Underwriting comes first

Effectively balance risk and return

Operate nimbly through the cycle

Investor Presentation
Q3 2015

November 2015
www.lancashiregroup.com

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Lancashire Group

Sticking to the Strategy, Managing the Cycle

- "Lancashire's strategy since day one has always been to write the most exposure in a hard market and the least in a soft one. There are now abundant reinsurance and retrocession opportunities that allow us to maintain our core insurance and reinsurance portfolios, whilst significantly reducing net exposures and enhancing risk adjusted returns. From our peak exposures in April 2012, when losses had driven substantial market hardening, we have reduced exposures across the board. We will stick to our strategy in the knowledge that when an event comes, we are well prepared through all three of our platforms to take advantage of subsequent opportunity"

  Alex Maloney

- Lancashire's strategy is designed to be robust across all phases of the market cycle and with the Kinesis and Cathedral platforms there are multiple ways to maintain or enhance the portfolio

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Sticking to the Strategy, Managing the Cycle

- Multiple platforms able to offer full spread of security to clients as they look to different options – rated company, Lloyd's, collateralised
- Diversified across classes and between specialist insurance/reinsurance classes - no reliance on a single dominant source of revenue or profit
- Disciplined underwriting – LICL/LUK have the daily UMCC call, Cathedral daily exception reporting
- Sticking to strategy – least net exposure in a soft market – but able to retain most of the core inwards portfolio through outwards optimisation
- Well placed to manage the cycle with volatile lines balanced by substantial weighting to low attritional loss ratio lines
- Investment stance has a slight risk on bias, focus remains on managing interest rate risk in current environment
- $1.60 of dividends declared in 2015 to date (1)
- Full year combined ratio of 68.7% for 2014. YTD(2) 2015 combined ratio of 73.5%

(1) $0.50 special and $0.10 final dividend in respect of 2014, $0.05 interim dividend, and $0.95 special dividend declared in November 2015
(2) YTD throughout the presentation refers to 9 months up to September 30th 2015

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Changes from last year – what's new?

- **Exec Team**
  - Alex Maloney now in situ as Group CEO for six quarters, consistency of results evident. Remainder of Executive Team are well ensconced.

- **Cathedral Group now integrated**
  - Incorporated Cathedral exposures in stochastic modeling of PMLs and aggregation of RDSs
  - Build out of Syndicate 3010 - increased stamp capacity from £30 to £100 million
    - Added energy and terrorism lines written by the Lancashire teams – gross premium written of $51.6 million in first 18 months following Lloyd's approval
    - Added direct aviation hull and liabilities and aviation war lines written by two new underwriting teams hired in 2014 – gross premium written of $17.7 million since the team arrived in July 2014
  - 3 Cathedral senior management sit on the Group Executive Committee, one on the RRC

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Changes from last year – what's new?

- **Restructured Lancashire reinsurance program for 2015**
  - Non-marine retrocession program moved from a single-limit, aggregate basis in 2014 to a more capital-efficient, reinstatable, occurrence based program in 2015, with an additional $20 million of limit and attaching $50 million lower down
  - Expanded our marine, energy and terrorism reinsurance facilities, buying more limit at lower attachment points. For the first time we were able to cover Gulf of Mexico wind for Energy
  - 3 new facilities added – a North East QS and two top layer wraps. These facilities allow us to maintain our inwards portfolio positions on our property catastrophe programme while reducing our exposure with over-riders
- **Kinesis renewals**
  - $262 million of limit written at January 1 2015 renewals at an average rate on line only marginally reduced from prior year
  - All January 2014 contracts were renewed; 2 new contracts added
  - $37.5 million of limit written at July 1 2015
  - 4 new investors added to the club for 2015, including Kinesis' first family office investor
  - $5.7 million in profit commission earned by Lancashire in YTD 2015 from January and February 2014 underwriting cycles with an additional $0.1 million expected in Q4 2015
  - $1.5 million in profit commission earned by Lancashire in July 2015 from July 2014 underwriting cycle
- **Hedge fund portfolio and tail risk hedge**
  - Interest rate risk managed by further diversification – now 27.1% [1] of portfolio in floating rate and non-fixed income asset class versus 19.4% as at December 31, 2013

[1] As at September 30, 2015

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Very strong results for 2013, 2014 and YTD 2015…and since inception

	Inception to date [1]	2013	2014	YTD 2015
Return on equity [2] [3]	18.6% [4]	18.9%	14.7%	9.3%
Net premiums written	$606.4m [5]	$557.6m	$742.8m	$394.4m
Combined ratio (including G&A)	62.4%	70.2%	68.7%	73.5%
Loss ratio	31.1%	33.1%	31.7%	30.2%
Total investment return [6]	3.3% [7] [8]	0.3%	1.0%	0.8%
Total shareholder return	538.34%	21.3%	(24.2)%	28.6%
Capital management	$2,488.6m of capital returned; 254.3% of original IPO capital raised returned [9]	$325.6m of dividends paid Issued 16.8m common shares No share repurchases	$321.0m of dividends paid $25.0m of share repurchases	$316.9m of dividends paid [9] No share repurchases

- Positive RoE in 38 out of 39 quarters, and in every financial year [8]
- Combined ratio below 100% in 38 out of 39 quarters, and in every financial year [8]

(1) Period from December 13, 2005 to September 30, 2015 unless otherwise stated
(2) Excludes warrants unless otherwise stated. 2014 return on equity of 13.9% and YTD 2015 return on equity of 7.2% both including warrants
(3) 2014 tangible return on equity of 17.1% and YTD 2015 tangible return on equity of 7.6% both including warrants
(4) Compound annual rate of return on equity
(5) Average annual net premiums written from January 1, 2006 to December 31, 2014
(6) Net return on total investments including internal FX hedges
(7) Average annual return on investments to December 31, 2014
(8) Excludes period from the date of incorporation to December 31, 2005
(9) Includes special dividend of $188.0 million declared in November 2015

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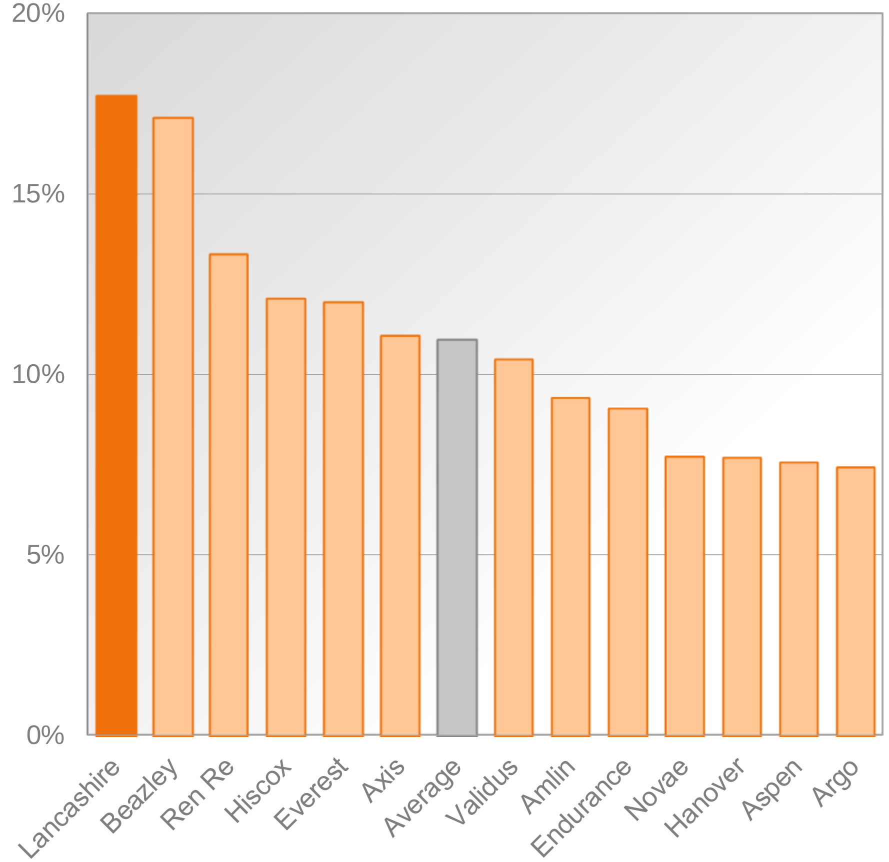
Our long-term performance is one of the most consistent in our peer group [1]

RoE ranking in peer group [1]

Company[2]	2010	2011	2012	2013	2014	5 yr avg
Beazley	5	2	1	1	1	1
Lancashire[4]	**1**	**1**	**3**	**5**	**4**	**2**
Hiscox	7	4	8	3	2	3
Ren Re	2	11	4	4	7	4
Everest	10	7	2	6	3	4
Axis	4	8	5	9	9	6
Amlin	8	13	7	2	6	7
Validus	9	5	9	7	10	8
Novae	13	12	6	8	5	9
Endurance	3	9	13	11	8	9
Aspen	6	6	11	13	11	11
Hanover	12	3	12	12	12	12
Argo	11	10	10	10	13	13

5 year compound annual RoE [3]



(1) Peer group as defined by the Board. Source: Company reports.

(2) Companies listed in order of average annual RoE ranking for the years 2010 - 2014. Average ranking calculated as the sum of annual rankings for each year divided by five years. Beazley rankings for 2010 to 2012 have been updated to reflect RoE calculated in USD.

(3) Compound annual returns for Lancashire including warrants. Data for Lancashire and peers for the period January 1, 2010 through December 31, 2014.

(4) Lancashire RoE calculated excluding warrants.

