

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 MODELLED 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 OR THE ENLARGED GROUP’S (I.E. THE GROUP, INCLUDING THE CATHEDRAL GROUP) THE 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 OR THE ENLARGED 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 OR THE ENLARGED 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 ENLARGED GROUP’S ABILITY TO INTEGRATE ITS BUSINESSES AND PERSONNEL, THE SUCCESSFUL RETENTION AND MOTIVATION OF THE ENLARGED GROUP’S KEY MANAGEMENT, THE INCREASED REGULATORY BURDEN FACING THE ENLARGED GROUP, THE NUMBER AND TYPE OF INSURANCE AND REINSURANCE CONTRACTS THAT THE GROUP WRITES OR THE ENLARGED GROUP 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 ENLARGED 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 ENLARGED 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 AND 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 OR THE ENLARGED GROUP CONDUCTS BUSINESS.

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

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.

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

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**

	q3 2013	q3 2012	% change q3-13 vs. q3-12	ytd 2013	ytd 2012	% change ytd-13 vs. ytd-12
<b>highlights</b>						
gross premiums written	\$ 125.0	\$ 113.5	10%	\$ 548.9	\$ 628.3	(13%)
net premiums written	121.6	109.8	11%	429.3	475.4	(10%)
net premiums earned	134.0	143.8	(7%)	394.5	435.5	(9%)
net insurance losses	75.6	21.0	260%	136.9	113.4	21%
net investment income	6.1	7.4	(18%)	18.7	24.5	(24%)
net realised gains (losses) and impairments	(3.0)	3.8	(179%)	9.1	8.7	5%
profit after tax attributable to Lancashire	25.4	78.8	(68%)	159.4	182.5	(13%)
change in net unrealised gains / losses on investments	6.9	10.3	(33%)	(29.7)	21.8	(236%)
comprehensive income attributable to Lancashire	32.3	89.1	(64%)	129.8	204.3	(36%)
net operating income attributable to Lancashire <sup>(1)</sup>	\$ 11.2	\$ 74.1	(85%)	\$ 132.7	\$ 176.7	(25%)
total investments and cash	\$ 2,273.0	\$ 2,236.2	2%			
shareholders' equity attributable to Lancashire	\$ 1,489.4	\$ 1,508.3	(1%)			
<b>per share data attributable to Lancashire</b>						
net operating income per share - diluted <sup>(2)</sup>	\$ 0.06	\$ 0.40		\$ 0.71	\$ 0.97	
profit after tax per share - diluted <sup>(2)</sup>	\$ 0.13	\$ 0.42		\$ 0.86	\$ 1.00	
fully converted book value per share	\$ 7.67	\$ 8.47		\$ 7.67	\$ 8.47	
change in FCBVS adj for dividends <sup>(3)</sup>	7.4%	5.7%		14.7%	13.2%	
fully diluted book value per share	\$ 7.39	\$ 8.17		\$ 7.39	\$ 8.17	
change in FDBVS adj for dividends <sup>(4)</sup>	8.3%	5.9%		15.8%	13.6%	
<b>financial ratios</b>						
net loss ratio	56.4%	14.6%		34.7%	26.0%	
net acquisition cost ratio	22.2%	19.7%		22.2%	20.7%	
administrative expense ratio	12.2%	14.6%		12.8%	14.4%	
combined ratio	90.8%	48.9%		69.7%	61.1%	
net return on total investments	0.4%	1.1%		-	2.8%	

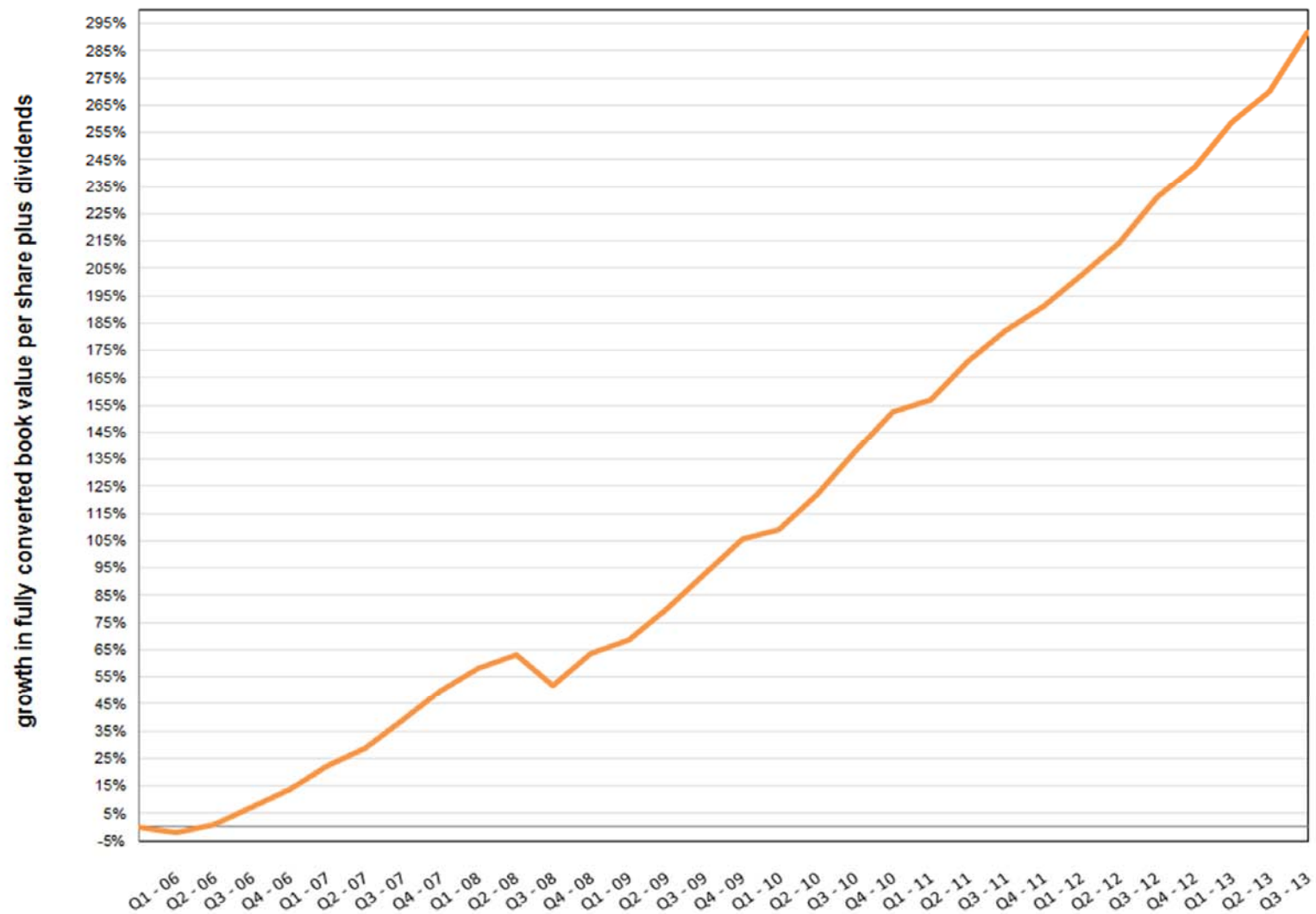
<sup>(1)</sup> excludes realised gains and losses, tax and foreign exchange gains and losses

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

<sup>(3)</sup> change in fully converted book value per share ("FCBVS") adjusted for dividends is the internal rate of return of the change in fully converted book value per share in the period adjusted for dividends accrued

<sup>(4)</sup> change in fully diluted book value per share adjusted for dividends ("FDBVS") is the internal rate of return of the change in fully diluted book value per share in the period adjusted for dividends accrued

