

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.

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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
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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) 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

	q2 2014	q2 2013	% change q2-14 vs. q2-13	ytd 2014	ytd 2013	% change ytd-14 vs. ytd-13
highlights						
gross premiums written	\$ 318.4	\$ 209.0	52%	\$ 635.1	\$ 423.9	50%
net premiums written	290.5	189.1	54%	494.9	307.7	61%
net premiums earned	186.4	126.7	47%	361.3	260.5	39%
net insurance losses	65.0	38.3	70%	124.7	61.3	103%
net investment income	7.6	6.5	17%	14.7	12.6	17%
net realised gains (losses) and impairments	(1.0)	4.2	(124%)	(3.9)	12.1	(132%)
profit after tax attributable to Lancashire	44.8	56.2	(20%)	104.9	134.1	(22%)
change in net unrealised gains / losses on investments	6.8	(25.0)	127%	10.2	(36.6)	128%
comprehensive income attributable to Lancashire	51.6	31.2	65%	115.1	97.5	18%
net operating income attributable to Lancashire ⁽¹⁾	\$ 43.4	\$ 54.2	(20%)	\$ 106.3	\$ 121.5	(13%)
total investments and cash	\$ 2,501.1	\$ 2,036.6	23%			
shareholders' equity attributable to Lancashire	\$ 1,504.3	\$ 1,266.3	19%			
per share data attributable to Lancashire						
net operating income per share - diluted ⁽²⁾	\$ 0.22	\$ 0.29		\$ 0.54	\$ 0.67	
profit after tax per share - diluted ⁽²⁾	\$ 0.23	\$ 0.30		\$ 0.53	\$ 0.74	
fully converted book value per share	\$ 7.67	\$ 7.19		\$ 7.67	\$ 7.19	
change in FCBVS adj for dividends ⁽³⁾	2.4%	2.0%		6.4%	7.0%	
fully diluted book value per share	\$ 7.50	\$ 6.88		\$ 7.50	\$ 6.88	
change in FDBVS adj for dividends ⁽⁴⁾	3.5%	2.5%		8.7%	7.2%	
financial ratios						
net loss ratio	34.9%	30.2%		34.5%	23.5%	
net acquisition cost ratio	23.3%	23.0%		20.2%	22.1%	
administrative expense ratio	16.4%	13.7%		15.9%	13.2%	
combined ratio	<u>74.6%</u>	<u>66.9%</u>		<u>70.6%</u>	<u>58.8%</u>	
net return on total investments	0.6%	(0.6%)		0.9%	(0.5%)	

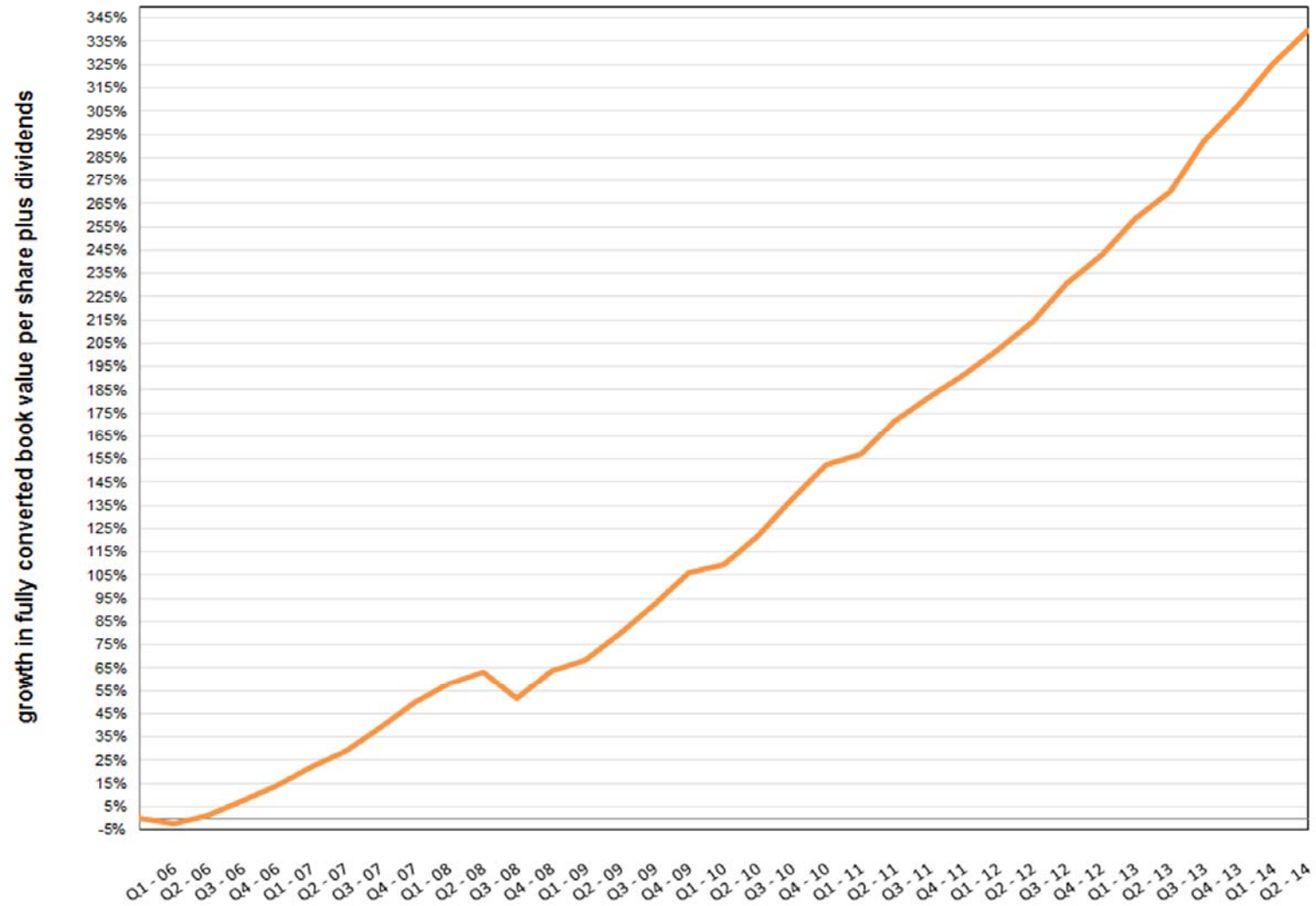
⁽¹⁾ excludes realised gains and losses, tax and foreign exchange gains and losses