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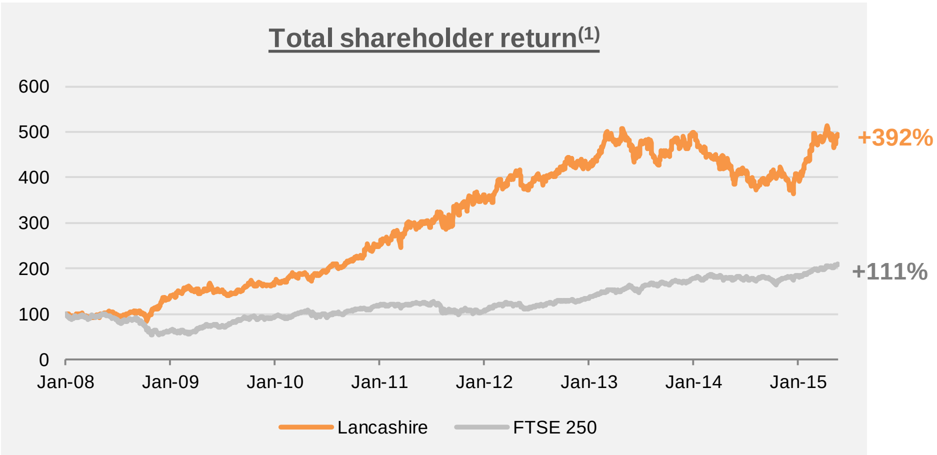
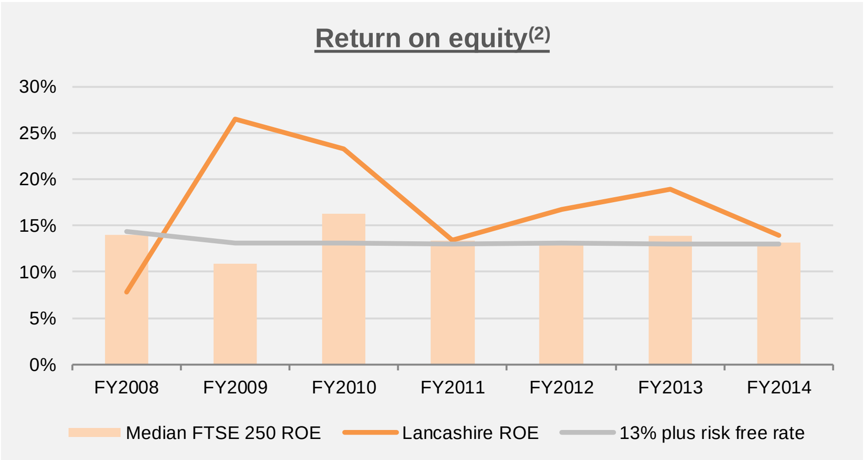
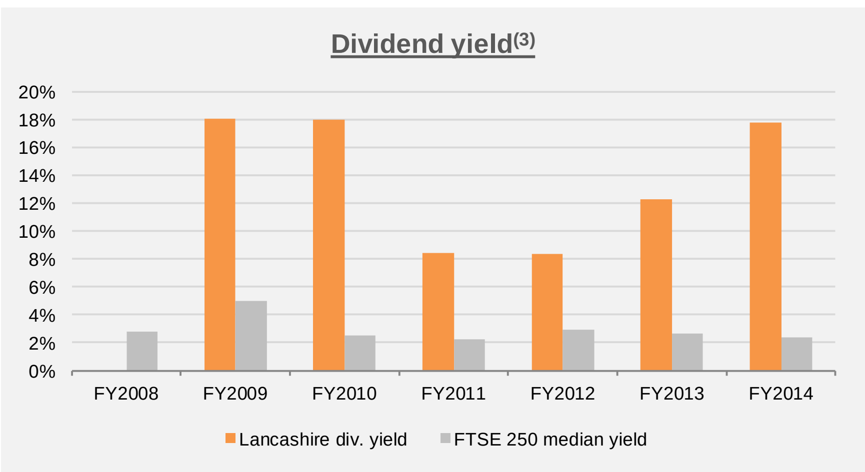
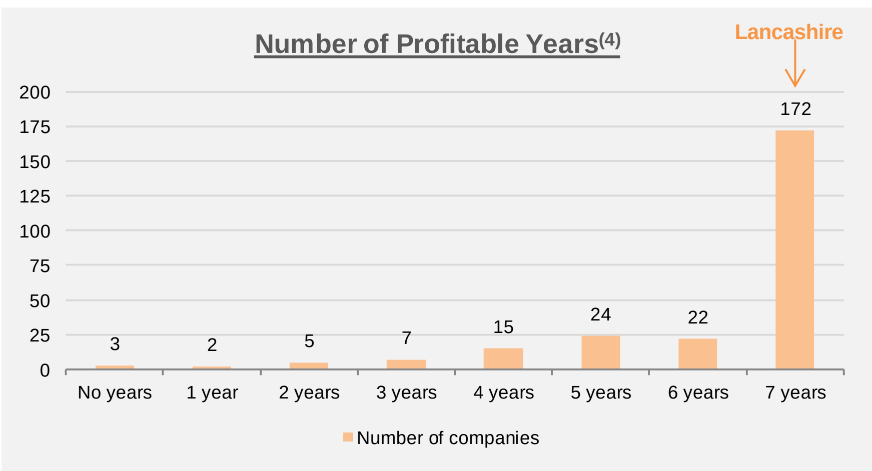
Lancashire versus the FTSE 250







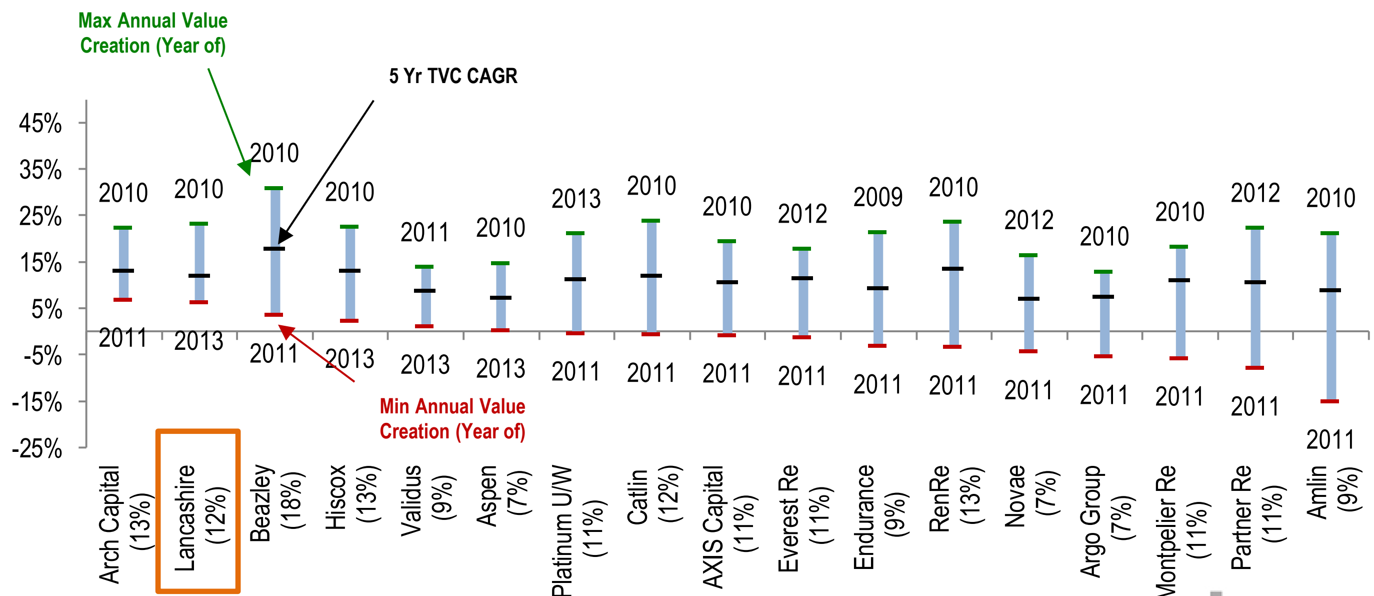


(1) Assuming gross dividends reinvested. Source: Datastream. ROE calculated excluding warrants
(2) Risk free rate represents the yield on the three month Treasury Bill. Source: Thomson Reuters and Company reports
(3) Dividend yield is calculated as the total calendar year cash dividends divided by the year end share price Dividends include recurring dividends, special dividends and B shares issuances. Source: Bloomberg
(4) Number of consecutive years of positive EBITDA. Source: Thomson Reuters

Consistent performance to date – TVC and volatility

Five year Total Value Creation CAGR (Q4:09 to Q4:14)

- From Dowling and Partners (D&P) analysis, Lancashire shows limited volatility and strong consistency of results
- Shows limited volatility on both sides of the balance sheet:
  - Most Bermuda catastrophe company averages are below ours, with more downside, less upside
  - UK Lloyd's companies are more leveraged therefore bigger spread of results – good years are good but bad years worse
- Lancashire missed the significant investment gains others made in 2009, as we didn't incur the losses our peers suffered in 2008. In 2011 with the magnitude of international property catastrophe losses, Lancashire fared substantially better than peers

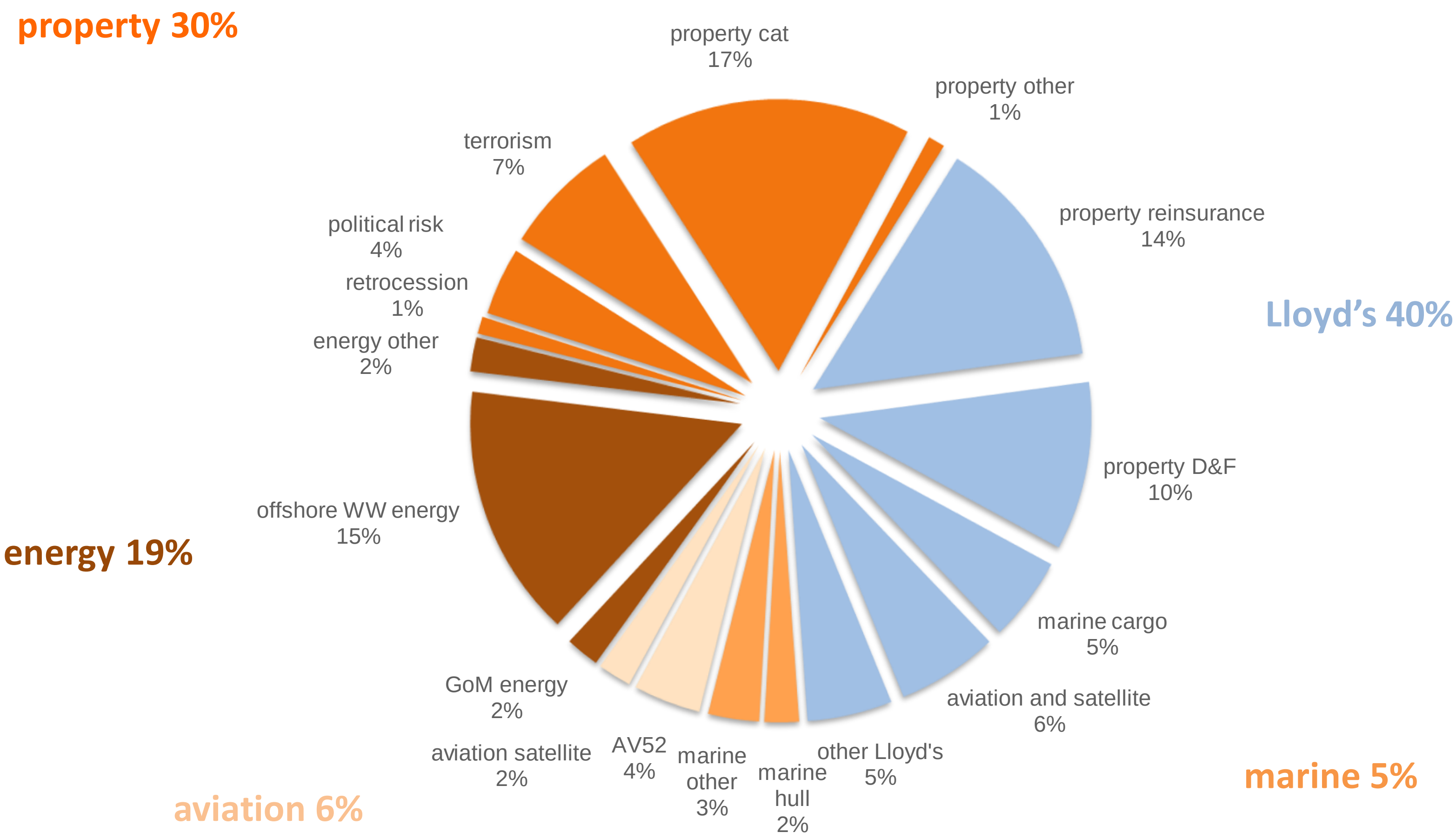


Source: Company Reports; D&P Analysis

Underwriting comes first

Underwriting comes first

67% insurance 33% reinsurance 36% nat-cat exposed 64% other



Based on 2016 forecast of gross premiums written as of November 3, 2015. Estimates could change without notice in response to several factors, including trading conditions.