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



**Lancashire Holdings Limited**  
summary consolidated income statements



	q3 2013	q2 2013	q1 2013	q4 2012	q3 2012	ytd 2013	ytd 2012	full year 2012
gross premiums written	\$ 125.0	\$ 209.0	\$ 214.9	\$ 96.0	\$ 113.5	\$ 548.9	\$ 628.3	\$ 724.3
outwards reinsurance premiums	(3.4)	(19.9)	(96.3)	4.7	(3.7)	(119.6)	(152.9)	(148.2)
<b>net premiums written</b>	<b>121.6</b>	<b>189.1</b>	<b>118.6</b>	<b>100.7</b>	<b>109.8</b>	<b>429.3</b>	<b>475.4</b>	<b>576.1</b>
change in unearned premiums	38.1	(49.4)	(47.4)	82.4	65.2	(58.7)	(78.6)	3.8
change in unearned premiums on premiums ceded	(25.7)	(13.0)	62.6	(36.0)	(31.2)	23.9	38.7	2.7
<b>net premiums earned</b>	<b>134.0</b>	<b>126.7</b>	<b>133.8</b>	<b>147.1</b>	<b>143.8</b>	<b>394.5</b>	<b>435.5</b>	<b>582.6</b>
net investment income	6.1	6.5	6.1	8.0	7.4	18.7	24.5	32.5
net other investment (losses) income	(1.6)	4.4	(0.6)	-	0.2	2.2	0.7	0.7
net realised gains (losses) and impairments	(3.0)	4.2	7.9	3.1	3.8	9.1	8.7	11.8
share of profit (loss) of associates	2.5	3.3	2.9	3.3	2.9	8.7	4.4	7.7
other income	0.3	0.3	0.3	-	-	0.9	-	-
net foreign exchange gains (losses)	17.6	(0.1)	3.7	5.0	(0.3)	21.2	(0.7)	4.3
<b>total net revenue</b>	<b>155.9</b>	<b>145.3</b>	<b>154.1</b>	<b>166.5</b>	<b>157.8</b>	<b>455.3</b>	<b>473.1</b>	<b>639.6</b>
insurance losses	76.1	66.5	39.2	38.1	14.0	181.8	178.8	216.9
insurance losses recoverable	(0.5)	(28.2)	(16.2)	22.6	7.0	(44.9)	(65.4)	(42.8)
net insurance acquisition expenses	29.8	29.2	28.5	29.1	28.3	87.5	90.3	119.4
equity based compensation	4.6	3.7	3.5	3.9	6.6	11.8	12.5	16.4
other operating expenses	16.3	17.3	17.0	15.9	21.0	50.6	62.5	78.4
<b>total expenses</b>	<b>126.3</b>	<b>88.5</b>	<b>72.0</b>	<b>109.6</b>	<b>76.9</b>	<b>286.8</b>	<b>278.7</b>	<b>388.3</b>
<b>profit before tax and finance costs</b>	<b>29.6</b>	<b>56.8</b>	<b>82.1</b>	<b>56.9</b>	<b>80.9</b>	<b>168.5</b>	<b>194.4</b>	<b>251.3</b>
financing (expenses) gains	(3.9)	1.5	(3.2)	(5.2)	(2.9)	(5.6)	(9.3)	(14.5)
<b>profit before tax</b>	<b>25.7</b>	<b>58.3</b>	<b>78.9</b>	<b>51.7</b>	<b>78.0</b>	<b>162.9</b>	<b>185.1</b>	<b>236.8</b>
tax	(0.4)	(2.1)	(1.0)	0.7	0.8	(3.5)	(2.6)	(1.9)
<b>profit after tax</b>	<b>\$ 25.3</b>	<b>\$ 56.2</b>	<b>\$ 77.9</b>	<b>\$ 52.4</b>	<b>\$ 78.8</b>	<b>\$ 159.4</b>	<b>\$ 182.5</b>	<b>\$ 234.9</b>
loss (income) attributable to non-controlling interest	0.1	-	-	-	-	0.1	-	-
<b>profit after tax attributable to Lancashire</b>	<b>\$ 25.4</b>	<b>\$ 56.2</b>	<b>\$ 77.9</b>	<b>\$ 52.4</b>	<b>\$ 78.8</b>	<b>\$ 159.5</b>	<b>\$ 182.5</b>	<b>\$ 234.9</b>
change in net unrealised gains / losses on investments	6.9	(25.0)	(11.6)	(4.0)	10.3	(29.7)	21.8	17.8
<b>comprehensive income attributable to Lancashire</b>	<b>\$ 32.3</b>	<b>\$ 31.2</b>	<b>\$ 66.3</b>	<b>\$ 48.4</b>	<b>\$ 89.1</b>	<b>\$ 129.8</b>	<b>\$ 204.3</b>	<b>\$ 252.7</b>
net loss ratio	56.4%	30.2%	17.2%	41.3%	14.6%	34.7%	26.0%	29.9%
net acquisition cost ratio	22.2%	23.0%	21.3%	19.8%	19.7%	22.2%	20.7%	20.5%
administrative expense ratio	12.2%	13.7%	12.7%	10.8%	14.6%	12.8%	14.4%	13.5%
combined ratio	90.8%	66.9%	51.2%	71.9%	48.9%	69.7%	61.1%	63.9%
net return on total investments	0.4%	(0.6%)	0.1%	0.3%	1.1%	-	2.8%	3.1%
basic earnings per share attributable to Lancashire	\$ 0.15	\$ 0.34	\$ 0.48	\$ 0.32	\$ 0.49	\$ 0.96	\$ 1.15	\$ 1.47
diluted earnings per share attributable to Lancashire	\$ 0.13	\$ 0.30	\$ 0.42	\$ 0.28	\$ 0.42	\$ 0.86	\$ 1.00	\$ 1.29

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

	q3 2013	q2 2013	q1 2013	q4 2012	q3 2012	ytd 2013	ytd 2012	full year 2012
<b>gross premiums written</b>								
property cat excess of loss	\$ 28.5	\$ 36.5	\$ 31.3	\$ 2.6	\$ 16.8	\$ 96.3	\$ 94.2	\$ 96.8
property retrocession	3.3	6.8	67.6	1.7	8.6	77.7	122.7	124.4
terrorism	10.3	19.2	21.3	13.6	9.8	50.8	49.3	62.9
property political risk	24.8	18.1	7.3	10.7	7.8	50.2	30.4	41.1
property direct and facultative	2.6	2.4	2.2	3.0	2.5	7.2	22.6	25.6
other property	2.4	3.8	2.3	2.0	0.9	8.5	3.7	5.7
<b>total property</b>	<b>71.9</b>	<b>86.8</b>	<b>132.0</b>	<b>33.6</b>	<b>46.4</b>	<b>290.7</b>	<b>322.9</b>	<b>356.5</b>
worldwide offshore energy	23.7	65.2	36.2	22.1	31.5	125.1	126.8	148.9
gulf of mexico offshore energy	3.6	22.5	5.4	1.5	3.8	31.5	64.0	65.5
construction energy	3.0	2.5	3.4	1.7	9.4	8.9	16.2	17.9
energy liabilities	1.4	5.0	-	-	-	6.4	-	-
onshore energy	0.3	1.3	0.3	-	2.3	1.9	5.6	5.6
energy excess of loss	-	-	-	-	-	-	0.8	0.8
other energy	0.8	1.1	0.2	-	0.8	2.1	2.2	2.2
<b>total energy</b>	<b>32.8</b>	<b>97.6</b>	<b>45.5</b>	<b>25.3</b>	<b>47.8</b>	<b>175.9</b>	<b>215.6</b>	<b>240.9</b>
marine hull and total loss	3.0	7.6	10.3	8.1	4.0	20.9	20.8	28.9
marine hull war	3.7	3.7	4.5	2.9	3.9	11.9	15.9	18.8
marine P&I clubs	0.2	(0.9)	10.7	0.4	0.5	10.0	10.2	10.6
marine builders risk	2.6	2.1	3.2	3.2	2.6	7.9	13.2	16.4
other marine	0.6	0.2	0.9	0.8	0.7	1.7	5.5	6.3
<b>total marine</b>	<b>10.1</b>	<b>12.7</b>	<b>29.6</b>	<b>15.4</b>	<b>11.7</b>	<b>52.4</b>	<b>65.6</b>	<b>81.0</b>
AV 52	5.2	5.9	2.8	14.7	6.8	13.9	22.1	36.8
aviation satellite	3.9	4.8	3.9	5.6	-	12.6	-	5.6
other aviation	1.1	1.2	1.1	1.4	0.8	3.4	2.1	3.5
<b>total aviation</b>	<b>10.2</b>	<b>11.9</b>	<b>7.8</b>	<b>21.7</b>	<b>7.6</b>	<b>29.9</b>	<b>24.2</b>	<b>45.9</b>
<b>total gross premiums written</b>	<b>\$ 125.0</b>	<b>\$ 209.0</b>	<b>\$ 214.9</b>	<b>\$ 96.0</b>	<b>\$ 113.5</b>	<b>\$ 548.9</b>	<b>\$ 628.3</b>	<b>\$ 724.3</b>



