

Underwriting comes **first**

Effectively **balance** risk and return

Operate **nimbly** through the cycle

NOTE REGARDING FORWARD-LOOKING STATEMENTS:

CERTAIN STATEMENTS AND INDICATIVE PROJECTIONS (WHICH MAY INCLUDE MODELED LOSS SCENARIOS) MADE IN THIS RELEASE OR OTHERWISE THAT ARE NOT BASED ON CURRENT OR HISTORICAL FACTS ARE FORWARD-LOOKING IN NATURE INCLUDING, WITHOUT LIMITATION, STATEMENTS CONTAINING THE WORDS “BELIEVES”, “ANTICIPATES”, “PLANS”, “PROJECTS”, “FORECASTS”, “GUIDANCE”, “INTENDS”, “EXPECTS”, “ESTIMATES”, “PREDICTS”, “MAY”, “CAN”, “LIKELY”, “WILL”, “SEEKS”, “SHOULD”, OR, IN EACH CASE, THEIR NEGATIVE OR COMPARABLE TERMINOLOGY. ALL SUCH STATEMENTS OTHER THAN STATEMENTS OF HISTORICAL FACTS INCLUDING, WITHOUT LIMITATION, THE GROUP’S FINANCIAL POSITION, LIQUIDITY, RESULTS OF OPERATIONS, PROSPECTS, GROWTH, CAPITAL MANAGEMENT PLANS AND EFFICIENCIES, ABILITY TO CREATE VALUE, DIVIDEND POLICY, OPERATIONAL FLEXIBILITY, COMPOSITION OF MANAGEMENT, BUSINESS STRATEGY, PLANS AND OBJECTIVES OF MANAGEMENT FOR FUTURE OPERATIONS (INCLUDING DEVELOPMENT PLANS AND OBJECTIVES RELATING TO THE GROUP’S INSURANCE BUSINESS) ARE FORWARD LOOKING STATEMENTS. SUCH FORWARD-LOOKING STATEMENTS INVOLVE KNOWN AND UNKNOWN RISKS, UNCERTAINTIES AND OTHER IMPORTANT FACTORS THAT COULD CAUSE THE ACTUAL RESULTS, PERFORMANCE OR ACHIEVEMENTS OF THE GROUP TO BE MATERIALLY DIFFERENT FROM FUTURE RESULTS, PERFORMANCE OR ACHIEVEMENTS EXPRESSED OR IMPLIED BY SUCH FORWARD-LOOKING STATEMENTS.