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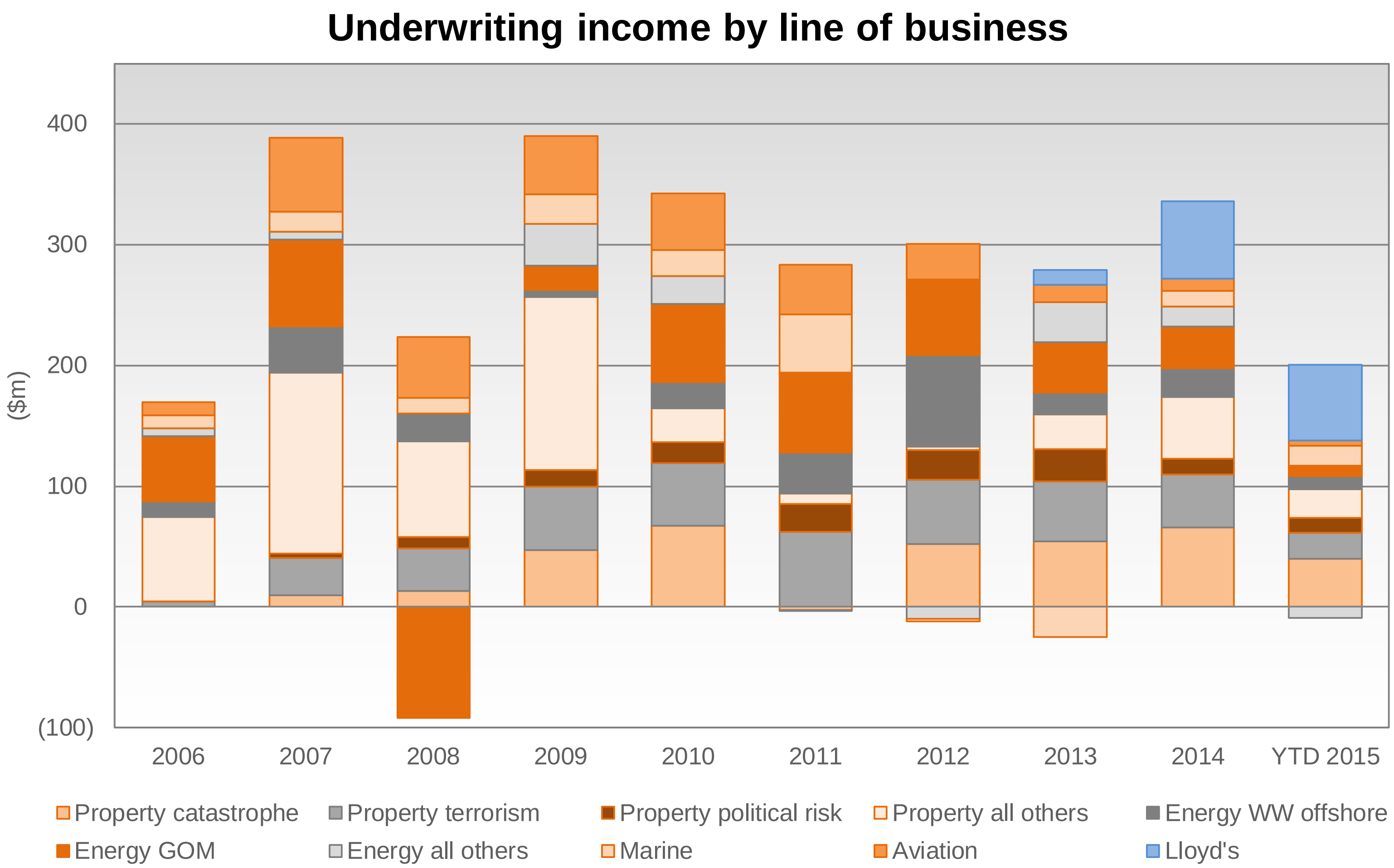
Consistent performance to date - Exceptional underwriting performance



- Demonstrates that Lancashire has a broad base of profitable underwriting lines, not reliant on one line

Consistency: Exceptional underwriting performance

	2010	2011	2012	2013	2014	5 year average[1]	YTD 2015
Loss ratio	27.0%	31.7%	29.9%	33.1%	31.7%	30.7%	30.2%
Acquisition cost ratio	17.3%	19.6%	20.5%	22.1%	21.4%	20.2%	25.9%
Expense ratio	10.1%	12.4%	13.5%	15.0%	15.6%	13.3%	17.4%
Combined ratio	54.4%	63.7%	63.9%	70.2%	68.7%	64.2%	73.5%
Sector combined ratio[2]	91.5%	108.9%	95.5%	86.3%	87.0%	93.4%	88.9%
Lancashire out-performance	37.1%	45.2%	31.6%	16.1%	18.3%	29.2%	15.4%

[1] 5 year average based on 2010 to 2014 reporting periods. Lancashire ratios weighted by annual net premiums earned. Annual sector ratios are weighted by annual net premiums earned for the companies reported over five years

[2] Sector includes Amlin, Argo, Aspen, Axis, Beazley, Endurance, Everest, Hanover, Hiscox, Novae, Renaissance Re and Validus. YTD 2015 combined ratios for Amlin, Beazley, Hiscox, and Novae not available at time of report. Source: Company reports

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Kinesis Capital Management Indicative Results

	Mean loss scenarios (10% EL)			No loss scenarios		
	Limit of $300m [1]	Limit of $500m [1]	Limit of $1B [1]	Limit of $300m [1]	Limit of $500m [1]	Limit of $1B [1]
Lancashire investment [2]	24.2	40.4	80.8	24.2	40.4	80.8
RoL (net)	21.0%	21.0%	21.0%	21.0%	21.0%	21.0%
RoE contribution, excluding PC [3]	0.2%	0.4%	1.1%	0.3%	0.6%	1.4%
RoE contribution, including PC [3]	0.3%	0.7%	1.7%	0.8%	1.4%	3.1%
Current year earnings ($m) [1]						
Underwriting fees	4.9	8.1	16.3	4.9	8.1	16.3
G&A costs [4]	(4.3)	(5.1)	(5.9)	(4.8)	(6.5)	(9.2)
LHL equity pickup [5]	2.3	3.8	7.7	4.6	7.8	15.6
Net CY contribution to LHL, after NCI	2.4	6.2	17.4	4.2	8.8	21.7
Subsequent year earnings ($m)						
Profit commissions	2.6	4.3	8.7	7.6	12.6	25.2
Total profit contribution	5.0	10.5	26.1	11.8	21.4	46.9

[1] Assumes 75% written at 1/1 and 25% at 1/7 from a standing start ie. no run-off earnings from prior years. Earnings patterns reflect the underlying risks attaching ie. not straight line

[2] LHL's investment is 10% of the underlying risks in aggregate, up to a maximum of $100m invested through co-investment alongside third-party investors or co-insurance

[3] Indicative assuming LHL target cross cycle RoE of 13% over the risk free rate, actual contribution will vary depending on actual RoE produced

[4] Staff levels increase as limits increase; bonuses increase as total profit contribution increases: bonuses subject to caps

[5] NPW less UW fees less losses less PC x 10% investment (subject to cap). PC provision is included in Kinesis Re in year 1 but not recognised as income by KCM until year 2. Equity pickup ignores capital returns to LHL

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Fee income

Kinesis

- Earned $6.2 million of underwriting fees in 2014 plus a $4.7 million equity pick-up on LHL's 10% investment in Kinesis Holdings
- Profit commissions of $5.7 million earned YTD 2015 on January and February 2014 underwriting cycles with an additional $0.1 million expected in Q4 2015
- $1.5 million in profit commission earned by Lancashire in July 2015 from July 2014 underwriting cycle.
- $4.8 million of underwriting fees booked on January 2015 underwriting cycle on limit sold of $262 million. $0.6 million of underwriting fees booked on July 2015 underwriting cycle on limit sold of $37.5 million
- Assuming a mean loss scenario on the remainder of 2015 contracts this would result in approximately $6.0 million of profit commission in 2016. A no loss scenario would equate to $7.5 million

Cathedral

- Cathedral earned profit commissions and managing agent fees of $10.1 million in 2014 and $3.6 million for YTD 2015

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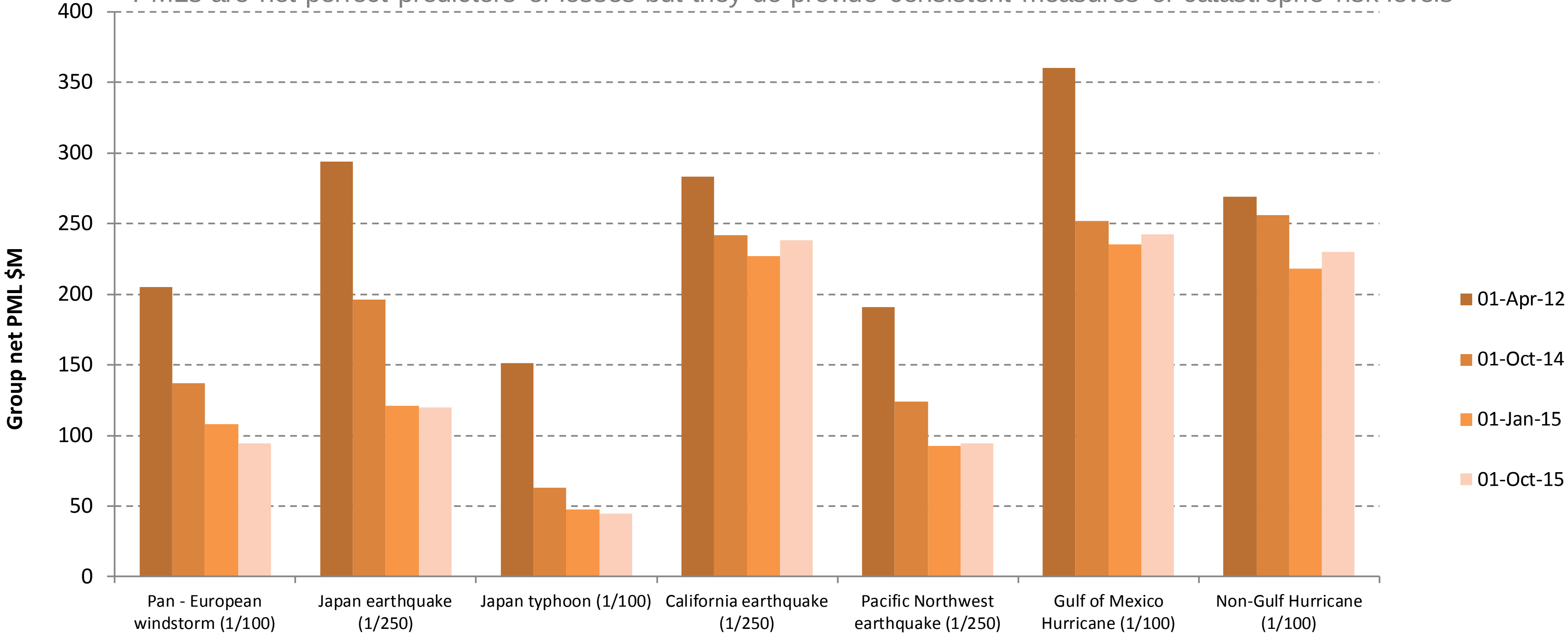
Effectively balance risk and return

Managing the Cycle – reducing net exposures

- Since April 2012, which was the high-tide mark of the pricing cycle, the Group has reduced PMLs across all key exposures, in spite of the addition of Cathedral
- PMLs are not perfect predictors of losses but they do provide consistent measures of catastrophe risk levels



The Group has developed the estimates of losses expected from certain catastrophes for its portfolio of property and energy contracts using commercially 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. 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