⁽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



	q2 2014	q1 2014	q4 ⁽¹⁾ 2013	q3 2013	q2 2013	ytd 2014	ytd 2013	full year ⁽¹⁾ 2013
gross premiums written	\$ 318.4	\$ 316.7	\$ 130.8	\$ 125.0	\$ 209.0	\$ 635.1	\$ 423.9	\$ 679.7
outwards reinsurance premiums	(27.9)	(112.3)	(2.5)	(3.4)	(19.9)	(140.2)	(116.2)	(122.1)
net premiums written	290.5	204.4	128.3	121.6	189.1	494.9	307.7	557.6
change in unearned premiums	(97.6)	(103.2)	83.0	38.1	(49.4)	(200.8)	(96.8)	24.3
change in unearned premiums on premiums ceded	(6.5)	73.7	(37.7)	(25.7)	(13.0)	67.2	49.6	(13.8)
net premiums earned	186.4	174.9	173.6	134.0	126.7	361.3	260.5	568.1
net investment income	7.6	7.1	6.7	6.1	6.5	14.7	12.6	25.4
net other investment income (losses)	(1.2)	0.3	(0.8)	(1.6)	4.4	(0.9)	3.8	1.4
net realised gains (losses) and impairments	(1.0)	(2.9)	3.5	(3.0)	4.2	(3.9)	12.1	12.6
share of profit of associates	0.9	1.6	0.5	2.5	3.3	2.5	6.2	9.2
other income	3.9	4.0	3.2	0.3	0.3	7.9	0.6	4.1
net foreign exchange (losses) gains	(0.8)	(2.5)	0.6	17.6	(0.1)	(3.3)	3.6	21.8
total net revenue	195.8	182.5	187.3	155.9	145.3	378.3	299.4	642.6
insurance losses	57.8	68.0	68.2	76.1	66.5	125.8	105.7	250.0
insurance losses recoverable	7.2	(8.3)	(17.0)	(0.5)	(28.2)	(1.1)	(44.4)	(61.9)
net insurance acquisition expenses	43.4	29.6	38.3	29.8	29.2	73.0	57.7	125.8
equity based compensation	8.3	2.4	4.9	4.6	3.7	10.7	7.2	16.7
other operating expenses	30.6	27.0	34.4	16.3	17.3	57.6	34.3	85.0
total expenses	147.3	118.7	128.8	126.3	88.5	266.0	160.5	415.6
profit before tax and finance costs	48.5	63.8	58.5	29.6	56.8	112.3	138.9	227.0
financing (expenses) gains	(7.0)	(6.4)	(3.3)	(3.9)	1.5	(13.4)	(1.7)	(8.9)
profit before tax	41.5	57.4	55.2	25.7	58.3	98.9	137.2	218.1
tax credit (expense)	3.2	2.6	7.3	(0.4)	(2.1)	5.8	(3.1)	3.8
profit after tax	\$ 44.7	\$ 60.0	\$ 62.5	\$ 25.3	\$ 56.2	\$ 104.7	\$ 134.1	\$ 221.9
loss (income) attributable to non-controlling interest	0.1	0.1	0.5	0.1	-	0.2	-	0.6
profit after tax attributable to Lancashire	\$ 44.8	\$ 60.1	\$ 63.0	\$ 25.4	\$ 56.2	\$ 104.9	\$ 134.1	\$ 222.5
change in net unrealised gains / losses on investments	6.8	3.4	(2.8)	6.9	(25.0)	10.2	(36.6)	(32.5)
comprehensive income attributable to Lancashire	\$ 51.6	\$ 63.5	\$ 60.2	\$ 32.3	\$ 31.2	\$ 115.1	\$ 97.5	\$ 190.0
net loss ratio	34.9%	34.1%	29.5%	56.4%	30.2%	34.5%	23.5%	33.1%
net acquisition cost ratio	23.3%	16.9%	22.1%	22.2%	23.0%	20.2%	22.1%	22.1%
administrative expense ratio	16.4%	15.4%	19.8%	12.2%	13.7%	15.9%	13.2%	15.0%
combined ratio	74.6%	66.4%	71.4%	90.8%	66.9%	70.6%	58.8%	70.2%
net return on total investments	0.6%	0.3%	0.3%	0.4%	(0.6%)	0.9%	(0.5%)	0.3%
basic earnings per share attributable to Lancashire	\$ 0.24	\$ 0.33	\$ 0.34	\$ 0.15	\$ 0.34	\$ 0.57	\$ 0.84	\$ 1.31
diluted earnings per share attributable to Lancashire	\$ 0.23	\$ 0.30	\$ 0.31	\$ 0.13	\$ 0.30	\$ 0.53	\$ 0.74	\$ 1.17

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

Lancashire Holdings Limited
premiums by line of business

	q2 2014	q1 2014	q4 ⁽¹⁾ 2013	q3 2013	q2 2013	ytd 2014	ytd 2013	full year 2013
gross premiums written								
property cat excess of loss	\$ 35.4	\$ 69.4	\$ 1.2	\$ 28.5	\$ 36.5	\$ 104.8	\$ 67.8	\$ 97.5
terrorism	18.4	21.6	17.0	10.3	19.2	40.0	40.5	67.8
property retrocession	6.5	10.7	3.1	3.3	6.8	17.2	74.4	80.8
property political risk	3.2	12.0	16.2	24.8	18.1	15.2	25.4	66.4
property direct and facultative	-	(0.1)	2.8	2.6	2.4	(0.1)	4.6	10.0
other property	6.4	3.9	2.4	2.4	3.8	10.3	6.1	10.9
total property	69.9	117.5	42.7	71.9	86.8	187.4	218.8	333.4
worldwide offshore energy	48.8	37.4	24.1	23.7	65.2	86.2	101.4	149.2
gulf of mexico offshore energy	70.5	4.4	2.9	3.6	22.5	74.9	27.9	34.4
construction energy	2.2	5.0	4.0	3.0	2.5	7.2	5.9	12.9
energy liabilities	3.8	2.2	2.4	1.4	5.0	6.0	5.0	8.8
onshore energy	0.9	0.7	0.6	0.3	1.3	1.6	1.6	2.5
other energy	1.1	0.2	-	0.8	1.1	1.3	1.3	2.1
total energy	127.3	49.9	34.0	32.8	97.6	177.2	143.1	209.9
marine hull and total loss	14.0	7.9	3.9	3.0	7.6	21.9	17.9	24.8
marine P&I clubs	0.4	10.7	0.7	0.2	(0.9)	11.1	9.8	10.7
marine builders risk	3.3	4.2	2.4	2.6	2.1	7.5	5.3	10.3
marine hull war	3.1	3.1	3.1	3.7	3.7	6.2	8.2	15.0
other marine	1.1	0.8	0.5	0.6	0.2	1.9	1.1	2.2
total marine	21.9	26.7	10.6	10.1	12.7	48.6	42.3	63.0
aviation satellite	9.1	8.0	4.2	3.9	4.8	17.1	8.7	16.8
AV 52	7.6	5.9	12.6	5.2	5.9	13.5	8.7	26.5
other aviation	0.6	0.5	2.2	1.1	1.2	1.1	2.3	5.6
total aviation	17.3	14.4	19.0	10.2	11.9	31.7	19.7	48.9
property reinsurance	25.6	59.9	3.4	-	-	85.5	-	3.4
property direct and facultative	30.4	20.8	13.0	-	-	51.2	-	13.0
marine cargo	9.1	12.3	5.0	-	-	21.4	-	5.0
aviation and satellite	2.1	13.3	2.6	-	-	15.4	-	2.6
energy	12.7	-	-	-	-	12.7	-	-
contingency	1.4	1.9	0.5	-	-	3.3	-	0.5
terrorism	0.7	-	-	-	-	0.7	-	-
total Lloyd's	82.0	108.2	24.5	-	-	190.2	-	24.5
total gross premiums written	\$ 318.4	\$ 316.7	\$ 130.8	\$ 125.0	\$ 209.0	\$ 635.1	\$ 423.9	\$ 679.7