THESE FACTORS INCLUDE, BUT ARE NOT LIMITED TO: THE GROUP’S ABILITY TO INTEGRATE ITS BUSINESSES AND PERSONNEL; THE SUCCESSFUL RETENTION AND MOTIVATION OF THE GROUP’S KEY MANAGEMENT; THE INCREASED REGULATORY BURDEN FACING THE GROUP, THE NUMBER AND TYPE OF INSURANCE AND REINSURANCE CONTRACTS THAT THE GROUP WRITES OR MAY WRITE; THE GROUP’S ABILITY TO IMPLEMENT SUCCESSFULLY ITS BUSINESS STRATEGY DURING ‘SOFT’ AS WELL AS ‘HARD’ MARKETS; THE PREMIUM RATES WHICH MAY BE AVAILABLE AT THE TIME OF SUCH RENEWALS WITHIN THE GROUP’S TARGETED BUSINESS LINES; THE POSSIBLE LOW FREQUENCY OF LARGE EVENTS; POTENTIALLY UNUSUAL LOSS FREQUENCY; THE IMPACT THAT THE GROUP’S FUTURE OPERATING RESULTS, CAPITAL POSITION AND RATING AGENCY AND OTHER CONSIDERATIONS MAY HAVE ON THE EXECUTION OF ANY CAPITAL MANAGEMENT INITIATIVES OR DIVIDENDS; THE POSSIBILITY OF GREATER FREQUENCY OR SEVERITY OF CLAIMS AND LOSS ACTIVITY THAN THE GROUP’S UNDERWRITING, RESERVING OR INVESTMENT PRACTICES HAVE ANTICIPATED; THE RELIABILITY OF, AND CHANGES IN ASSUMPTIONS TO, CATASTROPHE PRICING, ACCUMULATION AND ESTIMATED LOSS MODELS; INCREASED COMPETITION FROM EXISTING ALTERNATIVE CAPITAL PROVIDERS, INSURANCE LINKED FUNDS AND COLLATERALISED SPECIAL PURPOSE INSURERS AND THE RELATED DEMAND AND SUPPLY DYNAMICS AS CONTRACTS COME UP FOR RENEWAL; THE EFFECTIVENESS OF THE GROUP’S 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; A CYCLICAL DOWNTURN OF THE INDUSTRY; THE IMPACT OF A DETERIORATING CREDIT ENVIRONMENT FOR ISSUERS OF FIXED INCOME INVESTMENTS; THE IMPACT OF SWINGS IN MARKET INTEREST RATES AND SECURITIES PRICES; CHANGES BY CENTRAL BANKS REGARDING THE LEVEL OF INTEREST RATES; THE IMPACT OF INFLATION OR DEFLATION IN RELEVANT ECONOMIES IN WHICH WE OPERATE; THE EFFECT, TIMING AND OTHER UNCERTAINTIES SURROUNDING FUTURE BUSINESS COMBINATIONS WITHIN THE INSURANCE AND REINSURANCE INDUSTRIES; THE IMPACT OF TERRORIST ACTIVITY IN THE COUNTRIES IN WHICH WE WRITE RISKS; A RATING DOWNGRADE OF, OR A MARKET DECLINE IN, SECURITIES IN ITS INVESTMENT PORTFOLIO; CHANGES IN GOVERNMENTAL REGULATIONS OR TAX LAWS IN JURISDICTIONS WHERE THE GROUP CONDUCTS BUSINESS; ANY OF THE GROUP’S BERMUDIAN SUBSIDIARIES BECOMING SUBJECT TO INCOME TAXES IN THE UNITED STATES OR THE UNITED KINGDOM; THE INAPPLICABILITY TO THE GROUP OF SUITABLE EXCLUSIONS FROM THE UK CFC REGIME; AND ANY CHANGE IN UK GOVERNMENT POLICY WHICH IMPACTS THE CFC REGIME OR OTHER TAX CHANGES.

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 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.

ACCIDENT YEAR LOSS RATIO - THE ACCIDENT YEAR LOSS RATIO IS CALCULATED USING THE ULTIMATE LIABILITY REVALUED AT THE CURRENT BALANCE SHEET DATE, DIVIDED BY 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 NET 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 WARRANTS AND DILUTIVE RESTRICTED STOCK UNITS AS CALCULATED UNDER THE TREASURY METHOD; DIVIDED BY: THE SUM OF ALL SHARES, DILUTIVE WARRANTS AND DILUTIVE RESTRICTED STOCK UNITS, ASSUMING ALL ARE EXERCISED. TANGIBLE FULLY CONVERTED BOOK VALUE PER SHARE ATTRIBUTABLE TO LANCASHIRE EXCLUDES INTANGIBLE ASSETS FROM CAPITAL.