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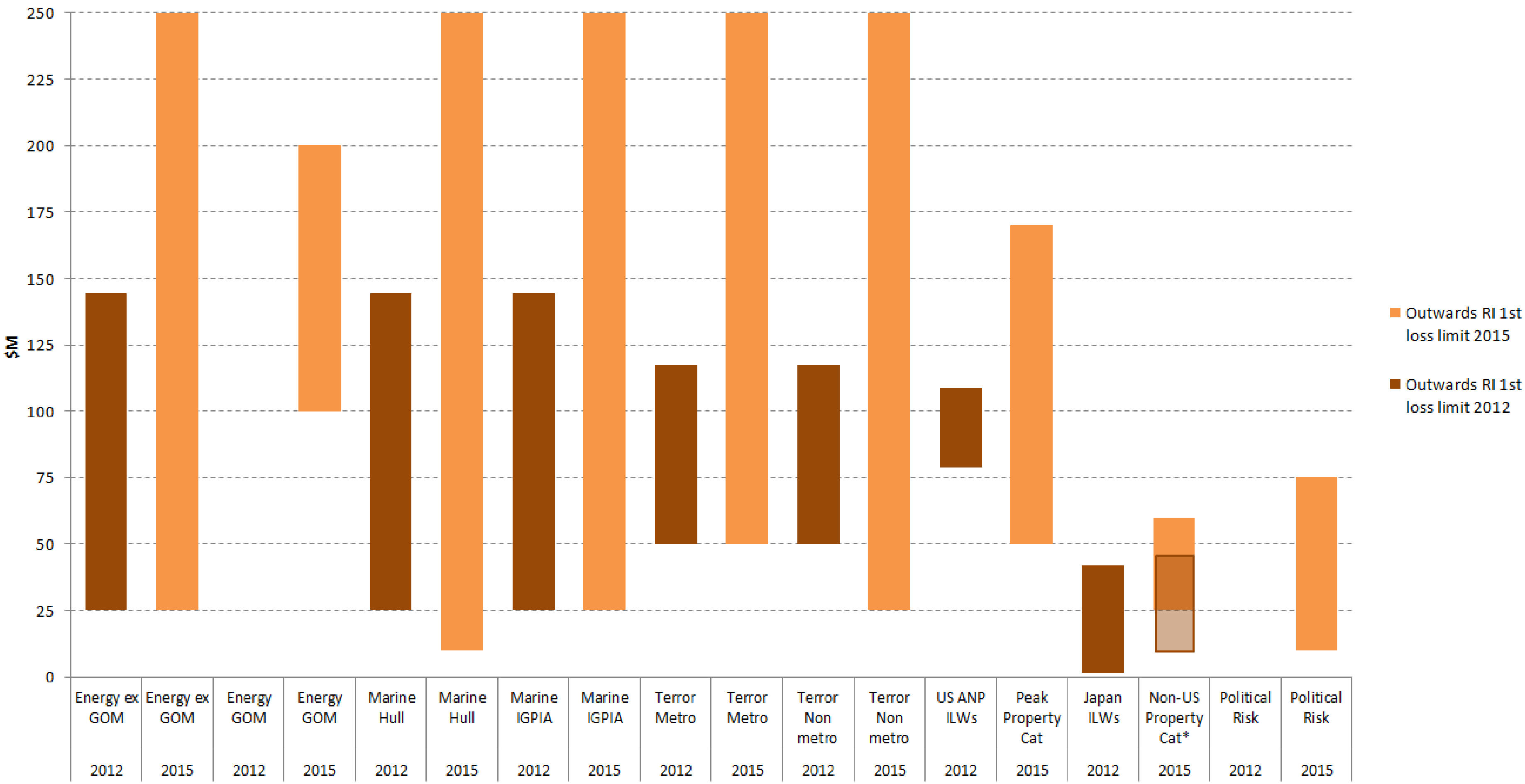
Exposure management – Increasing RI purchases

Lancashire first loss XL limit 2012 vs 2015

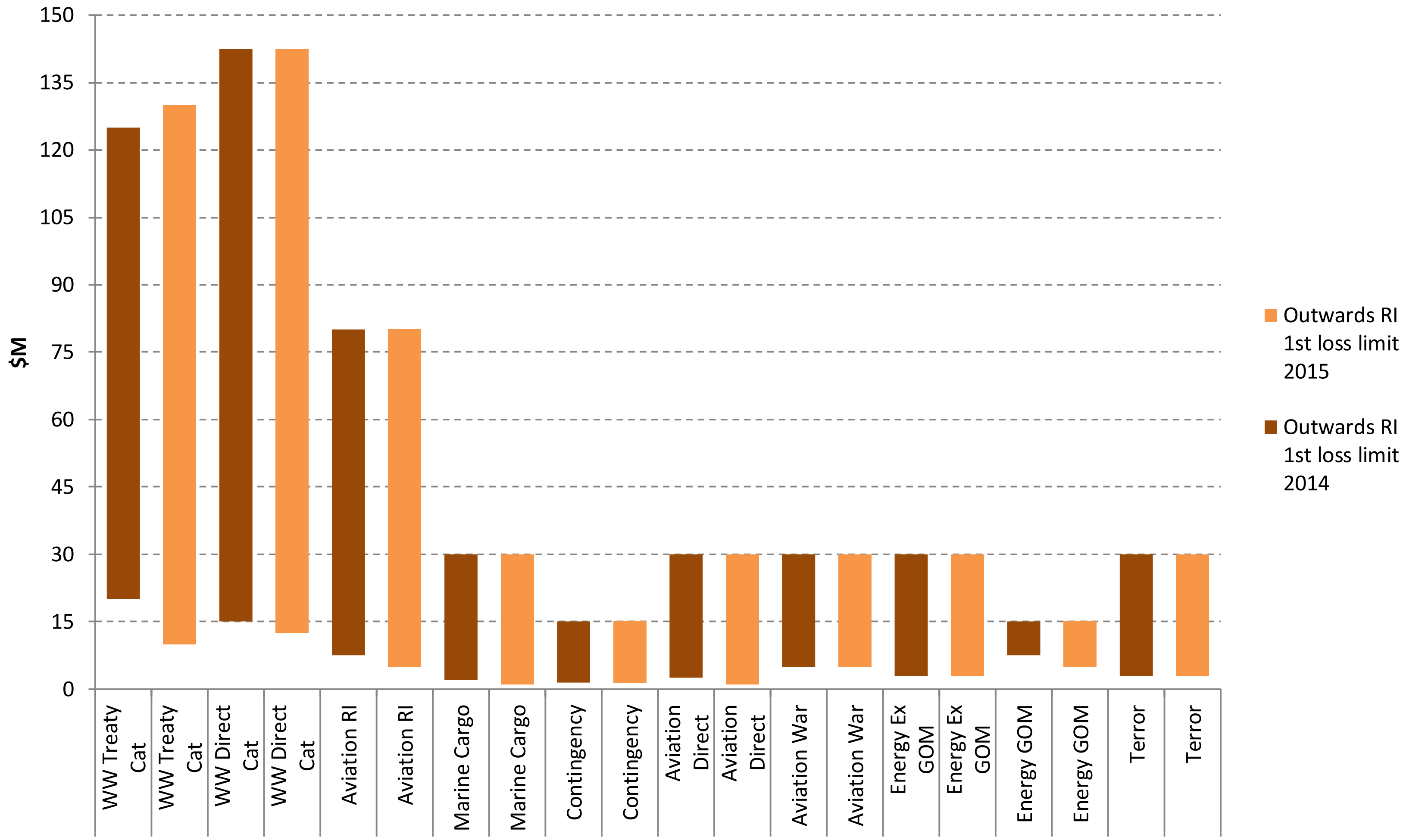


* 2015 Non-US property deductible eroded by year to date Energy loss

Terror Metro and Non Metro excludes terror pools
First loss limit purchased by Lancashire on an excess of loss basis, excluding ILWs, quota shares, cessions to side cars, facultative purchases and reinstatements
Excludes Cathedral's reinsurance

Exposure management – Increasing RI purchases

Cathedral first loss XL limit 2014 vs 2015



First loss limit purchased by Cathedral on an excess of loss basis, excluding ILWs, quota shares, cessions to sidecars, facultative purchases and reinstatements. Syndicate 3010 comparison 1/1/14 to 1/1/15.
Excludes Lancashire's reinsurance

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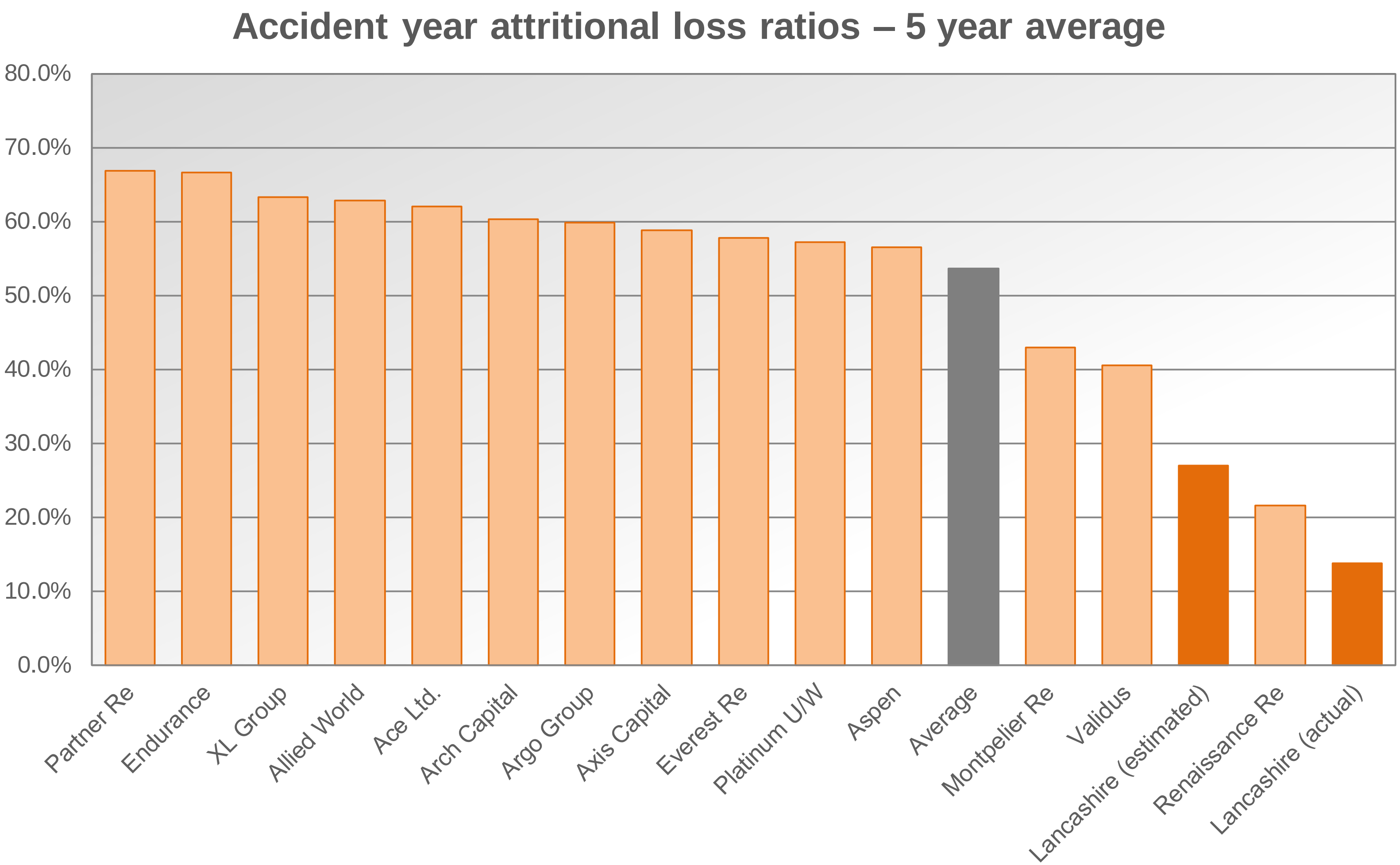
Managing the Cycle – strong weighting to low-attrition classes



- Carefully balance classes with known attritional exposure (energy, marine, lower layer cat xl) with low attrition exposures (terrorism, AV52, higher layer cat xl)
- In a softening market Lancashire can absorb price deterioration better than its peers coming from such a low attritional base

Source: D&P analysis 2010-2014 ratios are as reported adjusted for disclosed catastrophe and prior year reserve development