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

Lancashire Holdings Limited
summary consolidated underwriting segment results

	six months ending 30 june 2014					
	property	energy	marine	aviation	Lloyd's	consolidated
gross premiums written	\$ 187.4	\$ 177.2	\$ 48.6	\$ 31.7	\$ 190.2	\$ 635.1
net premiums written	153.8	136.0	39.1	25.3	140.7	494.9
net premiums earned	115.7	87.9	28.0	25.2	104.5	361.3
net insurance losses	(5.1)	37.9	25.7	17.9	48.3	124.7
net insurance acquisition expenses	11.3	24.4	9.1	5.1	23.1	73.0
other operating expenses ⁽¹⁾						57.6
	\$ 109.5	\$ 25.6	\$ (6.8)	\$ 2.2	\$ 33.1	\$ 106.0
net loss ratio	(4.4%)	43.1%	91.8%	71.0%	46.2%	34.5%
net acquisition cost ratio	9.8%	27.8%	32.5%	20.2%	22.1%	20.2%
administrative expense ratio ⁽¹⁾						15.9%
combined ratio	5.4%	70.9%	124.3%	91.2%	68.3%	70.6%

	six months ending 30 june 2013					
	property	energy	marine	aviation	Lloyd's	consolidated
gross premiums written	\$ 218.8	\$ 143.1	\$ 42.3	\$ 19.7	\$ -	\$ 423.9
net premiums written	154.1	106.0	31.7	15.9		307.7
net premiums earned	106.6	102.3	30.4	21.2	-	260.5
net insurance losses	(3.5)	6.9	40.5	17.4	-	61.3
net insurance acquisition expenses	14.5	26.8	11.3	5.1	-	57.7
other operating expenses ⁽¹⁾						34.3
	\$ 95.6	\$ 68.6	\$ (21.4)	\$ (1.3)	\$ -	\$ 107.2
net loss ratio	(3.3%)	6.7%	133.2%	82.1%	-	23.5%
net acquisition cost ratio	13.6%	26.2%	37.2%	24.1%	-	22.1%
administrative expense ratio ⁽¹⁾						13.2%
combined ratio	10.3%	32.9%	170.4%	106.2%	-	58.8%

⁽¹⁾ administrative expenses are not allocated by segment

Lancashire Holdings Limited
property segment - underwriting statement

	q2 2014	q1 2014	q4 2013	q3 2013	q2 2013	full year 2013
underwriting income						
gross premiums written	\$ 69.9	\$ 117.5	\$ 42.7	\$ 71.9	\$ 86.8	\$ 333.4
outwards reinsurance premiums	(5.4)	(28.2)	(0.6)	(1.6)	1.1	(66.9)
net premiums written	64.5	89.3	42.1	70.3	87.9	266.5
change in unearned premiums	(3.9)	(53.4)	28.3	2.3	(16.2)	(39.9)
change in unearned premiums on premiums ceded	(1.5)	20.7	(15.9)	(14.9)	(19.7)	(7.8)
net premiums earned	\$ 59.1	\$ 56.6	\$ 54.5	\$ 57.7	\$ 52.0	\$ 218.8
underwriting expenses						
net insurance (recoveries) losses	(10.4)	5.3	8.4	25.3	5.2	30.2
net insurance acquisition expenses	9.4	1.9	7.0	7.9	7.6	29.4
total underwriting (recoveries) expenses	(1.0)	7.2	15.4	33.2	12.8	59.6
net underwriting income	\$ 60.1	\$ 49.4	\$ 39.1	\$ 24.5	\$ 39.2	\$ 159.2
net loss ratio (% of net premiums earned)	(17.6%)	9.4%	15.4%	43.8%	10.0%	13.8%
net acquisition cost ratio (% of net premiums earned)	15.9%	3.4%	12.8%	13.7%	14.6%	13.4%
	(1.7%)	12.8%	28.2%	57.5%	24.6%	27.2%

Lancashire Holdings Limited
energy segment - underwriting statement

	q2 2014	q1 2014	q4 2013	q3 2013	q2 2013	full year 2013
underwriting income (loss)						
gross premiums written	\$ 127.3	\$ 49.9	\$ 34.0	\$ 32.8	\$ 97.6	\$ 209.9
outwards reinsurance premiums	(10.0)	(31.2)	0.3	(1.7)	(15.9)	(38.5)
net premiums written	117.3	18.7	34.3	31.1	81.7	171.4
change in unearned premiums	(70.0)	4.4	28.2	25.2	(36.7)	27.8
change in unearned premiums on premiums ceded	(0.2)	17.7	(9.5)	(8.5)	8.3	3.9
net premiums earned	\$ 47.1	\$ 40.8	\$ 53.0	\$ 47.8	\$ 53.3	\$ 203.1
underwriting expenses						
net insurance losses (recoveries)	12.6	25.3	9.1	37.9	(4.2)	53.9
net insurance acquisition expenses	14.2	10.2	15.0	14.4	14.3	56.2
total underwriting expenses	26.8	35.5	24.1	52.3	10.1	110.1
net underwriting income (loss)	\$ 20.3	\$ 5.3	\$ 28.9	\$ (4.5)	\$ 43.2	\$ 93.0
net loss ratio (% of net premiums earned)	26.8%	62.0%	17.2%	79.3%	(7.9%)	26.5%
net acquisition cost ratio (% of net premiums earned)	30.1%	25.0%	28.3%	30.1%	26.8%	27.7%
	56.9%	87.0%	45.5%	109.4%	18.9%	54.2%

Lancashire Holdings Limited
marine segment - underwriting statement

	q2	q1	q4	q3	q2	full year
	2014	2014	2013	2013	2013	2013
underwriting (loss) income						
gross premiums written	\$ 21.9	\$ 26.7	\$ 10.6	\$ 10.1	\$ 12.7	\$ 63.0
outwards reinsurance premiums	-	(9.5)	(0.5)	(0.1)	(4.0)	(11.2)
net premiums written	21.9	17.2	10.1	10.0	8.7	51.8
change in unearned premiums	(4.2)	(11.6)	7.0	7.0	4.2	9.9
change in unearned premiums on premiums ceded	(2.3)	7.0	(1.4)	(1.4)	(1.7)	-
net premiums earned	\$ 15.4	\$ 12.6	\$ 15.7	\$ 15.6	\$ 11.2	\$ 61.7
underwriting expenses						
net insurance losses	21.8	3.9	14.2	10.3	37.1	65.0
net insurance acquisition expenses	5.3	3.8	5.4	4.8	4.7	21.5
total underwriting expenses	27.1	7.7	19.6	15.1	41.8	86.5
net underwriting (loss) income	\$ (11.7)	\$ 4.9	\$ (3.9)	\$ 0.5	\$ (30.6)	\$ (24.8)
net loss ratio (% of net premiums earned)	141.6%	31.0%	90.4%	66.0%	331.3%	105.3%
net acquisition cost ratio (% of net premiums earned)	34.4%	30.2%	34.4%	30.8%	42.0%	34.8%
	176.0%	61.2%	124.8%	96.8%	373.3%	140.1%

Lancashire Holdings Limited
aviation segment - underwriting statement

	q2	q1	q4	q3	q2	full year
	2014	2014	2013	2013	2013	2013
underwriting (loss) income						
gross premiums written	\$ 17.3	\$ 14.4	\$ 19.0	\$ 10.2	\$ 11.9	\$ 48.9
outwards reinsurance premiums	(3.7)	(2.7)	-	-	(1.1)	(3.8)
net premiums written	13.6	11.7	19.0	10.2	10.8	45.1
change in unearned premiums	(2.6)	(1.9)	(7.4)	3.6	(0.7)	(0.4)
change in unearned premiums on premiums ceded	2.6	1.8	(1.0)	(0.9)	0.1	-
net premiums earned	\$ 13.6	\$ 11.6	\$ 10.6	\$ 12.9	\$ 10.2	\$ 44.7
underwriting expenses						
net insurance losses	17.4	0.5	0.5	2.1	0.2	20.0
net insurance acquisition expenses	2.9	2.2	2.3	2.7	2.6	10.1
total underwriting expenses	20.3	2.7	2.8	4.8	2.8	30.1
net underwriting (loss) income	\$ (6.7)	\$ 8.9	\$ 7.8	\$ 8.1	\$ 7.4	\$ 14.6
net loss ratio (% of net premiums earned)	127.9%	4.3%	4.7%	16.3%	2.0%	44.7%
net acquisition cost ratio (% of net premiums earned)	21.3%	19.0%	21.7%	20.9%	25.5%	22.6%
	149.2%	23.3%	26.4%	37.2%	27.5%	67.3%

