RESULTS, PERFORMANCE OR ACHIEVEMENTS OF THE GROUP TO BE MATERIALLY DIFFERENT FROM FUTURE RESULTS, PERFORMANCE OR ACHIEVEMENTS EXPRESSED OR IMPLIED BY SUCH FORWARD-LOOKING STATEMENTS.

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

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

Lancashire Holdings Limited
table of contents

1. basis of presentation and non-GAAP financial measures
2. consolidated financial highlights
3. growth in fully converted book value per share plus dividends since inception
4. summary consolidated income statements
5. premiums by line of business
6. summary consolidated underwriting segment results
7. property segment - underwriting statement
8. energy segment - underwriting statement
9. marine segment - underwriting statement
10. aviation segment - underwriting statement
11. lloyd's segment - underwriting statement
12. summary consolidated cash flows
13. summary consolidated balance sheets
14. composition of investment portfolio
15. investment portfolio - sector detail
16. investment portfolio - emerging market debt
17. investment portfolio - corporate and global bond holdings
18. net losses and loss ratios
19. net losses and loss ratios (cont.)
20. losses by accident year
21. estimated exposures to peak zone elemental losses
22. earnings per share
23. basic and fully converted book value per share, tangible basic and tangible fully converted book value per share
24. basic and fully diluted book value per share, tangible basic and tangible fully diluted book value per share
25. summary Cathedral income statements

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



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

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

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

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

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

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

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

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

FULLY CONVERTED BOOK VALUE PER SHARE ("FCBVS") ATTRIBUTABLE TO LANCASHIRE - THE CALCULATION IS BASED ON THE FOLLOWING: THE VALUE OF SHAREHOLDERS' EQUITY ATTRIBUTABLE TO LANCASHIRE PLUS THE PROCEEDS THAT WOULD BE RECEIVED FROM THE EXERCISE OF ALL DILUTIVE 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. TANGIBLE FULLY CONVERTED BOOK VALUE PER SHARE ATTRIBUTABLE TO LANCASHIRE EXCLUDES INTANGIBLE ASSETS FROM CAPITAL.

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

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

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

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

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

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

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

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

Lancashire Holdings Limited
consolidated financial highlights

	q1 2014	q1 2013	% change q1-14 vs. q1-13
highlights			
gross premiums written	\$ 316.7	\$ 214.9	47%
net premiums written	204.4	118.6	72%
net premiums earned	174.9	133.8	31%
net insurance losses	59.7	23.0	160%
net investment income	7.1	6.1	16%
net realised gains (losses) and impairments	(2.9)	7.9	(137%)
profit after tax attributable to Lancashire	60.1	77.9	(23%)
change in net unrealised gains / losses on investments	3.4	(11.6)	129%
comprehensive income attributable to Lancashire	63.5	66.3	(4%)
net operating income attributable to Lancashire ⁽¹⁾	\$ 62.9	\$ 67.3	(7%)
total investments and cash	\$ 2,499.7	\$ 2,197.4	14%
shareholders' equity attributable to Lancashire	\$ 1,458.5	\$ 1,235.7	18%
per share data attributable to Lancashire			
net operating income per share - diluted ⁽²⁾	\$ 0.31	\$ 0.36	
profit after tax per share - diluted ⁽²⁾	\$ 0.30	\$ 0.42	
fully converted book value per share	\$ 7.49	\$ 7.05	
change in FCBVS adj for dividends ⁽³⁾	3.9%	4.7%	
fully diluted book value per share	\$ 7.25	\$ 6.71	
change in FDBVS adj for dividends ⁽⁴⁾	5.0%	4.4%	
financial ratios			
net loss ratio	34.1%	17.2%	
net acquisition cost ratio	16.9%	21.3%	
administrative expense ratio	15.4%	12.7%	
combined ratio	<u>66.4%</u>	<u>51.2%</u>	
net return on total investments	0.3%	0.1%	

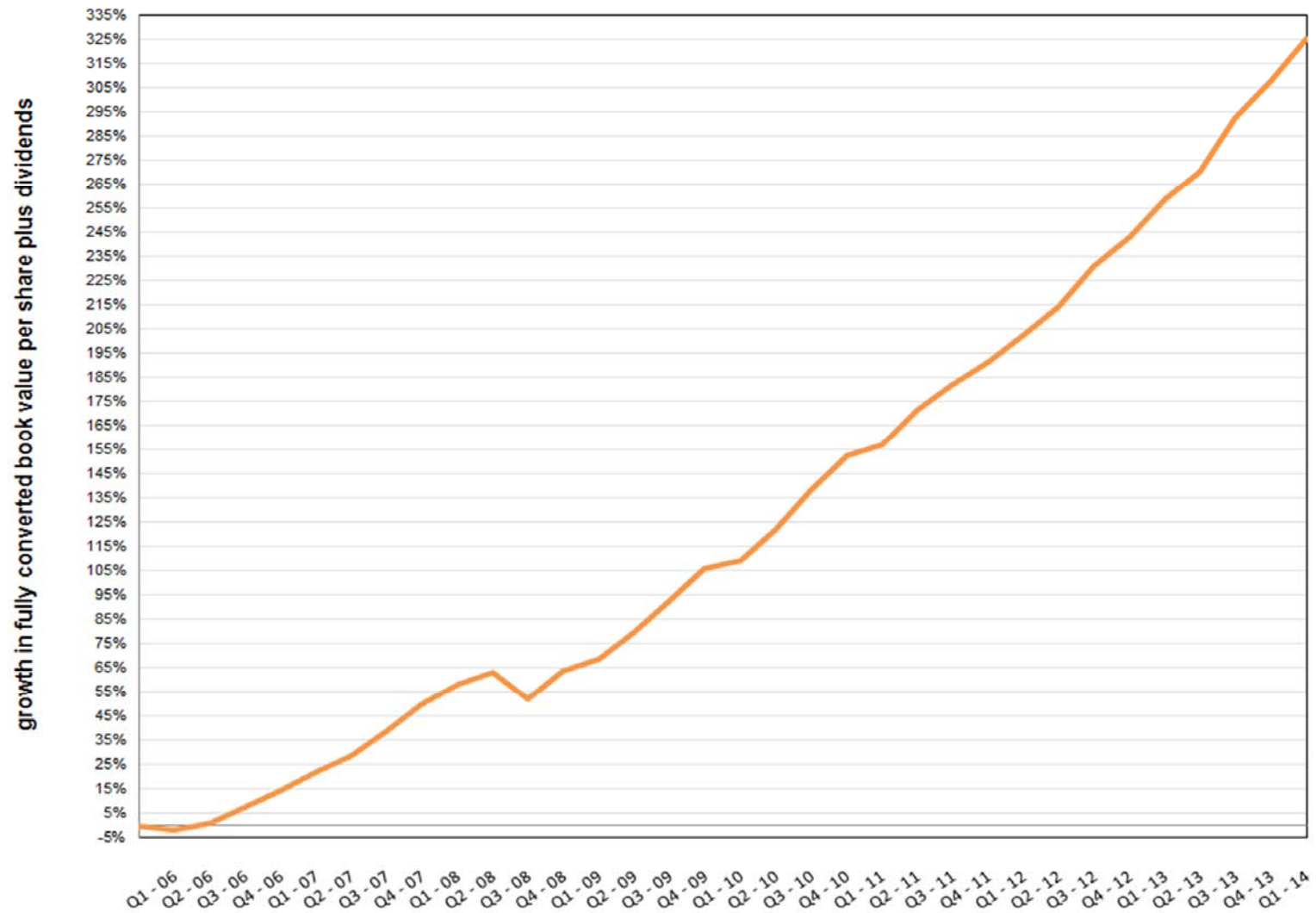
⁽¹⁾ excludes realised gains and losses, tax and foreign exchange gains and losses

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

⁽³⁾ change in fully converted book value per share ("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