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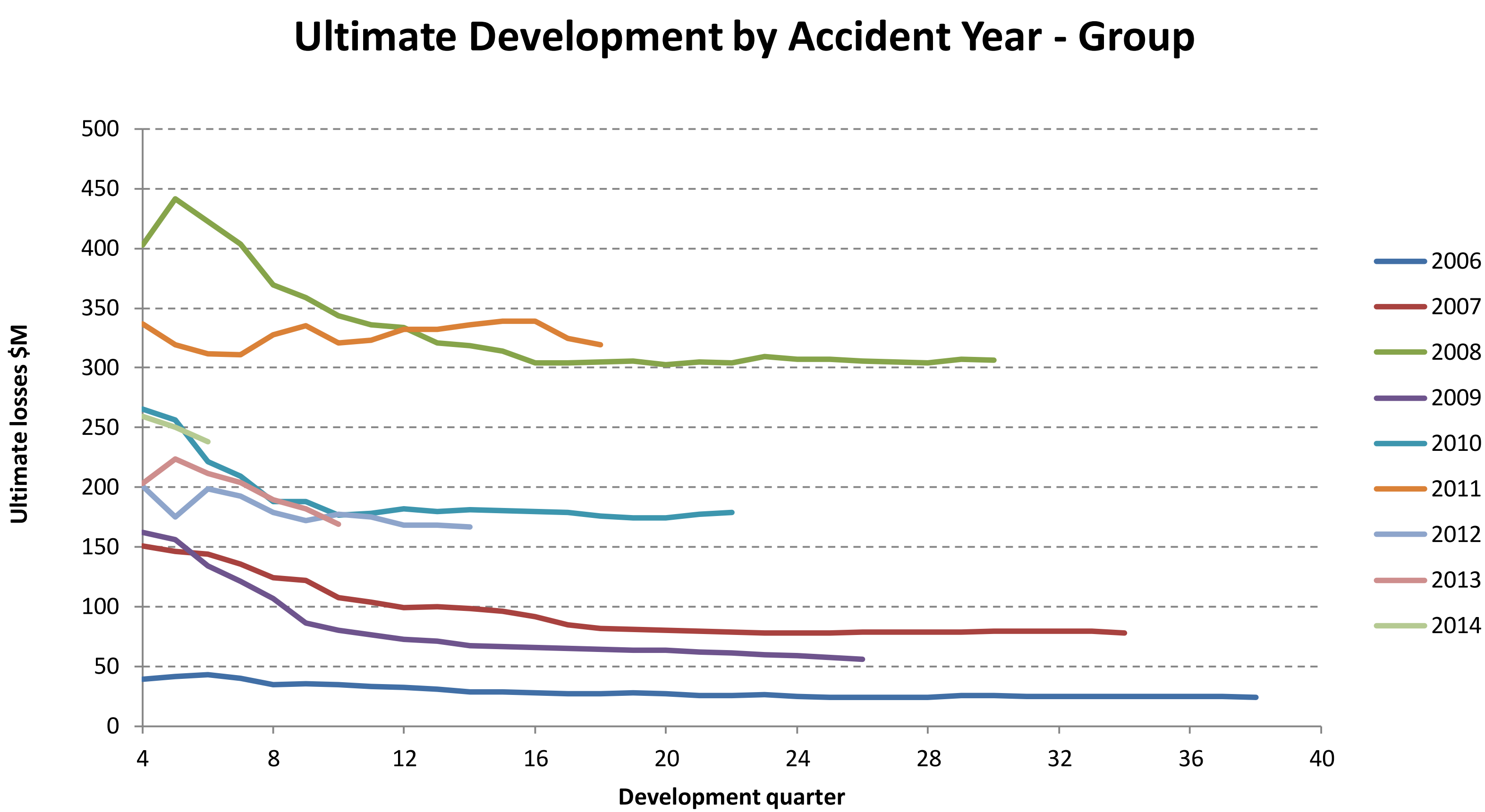
Reserve adequacy

Ultimate development by accident year – LUK/LICL/Cathedral combined*



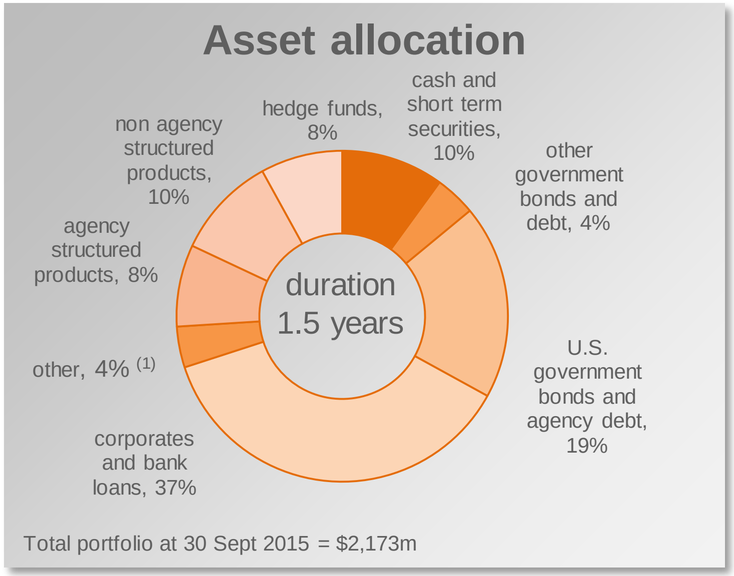
*Cathedral Underwriting Limited data calculated from time of acquisition

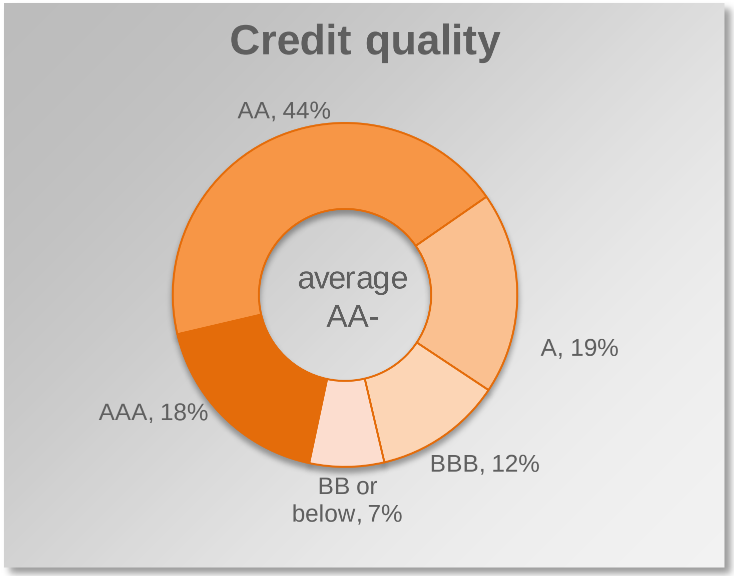
Effectively balance risk and return – investment philosophy

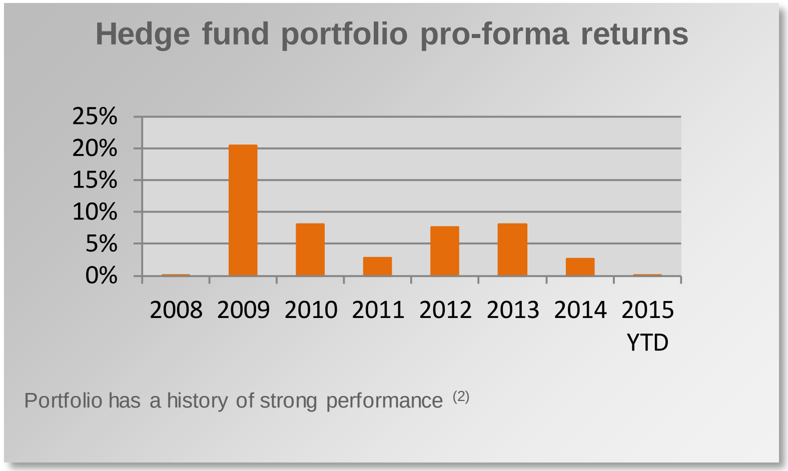
- **Our market outlook remains subdued:**
  - While the U.S. economy continues to improve, inflation remains muted and global growth remains depressed
  - Central bank policies, geopolitical events, and oil price volatility continue to exacerbate risk in the global economy
- **Preservation of capital continues to be paramount and we will focus on interest rate risk**
  - Maintain reduced investment portfolio duration as U.S. interest rates are expected to start rising within the next three to six months
  - Mitigate interest rate risk:
    - ✓ Hold floating rate notes and non-fixed income securities
    - ✓ Maintain an allocation to a low volatility hedge fund portfolio, diversifying the overall investment portfolio
    - ✓ Treasury future overlay used to protect the investment portfolio from a rise in interest rates with a short five-year treasury futures position, reducing duration by 0.3 years
  - Continue monitoring risk/return trade off in the portfolio:
    - ✓ Continue to manage the risk on/risk off balance with a skew towards a risk on environment with anticipation of a rising rate environment and U.S. economic growth

Effectively balance risk and return

Capital preservation and interest rate risk management







(1) Other includes fixed income funds, fixed income - at fair value through profit and loss, equity securities and other investments

(2) For 2014, Lancashire's net returns are included for the period from April 2014 through Dec 2014. Pro-forma hedge fund returns have been used for the period from January – March 2014

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Operate nimbly through the cycle

Operate nimbly through the cycle

proven record of active capital management

	2007 $m	2008 $m	2009 $m	2010 $m	2011 $m	2012 $m	2013 $m	2014 $m	YTD 2015 $m	total $m
share repurchases	100.2	58.0	16.9	136.4	-	-	-	25.0	-	**336.5**
special dividends [1]	239.1	-	263.0	264.0	152.0	172.6	295.9	289.5	287.2	**1,963.3**
ordinary dividends – interim [1]	-	-	10.5	9.4	9.5	9.6	10.5	10.4	9.9	**69.8**
ordinary dividends – final [1]	-	-	-	20.8	18.9	19.2	19.2	21.1	19.8	**119.0**
total returned capital	**339.3**	**58.0**	**290.4**	**430.6**	**180.4**	**201.4**	**325.6**	**346.0**	**316.9**	**2,488.6**
average price of share repurchase [2]	102.2%	88.4%	98.5%	97.9%	n/a	n/a	n/a	128.7%	n/a	98.7%
price to FCBVS [3]	1.1	0.9	1.0	1.1	1.5	1.6	1.8	1.3	1.5	n/a
weighted average dividend yield [4]	15.2%	n/a	18.1%	18.0%	8.4%	8.3%	12.3%	17.8%	15.3%	n/a

254.3% of original IPO share capital has been returned to shareholders [5]

[1] Dividends included in the financial statement year in which they were recorded

[2] Ratio of price paid compared to fully converted book value per share

[3] Price to FCBVS is calculated as the year end share price divided by the year end fully converted book value per share. 2015 is based on the share price at September 30, 2015 and fully converted book value at September 30, 2015

[4] Dividend yield is calculated as the total calendar year cash dividends divided by the year end share price. 2015 dividend yield is based on the share price at September 30, 2015 and includes the special dividend of $0.50 per common share, final dividend of $0.10 declared on February 12, 2015, the interim dividend of $0.05 declared in July 2015, and the special dividend of $0.95 per common share declared in November 2015.