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

**nine months ending 30 september 2013**

	<b>property</b>	<b>energy</b>	<b>marine</b>	<b>aviation</b>	<b>consolidated</b>
gross premiums written	\$ 290.7	\$ 175.9	\$ 52.4	\$ 29.9	\$ 548.9
net premiums written	224.4	137.1	41.7	26.1	429.3
net premiums earned	164.3	150.1	46.0	34.1	394.5
net insurance losses	21.8	44.8	50.8	19.5	136.9
net insurance acquisition expenses	22.4	41.2	16.1	7.8	87.5
other operating expenses <sup>(1)</sup>					50.6
	<u>\$ 120.1</u>	<u>\$ 64.1</u>	<u>\$ (20.9)</u>	<u>\$ 6.8</u>	<u>\$ 119.5</u>
net loss ratio	13.3%	29.8%	110.4%	57.2%	34.7%
net acquisition cost ratio	13.6%	27.4%	35.0%	22.9%	22.2%
administrative expense ratio <sup>(1)</sup>					12.8%
combined ratio	<u>26.9%</u>	<u>57.2%</u>	<u>145.4%</u>	<u>80.1%</u>	<u>69.7%</u>

**nine months ending 30 september 2012**

	<b>property</b>	<b>energy</b>	<b>marine</b>	<b>aviation</b>	<b>consolidated</b>
gross premiums written	\$ 322.9	\$ 215.6	\$ 65.6	\$ 24.2	\$ 628.3
net premiums written	221.3	187.9	45.9	20.3	475.4
net premiums earned	208.2	156.7	37.2	33.4	435.5
net insurance losses	48.3	31.6	33.6	(0.1)	113.4
net insurance acquisition expenses	25.7	39.4	17.3	7.9	90.3
other operating expenses <sup>(1)</sup>					62.5
	<u>\$ 134.2</u>	<u>\$ 85.7</u>	<u>\$ (13.7)</u>	<u>\$ 25.6</u>	<u>\$ 169.3</u>
net loss ratio	23.2%	20.2%	90.3%	(0.3%)	26.0%
net acquisition cost ratio	12.3%	25.1%	46.5%	23.7%	20.7%
administrative expense ratio <sup>(1)</sup>					14.4%
combined ratio	<u>35.5%</u>	<u>45.3%</u>	<u>136.8%</u>	<u>23.4%</u>	<u>61.1%</u>

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

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

	<b>q3 2013</b>	<b>q2 2013</b>	<b>q1 2013</b>	<b>q4 2012</b>	<b>q3 2012</b>	<b>full year 2012</b>
<b>underwriting income (loss)</b>						
gross premiums written	\$ 71.9	\$ 86.8	\$ 132.0	\$ 33.6	\$ 46.4	\$ 356.5
outwards reinsurance premiums	(1.6)	1.1	(65.8)	4.5	(1.4)	(97.1)
<b>net premiums written</b>	<b>70.3</b>	<b>87.9</b>	<b>66.2</b>	<b>38.1</b>	<b>45.0</b>	<b>259.4</b>
change in unearned premiums	2.3	(16.2)	(54.3)	58.9	44.9	18.7
change in unearned premiums on premiums ceded	(14.9)	(19.7)	42.7	(26.1)	(22.8)	1.0
<b>net premiums earned</b>	<b>\$ 57.7</b>	<b>\$ 52.0</b>	<b>\$ 54.6</b>	<b>\$ 70.9</b>	<b>\$ 67.1</b>	<b>\$ 279.1</b>
<b>underwriting expenses</b>						
net insurance losses	25.3	5.2	(8.7)	64.4	3.4	112.7
net insurance acquisition expenses	7.9	7.6	6.9	8.3	8.3	34.0
<b>total underwriting expenses</b>	<b>33.2</b>	<b>12.8</b>	<b>(1.8)</b>	<b>72.7</b>	<b>11.7</b>	<b>146.7</b>
<b>net underwriting income (loss)</b>	<b>\$ 24.5</b>	<b>\$ 39.2</b>	<b>\$ 56.4</b>	<b>\$ (1.8)</b>	<b>\$ 55.4</b>	<b>\$ 132.4</b>
net loss ratio (% of net premiums earned)	43.8%	10.0%	(15.9%)	90.8%	5.1%	40.4%
net acquisition cost ratio (% of net premiums earned)	13.7%	14.6%	12.6%	11.7%	12.4%	12.2%
	57.5%	24.6%	(3.3%)	102.5%	17.5%	52.6%

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

	<b>q3 2013</b>	<b>q2 2013</b>	<b>q1 2013</b>	<b>q4 2012</b>	<b>q3 2012</b>	<b>full year 2012</b>
<b>underwriting (loss) income</b>						
gross premiums written	\$ 32.8	\$ 97.6	\$ 45.5	\$ 25.3	\$ 47.8	\$ 240.9
outwards reinsurance premiums	(1.7)	(15.9)	(21.2)	1.0	(2.2)	(26.7)
<b>net premiums written</b>	<b>31.1</b>	<b>81.7</b>	<b>24.3</b>	<b>26.3</b>	<b>45.6</b>	<b>214.2</b>
change in unearned premiums	25.2	(36.7)	11.1	32.0	11.4	(8.1)
change in unearned premiums on premiums ceded	(8.5)	8.3	13.6	(7.2)	(5.7)	1.7
<b>net premiums earned</b>	<b>\$ 47.8</b>	<b>\$ 53.3</b>	<b>\$ 49.0</b>	<b>\$ 51.1</b>	<b>\$ 51.3</b>	<b>\$ 207.8</b>
<b>underwriting expenses</b>						
net insurance losses	37.9	(4.2)	11.1	(4.8)	13.0	26.8
net insurance acquisition expenses	14.4	14.3	12.5	12.6	12.7	52.0
<b>total underwriting expenses</b>	<b>52.3</b>	<b>10.1</b>	<b>23.6</b>	<b>7.8</b>	<b>25.7</b>	<b>78.8</b>
<b>net underwriting (loss) income</b>	<b>\$ (4.5)</b>	<b>\$ 43.2</b>	<b>\$ 25.4</b>	<b>\$ 43.3</b>	<b>\$ 25.6</b>	<b>\$ 129.0</b>
net loss ratio (% of net premiums earned)	79.3%	(7.9%)	22.7%	(9.4%)	25.3%	12.9%
net acquisition cost ratio (% of net premiums earned)	30.1%	26.8%	25.5%	24.7%	24.8%	25.0%
	109.4%	18.9%	48.2%	15.3%	50.1%	37.9%