⁽⁴⁾ 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 2014	q4 ⁽¹⁾ 2013	q3 2013	q2 2013	q1 2013	full year ⁽¹⁾ 2013
gross premiums written	\$ 316.7	\$ 130.8	\$ 125.0	\$ 209.0	\$ 214.9	\$ 679.7
outwards reinsurance premiums	(112.3)	(2.5)	(3.4)	(19.9)	(96.3)	(122.1)
net premiums written	204.4	128.3	121.6	189.1	118.6	557.6
change in unearned premiums	(103.2)	83.0	38.1	(49.4)	(47.4)	24.3
change in unearned premiums on premiums ceded	73.7	(37.7)	(25.7)	(13.0)	62.6	(13.8)
net premiums earned	174.9	173.6	134.0	126.7	133.8	568.1
net investment income	7.1	6.7	6.1	6.5	6.1	25.4
net other investment income (losses)	0.3	(0.8)	(1.6)	4.4	(0.6)	1.4
net realised gains (losses) and impairments	(2.9)	3.5	(3.0)	4.2	7.9	12.6
share of profit of associates	1.6	0.5	2.5	3.3	2.9	9.2
other income	4.0	3.2	0.3	0.3	0.3	4.1
net foreign exchange gains (losses)	(2.5)	0.6	17.6	(0.1)	3.7	21.8
total net revenue	182.5	187.3	155.9	145.3	154.1	642.6
insurance losses	68.0	68.2	76.1	66.5	39.2	250.0
insurance losses recoverable	(8.3)	(17.0)	(0.5)	(28.2)	(16.2)	(61.9)
net insurance acquisition expenses	29.6	38.3	29.8	29.2	28.5	125.8
equity based compensation	2.4	4.9	4.6	3.7	3.5	16.7
other operating expenses	27.0	34.4	16.3	17.3	17.0	85.0
total expenses	118.7	128.8	126.3	88.5	72.0	415.6
profit before tax and finance costs	63.8	58.5	29.6	56.8	82.1	227.0
financing (expenses) gains	(6.4)	(3.3)	(3.9)	1.5	(3.2)	(8.9)
profit before tax	57.4	55.2	25.7	58.3	78.9	218.1
tax credit (expense)	2.6	7.3	(0.4)	(2.1)	(1.0)	3.8
profit after tax	\$ 60.0	\$ 62.5	\$ 25.3	\$ 56.2	\$ 77.9	\$ 221.9
loss (income) attributable to non-controlling interest	0.1	0.5	0.1	-	-	0.6
profit after tax attributable to Lancashire	\$ 60.1	\$ 63.0	\$ 25.4	\$ 56.2	\$ 77.9	\$ 222.5
change in net unrealised gains / losses on investments	3.4	(2.8)	6.9	(25.0)	(11.6)	(32.5)
comprehensive income attributable to Lancashire	\$ 63.5	\$ 60.2	\$ 32.3	\$ 31.2	\$ 66.3	\$ 190.0
net loss ratio	34.1%	29.5%	56.4%	30.2%	17.2%	33.1%
net acquisition cost ratio	16.9%	22.1%	22.2%	23.0%	21.3%	22.1%
administrative expense ratio	15.4%	19.8%	12.2%	13.7%	12.7%	15.0%
combined ratio	66.4%	71.4%	90.8%	66.9%	51.2%	70.2%
net return on total investments	0.3%	0.3%	0.4%	(0.6%)	0.1%	0.3%
basic earnings per share attributable to Lancashire	\$ 0.33	\$ 0.34	\$ 0.15	\$ 0.34	\$ 0.48	\$ 1.31
diluted earnings per share attributable to Lancashire	\$ 0.30	\$ 0.31	\$ 0.13	\$ 0.30	\$ 0.42	\$ 1.17

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

Lancashire Holdings Limited
premiums by line of business

	q1 2014	q4 ⁽¹⁾ 2013	q3 2013	q2 2013	q1 2013	full year 2013
gross premiums written						
property cat excess of loss	\$ 69.4	\$ 1.2	\$ 28.5	\$ 36.5	\$ 31.3	\$ 97.5
property retrocession	10.7	3.1	3.3	6.8	67.6	80.8
terrorism	21.6	17.0	10.3	19.2	21.3	67.8
property political risk	12.0	16.2	24.8	18.1	7.3	66.4
property direct and facultative	(0.1)	2.8	2.6	2.4	2.2	10.0
other property	3.9	2.4	2.4	3.8	2.3	10.9
total property	117.5	42.7	71.9	86.8	132.0	333.4
worldwide offshore energy	37.4	24.1	23.7	65.2	36.2	149.2
gulf of mexico offshore energy	4.4	2.9	3.6	22.5	5.4	34.4
construction energy	5.0	4.0	3.0	2.5	3.4	12.9
energy liabilities	2.2	2.4	1.4	5.0	-	8.8
onshore energy	0.7	0.6	0.3	1.3	0.3	2.5
other energy	0.2	-	0.8	1.1	0.2	2.1
total energy	49.9	34.0	32.8	97.6	45.5	209.9
marine hull and total loss	7.9	3.9	3.0	7.6	10.3	24.8
marine hull war	3.1	3.1	3.7	3.7	4.5	15.0
marine P&I clubs	10.7	0.7	0.2	(0.9)	10.7	10.7
marine builders risk	4.2	2.4	2.6	2.1	3.2	10.3
other marine	0.8	0.5	0.6	0.2	0.9	2.2
total marine	26.7	10.6	10.1	12.7	29.6	63.0
AV 52	5.9	12.6	5.2	5.9	2.8	26.5
aviation satellite	8.0	4.2	3.9	4.8	3.9	16.8
other aviation	0.5	2.2	1.1	1.2	1.1	5.6
total aviation	14.4	19.0	10.2	11.9	7.8	48.9
property reinsurance	59.9	3.4	-	-	-	3.4
property direct and facultative	20.8	13.0	-	-	-	13.0
aviation and satellite	13.3	2.6	-	-	-	2.6
marine cargo	12.3	5.0	-	-	-	5.0
contingency	1.9	0.5	-	-	-	0.5
total Lloyd's	108.2	24.5	-	-	-	24.5
total gross premiums written	\$ 316.7	\$ 130.8	\$ 125.0	\$ 209.0	\$ 214.9	\$ 679.7

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

Lancashire Holdings Limited
summary consolidated underwriting segment results

three months ending 31 march 2014

	property	energy	marine	aviation	Lloyd's	consolidated
gross premiums written	\$ 117.5	\$ 49.9	\$ 26.7	\$ 14.4	\$ 108.2	\$ 316.7
net premiums written	89.3	18.7	17.2	11.7	67.5	204.4
net premiums earned	56.6	40.8	12.6	11.6	53.3	174.9
net insurance losses	5.3	25.3	3.9	0.5	24.7	59.7
net insurance acquisition expenses	1.9	10.2	3.8	2.2	11.5	29.6
other operating expenses ⁽¹⁾						27.0
	<u>\$ 49.4</u>	<u>\$ 5.3</u>	<u>\$ 4.9</u>	<u>\$ 8.9</u>	<u>\$ 17.1</u>	<u>\$ 58.6</u>
net loss ratio	9.4%	62.0%	31.0%	4.3%	46.3%	34.1%
net acquisition cost ratio	3.4%	25.0%	30.2%	19.0%	21.6%	16.9%
administrative expense ratio ⁽¹⁾						15.4%
combined ratio	<u>12.8%</u>	<u>87.0%</u>	<u>61.2%</u>	<u>23.3%</u>	<u>67.9%</u>	<u>66.4%</u>

three months ending 31 march 2013

	property	energy	marine	aviation	Lloyd's	consolidated
gross premiums written	\$ 132.0	\$ 45.5	\$ 29.6	\$ 7.8	\$ -	\$ 214.9
net premiums written	66.2	24.3	23.0	5.1		118.6
net premiums earned	54.6	49.0	19.2	11.0	-	133.8
net insurance losses	(8.7)	11.1	3.4	17.2	-	23.0
net insurance acquisition expenses	6.9	12.5	6.6	2.5	-	28.5
other operating expenses ⁽¹⁾						17.0
	<u>\$ 56.4</u>	<u>\$ 25.4</u>	<u>\$ 9.2</u>	<u>\$ (8.7)</u>	<u>\$ -</u>	<u>\$ 65.3</u>
net loss ratio	(15.9%)	22.7%	17.7%	156.4%	-	17.2%
net acquisition cost ratio	12.6%	25.5%	34.4%	22.7%	-	21.3%
administrative expense ratio ⁽¹⁾						12.7%
combined ratio	<u>(3.3%)</u>	<u>48.2%</u>	<u>52.1%</u>	<u>179.1%</u>	<u>-</u>	<u>51.2%</u>