Lancashire Holdings Limited
Lloyd's segment - underwriting statement

	q2 2014	q1 2014	q4 ⁽¹⁾ 2013	q3 2013	q2 2013	full year ⁽¹⁾ 2013
underwriting income						
gross premiums written	\$ 82.0	\$ 108.2	\$ 24.5	\$ -	\$ -	\$ 24.5
outwards reinsurance premiums	(8.8)	(40.7)	(1.7)	-	-	(1.7)
net premiums written	73.2	67.5	22.8	-	-	22.8
change in unearned premiums	(16.9)	(40.7)	26.9	-	-	26.9
change in unearned premiums on premiums ceded	(5.1)	26.5	(9.9)	-	-	(9.9)
net premiums earned	\$ 51.2	\$ 53.3	\$ 39.8	\$ -	\$ -	\$ 39.8
underwriting expenses						
net insurance losses	23.6	24.7	19.0	-	-	19.0
net insurance acquisition expenses	11.6	11.5	8.6	-	-	8.6
total underwriting expenses	35.2	36.2	27.6	-	-	27.6
net underwriting income	\$ 16.0	\$ 17.1	\$ 12.2	\$ -	\$ -	\$ 12.2
net loss ratio (% of net premiums earned)	46.1%	46.3%	47.7%	-	-	47.7%
net acquisition cost ratio (% of net premiums earned)	22.7%	21.6%	21.6%	-	-	21.6%
	68.8%	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	q2 2014	q1 2014	q4 ⁽¹⁾ 2013	q3 2013	q2 2013	ytd 2014	ytd 2013	full year ⁽¹⁾ 2013
net cash flows from operating activities	\$ 68.4	\$ 29.3	\$ 57.1	\$ 33.1	\$ 70.5	\$ 97.7	\$ 77.5	\$ 167.7
net cash flows from (used in) investing activities	(178.0)	106.0	(219.6)	23.2	63.1	(72.0)	283.4	87.0
net cash flows from (used in) financing activities	(78.4)	(7.9)	(96.6)	182.5	(226.4)	(86.3)	(232.6)	(146.7)
net increase (decrease) in cash and cash equivalents	(188.0)	127.4	(259.1)	238.8	(92.8)	(60.6)	128.3	108.0
cash and cash equivalents, opening	532.4	403.0	663.7	413.6	507.6	403.0	295.8	295.8
effect of exchange rate fluctuations	1.0	2.0	(1.6)	11.3	(1.2)	3.0	(10.5)	(0.8)
cash and cash equivalents, closing	\$ 345.4	\$ 532.4	\$ 403.0	\$ 663.7	\$ 413.6	\$ 345.4	\$ 413.6	\$ 403.0

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

Lancashire Holdings Limited
summary consolidated balance sheets



	30 june 2014	31 march 2014	31 december 2013 ⁽¹⁾	30 september 2013	30 june 2013
assets					
cash and cash equivalents	\$ 345.4	\$ 532.4	\$ 403.0	\$ 663.7	\$ 413.6
accrued interest receivable	8.5	8.0	8.9	7.1	7.5
investments					
- fixed income securities - available for sale	2,016.6	1,917.5	1,966.1	1,605.4	1,614.9
- at fair value through profit or loss	30.7	30.1	29.6	-	-
- equity securities - available for sale	17.2	15.4	15.6	-	-
- hedge funds - at fair value through profit or loss	89.5	-	-	-	-
- other investments	1.7	4.3	4.7	3.9	8.1
reinsurance assets					
- unearned premiums on premiums ceded	82.1	88.6	14.9	35.4	61.1
- reinsurance recoveries	123.5	140.5	183.0	67.6	87.2
- other receivables	6.9	19.6	10.8	1.8	0.8
deferred acquisition costs	123.6	96.9	73.8	74.7	81.2
inwards premiums receivable from insureds and cedants	464.5	384.8	288.4	234.4	276.6
investment in associates	28.3	23.6	64.7	56.1	53.6
goodwill and other intangible assets	157.8	164.8	177.2	-	-
other assets	36.0	26.8	27.1	53.9	12.0
total assets	\$ 3,532.3	\$ 3,453.3	\$ 3,267.8	\$ 2,804.0	\$ 2,616.6
liabilities					
insurance contracts					
- losses and loss adjustment expenses	\$ 831.5	\$ 824.6	\$ 853.4	\$ 521.7	\$ 513.8
- unearned premiums	642.9	545.3	442.1	402.0	440.1
- other payables	39.3	29.0	28.9	18.3	24.8
amounts payable to reinsurers	70.5	78.9	30.9	25.9	43.7
deferred acquisition costs ceded	0.7	0.8	0.2	2.0	3.9
other payables	73.3	144.6	80.9	84.1	65.7
deferred tax liability	37.4	38.8	38.7	-	-
long-term debt	331.9	332.2	332.3	259.5	258.3
total liabilities	2,027.5	1,994.2	1,807.4	1,313.5	1,350.3
shareholders' equity					
share capital	94.6	92.7	92.7	92.7	84.3
own shares	(21.2)	(34.4)	(36.8)	(41.7)	(47.3)
share premium	-	192.2	192.2	192.2	2.4
contributed surplus	837.3	647.7	645.7	649.0	652.6
accumulated other comprehensive income	13.1	6.3	2.9	5.7	(1.2)
other reserves	31.0	49.3	55.2	52.2	51.1
dividends	(63.2)	(63.2)	(325.6)	(231.1)	(220.6)
retained earnings	612.7	567.9	833.4	770.4	745.0
shareholders' equity attributable to Lancashire	\$ 1,504.3	\$ 1,458.5	\$ 1,459.7	\$ 1,489.4	\$ 1,266.3
non-controlling interest	0.5	0.6	0.7	1.1	-
total shareholders' equity	\$ 1,504.8	\$ 1,459.1	\$ 1,460.4	\$ 1,490.5	\$ 1,266.3
total liabilities and shareholders' equity	\$ 3,532.3	\$ 3,453.3	\$ 3,267.8	\$ 2,804.0	\$ 2,616.6
basic book value per share attributable to Lancashire	\$ 8.05	\$ 8.02	\$ 8.06	\$ 8.25	\$ 7.76
fully converted book value per share attributable to Lancashire	\$ 7.67	\$ 7.49	\$ 7.50	\$ 7.67	\$ 7.19
fully diluted book value per share attributable to Lancashire	\$ 7.50	\$ 7.25	\$ 7.19	\$ 7.39	\$ 6.88
debt to total capital ratio	18.1%	18.6%	18.5%	14.8%	16.9%
debt to total tangible capital ratio	19.8%	20.4%	20.6%	14.8%	16.9%