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

	<b>q3 2013</b>	<b>q2 2013</b>	<b>q1 2013</b>	<b>q4 2012</b>	<b>q3 2012</b>	<b>full year 2012</b>
<b>underwriting income (loss)</b>						
gross premiums written	\$ 10.1	\$ 12.7	\$ 29.6	\$ 15.4	\$ 11.7	\$ 81.0
outwards reinsurance premiums	(0.1)	(4.0)	(6.6)	(0.8)	(0.1)	(20.5)
<b>net premiums written</b>	<b>10.0</b>	<b>8.7</b>	<b>23.0</b>	<b>14.6</b>	<b>11.6</b>	<b>60.5</b>
change in unearned premiums	7.0	4.2	(8.3)	3.2	4.7	(7.2)
change in unearned premiums on premiums ceded	(1.4)	(1.7)	4.5	(1.7)	(1.7)	-
<b>net premiums earned</b>	<b>\$ 15.6</b>	<b>\$ 11.2</b>	<b>\$ 19.2</b>	<b>\$ 16.1</b>	<b>\$ 14.6</b>	<b>\$ 53.3</b>
<b>underwriting expenses</b>						
net insurance losses	10.3	37.1	3.4	(1.0)	4.6	32.6
net insurance acquisition expenses	4.8	4.7	6.6	5.8	4.8	23.1
<b>total underwriting expenses</b>	<b>15.1</b>	<b>41.8</b>	<b>10.0</b>	<b>4.8</b>	<b>9.4</b>	<b>55.7</b>
<b>net underwriting income (loss)</b>	<b>\$ 0.5</b>	<b>\$ (30.6)</b>	<b>\$ 9.2</b>	<b>\$ 11.3</b>	<b>\$ 5.2</b>	<b>\$ (2.4)</b>
net loss ratio (% of net premiums earned)	66.0%	331.3%	17.7%	(6.2%)	31.5%	61.2%
net acquisition cost ratio (% of net premiums earned)	30.8%	42.0%	34.4%	36.0%	32.9%	43.3%
	96.8%	373.3%	52.1%	29.8%	64.4%	104.5%

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

	<u>q3</u> <u>2013</u>	<u>q2</u> <u>2013</u>	<u>q1</u> <u>2013</u>	<u>q4</u> <u>2012</u>	<u>q3</u> <u>2012</u>	<u>full year</u> <u>2012</u>
<b>underwriting income (loss)</b>						
gross premiums written	\$ 10.2	\$ 11.9	\$ 7.8	\$ 21.7	\$ 7.6	\$ 45.9
outwards reinsurance premiums	-	(1.1)	(2.7)	-	-	(3.9)
<b>net premiums written</b>	<b>10.2</b>	<b>10.8</b>	<b>5.1</b>	<b>21.7</b>	<b>7.6</b>	<b>42.0</b>
change in unearned premiums	3.6	(0.7)	4.1	(11.7)	4.2	0.4
change in unearned premiums on premiums ceded	(0.9)	0.1	1.8	(1.0)	(1.0)	-
<b>net premiums earned</b>	<b>\$ 12.9</b>	<b>\$ 10.2</b>	<b>\$ 11.0</b>	<b>\$ 9.0</b>	<b>\$ 10.8</b>	<b>\$ 42.4</b>
<b>underwriting expenses</b>						
net insurance losses	2.1	0.2	17.2	2.1	-	2.0
net insurance acquisition expenses	2.7	2.6	2.5	2.4	2.5	10.3
<b>total underwriting expenses</b>	<b>4.8</b>	<b>2.8</b>	<b>19.7</b>	<b>4.5</b>	<b>2.5</b>	<b>12.3</b>
<b>net underwriting income (loss)</b>	<b>\$ 8.1</b>	<b>\$ 7.4</b>	<b>\$ (8.7)</b>	<b>\$ 4.5</b>	<b>\$ 8.3</b>	<b>\$ 30.1</b>
net loss ratio (% of net premiums earned)	16.3%	2.0%	156.4%	23.3%	-	4.7%
net acquisition cost ratio (% of net premiums earned)	20.9%	25.5%	22.7%	26.7%	23.1%	24.3%
	37.2%	27.5%	179.1%	50.0%	23.1%	29.0%

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



<b>cash flows</b>	<b>q3 2013</b>	<b>q2 2013</b>	<b>q1 2013</b>	<b>q4 2012</b>	<b>q3 2012</b>	<b>ytd 2013</b>	<b>ytd 2012</b>	<b>full year 2012</b>
net cash flows from operating activities	\$ 33.1	\$ 70.5	\$ 7.0	\$ 7.4	\$ 125.7	\$ 110.6	\$ 185.9	\$ 193.3
net cash flows from (used in) investing activities	23.2	63.1	220.3	(76.2)	(34.1)	306.6	(43.8)	(120.0)
net cash flows from (used) in financing activities	182.5	(226.4)	(6.2)	(43.9)	(11.7)	(50.1)	(41.7)	(85.6)
<b>net (increase) decrease in cash and cash equivalents</b>	<b>238.8</b>	<b>(92.8)</b>	<b>221.1</b>	<b>(112.7)</b>	<b>79.9</b>	<b>367.1</b>	<b>100.4</b>	<b>(12.3)</b>
cash and cash equivalents, opening	413.6	507.6	295.8	412.4	328.1	295.8	311.8	311.8
effect of exchange rate fluctuations	11.3	(1.2)	(9.3)	(3.9)	4.4	0.8	0.2	(3.7)
<b>cash and cash equivalents, closing</b>	<b>\$ 663.7</b>	<b>\$ 413.6</b>	<b>\$ 507.6</b>	<b>\$ 295.8</b>	<b>\$ 412.4</b>	<b>\$ 663.7</b>	<b>\$ 412.4</b>	<b>\$ 295.8</b>