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

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

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

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

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

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

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

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

Lancashire Holdings Limited
consolidated financial highlights



	q4 2015	q4 2014	% change q4-15 vs. q4-14	full year 2015	full year 2014	% change ytd-15 vs. ytd-14
highlights						
gross premiums written	\$ 97.1	\$ 120.4	(19%)	\$ 641.1	\$ 907.6	(29%)
net premiums written	87.3	110.3	(21%)	481.7	742.8	(35%)
net premiums earned	130.8	174.7	(25%)	567.1	715.6	(21%)
net insurance losses	24.0	21.3	13%	155.7	226.5	(31%)
net investment income	7.4	7.2	3%	29.8	28.6	4%
net realised gains (losses) and impairments	(0.8)	(1.6)	50%	(2.8)	(5.9)	53%
profit after tax attributable to Lancashire	54.4	86.8	(37%)	181.1	229.3	(21%)
change in net unrealised gains / losses on investments	(9.4)	(3.3)	(185%)	(11.3)	(2.1)	(438%)
comprehensive income attributable to Lancashire	45.0	83.5	(46%)	169.8	227.2	(25%)
net operating income attributable to Lancashire ⁽¹⁾	\$ 45.8	\$ 89.4	(49%)	\$ 173.4	\$ 231.9	(25%)
total investments and cash	\$ 2,065.1	\$ 2,290.4	(10%)			
shareholders' equity attributable to Lancashire	\$ 1,220.3	\$ 1,356.8	(10%)			
per share data attributable to Lancashire						
net operating income per share - diluted ⁽²⁾	\$ 0.23	\$ 0.45		\$ 0.87	\$ 1.17	
profit after tax per share - diluted ⁽²⁾	\$ 0.27	\$ 0.44		\$ 0.91	\$ 1.16	
fully converted book value per share	\$ 6.07	\$ 6.96		\$ 6.07	\$ 6.96	
change in FCBVS adj for dividends ⁽³⁾	3.5%	5.4%		10.9%	13.9%	
change in FCBVS adj for dividends - tangible ⁽⁴⁾	4.0%	5.9%		11.8%	17.1%	
change in FCBVS adj for dividends - excluding warrant exercises ⁽⁵⁾	3.5%	5.5%		13.5%	14.7%	
fully diluted book value per share	\$ 6.07	\$ 6.87		\$ 6.07	\$ 6.87	
change in FDBVS adj for dividends ⁽⁶⁾	3.7%	5.9%		12.5%	17.7%	
change in FDBVS adj for dividends - tangible ⁽⁷⁾	4.0%	6.3%		14.4%	21.7%	
financial ratios						
net loss ratio	18.3%	12.2%		27.5%	31.7%	
net acquisition cost ratio	25.3%	22.7%		25.8%	21.4%	
administrative expense ratio	23.5%	15.5%		18.8%	15.6%	
combined ratio	<u>67.1%</u>	<u>50.4%</u>		<u>72.1%</u>	<u>68.7%</u>	
accident year net loss ratio	30.6%	25.2%		46.0%	35.9%	
net return on total investments including internal FX hedges	(0.2%)	0.2%		0.7%	1.0%	
net return on total investments excluding internal FX hedges	(0.2%)	0.1%		0.2%	0.7%	