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

Lancashire Holdings Limited
composition of investment portfolio



	30 june 2014	%	31 march 2014	%	31 december 2013	%	30 september 2013	%	30 june 2013	%
type of investment										
short term investments	\$ 158.2	6.5%	\$ 255.2	10.6%	\$ 231.0	9.8%	\$ 50.1	2.3%	\$ 61.1	3.1%
fixed income funds	20.9	0.9%	26.2	1.1%	26.3	1.1%	-	-	-	-
U.S. treasuries	370.1	15.2%	260.0	10.7%	217.3	9.2%	249.0	11.3%	244.6	12.3%
other government bonds	100.3	4.1%	98.4	4.1%	107.9	4.5%	99.4	4.5%	105.1	5.3%
U.S. municipal bonds	20.5	0.8%	20.5	0.8%	21.4	0.9%	23.4	1.1%	29.0	1.4%
U.S. government agency debt	42.5	1.7%	41.9	1.7%	98.2	4.1%	108.8	4.9%	101.9	5.1%
asset backed securities	169.2	7.0%	135.3	5.6%	151.4	6.4%	103.6	4.7%	84.8	4.2%
U.S. government agency mortgage backed securities	217.6	8.9%	223.4	9.3%	252.0	10.7%	279.1	12.7%	320.7	16.1%
non-agency mortgage backed securities	30.7	1.3%	33.0	1.4%	8.8	0.4%	6.7	0.3%	7.1	0.3%
agency commercial mortgage backed securities	5.6	0.2%	4.0	0.2%	4.2	0.2%	1.3	0.1%	1.4	0.1%
non-agency commercial mortgage backed securities	47.3	1.9%	36.9	1.5%	37.9	1.6%	36.1	1.6%	19.0	0.9%
bank loans	140.7	5.8%	134.1	5.6%	107.8	4.5%	76.2	3.5%	74.3	3.7%
corporate bonds	693.0	28.5%	648.6	26.9%	701.9	29.7%	571.7	26.0%	565.9	28.4%
total fixed income securities - available for sale	2,016.6	82.8%	1,917.5	79.5%	1,966.1	83.1%	1,605.4	73.0%	1,614.9	80.9%
fixed income - at fair value through profit or loss	30.7	1.3%	30.1	1.2%	29.6	1.3%	-	-	-	-
equity securities - available for sale	17.2	0.7%	15.4	0.6%	15.6	0.7%	-	-	-	-
hedge funds - at fair value through profit or loss	89.5	3.7%	-	-	-	-	-	-	-	-
other investments	1.7	0.1%	4.3	0.2%	4.7	0.2%	3.9	0.2%	8.1	0.4%
managed cash	280.0	11.4%	446.5	18.5%	346.6	14.7%	590.4	26.8%	371.8	18.7%
total investments	\$ 2,435.7	100.0%	\$ 2,413.8	100.0%	\$ 2,362.6	100.0%	\$ 2,199.7	100.0%	\$ 1,994.8	100.0%
credit quality of fixed income securities										
AAA	\$ 481.0	23.5%	\$ 542.2	27.8%	\$ 481.2	24.1%	\$ 277.5	17.3%	\$ 246.4	15.3%
AA+, AA, AA-	887.2	43.3%	775.3	39.8%	847.9	42.5%	798.6	49.8%	831.3	51.5%
A+, A, A-	353.6	17.3%	339.8	17.5%	368.7	18.5%	276.7	17.2%	285.7	17.7%
BBB+, BBB, BBB-	188.7	9.2%	162.4	8.3%	186.5	9.3%	155.7	9.7%	145.4	9.0%
other	136.8	6.7%	127.9	6.6%	111.4	5.6%	96.9	6.0%	106.1	6.5%
	\$ 2,047.3	100.0%	\$ 1,947.6	100.0%	\$ 1,995.7	100.0%	\$ 1,605.4	100.0%	\$ 1,614.9	100.0%
corporate bonds & bank loans (AFS) and fixed income (FVTPL)										
industrials	\$ 469.9	54.4%	\$ 432.9	53.3%	\$ 452.8	53.9%	\$ 365.5	56.4%	\$ 368.0	57.5%
financials	340.9	39.4%	325.6	40.0%	336.5	40.1%	243.3	37.5%	233.2	36.4%
utilities	47.3	5.5%	47.1	5.8%	42.8	5.1%	36.7	5.7%	36.6	5.7%
supranationals	6.3	0.7%	7.2	0.9%	7.2	0.9%	2.4	0.4%	2.4	0.4%
	\$ 864.4	100.0%	\$ 812.8	100.0%	\$ 839.3	100.0%	\$ 647.9	100.0%	\$ 640.2	100.0%
quarterly net return on total investments		0.6%		0.3%		0.3%		0.4%		(0.6%)
rolling 12 months net return on total investments		1.6%		0.5%		0.3%		0.3%		0.9%
average book yield of fixed income and managed cash		1.3%		1.2%		1.4%		1.4%		1.5%
average market yield of fixed income and managed cash		1.1%		1.1%		1.2%		1.1%		1.4%
average duration of fixed income and managed cash		1.7 years		1.5 years		1.6 years		1.6 years		1.8 years
average duration of fixed income, managed cash and derivative instruments		1.3 years		1.0 years		1.0 years		1.0 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-

30 june 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	\$ 158.2	0.2%	0.2%	0.3	AA+	
fixed income funds	20.9	2.2%	2.2%	1.4	AA	
U.S. treasuries	370.1	0.8%	0.8%	2.7	AA+	
other government bonds	100.3	1.6%	1.3%	2.1	AA	
U.S. municipal bonds	20.5	2.8%	1.2%	1.9	AA-	
U.S. government agency debt	42.5	1.8%	1.7%	4.7	AA+	
asset backed securities	169.2	1.2%	1.1%	0.7	AAA	
U.S. government agency mortgage backed securities	217.6	2.2%	1.7%	2.8	AA+	
non-agency mortgage backed securities	30.7	1.5%	1.4%	0.2	AA-	
agency commercial mortgage backed securities	5.6	0.5%	1.5%	5.3	AA+	
non-agency commercial mortgage backed securities	47.3	1.5%	1.1%	1.8	AAA	
bank loans	140.7	3.7%	4.0%	-	BB	
corporate bonds	693.0	1.6%	1.1%	2.1	A	
total fixed income securities - available for sale	2,016.6	1.5%	1.3%	1.9	AA-	
fixed income securities at fair value through profit or loss	30.7	-	-	1.5	A-	
managed cash ⁽¹⁾	280.0	0.1%	0.1%	-	A+	
total fixed income securities and managed cash	\$ 2,327.3	1.3%	1.1%	1.7	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	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

30 june 2014				
	sovereign	agency	corporate	total
country exposures				
Mexico	\$ 3.7	\$ 0.1	\$ 3.1	\$ 6.9
United Arab Emirates	-	3.5	0.2	\$ 3.7
Russian Federation	-	3.6	-	\$ 3.6
Qatar	-	2.2	-	\$ 2.2
South Korea	-	2.1	-	\$ 2.1
China	-	1.5	0.2	\$ 1.7
Brazil	-	1.5	-	\$ 1.5
Chile	-	-	1.3	\$ 1.3
Colombia	-	1.0	-	\$ 1.0
Slovenia	0.4	-	-	\$ 0.4
Czech Republic	-	0.2	-	\$ 0.2
	<u>\$ 4.1</u>	<u>\$ 15.7</u>	<u>\$ 4.8</u>	<u>\$ 24.6</u>

30 june 2014	
ratings distribution	
AA	\$ 4.1
AA-	1.5
A+	3.4
A	1.3
A-	4.4
BBB+	3.8
BBB	1.0
BBB-	5.1
avg A-	<u>\$ 24.6</u>

Lancashire Holdings Limited
corporate & global bond holdings

	30 june 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	31.9	\$ 33.0	\$ -	\$ 0.7	A-
Verizon Communications Inc.	18.4	18.9	0.1	0.3	BBB+
DNB Boligkredit AS	14.2	14.6	0.1	0.2	AAA
Bank of Nova Scotia	13.9	14.1	0.1	0.1	AA+
General Electric	12.6	12.8	-	-	AA+
JPMorgan Chase & Co.	12.1	12.6	0.1	0.1	A
Australia & New Zealand Banking Group Ltd.	11.8	12.0	-	0.1	AA+
The Toronto-Dominion Bank	10.9	11.1	0.1	0.1	AA+
Berkshire Hathaway Inc.	9.9	10.4	0.1	0.2	A+
BP Plc	9.7	10.0	0.1	0.1	A
Total SA	9.6	9.8	-	0.1	AA-
Morgan Stanley	8.9	9.8	0.1	0.2	A-
Credit Suisse Group AG	8.8	9.2	0.1	0.2	A+
Bank of Montreal	8.4	8.6	-	0.1	AA+
Bank of America Corp.	8.4	8.5	0.1	0.1	A-
Abbvie Inc.	8.4	8.5	-	-	A
The Goldman Sachs Group Inc.	7.7	8.3	0.1	0.2	A-
Apple Inc.	8.2	8.2	-	-	AA+
Mitsubishi UFJ Financial Group Inc.	8.1	8.2	-	0.1	A+
Ford Motor Credit Company	7.4	7.8	0.1	0.1	BBB-
		<u>\$ 236.4</u>	<u>\$ 1.2</u>	<u>\$ 3.0</u>	<u>A+</u>

top twenty holdings as a % of corporate bonds (AFS) and fixed income (FVTPL)