**Lancashire Holdings Limited**  
summary consolidated balance sheets



	30 september 2013	30 june 2013	31 march 2013	31 december 2012	30 september 2012
<b>assets</b>					
cash and cash equivalents	\$ 663.7	\$ 413.6	\$ 507.6	\$ 295.8	\$ 412.4
accrued interest receivable	7.1	7.5	8.5	9.3	8.9
investments					
- fixed income securities - available for sale	1,605.4	1,614.9	1,689.0	1,874.5	1,824.0
- other investments	3.9	8.1	0.8	0.1	(0.2)
reinsurance assets					
- unearned premiums on premiums ceded	35.4	61.1	74.1	11.5	47.5
- reinsurance recoveries	67.6	87.2	77.6	73.0	101.3
- other receivables	1.8	0.8	4.6	4.5	1.4
deferred acquisition costs	74.7	81.2	75.5	68.0	78.2
inwards premiums receivable from insureds and cedants	234.4	276.6	270.8	207.0	259.9
investment in associates	56.1	53.6	55.3	82.1	46.4
other assets	53.9	12.0	25.5	13.2	15.1
<b>total assets</b>	<b>\$ 2,804.0</b>	<b>\$ 2,616.6</b>	<b>\$ 2,789.3</b>	<b>\$ 2,639.0</b>	<b>\$ 2,794.9</b>
<b>liabilities</b>					
insurance contracts					
- losses and loss adjustment expenses	\$ 521.7	\$ 513.8	\$ 500.3	\$ 537.4	\$ 546.9
- unearned premiums	402.0	440.1	390.7	343.3	425.7
- other payables	18.3	24.8	35.8	23.5	26.6
amounts payable to reinsurers	25.9	43.7	74.3	30.6	53.2
deferred acquisition costs ceded	2.0	3.9	6.1	0.8	3.6
other payables	84.1	65.7	288.6	57.3	102.7
long-term debt	259.5	258.3	257.8	258.7	127.9
<b>total liabilities</b>	<b>1,313.5</b>	<b>1,350.3</b>	<b>1,553.6</b>	<b>1,251.6</b>	<b>1,286.6</b>
<b>shareholders' equity</b>					
share capital	92.7	84.3	84.3	84.3	84.3
own shares	(41.7)	(47.3)	(62.7)	(57.1)	(65.8)
share premium	192.2	2.4	2.4	2.4	2.4
contributed surplus	649.0	652.6	662.9	654.4	659.1
accumulated other comprehensive income	5.7	(1.2)	23.8	35.4	39.4
other reserves	52.2	51.1	56.8	57.1	57.8
dividends	(231.1)	(220.6)	(220.6)	(201.4)	(28.8)
retained earnings	770.4	745.0	688.8	812.3	759.9
<b>shareholders' equity attributable to Lancashire</b>	<b>\$ 1,489.4</b>	<b>\$ 1,266.3</b>	<b>\$ 1,235.7</b>	<b>\$ 1,387.4</b>	<b>\$ 1,508.3</b>
non-controlling interest	1.1	-	-	-	-
<b>total shareholders' equity</b>	<b>\$ 1,490.5</b>	<b>\$ 1,266.3</b>	<b>\$ 1,235.7</b>	<b>\$ 1,387.4</b>	<b>\$ 1,508.3</b>
<b>total liabilities and shareholders' equity</b>	<b>\$ 2,804.0</b>	<b>\$ 2,616.6</b>	<b>\$ 2,789.3</b>	<b>\$ 2,639.0</b>	<b>\$ 2,794.9</b>
basic book value per share attributable to Lancashire	\$ 8.25	\$ 7.76	\$ 7.63	\$ 8.59	\$ 9.41
fully converted book value per share attributable to Lancashire	\$ 7.67	\$ 7.19	\$ 7.05	\$ 7.83	\$ 8.47
fully diluted book value per share attributable to Lancashire	\$ 7.39	\$ 6.88	\$ 6.71	\$ 7.76	\$ 8.39
debt to total capital ratio	14.8%	16.9%	17.3%	15.7%	7.8%

**Lancashire Holdings Limited**  
composition of investment portfolio



	30 september 2013			30 june 2013			31 march 2013			31 december 2012			30 september 2012		
			%			%			%			%			%
type of investment															
short term investments	\$	50.1	2.3%	\$	61.1	3.1%	\$	93.2	4.4%	\$	114.8	5.4%	\$	105.1	4.9%
U.S. treasuries		249.0	11.3%		244.6	12.3%		178.2	8.3%		214.9	10.2%		259.5	12.1%
other government bonds		99.4	4.5%		105.1	5.3%		118.0	5.5%		150.9	7.2%		143.6	6.7%
U.S. municipal bonds		23.4	1.1%		29.0	1.4%		27.5	1.3%		28.6	1.4%		29.5	1.4%
U.S. government agency debt		108.8	4.9%		101.9	5.1%		116.3	5.4%		131.6	6.2%		111.9	5.2%
asset backed securities		103.6	4.7%		84.8	4.2%		96.0	4.5%		73.9	3.5%		61.0	2.8%
U.S. government agency mortgage backed securities		279.1	12.7%		320.7	16.1%		334.8	15.7%		403.1	19.1%		445.8	20.7%
non-agency mortgage backed securities		6.7	0.3%		7.1	0.3%		8.0	0.4%		8.5	0.4%		9.3	0.4%
agency commercial mortgage backed securities		1.3	0.1%		1.4	0.1%		1.5	0.1%		1.6	0.1%		1.7	0.1%
non-agency commercial mortgage backed securities		36.1	1.6%		19.0	0.9%		20.9	1.0%		29.6	1.4%		28.5	1.3%
bank loans		76.2	3.5%		74.3	3.7%		59.6	2.8%		37.4	1.8%		8.5	0.4%
corporate bonds - non FDIC guaranteed		571.7	26.0%		565.9	28.4%		635.0	29.7%		679.6	32.2%		610.5	28.4%
corporate bonds - FDIC guaranteed		-	-		-	-		-	-		-	-		9.1	0.4%
total fixed income securities - available for sale		1,605.4	73.0%		1,614.9	80.9%		1,689.0	79.1%		1,874.5	88.9%		1,824.0	84.8%
other investments		3.9	0.2%		8.1	0.4%		0.8	-		0.1	-		(0.2)	-
managed cash		590.4	26.8%		371.8	18.7%		446.6	20.9%		233.3	11.1%		327.2	15.2%
total investments	\$	2,199.7	100.0%	\$	1,994.8	100.0%	\$	2,136.4	100.0%	\$	2,107.9	100.0%	\$	2,151.0	100.0%
credit quality of fixed income securities															
AAA	\$	277.5	17.3%	\$	246.4	15.3%	\$	312.6	18.5%	\$	367.1	19.6%	\$	358.1	19.6%
AA+, AA, AA-		798.6	49.8%		831.3	51.5%		775.3	45.9%		875.7	46.7%		951.0	52.1%
A+, A, A-		276.7	17.2%		285.7	17.7%		333.1	19.7%		367.8	19.6%		316.9	17.4%
BBB+, BBB, BBB-		155.7	9.7%		145.4	9.0%		169.2	10.0%		189.0	10.1%		160.1	8.8%
other		96.9	6.0%		106.1	6.5%		98.8	5.9%		74.9	4.0%		37.9	2.1%
	\$	1,605.4	100.0%	\$	1,614.9	100.0%	\$	1,689.0	100.0%	\$	1,874.5	100.0%	\$	1,824.0	100.0%
corporate bonds & bank loans															
industrials	\$	365.5	56.4%	\$	368.0	57.5%	\$	374.1	53.9%	\$	379.9	53.0%	\$	309.3	49.2%
financials - non FDIC guaranteed		243.3	37.5%		233.2	36.4%		281.5	40.5%		297.9	41.5%		266.9	42.5%
utilities		36.7	5.7%		36.6	5.7%		38.1	5.5%		37.8	5.3%		40.3	6.4%
supranationals		2.4	0.4%		2.4	0.4%		0.9	0.1%		1.4	0.2%		2.5	0.4%
financials - FDIC guaranteed		-	-		-	-		-	-		-	-		9.1	1.5%
	\$	647.9	100.0%	\$	640.2	100.0%	\$	694.6	100.0%	\$	717.0	100.0%	\$	628.1	100.0%
quarterly net return on total investments			0.4%			(0.6%)			0.1%			0.3%			1.1%
rolling 12 months net return on total investments			0.3%			0.9%			2.1%			3.1%			3.5%
average book yield of fixed income and managed cash			1.4%			1.5%			1.6%			1.8%			1.7%
average market yield of fixed income and managed cash			1.1%			1.4%			1.1%			1.1%			0.9%
average duration of fixed income and managed cash		1.6 years			1.8 years			1.7 years			2.0 years			1.7 years	
average duration of fixed income, managed cash and derivative instruments		1.0 years			1.3 years			1.3 years			1.8 years			1.6 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 september 2013					
	estimated fair value	weighted average book yield	weighted average market yield	weighted average duration	weighted average rating <sup>(2)</sup>
<b>type of investment</b>					
short term investments	\$ 50.1	0.1%	0.1%	0.6	AAA
U.S. treasuries	249.0	0.5%	0.5%	2.1	AA+
other government bonds	99.4	3.1%	3.0%	3.1	A+
U.S. municipal bonds	23.4	2.9%	2.3%	3.1	A+
U.S. government agency debt	108.8	0.9%	1.0%	3.3	AA+
asset backed securities	103.6	1.1%	0.9%	0.3	AA+
U.S. government agency mortgage backed securities	279.1	2.1%	1.8%	3.1	AA+
non-agency mortgage backed securities	6.7	2.9%	2.5%	0.8	AA-
agency commercial mortgage backed securities	1.3	0.6%	0.5%	0.1	AA+
non-agency commercial mortgage backed securities	36.1	2.2%	1.7%	2.5	AA+
bank loans	76.2	4.2%	4.1%	-	BB-
corporate bonds - non FDIC guaranteed	571.7	2.1%	1.4%	2.1	A
<b>total fixed income securities - available for sale</b>	<b>1,605.4</b>	<b>1.8%</b>	<b>1.5%</b>	<b>2.2</b>	<b>AA-</b>
managed cash <sup>(1)</sup>	590.4	0.1%	0.1%	-	AA-
<b>total fixed income securities and managed cash</b>	<b>\$ 2,195.8</b>	<b>1.4%</b>	<b>1.1%</b>	<b>1.6</b>	<b>AA-</b>