⁽¹⁾ administrative expenses are not allocated by segment

Lancashire Holdings Limited
property segment - underwriting statement

	q1 2014	q4 2013	q3 2013	q2 2013	q1 2013	full year 2013
underwriting income						
gross premiums written	\$ 117.5	\$ 42.7	\$ 71.9	\$ 86.8	\$ 132.0	\$ 333.4
outwards reinsurance premiums	(28.2)	(0.6)	(1.6)	1.1	(65.8)	(66.9)
net premiums written	89.3	42.1	70.3	87.9	66.2	266.5
change in unearned premiums	(53.4)	28.3	2.3	(16.2)	(54.3)	(39.9)
change in unearned premiums on premiums ceded	20.7	(15.9)	(14.9)	(19.7)	42.7	(7.8)
net premiums earned	\$ 56.6	\$ 54.5	\$ 57.7	\$ 52.0	\$ 54.6	\$ 218.8
underwriting expenses						
net insurance losses (recoveries)	5.3	8.4	25.3	5.2	(8.7)	30.2
net insurance acquisition expenses	1.9	7.0	7.9	7.6	6.9	29.4
total underwriting expenses	7.2	15.4	33.2	12.8	(1.8)	59.6
net underwriting income	\$ 49.4	\$ 39.1	\$ 24.5	\$ 39.2	\$ 56.4	\$ 159.2
net loss ratio (% of net premiums earned)	9.4%	15.4%	43.8%	10.0%	(15.9%)	13.8%
net acquisition cost ratio (% of net premiums earned)	3.4%	12.8%	13.7%	14.6%	12.6%	13.4%
	12.8%	28.2%	57.5%	24.6%	(3.3%)	27.2%

Lancashire Holdings Limited
energy segment - underwriting statement

	q1 2014	q4 2013	q3 2013	q2 2013	q1 2013	full year 2013
underwriting income (loss)						
gross premiums written	\$ 49.9	\$ 34.0	\$ 32.8	\$ 97.6	\$ 45.5	\$ 209.9
outwards reinsurance premiums	(31.2)	0.3	(1.7)	(15.9)	(21.2)	(38.5)
net premiums written	18.7	34.3	31.1	81.7	24.3	171.4
change in unearned premiums	4.4	28.2	25.2	(36.7)	11.1	27.8
change in unearned premiums on premiums ceded	17.7	(9.5)	(8.5)	8.3	13.6	3.9
net premiums earned	\$ 40.8	\$ 53.0	\$ 47.8	\$ 53.3	\$ 49.0	\$ 203.1
underwriting expenses						
net insurance losses (recoveries)	25.3	9.1	37.9	(4.2)	11.1	53.9
net insurance acquisition expenses	10.2	15.0	14.4	14.3	12.5	56.2
total underwriting expenses	35.5	24.1	52.3	10.1	23.6	110.1
net underwriting income (loss)	\$ 5.3	\$ 28.9	\$ (4.5)	\$ 43.2	\$ 25.4	\$ 93.0
net loss ratio (% of net premiums earned)	62.0%	17.2%	79.3%	(7.9%)	22.7%	26.5%
net acquisition cost ratio (% of net premiums earned)	25.0%	28.3%	30.1%	26.8%	25.5%	27.7%
	87.0%	45.5%	109.4%	18.9%	48.2%	54.2%

Lancashire Holdings Limited
marine segment - underwriting statement

	q1 2014	q4 2013	q3 2013	q2 2013	q1 2013	full year 2013
underwriting income (loss)						
gross premiums written	\$ 26.7	\$ 10.6	\$ 10.1	\$ 12.7	\$ 29.6	\$ 63.0
outwards reinsurance premiums	(9.5)	(0.5)	(0.1)	(4.0)	(6.6)	(11.2)
net premiums written	17.2	10.1	10.0	8.7	23.0	51.8
change in unearned premiums	(11.6)	7.0	7.0	4.2	(8.3)	9.9
change in unearned premiums on premiums ceded	7.0	(1.4)	(1.4)	(1.7)	4.5	-
net premiums earned	\$ 12.6	\$ 15.7	\$ 15.6	\$ 11.2	\$ 19.2	\$ 61.7
underwriting expenses						
net insurance losses	3.9	14.2	10.3	37.1	3.4	65.0
net insurance acquisition expenses	3.8	5.4	4.8	4.7	6.6	21.5
total underwriting expenses	7.7	19.6	15.1	41.8	10.0	86.5
net underwriting income (loss)	\$ 4.9	\$ (3.9)	\$ 0.5	\$ (30.6)	\$ 9.2	\$ (24.8)
net loss ratio (% of net premiums earned)	31.0%	90.4%	66.0%	331.3%	17.7%	105.3%
net acquisition cost ratio (% of net premiums earned)	30.2%	34.4%	30.8%	42.0%	34.4%	34.8%
	61.2%	124.8%	96.8%	373.3%	52.1%	140.1%

Lancashire Holdings Limited
aviation segment - underwriting statement

	<u>q1</u> <u>2014</u>	<u>q4</u> <u>2013</u>	<u>q3</u> <u>2013</u>	<u>q2</u> <u>2013</u>	<u>q1</u> <u>2013</u>	<u>full year</u> <u>2013</u>
underwriting income (loss)						
gross premiums written	\$ 14.4	\$ 19.0	\$ 10.2	\$ 11.9	\$ 7.8	\$ 48.9
outwards reinsurance premiums	(2.7)	-	-	(1.1)	(2.7)	(3.8)
net premiums written	<u>11.7</u>	<u>19.0</u>	<u>10.2</u>	<u>10.8</u>	<u>5.1</u>	<u>45.1</u>
change in unearned premiums	(1.9)	(7.4)	3.6	(0.7)	4.1	(0.4)
change in unearned premiums on premiums ceded	1.8	(1.0)	(0.9)	0.1	1.8	-
net premiums earned	<u>\$ 11.6</u>	<u>\$ 10.6</u>	<u>\$ 12.9</u>	<u>\$ 10.2</u>	<u>\$ 11.0</u>	<u>\$ 44.7</u>
underwriting expenses						
net insurance losses	0.5	0.5	2.1	0.2	17.2	20.0
net insurance acquisition expenses	2.2	2.3	2.7	2.6	2.5	10.1
total underwriting expenses	<u>2.7</u>	<u>2.8</u>	<u>4.8</u>	<u>2.8</u>	<u>19.7</u>	<u>30.1</u>
net underwriting income (loss)	<u>\$ 8.9</u>	<u>\$ 7.8</u>	<u>\$ 8.1</u>	<u>\$ 7.4</u>	<u>\$ (8.7)</u>	<u>\$ 14.6</u>
net loss ratio (% of net premiums earned)	4.3%	4.7%	16.3%	2.0%	156.4%	44.7%
net acquisition cost ratio (% of net premiums earned)	19.0%	21.7%	20.9%	25.5%	22.7%	22.6%
	<u>23.3%</u>	<u>26.4%</u>	<u>37.2%</u>	<u>27.5%</u>	<u>179.1%</u>	<u>67.3%</u>

Lancashire Holdings Limited
Lloyd's segment - underwriting statement

	q1 2014	q4 ⁽¹⁾ 2013	q3 2013	q2 2013	q1 2013	full year ⁽¹⁾ 2013
underwriting income						
gross premiums written	\$ 108.2	\$ 24.5	\$ -	\$ -	\$ -	\$ 24.5
outwards reinsurance premiums	(40.7)	(1.7)	-	-	-	(1.7)
net premiums written	67.5	22.8	-	-	-	22.8
change in unearned premiums	(40.7)	26.9	-	-	-	26.9
change in unearned premiums on premiums ceded	26.5	(9.9)	-	-	-	(9.9)
net premiums earned	\$ 53.3	\$ 39.8	\$ -	\$ -	\$ -	\$ 39.8
underwriting expenses						
net insurance losses	24.7	19.0	-	-	-	19.0
net insurance acquisition expenses	11.5	8.6	-	-	-	8.6
total underwriting expenses	36.2	27.6	-	-	-	27.6
net underwriting income	\$ 17.1	\$ 12.2	\$ -	\$ -	\$ -	\$ 12.2
net loss ratio (% of net premiums earned)	46.3%	47.7%	-	-	-	47.7%
net acquisition cost ratio (% of net premiums earned)	21.6%	21.6%	-	-	-	21.6%
	67.9%	69.3%	-	-	-	69.3%