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

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

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

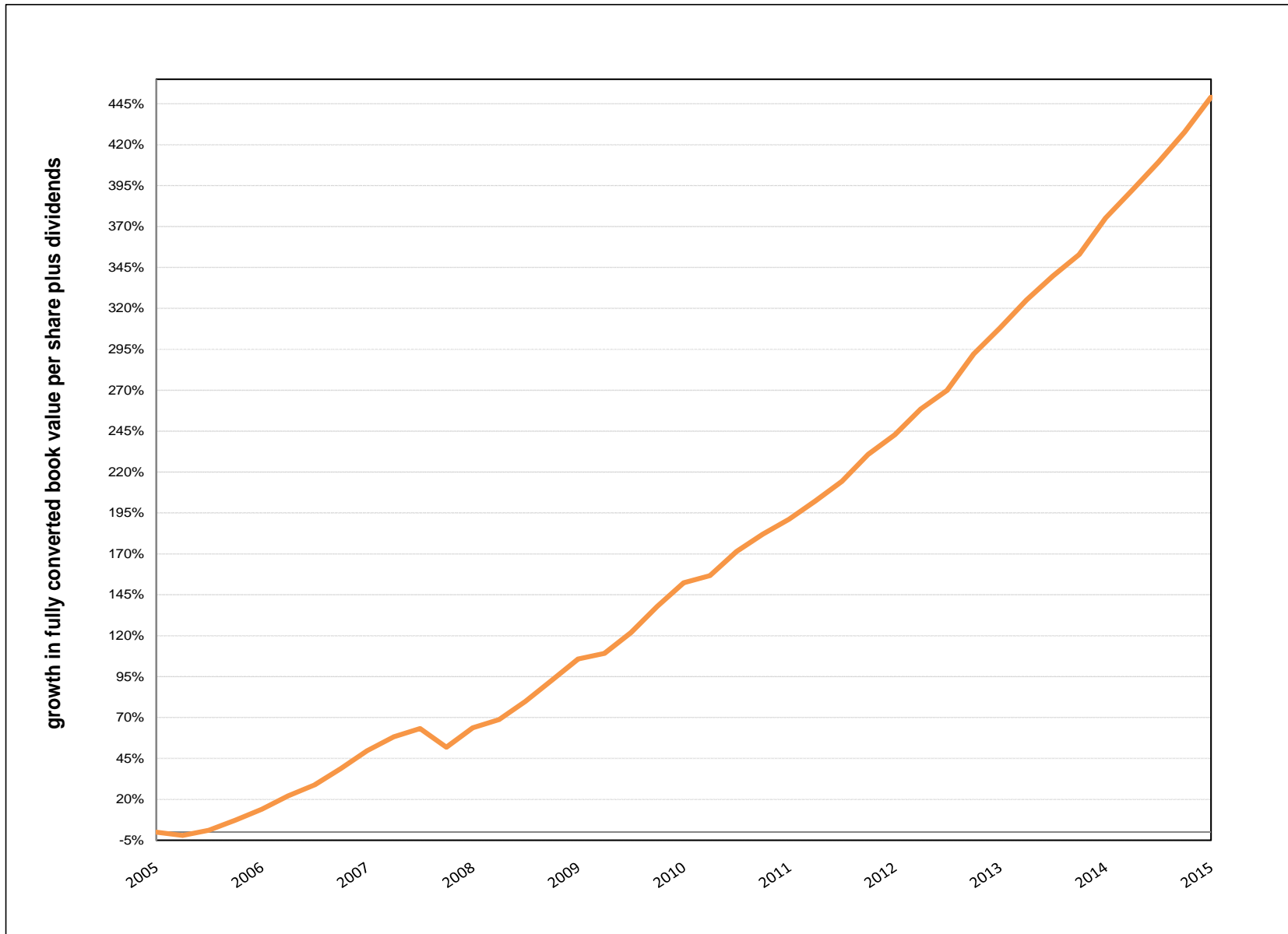
⁽⁴⁾ change in tangible fully converted book value per share adjusted for dividends ("FCBVS") excludes intangible assets from capital

⁽⁵⁾ change in tangible fully converted book value per share adjusted for dividends ("FCBVS") excludes the impact of warrants exercised

⁽⁶⁾ 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

⁽⁷⁾ change in tangible fully diluted book value per share adjusted for dividends ("FDBVS") excludes intangible assets from capital

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



*growth in fully converted book value per share plus dividends since inception to Q4 2015