31 december 2012					
	estimated fair value	weighted average book yield	weighted average market yield	weighted average duration	weighted average rating <sup>(2)</sup>
<b>type of investment</b>					
short term investments	\$ 114.8	0.1%	0.1%	0.3	AAA
U.S. treasuries	214.9	0.5%	0.4%	2.7	AA+
other government bonds	150.9	3.6%	2.8%	4.0	A
U.S. municipal bonds	28.6	3.7%	1.7%	3.3	A
U.S. government agency debt	131.6	1.0%	0.7%	3.7	AA+
asset backed securities	73.9	1.2%	0.8%	0.3	AA+
U.S. government agency mortgage backed securities	403.1	2.1%	1.3%	2.0	AA+
non-agency mortgage backed securities	8.5	2.6%	1.7%	0.8	AA
agency commercial mortgage backed securities	1.6	0.6%	0.6%	-	AA+
non-agency commercial mortgage backed securities	29.6	4.0%	1.2%	3.3	AAA
bank loans	37.4	4.7%	4.7%	-	BB-
corporate bonds - non FDIC guaranteed	679.6	2.3%	1.2%	2.3	A
<b>total fixed income securities - available for sale</b>	<b>1,874.5</b>	<b>2.0%</b>	<b>1.2%</b>	<b>2.3</b>	<b>AA-</b>
managed cash <sup>(1)</sup>	233.3	0.2%	0.2%	-	AA-
<b>total fixed income securities and managed cash</b>	<b>\$ 2,107.8</b>	<b>1.8%</b>	<b>1.1%</b>	<b>2.0</b>	<b>AA-</b>

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

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

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

<b>30 september 2013</b>				
	<b>sovereign</b>	<b>agency</b>	<b>corporate</b>	<b>total</b>
<b>top ten country exposures</b>				
Russia	\$ -	\$ 5.4	\$ 5.9	\$ 11.3
Brazil	2.7	4.6	3.8	11.1
Mexico	1.7	2.5	1.1	5.3
United Arab Emirates	-	4.7	0.2	4.9
Kazakhstan	-	2.6	1.0	3.6
China	-	0.8	2.0	2.8
Indonesia	1.1	1.6	-	2.7
South Korea	-	2.7	-	2.7
Qatar	-	2.5	-	2.5
Colombia	0.3	1.6	0.2	2.1
Other	6.1	2.3	5.9	14.3
	<u>\$ 11.9</u>	<u>\$ 31.3</u>	<u>\$ 20.1</u>	<u>\$ 63.3</u>

<b>30 september 2013</b>	
<b>ratings distribution</b>	
AA	\$ 4.2
AA-	0.7
A+	3.8
A	2.1
A-	3.5
BBB+	2.0
BBB	21.8
BBB-	6.6
BB+	5.7
BB	4.5
BB-	4.6
B+	3.1
B	0.5
B-	0.2
avg BBB	<u>\$ 63.3</u>

Lancashire Holdings Limited  
corporate & global bond holdings

30 september 2013					
	par value units	estimated fair value	accrued interest	unrealised gain (loss)	credit quality <sup>(1)</sup>
<b>top twenty corporate holdings by issuer</b>					
General Electric Co	16.1	\$ 16.2	\$ 0.1	\$ -	AA+
DNB ASA	15.1	15.5	-	0.1	AAA
Verizon Communications Inc	14.5	14.8	0.1	0.2	BBB+
Bank of Nova Scotia	11.8	12.0	-	0.2	AAA
Bank of America Corp	11.5	12.0	0.2	0.2	A-
Royal Bank of Canada	11.4	11.4	-	-	AA+
Nordea Bank AB	10.5	10.6	0.1	0.1	AAA
BP Plc	9.3	9.6	-	0.2	A
JPMorgan Chase & Co	8.8	8.9	-	0.1	A
Toronto-Dominion Bank	8.6	8.7	-	0.1	AA+
Swedbank AB	8.2	8.2	-	-	AAA
Abbvie Inc	8.2	8.2	-	-	A
Australia & New Zealand Banking Group Ltd	8.1	8.1	-	-	AA+
Wal-Mart Stores Inc	8.0	8.1	0.1	0.1	AA
Anheuser-Busch InBev NV	7.7	7.8	0.1	0.1	A
Bank of Montreal	7.4	7.6	-	0.1	AAA
Sparebank 1 Boligkreditt AS	7.5	7.5	0.1	(0.1)	AAA
ING Group NV	7.3	7.4	-	0.1	A+
Total SA	7.1	7.1	-	-	AA-
Morgan Stanley	6.7	6.9	0.1	0.1	A-
		<u>\$ 196.6</u>	<u>\$ 0.9</u>	<u>\$ 1.6</u>	<u>AA-</u>
<b>top twenty holdings as a % of corporate bonds</b>		34.4%			

30 september 2013				
	financials	other industries	total corporate bonds and bank loans	other government bonds
<b>bonds by country</b>				
United States	\$ 91.3	\$ 285.3	\$ 376.6	\$ -
Canada	52.3	18.6	70.9	38.1
Norway	32.6	0.8	33.4	-
United Kingdom	4.1	29.1	33.2	1.6
France	4.3	18.8	23.1	1.7
Australia	11.7	8.7	20.4	10.7
Sweden	17.1	-	17.1	0.2
Switzerland	9.4	3.9	13.3	-
Netherlands	10.4	2.7	13.1	2.1
Belgium	-	7.8	7.8	-
Spain	2.7	1.2	3.9	-
Germany	1.0	2.5	3.5	1.8
Hong Kong	-	3.5	3.5	-
Supranational	2.4	-	2.4	-
Japan	0.3	2.1	2.4	-
Italy	-	1.2	1.2	-
Marshall Islands	-	0.9	0.9	-
Denmark	-	0.7	0.7	-
Luxembourg	-	0.4	0.4	-
Emerging market corporates	6.1	14.0	20.1	-
Emerging market sovereign	-	-	-	11.9
Emerging market agency	-	-	-	31.3
	<u>\$ 245.7</u>	<u>\$ 402.2</u>	<u>\$ 647.9</u>	<u>\$ 99.4</u>

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

Lancashire Holdings Limited  
net losses and loss ratios



<b>total</b>	<b>q3 2013</b>	<b>q2 2013</b>	<b>q1 2013</b>	<b>q4 2012</b>	<b>q3 2012</b>
net reserves: start	\$ 426.6	\$ 422.7	\$ 464.4	\$ 445.6	\$ 467.9
paid losses	51.3	32.1	53.4	31.7	48.6
change in prior year AY <sup>(1)</sup>	(0.4)	9.6	(16.9)	15.1	1.0
current year incurred losses	76.0	28.7	39.9	45.6	20.0
foreign exchange	3.2	(2.3)	(11.3)	(10.2)	5.3
net reserves: end	\$ 454.1	\$ 426.6	\$ 422.7	\$ 464.4	\$ 445.6
net premiums earned	\$ 134.0	\$ 126.7	\$ 133.8	\$ 147.1	\$ 143.8
net loss ratio	56.4%	30.2%	17.2%	41.3%	14.6%
IBNR as % of net reserves	31.5%	33.7%	30.7%	28.1%	29.2%