[5] This includes the dividends of approximately $188.0 million that were declared in November 2015. Based on estimated pay-out at date of declaration of dividend

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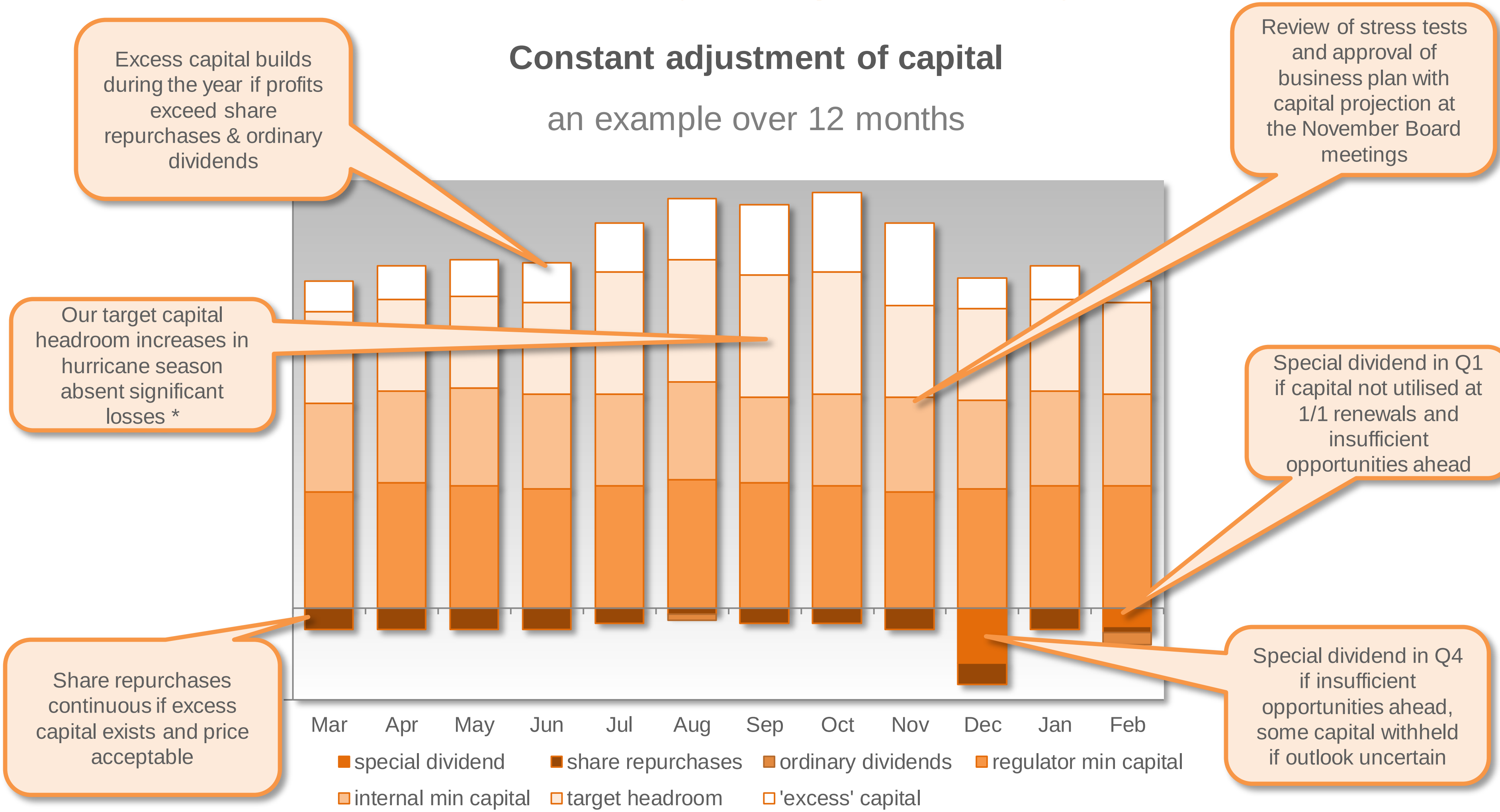
Financial flexibility - Capital management



* In the event of e.g. a major U.S. windstorm, we may raise equity to take advantage of post loss opportunities

other factors: capital cost and availability, future opportunities, clarity of trading conditions, time of year, share price

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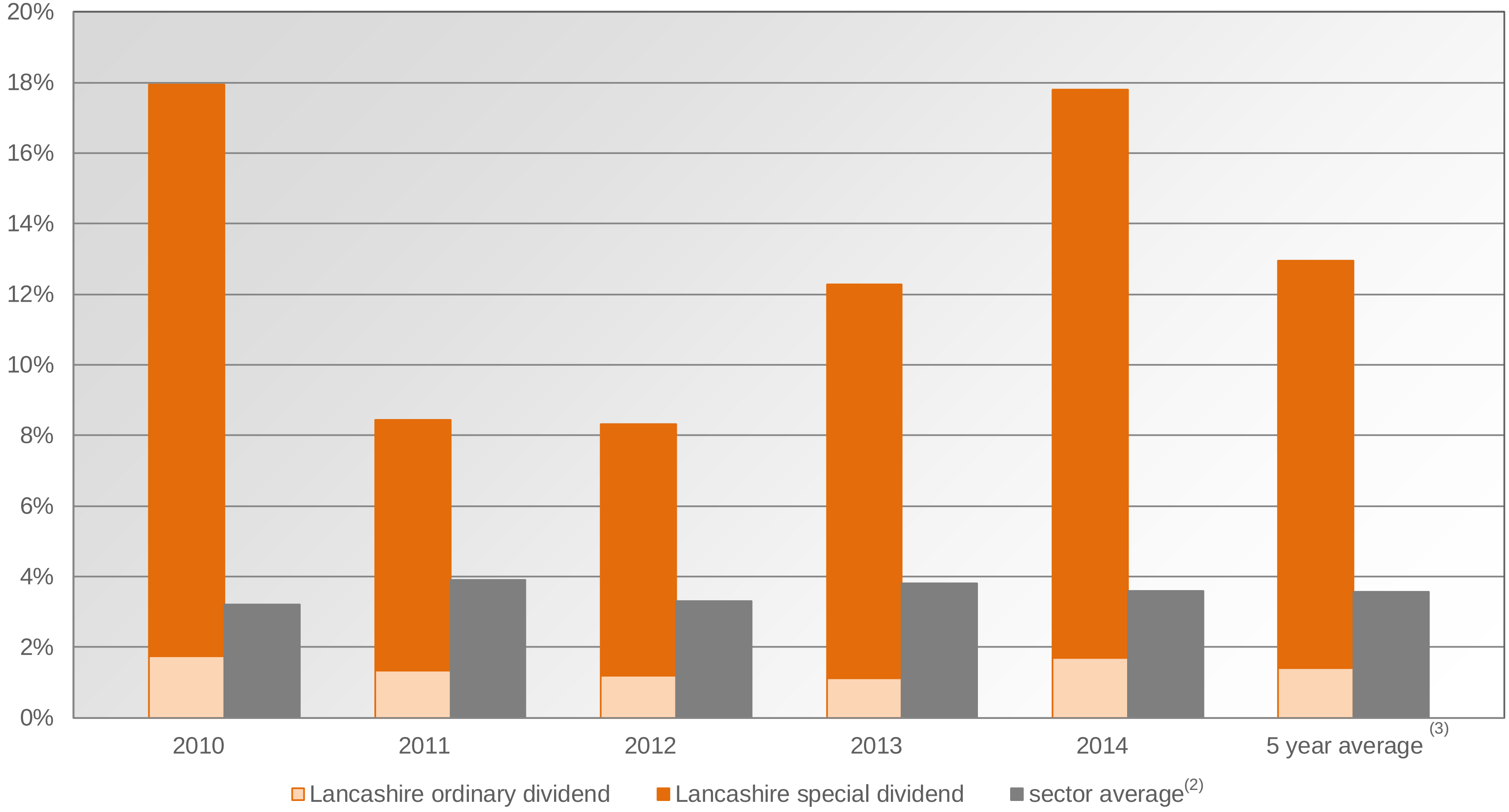
Managing the cycle - dividend yield [1]



[1] Dividend yield is calculated as the total calendar year cash dividends divided by the year end share price. Dividends include recurring dividends, special dividends and B shares issuances. Source: Bloomberg

[2] Sector includes Amlin, Argo, Aspen, Axis, Beazley, Endurance, Everest, Hanover, Hiscox, Novae, Renaissance Re and Validus

[3] 5 year average based on the 2010 to 2014 reporting periods

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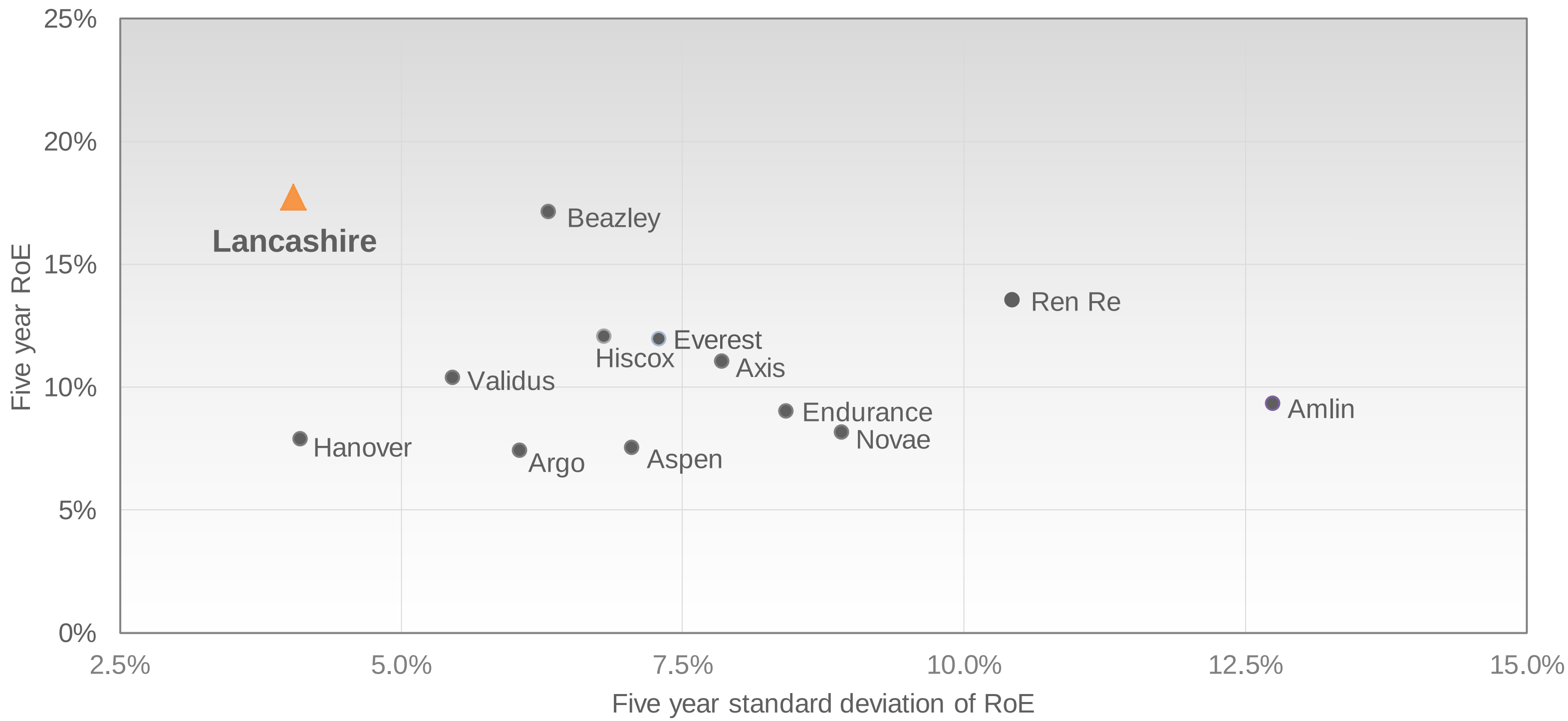
Cross cycle consistency - RoE

five year standard deviation[1] in RoE

- Lancashire has one of the best performances and yet the lowest volatility versus peers
- Evidence of adherence to business plan and strong risk management and a proven, successful cross-cycle strategy



(1) Standard deviation is a measure of variability around the mean
(2) Compound annual returns for Lancashire and sector are from January 1, 2010 through December 31, 2014. RoE calculated as the internal rate of return of the change in FCBVS in the period plus dividends accrued. For Amlin, Beazley, Everest, Hanover, Hiscox, Novae and Ren Re, basic book value per share is used as FCBVS is not reported by these companies. Source: Company reports

Conclusion

Conclusion

- Lancashire has one of the **best performances** and yet the **lowest volatility** in the London and Bermudian markets
- Our strategy is designed to cope with hard and soft markets, managing capital and exposures to provide superior risk-adjusted returns across the cycle
- Group management is fully integrated and has decades of experience in rated company, Lloyd's and collateralised markets
- Group profitability is not overly dependant on property reinsurance, with strong weightings to speciality classes with proven RoE potential and low attritional loss ratios
- A well-diversified portfolio across multiple lines and geographies as a base to trade across the cycle
- Third party capital vehicle well established and growing investor and client base
- Opportunities to grow in non- or low-correlated lines within Syndicate 3010
  - ✓ In 2014 Lloyd's approved (and we are writing) Lancashire-led energy and terror lines in Syndicate 3010
  - ✓ Lloyd's has approved (and we are writing) specialty aviation and war (supported by the Lloyd's consortium) and general specialist aviation business, with market leading teams