32.7%

	30 june 2014			
	financials	other industries	total ⁽²⁾	other government bonds
bonds by country				
United States	\$ 125.8	\$ 370.6	\$ 496.4	-
Canada	50.4	18.5	68.9	34.7
United Kingdom	42.0	40.1	82.1	0.4
Australia	28.7	7.4	36.1	10.9
France	15.3	15.8	31.1	5.1
Netherlands	18.0	11.1	29.1	6.9
Germany	2.8	16.2	19.0	15.6
Norway	18.0	0.8	18.8	2.0
Switzerland	15.2	2.8	18.0	-
Sweden	15.0	-	15.0	1.3
Japan	8.0	7.6	15.6	-
Supranational	6.3	-	6.3	-
Luxembourg	-	5.7	5.7	-
Belgium	-	4.5	4.5	-
Hong Kong	-	3.4	3.4	-
Spain	-	3.2	3.2	-
Denmark	-	-	-	3.2
Marshall Islands	-	3.1	3.1	-
Macau	-	1.7	1.7	-
Italy	-	1.2	1.2	-
Austria	-	-	-	0.4
Finland	0.4	-	0.4	-
Emerging market corporates	1.3	3.5	4.8	-
Emerging market sovereign	-	-	-	4.1
Emerging market agency	-	-	-	15.7
	<u>\$ 347.2</u>	<u>\$ 517.2</u>	<u>\$ 864.4</u>	<u>\$ 100.3</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	q2 2014	q1 2014	q4 2013	q3 2013	q2 2013	full year 2013
net reserves: start	\$ 684.1	\$ 670.4	\$ 454.1	\$ 426.6	\$ 422.7	\$ 464.4
net reserves in Lloyd's segment ⁽¹⁾	-	-	224.2	-	-	224.2
paid losses	43.6	51.9	55.2	51.3	32.1	192.0
change in prior AY ⁽²⁾	(8.2)	10.1	(8.2)	(0.4)	9.6	(15.9)
current year incurred losses	73.2	49.6	59.4	76.0	28.7	204.0
foreign exchange	2.5	5.9	(3.9)	3.2	(2.3)	(14.3)
net reserves: end	\$ 708.0	\$ 684.1	\$ 670.4	\$ 454.1	\$ 426.6	\$ 670.4
net premiums earned	186.4	174.9	173.6	134.0	126.7	568.1
net loss ratio	34.9%	34.1%	29.5%	56.4%	30.2%	33.1%
IBNR as % of net reserves	29.4%	32.7%	31.8%	31.5%	33.7%	31.8%

property	q2 2014	q1 2014	q4 2013	q3 2013	q2 2013	full year 2013
net reserves: start	\$ 206.9	\$ 202.0	\$ 212.6	\$ 200.9	\$ 204.7	\$ 250.2
paid losses	9.5	6.4	14.2	16.0	6.1	62.4
change in prior AY ⁽²⁾	(16.0)	(1.3)	(0.8)	0.4	0.7	(13.2)
current year incurred losses	5.6	6.6	9.2	24.9	4.5	43.4
foreign exchange	0.8	6.0	(4.8)	2.4	(2.9)	(16.0)
net reserves: end	\$ 187.8	\$ 206.9	\$ 202.0	\$ 212.6	\$ 200.9	\$ 202.0
net premiums earned	59.1	56.6	54.5	57.7	52.0	218.8
net loss ratio	(17.6%)	9.4%	15.4%	43.8%	10.0%	13.8%

energy	q2 2014	q1 2014	q4 2013	q3 2013	q2 2013	full year 2013
net reserves: start	\$ 172.5	\$ 150.7	\$ 157.1	\$ 141.5	\$ 160.0	\$ 159.8
paid losses	3.5	3.6	15.4	22.6	14.1	63.0
change in prior AY ⁽²⁾	(2.0)	9.8	2.9	0.2	(19.6)	(18.4)
current year incurred losses	14.6	15.5	6.2	37.7	15.4	72.3
foreign exchange	0.3	0.1	(0.1)	0.3	(0.2)	-
net reserves: end	\$ 181.9	\$ 172.5	\$ 150.7	\$ 157.1	\$ 141.5	\$ 150.7
net premiums earned	47.1	40.8	53.0	47.8	53.3	203.1
net loss ratio	26.8%	62.0%	17.2%	79.3%	(7.9%)	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	q2 2014	q1 2014	q4 2013	q3 2013	q2 2013	full year 2013
net reserves: start	\$ 76.9	\$ 88.9	\$ 81.1	\$ 83.1	\$ 53.6	\$ 52.1
paid losses	7.5	15.9	6.6	12.7	8.3	29.0
change in prior AY ⁽¹⁾	16.0	(0.8)	(1.2)	(1.0)	28.6	23.4
current year incurred losses	5.8	4.7	15.4	11.3	8.5	41.6
foreign exchange	(0.1)	-	0.2	0.4	0.7	0.8
net reserves: end	\$ 91.1	\$ 76.9	\$ 88.9	\$ 81.1	\$ 83.1	\$ 88.9
net premiums earned	15.4	12.6	15.7	15.6	11.2	61.7
net loss ratio	141.6%	31.0%	90.4%	66.0%	331.3%	105.3%

aviation	q2 2014	q1 2014	q4 2013	q3 2013	q2 2013	full year 2013
net reserves: start	\$ 3.1	\$ 3.8	\$ 3.3	\$ 1.1	\$ 4.4	\$ 2.3
paid losses	-	1.2	-	-	3.6	18.6
change in prior AY ⁽¹⁾	0.3	(0.3)	-	-	(0.1)	1.4
current year incurred losses	17.1	0.8	0.5	2.1	0.3	18.6
foreign exchange	-	-	-	0.1	0.1	0.1
net reserves: end	\$ 20.5	\$ 3.1	\$ 3.8	\$ 3.3	\$ 1.1	\$ 3.8
net premiums earned	13.6	11.6	10.6	12.9	10.2	44.7
net loss ratio	127.9%	4.3%	4.7%	16.3%	2.0%	44.7%

Lloyd's segment	q2 2014	q1 2014	q4 2013	q3 2013	q2 2013	full year 2013
net reserves: start	\$ 224.7	\$ 225.0	\$ 224.2	\$ -	\$ -	\$ 224.2
paid losses	23.1	24.8	19.0	-	-	19.0
change in prior AY ⁽¹⁾	(6.5)	2.7	(9.1)	-	-	(9.1)
current year incurred losses	30.1	22.0	28.1	-	-	28.1
foreign exchange	1.5	(0.2)	0.8	-	-	0.8
net reserves: end	\$ 226.7	\$ 224.7	\$ 225.0	\$ -	\$ -	\$ 225.0
net premiums earned	51.2	53.3	39.8	-	-	39.8
net loss ratio	46.1%	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 30 june 2014	<u>\$ 25.1</u>	<u>\$ 82.1</u>	<u>\$ 345.2</u>	<u>\$ 63.6</u>	<u>\$ 200.8</u>	<u>\$ 383.3</u>	<u>\$ 294.6</u>	<u>\$ 178.0</u>	<u>\$ 70.7</u>
payments made	(23.3)	(76.7)	(326.3)	(53.1)	(173.7)	(201.8)	(201.3)	(59.7)	-
total gross liability	\$ 1.8	\$ 5.4	\$ 18.9	\$ 10.5	\$ 27.1	\$ 181.5	\$ 93.3	\$ 118.3	\$ 70.7
accident year gross loss ratio ⁽¹⁾	8.3%	11.8%	50.7%	9.8%	30.6%	60.3%	40.5%	27.3%	23.4%
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 30 june 2014	<u>\$ 35.1</u>	<u>\$ 5.8</u>	<u>\$ 7.5</u>	<u>\$ 20.1</u>	<u>\$ 31.2</u>	<u>\$ 74.5</u>	<u>\$ 55.1</u>	<u>\$ 110.0</u>	<u>\$ 58.1</u>
payments made	(1.5)	(1.3)	(0.9)	(2.4)	(6.5)	(24.9)	(14.8)	(34.4)	(6.7)
total gross liability	\$ 33.6	\$ 4.5	\$ 6.6	\$ 17.7	\$ 24.7	\$ 49.6	\$ 40.3	\$ 75.6	\$ 51.4
total group gross liability	\$ 35.4	\$ 9.9	\$ 25.5	\$ 28.2	\$ 51.8	\$ 231.1	\$ 133.6	\$ 193.9	\$ 122.1