<b>property</b>	<b>q3 2013</b>	<b>q2 2013</b>	<b>q1 2013</b>	<b>q4 2012</b>	<b>q3 2012</b>
net reserves: start	\$ 200.9	\$ 204.7	\$ 250.2	\$ 213.4	\$ 222.6
paid losses	16.0	6.1	26.1	16.7	16.9
change in prior year AY <sup>(1)</sup>	0.4	0.7	(13.5)	25.7	1.8
current year incurred losses	24.9	4.5	4.8	38.7	1.6
foreign exchange	2.4	(2.9)	(10.7)	(10.9)	4.3
net reserves: end	\$ 212.6	\$ 200.9	\$ 204.7	\$ 250.2	\$ 213.4
net premiums earned	\$ 57.7	\$ 52.0	\$ 54.6	\$ 70.9	\$ 67.1
net loss ratio	43.8%	10.0%	(15.9%)	90.8%	5.1%

<b>marine</b>	<b>q3 2013</b>	<b>q2 2013</b>	<b>q1 2013</b>	<b>q4 2012</b>	<b>q3 2012</b>
net reserves: start	\$ 83.1	\$ 53.6	\$ 52.1	\$ 57.7	\$ 56.1
paid losses	12.7	8.3	1.4	4.9	3.4
change in prior year AY <sup>(1)</sup>	(1.0)	28.6	(3.0)	(3.0)	0.4
current year incurred losses	11.3	8.5	6.4	2.0	4.2
foreign exchange	0.4	0.7	(0.5)	0.3	0.4
net reserves: end	\$ 81.1	\$ 83.1	\$ 53.6	\$ 52.1	\$ 57.7
net premiums earned	\$ 15.6	\$ 11.2	\$ 19.2	\$ 16.1	\$ 14.6
net loss ratio	66.0%	331.3%	17.7%	(6.2%)	31.5%

<b>energy</b>	<b>q3 2013</b>	<b>q2 2013</b>	<b>q1 2013</b>	<b>q4 2012</b>	<b>q3 2012</b>
net reserves: start	\$ 141.5	\$ 160.0	\$ 159.8	\$ 174.2	\$ 188.8
paid losses	22.6	14.1	10.9	10.0	28.2
change in prior year AY <sup>(1)</sup>	0.2	(19.6)	(1.9)	(7.6)	(1.2)
current year incurred losses	37.7	15.4	13.0	2.8	14.2
foreign exchange	0.3	(0.2)	-	0.4	0.6
net reserves: end	\$ 157.1	\$ 141.5	\$ 160.0	\$ 159.8	\$ 174.2
net premiums earned	\$ 47.8	\$ 53.3	\$ 49.0	\$ 51.1	\$ 51.3
net loss ratio	79.3%	(7.9%)	22.7%	(9.4%)	25.3%

<b>aviation</b>	<b>q3 2013</b>	<b>q2 2013</b>	<b>q1 2013</b>	<b>q4 2012</b>	<b>q3 2012</b>
net reserves: start	\$ 1.1	\$ 4.4	\$ 2.3	\$ 0.3	\$ 0.4
paid losses	-	3.6	15.0	0.1	0.1
change in prior year AY <sup>(1)</sup>	-	(0.1)	1.5	-	-
current year incurred losses	2.1	0.3	15.7	2.1	-
foreign exchange	0.1	0.1	(0.1)	-	-
net reserves: end	\$ 3.3	\$ 1.1	\$ 4.4	\$ 2.3	\$ 0.3
net premiums earned	\$ 12.9	\$ 10.2	\$ 11.0	\$ 9.0	\$ 10.8
net loss ratio	16.3%	2.0%	156.4%	23.3%	-

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

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

**gross losses**

<b>accident year</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>
estimate of ultimate liability:								
at end of accident year	39.1	154.8	444.6	163.3	297.4	397.0	250.3	-
one year later	34.7	131.2	417.4	107.8	209.4	371.9	-	-
two years later	32.0	103.5	377.5	73.1	204.2	-	-	-
three years later	27.6	94.8	345.1	66.0	-	-	-	-
four years later	27.2	83.5	340.8	-	-	-	-	-
five years later	24.4	81.0	-	-	-	-	-	-
six years later	24.0	-	-	-	-	-	-	-
as at 31 december 2012	<b>\$ 24.0</b>	<b>\$ 81.0</b>	<b>\$ 340.8</b>	<b>\$ 66.0</b>	<b>\$ 204.2</b>	<b>\$ 371.9</b>	<b>\$ 250.3</b>	<b>\$ -</b>
as at 30 september 2013	<b>\$ 25.0</b>	<b>\$ 82.1</b>	<b>\$ 349.0</b>	<b>\$ 64.3</b>	<b>\$ 203.7</b>	<b>\$ 346.9</b>	<b>\$ 293.5</b>	<b>\$ 145.2</b>
payments made	(22.8)	(75.4)	(314.8)	(52.0)	(163.7)	(162.6)	(158.3)	(38.4)
<b>total gross liability</b>	<b>\$ 2.2</b>	<b>\$ 6.7</b>	<b>\$ 34.2</b>	<b>\$ 12.3</b>	<b>\$ 40.0</b>	<b>\$ 184.3</b>	<b>\$ 135.2</b>	<b>\$ 106.8</b>
accident year gross loss ratio <sup>(1)</sup>	8.3%	11.8%	51.3%	9.9%	31.0%	54.6%	40.3%	29.6%

**net losses**

<b>accident year</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>
estimate of ultimate liability:								
at end of accident year	39.1	151.2	403.9	161.7	263.6	340.8	201.4	-
one year later	34.7	125.0	370.3	106.5	185.8	319.3	-	-
two years later	32.0	99.5	334.4	72.4	180.1	-	-	-
three years later	27.6	91.3	304.2	65.3	-	-	-	-
four years later	27.2	80.2	302.7	-	-	-	-	-
five years later	24.4	77.9	-	-	-	-	-	-
six years later	24.0	-	-	-	-	-	-	-
as at 31 december 2012	<b>\$ 24.0</b>	<b>\$ 77.9</b>	<b>\$ 302.7</b>	<b>\$ 65.3</b>	<b>\$ 180.1</b>	<b>\$ 319.3</b>	<b>\$ 201.4</b>	<b>\$ -</b>
as at 30 september 2013	<b>\$ 25.0</b>	<b>\$ 78.9</b>	<b>\$ 309.3</b>	<b>\$ 63.7</b>	<b>\$ 180.0</b>	<b>\$ 303.0</b>	<b>\$ 192.1</b>	<b>\$ 145.2</b>
payments made	(22.8)	(72.2)	(280.2)	(51.4)	(141.1)	(149.9)	(87.1)	(38.4)
<b>total net liability</b>	<b>\$ 2.2</b>	<b>\$ 6.7</b>	<b>\$ 29.1</b>	<b>\$ 12.3</b>	<b>\$ 38.9</b>	<b>\$ 153.1</b>	<b>\$ 105.0</b>	<b>\$ 106.8</b>
accident year net loss ratio <sup>(1)</sup>	10.3%	12.9%	50.9%	10.7%	29.3%	52.7%	33.0%	36.8%
initial accident year net loss ratio	16.1%	24.7%	66.5%	27.2%	42.9%	59.3%	34.6%	n/a
reduction in net loss ratio post accident year end	5.8%	11.8%	15.6%	16.5%	13.6%	6.6%	1.6%	n/a