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

Lancashire Holdings Limited
summary consolidated cash flows

cash flows	q1 2014	q4 ⁽¹⁾ 2013	q3 2013	q2 2013	q1 2013	full year ⁽¹⁾ 2013
net cash flows from operating activities	\$ 29.3	\$ 57.1	\$ 33.1	\$ 70.5	\$ 7.0	\$ 167.7
net cash flows from (used in) investing activities	106.0	(219.6)	23.2	63.1	220.3	87.0
net cash flows from (used in) financing activities	(7.9)	(96.6)	182.5	(226.4)	(6.2)	(146.7)
net increase (decrease) in cash and cash equivalents	127.4	(259.1)	238.8	(92.8)	221.1	108.0
cash and cash equivalents, opening	403.0	663.7	413.6	507.6	295.8	295.8
effect of exchange rate fluctuations	2.0	(1.6)	11.3	(1.2)	(9.3)	(0.8)
cash and cash equivalents, closing	\$ 532.4	\$ 403.0	\$ 663.7	\$ 413.6	\$ 507.6	\$ 403.0

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

Lancashire Holdings Limited
summary consolidated balance sheets



	31 march 2014	31 december 2013 ⁽¹⁾	30 september 2013	30 june 2013	31 march 2013
assets					
cash and cash equivalents	\$ 532.4	\$ 403.0	\$ 663.7	\$ 413.6	\$ 507.6
accrued interest receivable	8.0	8.9	7.1	7.5	8.5
investments					
- fixed income securities - available for sale	1,917.5	1,966.1	1,605.4	1,614.9	1,689.0
- at fair value through profit or loss	30.1	29.6	-	-	-
- equity securities - available for sale	15.4	15.6	-	-	-
- other investments	4.3	4.7	3.9	8.1	0.8
reinsurance assets					
- unearned premiums on premiums ceded	88.6	14.9	35.4	61.1	74.1
- reinsurance recoveries	140.5	183.0	67.6	87.2	77.6
- other receivables	19.6	10.8	1.8	0.8	4.6
deferred acquisition costs	96.9	73.8	74.7	81.2	75.5
inwards premiums receivable from insureds and cedants	384.8	288.4	234.4	276.6	270.8
investment in associates	23.6	64.7	56.1	53.6	55.3
goodwill and other intangible assets	164.8	177.2	-	-	-
other assets	26.8	27.1	53.9	12.0	25.5
total assets	\$ 3,453.3	\$ 3,267.8	\$ 2,804.0	\$ 2,616.6	\$ 2,789.3
liabilities					
insurance contracts					
- losses and loss adjustment expenses	\$ 824.6	\$ 853.4	\$ 521.7	\$ 513.8	\$ 500.3
- unearned premiums	545.3	442.1	402.0	440.1	390.7
- other payables	29.0	28.9	18.3	24.8	35.8
amounts payable to reinsurers	78.9	30.9	25.9	43.7	74.3
deferred acquisition costs ceded	0.8	0.2	2.0	3.9	6.1
other payables	183.4	119.6	84.1	65.7	288.6
long-term debt	332.2	332.3	259.5	258.3	257.8
total liabilities	1,994.2	1,807.4	1,313.5	1,350.3	1,553.6
shareholders' equity					
share capital	92.7	92.7	92.7	84.3	84.3
own shares	(34.4)	(36.8)	(41.7)	(47.3)	(62.7)
share premium	192.2	192.2	192.2	2.4	2.4
contributed surplus	647.7	645.7	649.0	652.6	662.9
accumulated other comprehensive income	6.3	2.9	5.7	(1.2)	23.8
other reserves	49.3	55.2	52.2	51.1	56.8
dividends	(63.2)	(325.6)	(231.1)	(220.6)	(220.6)
retained earnings	567.9	833.4	770.4	745.0	688.8
shareholders' equity attributable to Lancashire	\$ 1,458.5	\$ 1,459.7	\$ 1,489.4	\$ 1,266.3	\$ 1,235.7
non-controlling interest	0.6	0.7	1.1	-	-
total shareholders' equity	\$ 1,459.1	\$ 1,460.4	\$ 1,490.5	\$ 1,266.3	\$ 1,235.7
total liabilities and shareholders' equity	\$ 3,453.3	\$ 3,267.8	\$ 2,804.0	\$ 2,616.6	\$ 2,789.3
basic book value per share attributable to Lancashire	\$ 8.02	\$ 8.06	\$ 8.25	\$ 7.76	\$ 7.63
fully converted book value per share attributable to Lancashire	\$ 7.49	\$ 7.50	\$ 7.67	\$ 7.19	\$ 7.05
fully diluted book value per share attributable to Lancashire	\$ 7.25	\$ 7.19	\$ 7.39	\$ 6.88	\$ 6.71
debt to total capital ratio	18.6%	18.5%	14.8%	16.9%	17.3%
debt to total tangible capital ratio	20.4%	20.6%	14.8%	16.9%	17.3%

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

Lancashire Holdings Limited
composition of investment portfolio



	31 march 2014	%	31 december 2013	%	30 september 2013	%	30 june 2013	%	31 march 2013	%
type of investment										
short term investments	\$ 255.2	10.6%	\$ 231.0	9.8%	\$ 50.1	2.3%	\$ 61.1	3.1%	\$ 93.2	4.4%
fixed income funds	26.2	1.1%	26.3	1.1%	-	-	-	-	-	-
U.S. treasuries	260.0	10.7%	217.3	9.2%	249.0	11.3%	244.6	12.3%	178.2	8.3%
other government bonds	98.4	4.1%	107.9	4.5%	99.4	4.5%	105.1	5.3%	118.0	5.5%
U.S. municipal bonds	20.5	0.8%	21.4	0.9%	23.4	1.1%	29.0	1.4%	27.5	1.3%
U.S. government agency debt	41.9	1.7%	98.2	4.1%	108.8	4.9%	101.9	5.1%	116.3	5.4%
asset backed securities	135.3	5.6%	151.4	6.4%	103.6	4.7%	84.8	4.2%	96.0	4.5%
U.S. government agency mortgage backed securities	223.4	9.3%	252.0	10.7%	279.1	12.7%	320.7	16.1%	334.8	15.7%
non-agency mortgage backed securities	33.0	1.4%	8.8	0.4%	6.7	0.3%	7.1	0.3%	8.0	0.4%
agency commercial mortgage backed securities	4.0	0.2%	4.2	0.2%	1.3	0.1%	1.4	0.1%	1.5	0.1%
non-agency commercial mortgage backed securities	36.9	1.5%	37.9	1.6%	36.1	1.6%	19.0	0.9%	20.9	1.0%
bank loans	134.1	5.6%	107.8	4.5%	76.2	3.5%	74.3	3.7%	59.6	2.8%
corporate bonds - non FDIC guaranteed	648.6	26.9%	701.9	29.7%	571.7	26.0%	565.9	28.4%	635.0	29.7%
total fixed income securities - available for sale	1,917.5	79.5%	1,966.1	83.1%	1,605.4	73.0%	1,614.9	80.9%	1,689.0	79.1%
fixed income - at fair value through profit or loss	30.1	1.2%	29.6	1.0%	-	-	-	-	-	-
equity securities - available for sale	15.4	0.6%	15.6	1.0%	-	-	-	-	-	-
other investments	4.3	0.2%	4.7	0.2%	3.9	0.2%	8.1	0.4%	0.8	-
managed cash	446.5	18.5%	346.6	14.7%	590.4	26.8%	371.8	18.7%	446.6	20.9%
total investments	\$ 2,413.8	100.0%	\$ 2,362.6	100.0%	\$ 2,199.7	100.0%	\$ 1,994.8	100.0%	\$ 2,136.4	100.0%
credit quality of fixed income securities										
AAA	\$ 542.2	27.8%	\$ 481.2	24.1%	\$ 277.5	17.3%	\$ 246.4	15.3%	\$ 312.6	18.5%
AA+, AA, AA-	775.3	39.8%	847.9	42.5%	798.6	49.8%	831.3	51.5%	775.3	45.9%
A+, A, A-	339.8	17.5%	368.7	18.5%	276.7	17.2%	285.7	17.7%	333.1	19.7%
BBB+, BBB, BBB-	162.4	8.3%	186.5	9.3%	155.7	9.7%	145.4	9.0%	169.2	10.0%
other	127.9	6.6%	111.4	5.6%	96.9	6.0%	106.1	6.5%	98.8	5.9%
	\$ 1,947.6	100.0%	\$ 1,995.7	100.0%	\$ 1,605.4	100.0%	\$ 1,614.9	100.0%	\$ 1,689.0	100.0%
corporate bonds & bank loans (AFS) and fixed income (FVTPL)										
industrials	\$ 432.9	53.3%	\$ 452.8	53.9%	\$ 365.5	56.4%	\$ 368.0	57.5%	\$ 374.1	53.9%
financials - non FDIC guaranteed	325.6	40.0%	336.5	40.1%	243.3	37.5%	233.2	36.4%	281.5	40.5%
utilities	47.1	5.8%	42.8	5.1%	36.7	5.7%	36.6	5.7%	38.1	5.5%
supranationals	7.2	0.9%	7.2	0.9%	2.4	0.4%	2.4	0.4%	0.9	0.1%
	\$ 812.8	100.0%	\$ 839.3	100.0%	\$ 647.9	100.0%	\$ 640.2	100.0%	\$ 694.6	100.0%
quarterly net return on total investments		0.3%		0.3%		0.4%		(0.6%)		0.1%
rolling 12 months net return on total investments		0.5%		0.3%		0.3%		0.9%		2.1%
average book yield of fixed income and managed cash		1.2%		1.4%		1.4%		1.5%		1.6%
average market yield of fixed income and managed cash		1.1%		1.2%		1.1%		1.4%		1.1%
average duration of fixed income and managed cash		1.5 years		1.6 years		1.6 years		1.8 years		1.7 years
average duration of fixed income, managed cash and derivative instruments		1.0 years		1.0 years		1.0 years		1.3 years		1.3 years
average credit quality of fixed income and managed cash		AA-		AA-		AA-		AA-		AA-
average credit quality of fixed income only		AA-		AA-		AA-		AA-		AA-