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 30 june 2014	<u>\$ 25.1</u>	<u>\$ 79.0</u>	<u>\$ 306.2</u>	<u>\$ 63.0</u>	<u>\$ 176.2</u>	<u>\$ 323.7</u>	<u>\$ 186.3</u>	<u>\$ 178.0</u>	<u>\$ 70.7</u>
payments made	(23.3)	(73.6)	(289.6)	(52.5)	(150.8)	(178.3)	(99.1)	(59.7)	-
total net liability	\$ 1.8	\$ 5.4	\$ 16.6	\$ 10.5	\$ 25.4	\$ 145.4	\$ 87.2	\$ 118.3	\$ 70.7
accident year net loss ratio ⁽¹⁾	10.3%	12.9%	50.4%	10.6%	28.7%	56.3%	32.0%	33.7%	27.5%
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 30 june 2014	<u>\$ 10.1</u>	<u>\$ 4.9</u>	<u>\$ 6.6</u>	<u>\$ 13.7</u>	<u>\$ 22.2</u>	<u>\$ 41.9</u>	<u>\$ 41.5</u>	<u>\$ 100.4</u>	<u>\$ 52.3</u>
payments made	(0.4)	(1.2)	(0.9)	(0.9)	(3.5)	(10.6)	(10.2)	(32.5)	(6.7)
total net liability	\$ 9.7	\$ 3.7	\$ 5.7	\$ 12.8	\$ 18.7	\$ 31.3	\$ 31.3	\$ 67.9	\$ 45.6
total group net liability	\$ 11.5	\$ 9.1	\$ 22.3	\$ 23.3	\$ 44.1	\$ 176.7	\$ 118.5	\$ 186.2	\$ 116.3
initial accident year net loss ratio	16.1%	24.7%	66.5%	27.2%	42.9%	59.3%	34.6%	33.5%	34.0%
reduction (increase) in net loss ratio post accident year end	5.8%	11.8%	16.1%	16.6%	14.2%	3.0%	2.6%	(0.2%)	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 july 2014 ⁽²⁾		1 july 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	\$ 405.4	\$ 255.5	\$ 587.1	\$ 384.4
california	earthquake	261.2	144.9	423.9	228.7
pacific northwest	earthquake	52.3	38.5	203.3	121.2
pan-european	windstorm	259.8	129.8	383.2	199.6
japan	earthquake	175.4	111.5	316.6	180.1
japan	typhoon	120.2	62.0	198.4	88.7

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

	q2 2014	q2 2013	ytd 2014	ytd 2013	full year 2013
basic earnings per share:					
profit after tax attributable to Lancashire	\$ 44.8	\$ 56.2	\$ 104.9	\$ 134.1	\$ 222.5
net operating income attributable to Lancashire	\$ 43.4	\$ 54.2	\$ 106.3	\$ 121.5	\$ 184.2
dilutive shares					
weighted average shares outstanding - basic	183,734,282	163,236,234	182,562,082	159,420,916	169,270,681
dilutive effect of warrants	12,068,337	17,887,885	12,524,552	18,261,979	17,788,368
dilutive effect of stock options	-	-	-	-	-
dilutive effect of restricted stock	1,672,315	3,238,115	1,781,445	3,284,420	3,431,739
weighted average & equivalent shares outstanding - diluted	<u>197,474,934</u>	<u>184,362,234</u>	<u>196,868,079</u>	<u>180,967,315</u>	<u>190,490,788</u>
basic earnings per share attributable to Lancashire	\$ 0.24	\$ 0.34	\$ 0.57	\$ 0.84	\$ 1.31
diluted earnings per share attributable to Lancashire	\$ 0.23	\$ 0.30	\$ 0.53	\$ 0.74	\$ 1.17
diluted operating earnings per share attributable to Lancashire	\$ 0.22	\$ 0.29	\$ 0.54	\$ 0.67	\$ 0.97