Lancashire Holdings Limited
summary consolidated income statements

	q4 2015	q3 2015	q2 2015	q1 2015	q4 2014	full year 2015	full year 2014
gross premiums written	\$ 97.1	\$ 120.4	\$ 179.3	\$ 244.3	\$ 120.4	\$ 641.1	\$ 907.6
outwards reinsurance premiums	(9.8)	(10.3)	(24.2)	(115.1)	(10.1)	(159.4)	(164.8)
net premiums written	87.3	110.1	155.1	129.2	110.3	481.7	742.8
change in unearned premiums	72.3	58.7	0.1	(51.2)	96.5	79.9	(37.0)
change in unearned premiums on premiums ceded	(28.8)	(30.1)	(11.8)	76.2	(32.1)	5.5	9.8
net premiums earned	130.8	138.7	143.4	154.2	174.7	567.1	715.6
net investment income	7.4	7.8	7.0	7.6	7.2	29.8	28.6
net other investment income (losses)	(0.2)	(5.3)	(0.8)	5.0	1.4	(1.3)	1.4
net realised gains (losses) and impairments	(0.8)	(2.4)	0.6	(0.2)	(1.6)	(2.8)	(5.9)
share of profit (loss) of associates	(0.2)	2.7	0.9	0.7	1.6	4.1	5.9
other income	5.0	5.1	3.6	6.2	8.1	19.9	19.3
net foreign exchange gains (losses)	2.6	(2.0)	(2.1)	(0.9)	3.3	(2.4)	(0.1)
total net revenue	144.6	144.6	152.6	172.6	194.7	614.4	764.8
insurance losses	24.1	38.2	56.3	58.9	19.7	177.5	237.9
insurance losses recoverable	(0.1)	(1.6)	(6.3)	(13.8)	1.6	(21.8)	(11.4)
net insurance acquisition expenses	33.1	35.7	38.2	39.2	39.7	146.2	153.4
equity based compensation	3.6	7.4	0.4	4.4	8.9	15.8	23.3
other operating expenses	30.7	25.1	24.0	26.8	27.0	106.6	111.3
total expenses	91.4	104.8	112.6	115.5	96.9	424.3	514.5
profit before tax and finance costs	53.2	39.8	40.0	57.1	97.8	190.1	250.3
financing costs	(3.0)	(6.9)	(2.9)	(5.6)	(6.3)	(18.4)	(23.8)
profit before tax	50.2	32.9	37.1	51.5	91.5	171.7	226.5
tax credit (expense)	4.3	1.4	1.8	2.5	(4.5)	10.0	3.1
profit after tax	\$ 54.5	\$ 34.3	\$ 38.9	\$ 54.0	\$ 87.0	\$ 181.7	\$ 229.6
income attributable to non-controlling interests	(0.1)	(0.2)	-	(0.3)	(0.2)	(0.6)	(0.3)
profit after tax attributable to Lancashire	\$ 54.4	\$ 34.1	\$ 38.9	\$ 53.7	\$ 86.8	\$ 181.1	\$ 229.3
change in net unrealised gains / losses on investments	(9.4)	(3.8)	(7.1)	9.0	(3.3)	(11.3)	(2.1)
comprehensive income attributable to Lancashire	\$ 45.0	\$ 30.3	\$ 31.8	\$ 62.7	\$ 83.5	\$ 169.8	\$ 227.2
net loss ratio	18.3%	26.4%	34.9%	29.2%	12.2%	27.5%	31.7%
net acquisition cost ratio	25.3%	25.7%	26.6%	25.4%	22.7%	25.8%	21.4%
administrative expense ratio	23.5%	18.1%	16.7%	17.4%	15.5%	18.8%	15.6%
combined ratio	67.1%	70.2%	78.2%	72.0%	50.4%	72.1%	68.7%
net return on total investments including internal FX hedges	(0.2%)	(0.2%)	-	1.0%	0.2%	0.7%	1.0%
net return on total investments excluding internal FX hedges	(0.2%)	(0.3%)	0.1%	0.7%	0.1%	0.2%	0.7%
basic earnings per share attributable to Lancashire	\$ 0.27	\$ 0.17	\$ 0.20	\$ 0.28	\$ 0.46	\$ 0.93	\$ 1.24
diluted earnings per share attributable to Lancashire	\$ 0.27	\$ 0.17	\$ 0.19	\$ 0.28	\$ 0.44	\$ 0.91	\$ 1.16