31 march 2014					
	estimated fair value	weighted average book yield	weighted average market yield	weighted average duration	weighted average rating ⁽²⁾
type of investment					
short term investments	\$ 255.2	0.2%	0.2%	0.3	AAA
fixed income funds	26.2	2.0%	2.0%	1.4	AA+
U.S. treasuries	260.0	0.7%	0.7%	2.4	AA+
other government bonds	98.4	1.6%	1.5%	2.3	AA
U.S. municipal bonds	20.5	2.8%	1.7%	2.6	AA-
U.S. government agency debt	41.9	1.8%	1.9%	4.9	AA+
asset backed securities	135.3	1.0%	0.9%	0.8	AAA
U.S. government agency mortgage backed securities	223.4	2.0%	1.9%	3.0	AA+
non-agency mortgage backed securities	33.0	1.4%	1.2%	0.2	AA
agency commercial mortgage backed securities	4.0	0.6%	1.4%	5.8	AA+
non-agency commercial mortgage backed securities	36.9	2.0%	1.4%	2.1	AAA
bank loans	134.1	3.9%	3.9%	-	BB-
corporate bonds - non FDIC guaranteed	648.6	1.7%	1.2%	2.1	A+
total fixed income securities - available for sale	1,917.5	1.5%	1.3%	1.8	AA-
fixed income securities at fair value through profit or loss	30.1	-	-	1.6	A-
managed cash ⁽¹⁾	446.5	0.1%	0.1%	-	A+
total fixed income securities and managed cash	\$ 2,394.1	1.2%	1.1%	1.5	AA-

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

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

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

Lancashire Holdings Limited
emerging market debt

31 march 2014				
	sovereign	agency	corporate	total
top ten country exposures				
Mexico	\$ 3.6	\$ 0.1	\$ 3.0	\$ 6.7
United Arab Emirates	-	3.6	0.2	3.8
Russian Federation	-	3.7	-	3.7
South Korea	-	2.3	-	2.3
Qatar	-	2.2	-	2.2
Brazil	-	1.4	-	1.4
Colombia	-	1.0	-	1.0
China	-	0.3	0.2	0.5
Slovenia	0.4	-	-	0.4
Czech Republic	-	0.2	-	0.2
	<u>\$ 4.0</u>	<u>\$ 14.8</u>	<u>\$ 3.4</u>	<u>\$ 22.2</u>

31 march 2014	
ratings distribution	
AA	\$ 4.1
AA-	0.3
A+	3.6
A-	4.4
BBB+	3.7
BBB	4.6
BBB-	1.5
avg A-	<u>\$ 22.2</u>

Lancashire Holdings Limited
corporate & global bond holdings

31 march 2014					
	par value units	estimated fair value	accrued interest	unrealised gain (loss)	credit quality ⁽¹⁾
top twenty corporate holdings by issuer					
Lloyds Banking Group Plc	32.1	\$ 32.6	\$ -	\$ 0.1	A-
Verizon Communications Inc.	16.6	17.1	-	0.3	BBB+
DNB Boligkredit AS	14.2	14.6	-	0.1	AAA
Bank of Nova Scotia	13.9	14.0	-	0.1	AA+
JPMorgan Chase & Co.	12.7	13.2	0.1	0.1	A
Nordea Bank AB	12.2	12.5	0.1	-	AA+
Australia & New Zealand Banking Group Ltd.	11.8	12.0	-	-	AA+
General Electric Co.	11.1	11.3	-	-	AA+
Morgan Stanley	10.1	11.0	0.2	0.1	A-
Berkshire Hathaway Inc.	9.9	10.4	0.1	0.2	A+
BP Plc	9.7	10.0	-	0.1	A
Royal Bank of Canada	9.8	9.8	-	-	AA
Total SA	9.6	9.8	-	-	AA-
Bank of Montreal	9.0	9.2	-	0.1	AA+
The Toronto-Dominion Bank	8.9	9.1	-	0.1	AAA
Mitsubishi UFJ Financial Group Inc.	8.9	9.0	-	-	A+
Abbvie Inc.	8.4	8.5	-	-	A
The Goldman Sachs Group Inc.	7.7	8.3	0.1	0.1	BB-
Apple Inc.	8.2	8.2	-	-	AA+
Bank of America Corp.	7.9	8.0	-	-	A-
		<u>\$ 238.6</u>	<u>\$ 0.6</u>	<u>\$ 1.4</u>	<u>A+</u>
top twenty holdings as a % of corporate bonds (AFS) and fixed income (FVTPL)					
		<u>35.2%</u>			

31 march 2014				
	financials	other industries	total ⁽²⁾	other government bonds
bonds by country				
United States	\$ 114.6	\$ 339.5	\$ 454.1	\$ -
United Kingdom	43.1	42.4	85.5	0.4
Canada	51.7	14.7	66.4	34.9
Australia	26.3	8.3	34.6	10.4
France	11.8	16.2	28.0	5.1
Norway	25.3	0.8	26.1	2.0
Netherlands	14.4	11.5	25.9	5.8
Germany	2.2	14.5	16.7	16.2
Japan	7.9	7.3	15.2	-
Switzerland	12.2	2.8	15.0	-
Sweden	14.8	-	14.8	1.2
Supranational	7.2	-	7.2	-
Hong Kong	-	5.0	5.0	-
Belgium	-	4.5	4.5	-
Luxembourg	-	4.2	4.2	-
Marshall Islands	-	2.5	2.5	-
Italy	-	1.2	1.2	-
Spain	-	1.2	1.2	-
New Zealand	0.9	-	0.9	-
Finland	0.4	-	0.4	-
Denmark	-	-	-	3.2
Austria	-	-	-	0.4
Emerging market corporates	-	3.4	3.4	-
Emerging market sovereign	-	-	-	4.0
Emerging market agency	-	-	-	14.8
	<u>\$ 332.8</u>	<u>\$ 480.0</u>	<u>\$ 812.8</u>	<u>\$ 98.4</u>