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Appendices

Lancashire: Property catastrophe reinsurance

Mitigating impact of falling rates

- We bought retrocession with a reinstatement to cover us for two losses attaching $50m lower than the aggregate program last year
- We monetize our access to business by ceding some tail lines to some of our partners on a portfolio basis while keeping a commission
- We have a new 15% quota share for our North East portfolio. We earn fee income on this with override and PC

Ability to compete

- Offer reinstatement (We don't need fronting)
- Willing to offer more multi-layer support to the program where pricing is adequate but always expose largest capacity to top layers
- The top line facility keeps us relevant for our clients and brokers
- Long standing relationships facilitate better access to business

Outlook

Cat XL – USA

- Continue to be a relevant regional U.S. market player; continue to have limited stand alone Florida exposures

Cat XL – Asia

- Japan renewals were in line with expectations. Moved our capacity further away from historical losses as some clients bought more at the top of their programs
- Continue to support Asian Retro cedents with small capacity to take advantage of post loss environment

Cat XL – Rest of world

- In Europe, prepaid reinstatements being introduced was fairly common, from 1 @ 100%. Our top layer positions are largely insulated from this as the probability of reinstating is slight
- In Canada, we greatly reduced our aggregate position. Don't plan major shift in book going forward

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Lancashire: Energy

Mitigating impact of falling rates	Ability to compete
• Deepwater GOM portfolio still requires high limits and client demand maintained so far • Oil price issues continuing to suppress activity levels across the oil & gas industry with clients focused on cost reduction = reduction in market premium, albeit with reduction in associated exposures • LUK success in renewing vast majority of core book with expiring and, in some cases, increased shares • Lloyd's platform and stand-alone liability capacity has helped maintain participation on key business by offering a more flexible way to trade	• Large lines make us a relevant and important component of leadership panel • We have the capability and willingness to lead business • We provide transparency, good service, quick turnaround and excellent claims service • We have developed direct cross-class client relationships that overarch broker relationships • Market leader for Deepwater GOM and Excess Construction • Offering excess third party liability and Lloyd's capacity protects signings on risk packages and offers flexibility to clients and brokers alike

Outlook

Gulf of Mexico

- Demand from drilling contractors was reduced due to impact on their business by low oil price but majority of operational wind book renewed
- Locked in pricing with a limited number of selected longer term contracts will continue

Worldwide offshore

- Significant price reduction in 2015 following historically high rating - still profitable margin within core business, helped by reduction in exposure due to reduction in activity albeit core operational values still unchanged.
- Activity levels will continue at current, low levels due to oil price – no prospect of short-term improvement and release of Iranian crude and global inventories will continue to suppress any recovery
- Expected increase in frequency and severity of claims has been noted and insured losses of $2.5bn+ will start to focus direct underwriters. LUK core portfolio has meant many of the bigger losses have been avoided.

Excess third party liabilities

- Selective portfolio with established known clients and still demand for excess layers with robust pricing, albeit inevitable pricing pressure expected in 2016 – specialist energy liability underwriter recruited to start Q4 2015 to ensure focus on this important portfolio continues to develop

General

- Leverage across sub-classes and platforms (i.e. Syndicate 3010) gives the group flexibility to trade and remain relevant

Lancashire: Property terrorism and political violence

Mitigating impact of falling rates	Ability to compete
• Instability around the world continues to highlight the perils of Terrorism and Political Violence and drive demand for the product • Lancashire's brand and transparent risk appetite mean that we have a strong core portfolio, brokers understand our 'sweet spot' and we are a market of first resort • Lancashire and Cathedral will remain pragmatic and stick with our core book • Carrier consolidation provides some opportunity, for example in the direct UK terrorism space • We continue to experience a low attritional loss ratio • Lancashire writes its own 'private' layers, insulating us from certain market pressures	• Lancashire's line size ensures our relevance and value as a key market to brokers • Proven ability and willingness to lead business • We provide transparency, good service, quick turnaround and excellent claims service • We have developed many strong cross-class relationships with insureds • In the face of the growth of facilities Lancashire remains a strong, independent alternative market

Outlook

Terrorism/Political Violence

- Competitive pressures will continue in the face of surplus capacity, but demand remains strong and there is a flow of some new business opportunities
- Focus on retention of Lancashire's core portfolio
- Lancashire has declined to participate on the global broker facility arrangements. Maintaining our discipline, underwriting control and exposure management remain paramount priorities
- Syndicate 3010 has given another access point to the Lancashire Group for brokers. Syndicate 3010's business plan has also broadened the Group's appetite for looking at more diverse risk profiles and at possible lower attachment points

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Lancashire: Property political and sovereign risk

Mitigating impact of falling rates

- Demand driven by continued perception of threat of political and sovereign risk from geo-political and economic events
- Importance of the PR/Sovereign insurance products in providing clients with regulatory and capital relief, risk transfer and balance sheet protection
- Lancashire has a strong market brand and solid track record of providing solutions for our clients and brokers, evidenced by long-standing existing relationships
- Lancashire has worked to develop new client relationships which provide access to new business flows across new territories and new insurance solutions
- Proactive and dynamic portfolio management enables us to maximise the efficiency of our capacity, whilst operating within our risk appetites

Ability to compete

- Proven ability and willingness to lead business
- We provide transparency, good service, quick turnaround and excellent claims service
- We have developed direct client relationships that overarch broker relationships
- We write our own layers - not led by Lloyd’s capacity
- Lancashire's tenor, meaningful line sizes and non-trade related capabilities are in demand from our clients and provide us with opportunities that other markets are unable to consider
- Lancashire’s London and Bermuda platforms maximise our ability to service a wider client base

Outlook

Political Risk / Sovereign Risk

- Global demand for the product lines and growing awareness of the Political Risk and Sovereign product offerings; some bank clients now use the products as widely as the CDS and bank syndication markets as a method of risk transfer.
- Market capacity continues to increase, but Lancashire’s capabilities insulate it from some of the competitive pressures of other markets
- In a challenging global environment Lancashire’s traditional strengths of underwriting discipline and risk selection will remain at the core of the portfolio

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Lancashire: Marine

Mitigating impact of falling rates	Ability to compete
• We write the risks with large limit requirements which are more insulated from the lows of rating trend in respect of Hull • Generally for our portfolio rates are better than the market norm due to a loyal client base and specialist niches we predominate • Increased reinsurance protection at January 1, 2015 • Focus on ancillary classes such builders risk, MAP and MII with less competition • War subclass proving more challenging due to depressed rates in conjunction with increased partial losses	• Large lines make us relevant and dangerous to ignore as a quoting market to brokers • We have an ability and willingness to lead business • We provide transparency, good service, quick turnaround and excellent claims service

Outlook

Marine

- Hull market relatively stable, albeit now softening. Reductions for clean business with modest increases on loss-making accounts
- Still too much capacity for small to medium tonnage
- LUK portfolio has withstood recent spate of losses due to nature of core portfolio

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Lancashire: Aviation and satellite

Mitigating impact of falling rates	Ability to compete
AV52 • No attritional losses ever • Large line size therefore all opportunities made available and one stop shop makes brokers' lives easier • Increased reinsurance protection in 2014, taking advantage of attractive pricing and capacity and reducing retention; maintained in 2015 with the addition of U.S airlines **Satellite** • Track the market with small net lines • Loss activity has done little to temper reductions – over supply of capacity	• Large lines on AV52 make us relevant and dangerous to ignore as a quoting market to other brokers • We have the ability and willingness to lead business including lineslips • We provide transparency, good service and quick turnaround

Outlook

Aviation

- Market plateaued during 2014 following hull war losses with minimal downward pressure towards the end of Q4 2014. AV52 market capacity remains stable
- Risk profile remains attractive and passenger numbers picking up so demand remains strong
- New business came to the market during 2014 in the guise of U.S. Airlines not previously placed in the commercial market
- In the absence of losses, downward pressure on rates is anticipated for the remainder of the year

Satellite

- Launch rates generally on the decline in the launch and in orbit segments

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Lancashire: RPI and underwriting statistics

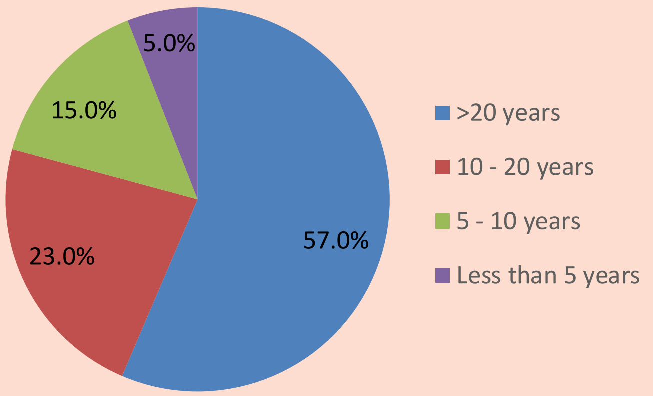
Cumulative RPI	2006	2007	2008	2009	2010	2011	2012	2013	2014	YTD 2015
Property catastrophe reinsurance	100	100	97	100	92	100	116	114	99	87
Energy GOM	100	80	64	137	139	140	140	136	125	118
Energy WW offshore	100	80	68	84	88	97	100	97	91	79
Terrorism	100	86	71	66	60	57	55	52	48	44
Marine	100	88	80	82	80	79	86	89	91	83
Aviation	100	80	69	68	62	59	55	49	44	41

Combined ratio excl. G&A (%)	2006	2007	2008	2009	2010	2011	2012	2013	2014	YTD 2015	ITD
Property catastrophe reinsurance	20%	16%	47%	15%	24%	103%	45%	29%	29%	24%	41%
Energy GOM	28%	30%	211%	65%	-9%	-19%	-10%	21%	12%	50%	44%
Energy WW offshore	39%	39%	68%	93%	78%	71%	41%	86%	77%	80%	70%
Terrorism	22%	17%	27%	14%	24%	4%	11%	13%	16%	31%	17%
Political risk/ Sovereign risk	58%	46%	35%	22%	18%	10%	19%	20%	61%	47%	30%
Marine	55%	77%	81%	68%	67%	38%	105%	140%	78%	44%	77%
Aviation	20%	20%	31%	23%	12%	9%	29%	67%	81%	82%	35%

Gross premiums written ($m)	2006	2007	2008	2009	2010	2011	2012	2013	2014	YTD 2015	ITD
Property catastrophe reinsurance	0.6	19.3	23.4	76.3	98.1	82	96.8	97.5	124.2	89.0	707.2
Energy GOM	171.8	157.5	74.3	53.8	87.4	60.7	65.5	34.4	69.9	6.1	781.4
Energy WW offshore	42.3	72.7	76.3	100.6	123.1	140.3	148.9	149.2	149.9	77.7	1,081.0
Terrorism	18.9	56.6	75.5	69.1	77.8	68.4	62.9	67.8	55.2	35.8	588.0
Political risk/ Sovereign risk	9.4	16.9	28.1	15.5	29.1	20.4	41.1	66.4	44.4	17.6	288.9
Marine	53	76.9	78.6	73.7	76.4	76.4	81	63	67.7	38.4	685.1
Aviation	64.5	84.2	71.6	61.2	50.8	47.1	45.9	48.9	53.2	27.0	554.4

Cathedral: Property reinsurance

Core	Non-core / Opportunistic
U.S. Portfolio – Small to medium Mutuals • Home owners • Farm owners • Automobile (physical damage) • Small commercial properties **Nationwide exposure -** protects writings of farms, agricultural risks and churches **Risk Excess U.S. and Canadian book -** complements Mutual book and upper end of some of the national companies **International book -** focuses on first world countries ranging from small to mega accounts	• US Nationwide mega accounts • Florida private reinsurance market prefers D&F • Super Regional US accounts • Retro

Outlook	Client relationship duration
U.S. Portfolio: under pressure risk adjusted rates off 5 to 10% **International Portfolio:** book varied, downward pressure sees rates off by 5-10% Income projection in line with plan and signings not an issue due to long standing client relationships and position as London leader for US regional Cat	

Cathedral: Property direct & facultative

Core

U.S. open market - Average line size circa $2m

- Small to midsized 'soft' occupancy focus
- Low to mid level excess of loss
- Primary book targets low 'attritional' business