Lancashire Holdings Limited
premiums by line of business



	q4 2015	q3 2015	q2 2015	q1 2015	q4 2014	full year 2015	full year 2014
gross premiums written							
property cat excess of loss	\$ 1.6	\$ 18.0	\$ 24.8	\$ 46.2	\$ 1.3	\$ 90.6	\$ 124.2
terrorism	8.0	6.6	14.0	15.2	4.4	43.8	55.2
property political risk	15.7	12.4	1.8	3.4	14.6	33.3	44.4
property retrocession	0.2	1.1	4.4	7.9	(0.4)	13.6	18.1
property direct and facultative	0.1	-	0.1	-	1.0	0.2	1.0
other property	2.2	2.7	6.7	4.1	3.8	15.7	20.1
total property	27.8	40.8	51.8	76.8	24.7	197.2	263.0
worldwide offshore energy	15.1	17.0	33.6	27.1	29.6	92.8	149.9
gulf of mexico offshore energy	-	0.1	3.4	2.6	0.3	6.1	69.9
onshore energy	0.9	0.9	1.6	0.3	0.1	3.7	1.7
energy liabilities	0.2	-	1.6	1.5	1.5	3.3	8.5
construction energy	(1.2)	0.5	-	3.5	(0.8)	2.8	6.5
other energy	-	0.4	1.3	1.6	0.1	3.3	2.9
total energy	15.0	18.9	41.5	36.6	30.8	112.0	239.4
marine hull and total loss	5.2	1.7	6.4	6.6	3.2	19.9	29.6
marine P&I clubs	1.4	0.3	1.3	10.0	1.5	13.0	12.8
marine builders risk	1.4	1.3	1.7	2.1	1.0	6.5	12.2
marine hull war	0.9	1.6	1.3	2.2	2.0	6.0	10.3
other marine	0.3	(0.2)	0.7	1.4	0.5	2.2	2.8
total marine	9.2	4.7	11.4	22.3	8.2	47.6	67.7
AV 52	7.0	5.5	5.9	5.1	7.2	23.5	25.9
aviation satellite	2.8	3.5	0.4	5.5	5.4	12.2	24.8
other aviation	(0.2)	0.3	0.4	0.4	0.3	0.9	2.5
total aviation	9.6	9.3	6.7	11.0	12.9	36.6	53.2
property reinsurance	5.1	14.4	21.5	51.9	2.3	92.9	104.3
property direct and facultative	13.4	16.0	20.9	15.9	14.0	66.2	80.7
marine cargo	5.3	7.4	6.9	10.0	8.4	29.6	37.5
aviation and satellite	7.2	3.8	5.1	12.4	7.3	28.5	27.6
energy	2.3	2.9	10.5	4.4	9.2	20.1	25.9
terrorism	1.6	1.5	1.8	1.1	1.7	6.0	3.5
contingency	0.6	0.7	1.2	1.9	0.9	4.4	4.8
total lloyd's	35.5	46.7	67.9	97.6	43.8	247.7	284.3
total gross premiums written	\$ 97.1	\$ 120.4	\$ 179.3	\$ 244.3	\$ 120.4	\$ 641.1	\$ 907.6