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

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

Lancashire Holdings Limited
net losses and loss ratios

total	q1 2014	q4 2013	q3 2013	q2 2013	q1 2013	full year 2013
net reserves: start	\$ 670.4	\$ 454.1	\$ 426.6	\$ 422.7	\$ 464.4	464.4
net reserves in Lloyd's segment ⁽¹⁾	-	224.2	-	-	-	224.2
paid losses	51.9	55.2	51.3	32.1	53.4	192.0
change in prior AY ⁽²⁾	10.1	(8.2)	(0.4)	9.6	(16.9)	(15.9)
current year incurred losses	49.6	59.4	76.0	28.7	39.9	204.0
foreign exchange	5.9	(3.9)	3.2	(2.3)	(11.3)	(14.3)
net reserves: end	\$ 684.1	\$ 670.4	\$ 454.1	\$ 426.6	\$ 422.7	670.4
net premiums earned	174.9	173.6	134.0	126.7	133.8	568.1
net loss ratio	34.1%	29.5%	56.4%	30.2%	17.2%	33.1%
IBNR as % of net reserves	32.7%	31.8%	31.5%	33.7%	30.7%	31.8%

property	q1 2014	q4 2013	q3 2013	q2 2013	q1 2013	full year 2013
net reserves: start	\$ 202.0	\$ 212.6	\$ 200.9	\$ 204.7	\$ 250.2	250.2
paid losses	6.4	14.2	16.0	6.1	26.1	62.4
change in prior AY ⁽²⁾	(1.3)	(0.8)	0.4	0.7	(13.5)	(13.2)
current year incurred losses	6.6	9.2	24.9	4.5	4.8	43.4
foreign exchange	6.0	(4.8)	2.4	(2.9)	(10.7)	(16.0)
net reserves: end	\$ 206.9	\$ 202.0	\$ 212.6	\$ 200.9	\$ 204.7	202.0
net premiums earned	56.6	54.5	57.7	52.0	54.6	218.8
net loss ratio	9.4%	15.4%	43.8%	10.0%	(15.9%)	13.8%

energy	q1 2014	q4 2013	q3 2013	q2 2013	q1 2013	full year 2013
net reserves: start	\$ 150.7	\$ 157.1	\$ 141.5	\$ 160.0	\$ 159.8	159.8
paid losses	3.6	15.4	22.6	14.1	10.9	63.0
change in prior AY ⁽²⁾	9.8	2.9	0.2	(19.6)	(1.9)	(18.4)
current year incurred losses	15.5	6.2	37.7	15.4	13.0	72.3
foreign exchange	0.1	(0.1)	0.3	(0.2)	-	-
net reserves: end	\$ 172.5	\$ 150.7	\$ 157.1	\$ 141.5	\$ 160.0	150.7
net premiums earned	40.8	53.0	47.8	53.3	49.0	203.1
net loss ratio	62.0%	17.2%	79.3%	(7.9%)	22.7%	26.5%

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

⁽²⁾ AY = accident year

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

marine	q1 2014	q4 2013	q3 2013	q2 2013	q1 2013	full year 2013
net reserves: start	\$ 88.9	\$ 81.1	\$ 83.1	\$ 53.6	\$ 52.1	\$ 52.1
paid losses	15.9	6.6	12.7	8.3	1.4	29.0
change in prior AY ⁽¹⁾	(0.8)	(1.2)	(1.0)	28.6	(3.0)	23.4
current year incurred losses	4.7	15.4	11.3	8.5	6.4	41.6
foreign exchange	-	0.2	0.4	0.7	(0.5)	0.8
net reserves: end	\$ 76.9	\$ 88.9	\$ 81.1	\$ 83.1	\$ 53.6	\$ 88.9
net premiums earned	12.6	15.7	15.6	11.2	19.2	61.7
net loss ratio	31.0%	90.4%	66.0%	331.3%	17.7%	105.3%

aviation	q1 2014	q4 2013	q3 2013	q2 2013	q1 2013	full year 2013
net reserves: start	\$ 3.8	\$ 3.3	\$ 1.1	\$ 4.4	\$ 2.3	\$ 2.3
paid losses	1.2	-	-	3.6	15.0	18.6
change in prior AY ⁽¹⁾	(0.3)	-	-	(0.1)	1.5	1.4
current year incurred losses	0.8	0.5	2.1	0.3	15.7	18.6
foreign exchange	-	-	0.1	0.1	(0.1)	0.1
net reserves: end	\$ 3.1	\$ 3.8	\$ 3.3	\$ 1.1	\$ 4.4	\$ 3.8
net premiums earned	11.6	10.6	12.9	10.2	11.0	44.7
net loss ratio	4.3%	4.7%	16.3%	2.0%	156.4%	44.7%

Lloyd's segment	q1 2014	q4 2013	q3 2013	q2 2013	q1 2013	full year 2013
net reserves: start	\$ 225.0	\$ 224.2	\$ -	\$ -	\$ -	\$ 224.2
paid losses	24.8	19.0	-	-	-	19.0
change in prior AY ⁽¹⁾	2.7	(9.1)	-	-	-	(9.1)
current year incurred losses	22.0	28.1	-	-	-	28.1
foreign exchange	(0.2)	0.8	-	-	-	0.8
net reserves: end	\$ 224.7	\$ 225.0	\$ -	\$ -	\$ -	\$ 225.0
net premiums earned	53.3	39.8	-	-	-	39.8
net loss ratio	46.3%	47.7%	-	-	-	47.7%

⁽¹⁾ AY = accident year

Lancashire Holdings Limited
losses by accident year



gross losses

<u>accident year</u>	<u>2006 & prior</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
estimate of ultimate liability:									
at end of accident year	39.1	154.8	444.6	163.3	297.4	397.0	250.3	176.9	-
one year later	34.7	131.2	417.4	107.8	209.4	371.9	290.9	-	-
two years later	32.0	103.5	377.5	73.1	204.2	362.3	-	-	-
three years later	27.6	94.8	345.1	66.0	204.4	-	-	-	-
four years later	27.2	83.5	340.8	64.7	-	-	-	-	-
five years later	24.4	81.0	346.9	-	-	-	-	-	-
six years later	24.0	81.7	-	-	-	-	-	-	-
seven years later	24.9	-	-	-	-	-	-	-	-
as at 31 december 2013	<u>\$ 24.9</u>	<u>\$ 81.7</u>	<u>\$ 346.9</u>	<u>\$ 64.7</u>	<u>\$ 204.4</u>	<u>\$ 362.3</u>	<u>\$ 290.9</u>	<u>\$ 176.9</u>	<u>\$ -</u>
as at 31 march 2014	<u>\$ 25.1</u>	<u>\$ 82.0</u>	<u>\$ 346.8</u>	<u>\$ 63.9</u>	<u>\$ 202.4</u>	<u>\$ 377.0</u>	<u>\$ 285.2</u>	<u>\$ 191.4</u>	<u>\$ 27.6</u>
payments made	(23.3)	(76.0)	(327.6)	(53.0)	(171.1)	(196.5)	(196.5)	(50.9)	-
total gross liability	\$ 1.8	\$ 6.0	\$ 19.2	\$ 10.9	\$ 31.3	\$ 180.5	\$ 88.7	\$ 140.5	\$ 27.6
accident year gross loss ratio ⁽¹⁾	8.3%	11.8%	51.0%	9.8%	30.8%	59.3%	39.2%	29.3%	18.9%
estimate of ultimate Lloyd's segment liability:									
at acquisition ⁽²⁾	35.6	5.8	8.8	25.0	31.4	89.2	64.5	71.2	-
as at 31 december 2013 ⁽²⁾	<u>\$ 35.7</u>	<u>\$ 5.9</u>	<u>\$ 8.7</u>	<u>\$ 24.4</u>	<u>\$ 31.4</u>	<u>\$ 84.7</u>	<u>\$ 59.5</u>	<u>\$ 103.1</u>	<u>\$ -</u>
as at 31 march 2014	<u>\$ 35.5</u>	<u>\$ 5.7</u>	<u>\$ 8.7</u>	<u>\$ 23.6</u>	<u>\$ 31.9</u>	<u>\$ 83.5</u>	<u>\$ 57.6</u>	<u>\$ 109.1</u>	<u>\$ 23.0</u>
payments made	(1.1)	(1.0)	(0.9)	(0.7)	(3.3)	(17.9)	(10.0)	(23.5)	(2.1)
total gross liability	\$ 34.4	\$ 4.7	\$ 7.8	\$ 22.9	\$ 28.6	\$ 65.6	\$ 47.6	\$ 85.6	\$ 20.9
total group gross liability	\$ 36.2	\$ 10.7	\$ 27.0	\$ 33.8	\$ 59.9	\$ 246.1	\$ 136.3	\$ 226.1	\$ 48.5