U.S. binding authorities - Average line size < $1m

- Long standing book of binding authorities commercial bias
- True 'MGA' business produced by specialist brokers

International open market - Small to midsized general portfolio with focus on Mexico, Caribbean and NZ

International binding authorities

- Targets low 'attritional' commercial business bias
- Stable, long standing book of binding authorities almost entirely driven by Canada, Australasia (mainly NZ) and the Caribbean

Non-core / Opportunistic

Will expand in to any class/territory following significant losses resulting in distressed conditions and inflated pricing

Equally importantly, will withdraw from these same territories once inflated pricing disappears

The team benefits from significant broker penetration in the London market with no individual broker producing in excess of 10%. This allows rapid access to any opportunities

As the market softens the purchasing of opportunistic facultative reinsurance will expand

Current emphasis away from: Primary Fortune 500

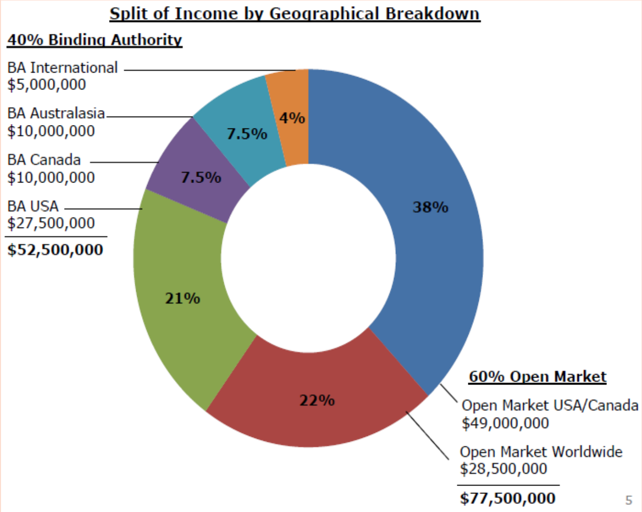
Outlook

Open market - rates generally under pressure with gaining momentum particularly on Fortune 500 and larger ticket items (which we tend to avoid). Book well positioned out of attrition to weather the downturn

Plentiful facultative reinsurance opportunities from markets who do not get a showing of the good upfront business

Binding authorities – stable, flat at last renewal, income holding up well

Geographical distribution



Cathedral: Aviation reinsurance & satellite

Core

Airline XL - Core part of the account exposed to major catastrophes but aggregate focused on small to medium size direct insurers enabling better portfolio management
General Aviation XL - Catastrophe reinsurance covering corporate and private jets, small local airports and small product makers
Aviation war - covers both Hull and War Third Party. Different to Lancashire's 'AV52' book as the focus is on non major risk writers
Proportional - down to 3 direct clients that have a good track record in niche areas with long standing relationships

Non-core / Opportunistic

Bigger direct clients

- No pay back / do they need to buy?
- Market share

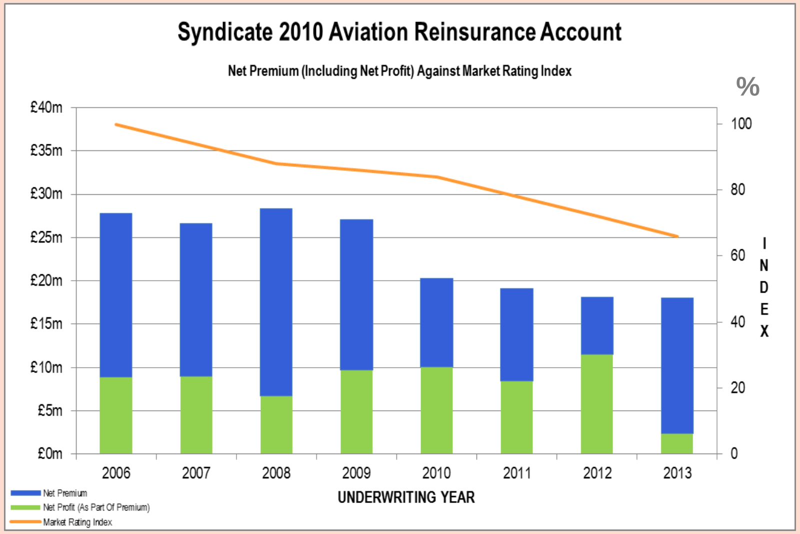
Potential proportional clients
Take advantage of relationships if there is a capacity crunch in the future

Whole account – currently a very small account generally used as a fact finder exercise but could grow in a harder market

Outlook

- Still too much capacity – cheap pricing and poor portfolio management will however accelerate the pain and the correction thereafter
- Inconsistency in pricing will continue as entities seek to aggressively assume aggregate
- Companies with limited track record looking for market share
- Increased competition to lead business
- Brokers becoming concerned about longevity of client base and revenue stream

Portfolio management - Market rating index versus Cathedral net income / profitability



Cathedral: Aviation direct & war

Aviation Hull & Liabilities

- Established market leading team in General Aviation (particularly rotor-wing) and lower tier Airlines
- Team is getting good broker and client support despite adding another market to a congested space
- We have reduced our initial business plan in the rotor-wing area due to very active broker lineslips and deteriorating underwriting conditions
- Have secured leads on key long standing accounts at client or broker request and airline business is stable and on plan

Market Support

Consortia

- Our War underwriting is conducted for us and on behalf of a number of leading Syndicates in Lloyd's by the aviation war team
- We have 3 consortia arrangements, for Airline, Large GA and GA where participants pay fees and profit commissions

Reinsurance

- Despite being start ups in heavily subscribed markets both teams have in place reinsurance arrangements to protect their net accounts with good support from the market

Aviation War

- Established Open market leading team arrived to backdrop of huge losses after a benign claims activity
- Expected huge reaction muted by multiples of capacity required being held and increased on broker line-slips
- Target key airline leads have transferred to us
- Key non–airline and hot spot business in which we specialise is seeing decent increases
- Clients still require bespoke expertise which is in short supply
- Losses have continued in 2015 to broker line-slips and some markets are looking to pull out

Outlook

- Both accounts are re-building their long standing accounts in heavily oversubscribed market places
- Both are receiving good support from long standing clients and will build out at their own pace
- The markets are currently dominated by passive capacity paying significant fees to participate in broker facilities which have shown poor results and leave little margin for losses
- Both accounts can be volatile and we have the expertise to fully capitalise at the right moment

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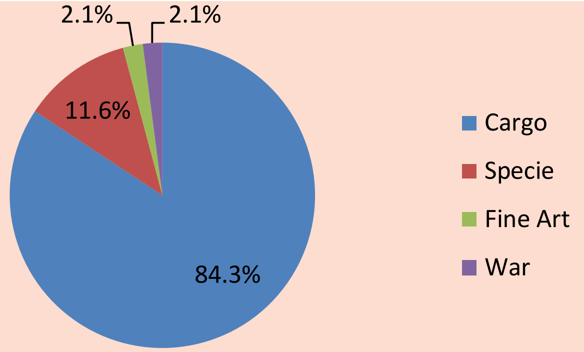
Cathedral: Cargo

Core	Non-core / Opportunistic
Marine Cargo • Established, relationship driven, higher quality, marine cargo accounts with proven profitability and good risk management • Complementary rather than clashing exposures and territories • Non Catastrophe exposed transits of commodities and raw materials • Loyal core book – many being renewals of 20+ years • Globally diverse book with specific focus on non over-broked territories • Non 'large-broker' book of relationship business **Fine Art** - Private collections and museums with good risk management in non catastrophe exposed areas **Specie** –Vault	**Marine Cargo** • Cargo stock-throughput – where non catastrophe exposed • Cargo consequential loss • War on land and cargo insurance in territories of civil unrest • Logging equipment in Canada and Australia. **Specie** • Excess cash in transit (typically excess of any transit exposure)

Outlook

Marine Cargo
- Still too much capacity chasing large, high profile, catastrophe exposed accounts.
- Over developed markets remain flat but good opportunities still remain in territories such as Africa
- Profitable niche opportunities

Portfolio distribution



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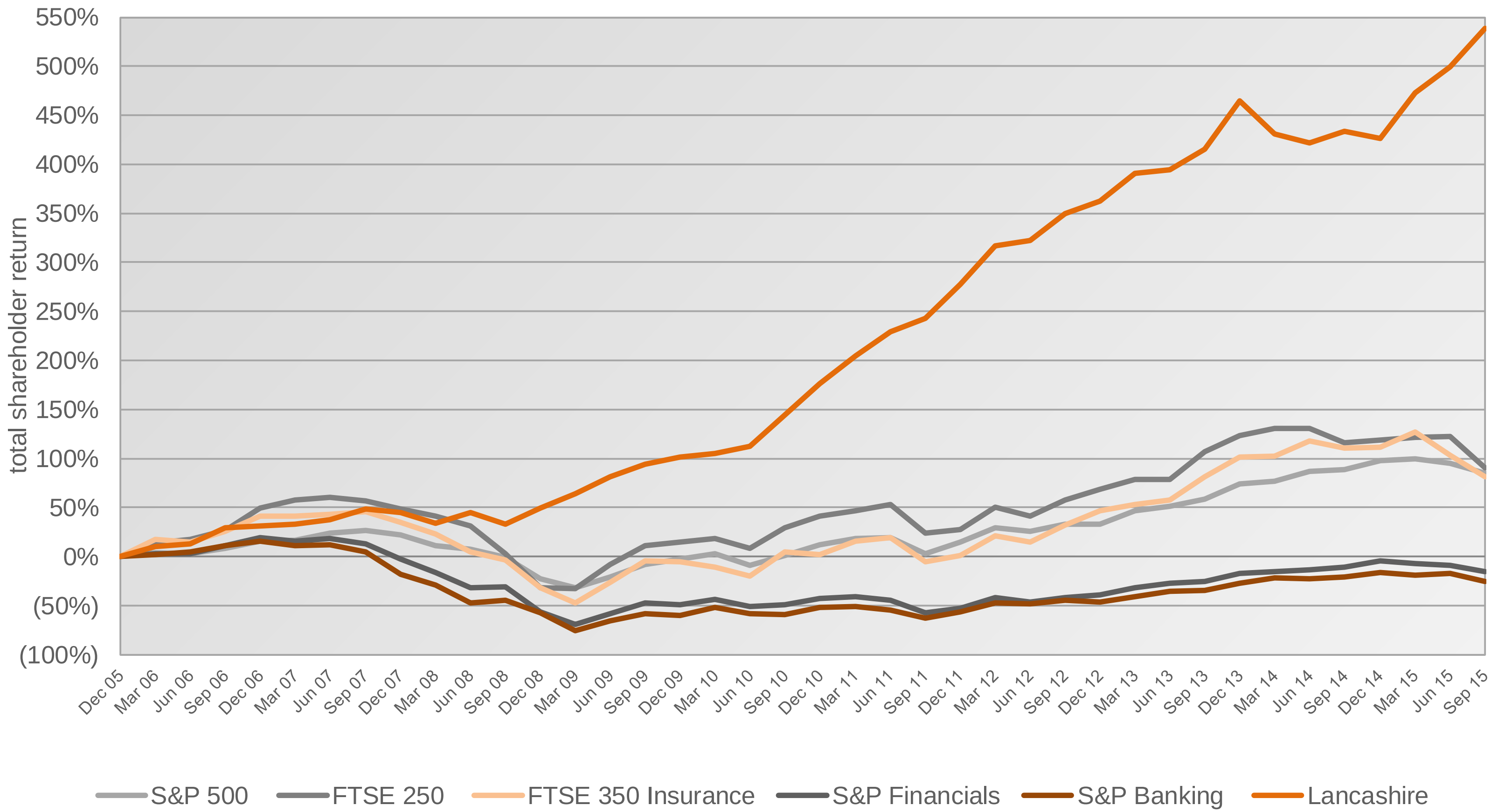
our goal: to provide an attractive risk-adjusted total return to shareholders over the long-term

Lancashire total shareholder return vs. major index returns



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