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

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

zones	perils	1 october 2013 100 year return period		1 october 2013 250 year return period	
		estimated gross loss	estimated net loss	estimated gross loss	estimated net loss
gulf of mexico <sup>(1)</sup>	hurricane	\$ 343.1	\$ 235.3	\$ 493.3	\$ 362.3
california	earthquake	160.9	81.0	339.6	197.4
pacific northwest	earthquake	18.9	18.9	208.5	141.4
pan-european	windstorm	297.2	174.1	400.8	267.2
japan	earthquake	234.2	128.2	417.2	240.9
japan	typhoon	177.7	103.5	366.7	241.8

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

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

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

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

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

	q3 2013	q3 2012	ytd 2013	ytd 2012	full year 2012
<b>basic earnings per share:</b>					
profit after tax attributable to Lancashire	\$ 25.4	\$ 78.8	\$ 159.5	\$ 182.5	\$ 234.9
net operating income attributable to Lancashire	\$ 11.2	\$ 74.1	\$ 132.7	\$ 176.7	\$ 220.3
<b>dilutive shares</b>					
weighted average shares outstanding - basic	173,722,997	161,977,019	165,408,537	159,183,334	159,575,802
dilutive effect of warrants	17,438,062	19,296,537	17,871,645	18,884,632	18,194,380
dilutive effect of stock options	-	114,033	-	113,361	123,444
dilutive effect of restricted stock	3,080,047	4,128,332	3,123,715	4,079,558	4,278,094
weighted average & equivalent shares outstanding - diluted	<u>194,241,106</u>	<u>185,515,921</u>	<u>186,403,897</u>	<u>182,260,885</u>	<u>182,171,720</u>
<b>basic earnings per share attributable to Lancashire</b>	<u>\$ 0.15</u>	<u>\$ 0.49</u>	<u>\$ 0.96</u>	<u>\$ 1.15</u>	<u>\$ 1.47</u>
<b>diluted earnings per share attributable to Lancashire</b>	<u>\$ 0.13</u>	<u>\$ 0.42</u>	<u>\$ 0.86</u>	<u>\$ 1.00</u>	<u>\$ 1.29</u>
<b>diluted operating earnings per share attributable to Lancashire</b>	<u>\$ 0.06</u>	<u>\$ 0.40</u>	<u>\$ 0.71</u>	<u>\$ 0.97</u>	<u>\$ 1.21</u>

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

	<u>30 september 2013</u>	<u>30 june 2013</u>	<u>31 march 2013</u>	<u>31 december 2012</u>	<u>30 september 2012</u>
numerator (\$ in millions):					
shareholders' equity attributable to Lancashire	\$ 1,489.4	\$ 1,266.3	\$ 1,235.7	\$ 1,387.4	\$ 1,508.3
proceeds from assumed exercise of outstanding dilutive warrants	143.2	144.7	145.6	145.6	153.4
proceeds from assumed exercise of outstanding dilutive options	-	-	-	0.1	0.2
book value numerator	<u>\$ 1,632.6</u>	<u>\$ 1,411.0</u>	<u>\$ 1,381.3</u>	<u>\$ 1,533.1</u>	<u>\$ 1,661.9</u>
denominator (in shares):					
common voting shares outstanding	180,581,212	163,236,234	162,029,276	161,471,358	160,368,425
shares issuable upon exercise of outstanding dilutive warrants	29,365,827	29,671,477	29,845,477	29,845,477	31,429,757
shares issuable upon exercise of outstanding dilutive options	-	-	21,127	133,837	133,837
shares relating to dilutive restricted stock	3,121,321	3,212,525	4,063,685	4,285,813	4,201,398
fully converted book value denominator	<u>213,068,360</u>	<u>196,120,236</u>	<u>195,959,565</u>	<u>195,736,485</u>	<u>196,133,417</u>
<b>basic book value per share attributable to Lancashire</b>	<b><u>\$ 8.25</u></b>	<b><u>\$ 7.76</u></b>	<b><u>\$ 7.63</u></b>	<b><u>\$ 8.59</u></b>	<b><u>\$ 9.41</u></b>
<b>fully converted book value per share attributable to Lancashire</b>	<b><u>\$ 7.67</u></b>	<b><u>\$ 7.19</u></b>	<b><u>\$ 7.05</u></b>	<b><u>\$ 7.83</u></b>	<b><u>\$ 8.47</u></b>
dividend per common share <sup>(1)</sup>	\$ 0.05	\$ -	\$ 1.15	\$ 0.90	\$ 0.05
change in FCBVS adj for dividends <sup>(2)</sup> - quarter	7.4%	2.0%	4.7%	3.1%	5.7%
change in FCBVS adj for dividends <sup>(2)</sup> - rolling 12 months	17.9%	16.8%	19.7%	16.7%	15.4%
compound annual change in FCBVS adj for dividends <sup>(2)</sup>	19.3%	19.1%	19.3%	19.2%	19.4%
compound annual change in FCBVS adj for dividends <sup>(2)</sup> - above 3 month treasury	17.9%	17.6%	17.8%	17.7%	17.8%
change in FCBVS adj for dividends <sup>(2)</sup> - since inception	292.1%	270.0%	258.6%	242.7%	230.9%

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

<sup>(2)</sup> change in fully 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 september 2013</u>	<u>30 june 2013</u>	<u>31 march 2013</u>	<u>31 december 2012</u>	<u>30 september 2012</u>
shareholders' equity attributable to Lancashire	\$ 1,489.4	\$ 1,266.3	\$ 1,235.7	\$ 1,387.4	\$ 1,508.3
weighted average exercise price per share of dilutive warrants	\$ 4.88	\$ 4.88	\$ 4.88	\$ 4.88	\$ 4.88
weighted average exercise price per share of dilutive options	\$ -	\$ -	\$ 0.50	\$ 0.97	\$ 1.87
denominator (in shares):					
common voting shares outstanding	180,581,212	163,236,234	162,029,276	161,471,358	160,368,425
unvested restricted shares and restricted share units	3,121,321	3,212,525	4,063,685	4,285,813	4,201,398
dilutive warrants outstanding	29,365,827	29,671,477	29,845,477	29,845,477	31,429,757
proforma warrants bought back	(11,517,859)	(12,010,803)	(11,843,901)	(11,553,275)	(11,525,675)
proforma net shares issued	17,847,968	17,660,674	18,001,576	18,292,202	19,904,082
dilutive options outstanding	-	-	21,127	133,837	133,837
proforma options bought back	-	-	(859)	(10,305)	(18,812)
proforma net shares issued	-	-	20,268	123,532	115,025
proforma dilutive shares outstanding	201,550,501	184,109,433	184,114,805	184,172,905	184,588,930
<b>basic book value per share attributable to Lancashire</b>	<b>\$ 8.25</b>	<b>\$ 7.76</b>	<b>\$ 7.63</b>	<b>\$ 8.59</b>	<b>\$ 9.41</b>
<b>fully diluted book value per share attributable to Lancashire</b>	<b>\$ 7.39</b>	<b>\$ 6.88</b>	<b>\$ 6.71</b>	<b>\$ 7.53</b>	<b>\$ 8.17</b>
dividend per common share <sup>(1)</sup>	\$ 0.05	\$ -	\$ 1.15	\$ 0.90	\$ 0.05
change in FDBVS adj for dividends <sup>(2)</sup> - quarter	8.3%	2.5%	4.4%	3.2%	5.9%
change in FDBVS adj for dividends <sup>(2)</sup> - rolling 12 months	19.1%	17.4%	19.0%	17.3%	15.8%
compound annual change in FDBVS adj for dividends <sup>(2)</sup>	19.0%	18.7%	18.9%	18.9%	19.0%
compound annual change in FDBVS adj for dividends <sup>(2)</sup> - above 3 month treasury	17.6%	17.3%	17.4%	17.3%	17.4%
change in FDBVS adj for dividends <sup>(2)</sup> - since inception	284.9%	261.9%	249.8%	235.0%	223.3%

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

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