net losses

<u>accident year</u>	<u>2006 & prior</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
estimate of ultimate liability:									
at end of accident year	39.1	151.2	403.9	161.7	263.6	340.8	201.4	176.9	-
one year later	34.7	125.0	370.3	106.5	185.8	319.3	182.7	-	-
two years later	32.0	99.5	334.4	72.4	180.1	310.1	-	-	-
three years later	27.6	91.3	304.2	65.3	179.9	-	-	-	-
four years later	27.2	80.2	302.7	64.0	-	-	-	-	-
five years later	24.4	77.9	307.7	-	-	-	-	-	-
six years later	24.0	78.5	-	-	-	-	-	-	-
seven years later	24.9	-	-	-	-	-	-	-	-
as at 31 december 2013	<u>\$ 24.9</u>	<u>\$ 78.5</u>	<u>\$ 307.7</u>	<u>\$ 64.0</u>	<u>\$ 179.9</u>	<u>\$ 310.1</u>	<u>\$ 182.7</u>	<u>\$ 176.9</u>	<u>\$ -</u>
as at 31 march 2014	<u>\$ 25.1</u>	<u>\$ 78.8</u>	<u>\$ 307.6</u>	<u>\$ 63.3</u>	<u>\$ 177.9</u>	<u>\$ 317.1</u>	<u>\$ 177.0</u>	<u>\$ 191.4</u>	<u>\$ 27.6</u>
payments made	(23.3)	(72.8)	(290.7)	(52.5)	(148.3)	(173.0)	(94.9)	(50.9)	-
total net liability	\$ 1.8	\$ 6.0	\$ 16.9	\$ 10.8	\$ 29.6	\$ 144.1	\$ 82.1	\$ 140.5	\$ 27.6
accident year net loss ratio ⁽¹⁾	10.3%	12.9%	50.7%	10.6%	29.0%	55.2%	30.4%	36.2%	22.7%
estimate of ultimate Lloyd's segment liability:									
at acquisition ⁽²⁾	10.7	4.7	7.4	15.8	22.7	47.8	49.8	65.3	-
as at 31 december 2013 ⁽²⁾	<u>\$ 10.6</u>	<u>\$ 5.1</u>	<u>\$ 7.2</u>	<u>\$ 15.1</u>	<u>\$ 22.4</u>	<u>\$ 44.5</u>	<u>\$ 45.9</u>	<u>\$ 93.2</u>	<u>\$ -</u>
as at 31 march 2014	<u>\$ 10.4</u>	<u>\$ 5.0</u>	<u>\$ 7.2</u>	<u>\$ 14.3</u>	<u>\$ 23.1</u>	<u>\$ 43.8</u>	<u>\$ 44.0</u>	<u>\$ 98.7</u>	<u>\$ 22.0</u>
payments made	(0.3)	(0.9)	(0.9)	(0.4)	(1.7)	(7.9)	(7.2)	(22.4)	(2.1)
total net liability	\$ 10.1	\$ 4.1	\$ 6.3	\$ 13.9	\$ 21.4	\$ 35.9	\$ 36.8	\$ 76.3	\$ 19.9
total group net liability	\$ 11.9	\$ 10.1	\$ 23.2	\$ 24.7	\$ 51.0	\$ 180.0	\$ 118.9	\$ 216.8	\$ 47.5
initial accident year net loss ratio	16.1%	24.7%	66.5%	27.2%	42.9%	59.3%	34.6%	33.5%	28.4%
reduction (increase) in net loss ratio post accident year end	5.8%	11.8%	15.8%	16.6%	13.9%	4.1%	4.2%	(2.7%)	n/a

⁽¹⁾ accident year loss ratio for Lancashire excluding the Lloyd's segment is calculated using the ultimate liability revalued at the current balance sheet date

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

Lancashire Holdings Limited
estimated exposures to peak zone elemental losses

zones	perils	1 april 2014 ⁽²⁾		1 april 2014 ⁽²⁾	
		100 year return period		250 year return period	
		estimated gross loss	estimated net loss	estimated gross loss	estimated net loss
gulf of mexico ⁽¹⁾	hurricane	\$ 450.4	\$ 291.4	\$ 653.4	\$ 440.4
california	earthquake	235.8	130.6	397.7	213.1
pacific northwest	earthquake	61.3	47.4	219.7	135.6
pan-european	windstorm	273.3	172.8	400.4	248.2
japan	earthquake	168.1	108.8	314.4	183.7
japan	typhoon	121.3	82.2	197.7	119.0

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

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

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

⁽¹⁾ landing hurricane from florida to texas

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

Lancashire Holdings Limited
earnings per share



	q1 2014	q4 2013	q3 2013	q2 2013	q1 2013	full year 2013
basic earnings per share:						
profit after tax attributable to Lancashire	\$ 60.1	\$ 63.0	\$ 25.4	\$ 56.2	\$ 77.9	\$ 222.5
net operating income attributable to Lancashire	\$ 62.9	\$ 51.5	\$ 11.2	\$ 54.2	\$ 67.3	\$ 184.2
dilutive shares						
weighted average shares outstanding - basic	181,376,857	182,717,232	173,722,997	163,236,234	161,758,809	169,270,681
dilutive effect of warrants	17,566,030	17,981,444	17,438,062	17,887,885	18,720,566	17,788,368
dilutive effect of stock options	-	-	-	-	21,111	-
dilutive effect of restricted stock	3,170,523	3,446,325	3,080,047	3,238,115	4,143,498	3,431,739
weighted average & equivalent shares outstanding - diluted	<u>202,113,410</u>	<u>204,145,001</u>	<u>194,241,106</u>	<u>184,362,234</u>	<u>184,643,984</u>	<u>190,490,788</u>
basic earnings per share attributable to Lancashire	<u>\$ 0.33</u>	<u>\$ 0.34</u>	<u>\$ 0.15</u>	<u>\$ 0.34</u>	<u>\$ 0.48</u>	<u>\$ 1.31</u>
diluted earnings per share attributable to Lancashire	<u>\$ 0.30</u>	<u>\$ 0.31</u>	<u>\$ 0.13</u>	<u>\$ 0.30</u>	<u>\$ 0.42</u>	<u>\$ 1.17</u>
diluted operating earnings per share attributable to Lancashire	<u>\$ 0.31</u>	<u>\$ 0.25</u>	<u>\$ 0.06</u>	<u>\$ 0.29</u>	<u>\$ 0.36</u>	<u>\$ 0.97</u>

Lancashire Holdings Limited
basic and fully converted book value per share

	<u>31 march 2014</u>	<u>31 december 2013</u>	<u>30 september 2013</u>	<u>30 june 2013</u>	<u>31 march 2013</u>
numerator (\$ in millions):					
shareholders' equity attributable to Lancashire	\$ 1,458.5	\$ 1,459.7	\$ 1,489.4	\$ 1,266.3	\$ 1,235.7
proceeds from assumed exercise of outstanding dilutive warrants	140.3	141.9	143.2	144.7	145.6
book value numerator	<u>\$ 1,598.8</u>	<u>\$ 1,601.6</u>	<u>\$ 1,632.6</u>	<u>\$ 1,411.0</u>	<u>\$ 1,381.3</u>
deduction for goodwill and other intangible assets	164.8	177.2	-	-	-
tangible book value numerator	<u>\$ 1,434.0</u>	<u>\$ 1,424.4</u>	<u>\$ 1,632.6</u>	<u>\$ 1,411.0</u>	<u>\$ 1,381.3</u>
denominator (in shares):					
common voting shares outstanding	181,771,038	181,026,145	180,581,212	163,236,234	162,029,276
shares issuable upon exercise of outstanding dilutive warrants	28,793,021	29,116,692	29,365,827	29,671,477	29,845,477
shares issuable upon exercise of outstanding dilutive options	-	-	-	-	21,127
shares relating to dilutive restricted stock	2,900,651	3,489,304	3,121,321	3,212,525	4,063,685
fully converted book value denominator	<u>213,464,710</u>	<u>213,632,141</u>	<u>213,068,360</u>	<u>196,120,236</u>	<u>195,959,565</u>
basic book value per share attributable to Lancashire	<u>\$ 8.02</u>	<u>\$ 8.06</u>	<u>\$ 8.25</u>	<u>\$ 7.76</u>	<u>\$ 7.63</u>
fully converted book value per share attributable to Lancashire	<u>\$ 7.49</u>	<u>\$ 7.50</u>	<u>\$ 7.67</u>	<u>\$ 7.19</u>	<u>\$ 7.05</u>
tangible basic book value per share attributable to Lancashire	<u>\$ 7.12</u>	<u>\$ 7.08</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
tangible fully converted book value per share attributable to Lancashire	<u>\$ 6.72</u>	<u>\$ 6.67</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
dividend per common share ⁽¹⁾	\$ 0.30	\$ 0.45	\$ 0.05	\$ -	\$ 1.15
change in FCBVS adj for dividends ⁽²⁾ - quarter	3.9%	3.7%	7.4%	2.0%	4.7%
change in FCBVS adj for dividends ⁽²⁾ - rolling 12 months	17.9%	18.9%	17.9%	16.8%	19.7%
compound annual change in FCBVS adj for dividends ⁽²⁾	19.2%	19.2%	19.3%	19.1%	19.3%
compound annual change in FCBVS adj for dividends ⁽²⁾ - above 3 month treasury	17.8%	17.9%	17.9%	17.6%	17.8%
change in FCBVS adj for dividends ⁽²⁾ - since inception	325.1%	308.0%	292.1%	270.0%	258.6%
change in tangible FCBVS adj for dividends ⁽²⁾ - quarter	5.3%	n/a	n/a	n/a	n/a