Lancashire Holdings Limited
basic and fully converted book value per share

	<u>30 june 2014</u>	<u>31 march 2014</u>	<u>31 december 2013</u>	<u>30 september 2013</u>	<u>30 june 2013</u>
numerator (\$ in millions):					
shareholders' equity attributable to Lancashire	\$ 1,504.3	\$ 1,458.5	\$ 1,459.7	\$ 1,489.4	\$ 1,266.3
proceeds from assumed exercise of outstanding dilutive warrants	108.3	140.3	141.9	143.2	144.7
book value numerator	<u>\$ 1,612.6</u>	<u>\$ 1,598.8</u>	<u>\$ 1,601.6</u>	<u>\$ 1,632.6</u>	<u>\$ 1,411.0</u>
deduction for goodwill and other intangible assets	157.8	164.8	177.2	-	-
tangible book value numerator	<u>\$ 1,454.8</u>	<u>\$ 1,434.0</u>	<u>\$ 1,424.4</u>	<u>\$ 1,632.6</u>	<u>\$ 1,411.0</u>
denominator (in shares):					
common voting shares outstanding	186,756,533	181,771,038	181,026,145	180,581,212	163,236,234
shares issuable upon exercise of outstanding dilutive warrants	21,768,088	28,793,021	29,116,692	29,365,827	29,671,477
shares issuable upon exercise of outstanding dilutive options	-	-	-	-	-
shares relating to dilutive restricted stock	1,677,037	2,900,651	3,489,304	3,121,321	3,212,525
fully converted book value denominator	<u>210,201,658</u>	<u>213,464,710</u>	<u>213,632,141</u>	<u>213,068,360</u>	<u>196,120,236</u>
basic book value per share attributable to Lancashire	<u>\$ 8.05</u>	<u>\$ 8.02</u>	<u>\$ 8.06</u>	<u>\$ 8.25</u>	<u>\$ 7.76</u>
fully converted book value per share attributable to Lancashire	<u>\$ 7.67</u>	<u>\$ 7.49</u>	<u>\$ 7.50</u>	<u>\$ 7.67</u>	<u>\$ 7.19</u>
tangible basic book value per share attributable to Lancashire	<u>\$ 7.21</u>	<u>\$ 7.12</u>	<u>\$ 7.08</u>	<u>\$ -</u>	<u>\$ -</u>
tangible fully converted book value per share attributable to Lancashire	<u>\$ 6.92</u>	<u>\$ 6.72</u>	<u>\$ 6.67</u>	<u>\$ -</u>	<u>\$ -</u>
dividend per common share ⁽¹⁾	\$ -	\$ 0.30	\$ 0.45	\$ 0.05	\$ -
change in FCBVS adj for dividends ⁽²⁾ - quarter	2.4%	3.9%	3.7%	7.4%	2.0%
change in FCBVS adj for dividends ⁽²⁾ - rolling 12 months	18.6%	17.9%	18.9%	17.9%	16.8%
compound annual change in FCBVS adj for dividends ⁽²⁾	19.0%	19.2%	19.2%	19.3%	19.1%
compound annual change in FCBVS adj for dividends ⁽²⁾ - above 3 month treasury	17.8%	17.8%	17.9%	17.9%	17.6%
change in FCBVS adj for dividends ⁽²⁾ - since inception	339.8%	325.1%	308.0%	292.1%	270.0%
change in tangible FCBVS adj for dividends ⁽²⁾ - quarter	3.0%	5.3%	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>30 june 2014</u>	<u>31 march 2014</u>	<u>31 december 2013</u>	<u>30 september 2013</u>	<u>30 june 2013</u>
shareholders' equity attributable to Lancashire	\$ 1,504.3	\$ 1,458.5	\$ 1,459.7	\$ 1,489.4	\$ 1,266.3
deduction for goodwill and other intangible assets	\$ 157.8	\$ 164.8	\$ 177.2	-	-
tangible shareholders' equity attributable to Lancashire	<u>\$ 1,346.5</u>	<u>\$ 1,293.7</u>	<u>\$ 1,282.5</u>	<u>\$ 1,489.4</u>	<u>\$ 1,266.3</u>
weighted average exercise price per share of dilutive warrants	\$ 4.98	\$ 4.87	\$ 4.87	\$ 4.88	\$ 4.88
denominator (in shares):					
common voting shares outstanding	186,756,533	181,771,038	181,026,145	180,581,212	163,236,234
unvested restricted shares and restricted share units	1,677,037	2,900,651	3,489,304	3,121,321	3,212,525
dilutive warrants outstanding	21,768,088	28,793,021	29,116,692	29,365,827	29,671,477
proforma warrants bought back	(9,679,865)	(12,311,581)	(10,570,639)	(11,517,859)	(12,010,803)
proforma net shares issued	<u>12,088,223</u>	<u>16,481,440</u>	<u>18,546,053</u>	<u>17,847,968</u>	<u>17,660,674</u>
proforma dilutive shares outstanding	<u>200,521,793</u>	<u>201,153,129</u>	<u>203,061,502</u>	<u>201,550,501</u>	<u>184,109,433</u>
basic book value per share attributable to Lancashire	<u>\$ 8.05</u>	<u>\$ 8.02</u>	<u>\$ 8.06</u>	<u>\$ 8.25</u>	<u>\$ 7.76</u>
fully diluted book value per share attributable to Lancashire	<u>\$ 7.50</u>	<u>\$ 7.25</u>	<u>\$ 7.19</u>	<u>\$ 7.39</u>	<u>\$ 6.88</u>
tangible basic book value per share attributable to Lancashire	<u>\$ 7.21</u>	<u>\$ 7.12</u>	<u>\$ 7.08</u>	<u>\$ -</u>	<u>\$ -</u>
tangible fully diluted book value per share attributable to Lancashire	<u>\$ 6.71</u>	<u>\$ 6.43</u>	<u>\$ 6.32</u>	<u>\$ -</u>	<u>\$ -</u>
dividend per common share ⁽¹⁾	\$ -	\$ 0.30	\$ 0.45	\$ 0.05	\$ -
change in FDBVS adj for dividends ⁽²⁾ - quarter	3.5%	5.0%	3.2%	8.3%	2.5%
change in FDBVS adj for dividends ⁽²⁾ - rolling 12 months	21.7%	20.4%	19.6%	19.1%	17.4%
compound annual change in FDBVS adj for dividends ⁽²⁾	18.9%	19.0%	18.9%	19.0%	18.7%
compound annual change in FDBVS adj for dividends ⁽²⁾ - above 3 month treasury	17.6%	17.6%	17.5%	17.6%	17.3%
change in FDBVS adj for dividends ⁽²⁾ - since inception	335.0%	318.4%	299.6%	284.9%	261.9%
change in tangible FDBVS adj for dividends ⁽²⁾ - quarter	4.4%	6.5%	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⁾

	q2 2014	q1 2014	q4 2013	q3 2013	q2 2013	ytd 2014	ytd 2013	full year 2013
gross premiums written	\$ 82.0	\$ 108.2	\$ 34.2	\$ 51.6	\$ 75.6	\$ 190.2	\$ 202.4	\$ 288.2
outwards reinsurance premiums	(8.8)	(40.7)	(5.7)	(9.2)	(3.4)	(49.5)	(51.0)	(65.9)
net premiums written	73.2	67.5	28.5	42.4	72.2	140.7	151.4	222.3
change in unearned premiums	(16.9)	(40.7)	42.1	26.1	(8.4)	(57.6)	(65.8)	2.4
change in unearned premiums on premiums ceded	(5.1)	26.5	(13.3)	(6.9)	(11.2)	21.4	20.1	(0.1)
net premiums earned	51.2	53.3	57.3	61.6	52.6	104.5	105.7	224.6
net investment income	0.6	0.6	1.3	1.9	1.9	1.2	3.9	7.1
net other investment income (losses)	(0.2)	-	0.8	0.7	(2.7)	(0.2)	(2.1)	(0.6)
net realised gains (losses) and impairments ⁽²⁾	0.2	(0.1)	(0.2)	(0.4)	0.1	0.1	(0.2)	(0.8)
other income	3.1	0.4	3.0	0.4	5.1	3.5	5.5	8.9
net foreign exchange gains (losses)	0.2	(0.9)	(1.4)	(7.3)	(0.3)	(0.7)	6.1	(2.6)
total net revenue	55.1	53.3	60.8	56.9	56.7	108.4	118.9	236.6
insurance losses	17.0	25.2	30.3	31.4	14.2	42.2	42.0	103.7
insurance losses recoverable	6.6	(0.5)	(1.8)	(2.5)	1.8	6.1	(9.1)	(13.4)
net insurance acquisition expenses	11.6	11.5	12.3	14.2	13.0	23.1	25.5	52.0
equity based compensation	1.5	1.0	-	-	-	2.5	-	-
other operating expenses	8.9	10.9	8.9	4.0	8.0	19.8	18.4	31.3
total expenses	45.6	48.1	49.7	47.1	37.0	93.7	76.8	173.6
profit before tax and finance costs	9.5	5.2	11.1	9.8	19.7	14.7	42.1	63.0
financing expenses	(0.7)	(0.7)	(5.9)	(4.3)	(5.0)	(1.4)	(9.4)	(19.6)
profit before tax	8.8	4.5	5.2	5.5	14.7	13.3	32.7	43.4
tax (expense) credit	(0.1)	2.5	2.7	1.1	(3.6)	2.4	(9.5)	(5.7)
profit after tax	\$ 8.7	\$ 7.0	\$ 7.9	\$ 6.6	\$ 11.1	\$ 15.7	\$ 23.2	\$ 37.7
change in net unrealised gains / losses on investments	1.0	0.1	0.3	-	-	1.1	-	0.3
comprehensive income	\$ 9.7	\$ 7.1	\$ 8.2	\$ 6.6	\$ 11.1	\$ 16.8	\$ 23.2	\$ 38.0
net loss ratio	46.1%	46.3%	49.7%	46.9%	30.4%	46.2%	31.1%	40.2%
net acquisition cost ratio	22.7%	21.6%	21.5%	23.1%	24.7%	22.1%	24.1%	23.2%
administrative expense ratio	17.4%	20.5%	15.5%	6.5%	15.2%	18.9%	17.4%	13.9%
combined ratio	86.2%	88.4%	86.7%	76.5%	70.3%	87.2%	72.6%	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 and do not therefore reflect the company's stand-alone position.

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