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

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

Lancashire Holdings Limited
basic and fully diluted book value per share

	<u>31 march 2014</u>	<u>31 december 2013</u>	<u>30 september 2013</u>	<u>30 june 2013</u>	<u>31 march 2013</u>
shareholders' equity attributable to Lancashire	\$ 1,458.5	\$ 1,459.7	\$ 1,489.4	\$ 1,266.3	\$ 1,235.7
deduction for goodwill and other intangible assets	\$ 164.8	\$ 177.2	-	-	-
tangible shareholders' equity attributable to Lancashire	<u>\$ 1,293.7</u>	<u>\$ 1,282.5</u>	<u>\$ 1,489.4</u>	<u>\$ 1,266.3</u>	<u>\$ 1,235.7</u>
weighted average exercise price per share of dilutive warrants	\$ 4.87	\$ 4.87	\$ 4.88	\$ 4.88	\$ 4.88
weighted average exercise price per share of dilutive options	\$ -	\$ -	\$ -	\$ -	\$ 0.50
denominator (in shares):					
common voting shares outstanding	181,771,038	181,026,145	180,581,212	163,236,234	162,029,276
unvested restricted shares and restricted share units	2,900,651	3,489,304	3,121,321	3,212,525	4,063,685
dilutive warrants outstanding	28,793,021	29,116,692	29,365,827	29,671,477	29,845,477
proforma warrants bought back	<u>(12,311,581)</u>	<u>(10,570,639)</u>	<u>(11,517,859)</u>	<u>(12,010,803)</u>	<u>(11,843,901)</u>
proforma net shares issued	16,481,440	18,546,053	17,847,968	17,660,674	18,001,576
dilutive options outstanding	-	-	-	-	21,127
proforma options bought back	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(859)</u>
proforma net shares issued	-	-	-	-	20,268
proforma dilutive shares outstanding	<u>201,153,129</u>	<u>203,061,502</u>	<u>201,550,501</u>	<u>184,109,433</u>	<u>184,114,805</u>
basic book value per share attributable to Lancashire	<u>\$ 8.02</u>	<u>\$ 8.06</u>	<u>\$ 8.25</u>	<u>\$ 7.76</u>	<u>\$ 7.63</u>
fully diluted book value per share attributable to Lancashire	<u>\$ 7.25</u>	<u>\$ 7.19</u>	<u>\$ 7.39</u>	<u>\$ 6.88</u>	<u>\$ 6.71</u>
tangible basic book value per share attributable to Lancashire	<u>\$ 7.12</u>	<u>\$ 7.08</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
tangible fully diluted book value per share attributable to Lancashire	<u>\$ 6.43</u>	<u>\$ 6.32</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
dividend per common share ⁽¹⁾	\$ 0.30	\$ 0.45	\$ 0.05	\$ -	\$ 1.15
change in FDBVS adj for dividends ⁽²⁾ - quarter	5.0%	3.2%	8.3%	2.5%	4.4%
change in FDBVS adj for dividends ⁽²⁾ - rolling 12 months	20.4%	19.6%	19.1%	17.4%	19.0%
compound annual change in FDBVS adj for dividends ⁽²⁾	19.0%	18.9%	19.0%	18.7%	18.9%
compound annual change in FDBVS adj for dividends ⁽²⁾ - above 3 month treasury	17.6%	17.5%	17.6%	17.3%	17.4%
change in FDBVS adj for dividends ⁽²⁾ - since inception	318.4%	299.6%	284.9%	261.9%	249.8%
change in tangible FDBVS adj for dividends ⁽²⁾ - quarter	6.5%	n/a	n/a	n/a	n/a

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

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

Cathedral Capital Limited
summary consolidated income statements ⁽¹⁾

	q1 2014	q4 2013	q3 2013	q2 2013	q1 2013	full year 2013
gross premiums written	\$ 108.2	\$ 34.2	\$ 51.6	\$ 75.6	\$ 126.8	\$ 288.2
outwards reinsurance premiums	(40.7)	(5.7)	(9.2)	(3.4)	(47.6)	(65.9)
net premiums written	67.5	28.5	42.4	72.2	79.2	222.3
change in unearned premiums	(40.7)	42.1	26.1	(8.4)	(57.4)	2.4
change in unearned premiums on premiums ceded	26.5	(13.3)	(6.9)	(11.2)	31.3	(0.1)
net premiums earned	53.3	57.3	61.6	52.6	53.1	224.6
net investment income	0.6	1.3	1.9	1.9	2.0	7.1
net other investment income (losses)	-	0.8	0.7	(2.7)	0.6	(0.6)
net realised gains (losses) and impairments ⁽²⁾	(0.1)	(0.2)	(0.4)	0.1	(0.3)	(0.8)
other income	0.4	3.0	0.4	5.1	0.4	8.9
net foreign exchange gains (losses)	(0.9)	(1.4)	(7.3)	(0.3)	6.4	(2.6)
total net revenue	53.3	60.8	56.9	56.7	62.2	236.6
insurance losses	25.2	30.3	31.4	14.2	27.8	103.7
insurance losses recoverable	(0.5)	(1.8)	(2.5)	1.8	(10.9)	(13.4)
net insurance acquisition expenses	11.5	12.3	14.2	13.0	12.5	52.0
equity based compensation	1.0	-	-	-	-	-
other operating expenses	10.9	8.9	4.0	8.0	10.4	31.3
total expenses	48.1	49.7	47.1	37.0	39.8	173.6
profit before tax and finance costs	5.2	11.1	9.8	19.7	22.4	63.0
financing expenses	(0.7)	(5.9)	(4.3)	(5.0)	(4.4)	(19.6)
profit before tax	4.5	5.2	5.5	14.7	18.0	43.4
tax credit (expense)	2.5	2.7	1.1	(3.6)	(5.9)	(5.7)
profit after tax	\$ 7.0	\$ 7.9	\$ 6.6	\$ 11.1	\$ 12.1	\$ 37.7
change in net unrealised gains / losses on investments	0.1	0.3	-	-	-	0.3
comprehensive income	\$ 7.1	\$ 8.2	\$ 6.6	\$ 11.1	\$ 12.1	\$ 38.0
net loss ratio	46.3%	49.7%	46.9%	30.4%	31.8%	40.2%
net acquisition cost ratio	21.6%	21.5%	23.1%	24.7%	23.5%	23.2%
administrative expense ratio	20.5%	15.5%	6.5%	15.2%	19.6%	13.9%
combined ratio	88.4%	86.7%	76.5%	70.3%	74.9%	77.3%

⁽¹⁾ 2013 information is being provided for informational purposes only. Lancashire financial statements include results of Cathedral from the date of acquisition, 7 November 2013. Cathedral results from the date of acquisition include acquisition related adjustments.

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