Lancashire Holdings Limited
total premiums under management



	q4 2015	q3 2015	q2 2015	q1 2015	q4 2014	full year 2015	full year 2014
Lancashire gross premiums written							
property	27.8	40.8	51.8	76.8	24.7	197.2	263.0
energy	15.0	18.9	41.5	36.6	30.8	112.0	239.4
marine	9.2	4.7	11.4	22.3	8.2	47.6	67.7
aviation	9.6	9.3	6.7	11.0	12.9	36.6	53.2
	<u>61.6</u>	<u>73.7</u>	<u>111.4</u>	<u>146.7</u>	<u>76.6</u>	<u>393.4</u>	<u>623.3</u>
lloyd's	35.5	46.7	67.9	97.6	43.8	247.7	284.3
total gross premiums written	<u>\$ 97.1</u>	<u>\$ 120.4</u>	<u>\$ 179.3</u>	<u>\$ 244.3</u>	<u>\$ 120.4</u>	<u>\$ 641.1</u>	<u>\$ 907.6</u>
additional premiums managed by Lancashire							
lloyd's 2010 syndicate	14.8	23.8	32.7	57.0	13.2	128.3	153.4
kinesis re	-	7.4	-	62.2	-	69.6	84.9
total premiums managed by Lancashire	<u>\$ 111.9</u>	<u>\$ 151.6</u>	<u>\$ 212.0</u>	<u>\$ 363.5</u>	<u>\$ 133.6</u>	<u>\$ 839.0</u>	<u>\$ 1,145.9</u>

Lancashire Holdings Limited
summary consolidated underwriting segment results

	twelve months ending 31 december 2015					
	property	energy	marine	aviation	lloyd's	consolidated
gross premiums written	\$ 197.2	\$ 112.0	\$ 47.6	\$ 36.6	\$ 247.7	\$ 641.1
net premiums written	145.8	81.4	35.7	22.4	196.4	481.7
net premiums earned	171.3	126.5	37.7	33.4	198.2	567.1
net insurance losses	18.2	46.8	5.2	19.3	66.2	155.7
net insurance acquisition expenses	31.6	47.3	12.9	8.8	45.6	146.2
other operating expenses ⁽¹⁾						106.6
	<u>\$ 121.5</u>	<u>\$ 32.4</u>	<u>\$ 19.6</u>	<u>\$ 5.3</u>	<u>\$ 86.4</u>	<u>\$ 158.6</u>
net loss ratio	10.6%	37.0%	13.8%	57.8%	33.4%	27.5%
net acquisition cost ratio	18.4%	37.4%	34.2%	26.3%	23.0%	25.8%
administrative expense ratio ⁽¹⁾						18.8%
combined ratio	<u>29.0%</u>	<u>74.4%</u>	<u>48.0%</u>	<u>84.1%</u>	<u>56.4%</u>	<u>72.1%</u>
	twelve months ending 31 december 2014					
	property	energy	marine	aviation	lloyd's	consolidated
gross premiums written	\$ 263.0	\$ 239.4	\$ 67.7	\$ 53.2	\$ 284.3	\$ 907.6
net premiums written	228.7	191.6	58.0	45.1	219.4	742.8
net premiums earned	221.5	169.7	57.7	52.6	214.1	715.6
net insurance losses	21.6	41.9	27.6	32.9	102.5	226.5
net insurance acquisition expenses	26.2	52.4	17.7	9.6	47.5	153.4
other operating expenses ⁽¹⁾						111.3
	<u>\$ 173.7</u>	<u>\$ 75.4</u>	<u>\$ 12.4</u>	<u>\$ 10.1</u>	<u>\$ 64.1</u>	<u>\$ 224.4</u>
net loss ratio	9.8%	24.7%	47.8%	62.5%	47.9%	31.7%
net acquisition cost ratio	11.8%	30.9%	30.7%	18.3%	22.2%	21.4%
administrative expense ratio ⁽¹⁾						15.6%
combined ratio	<u>21.6%</u>	<u>55.6%</u>	<u>78.5%</u>	<u>80.8%</u>	<u>70.1%</u>	<u>68.7%</u>

⁽¹⁾ administrative expenses are not allocated by segment

Lancashire Holdings Limited
property segment - underwriting statement

	<u>q4</u> <u>2015</u>	<u>q3</u> <u>2015</u>	<u>q2</u> <u>2015</u>	<u>q1</u> <u>2015</u>	<u>q4</u> <u>2014</u>	<u>full year</u> <u>2015</u>	<u>full year</u> <u>2014</u>
underwriting income							
gross premiums written	\$ 27.8	\$ 40.8	\$ 51.8	\$ 76.8	\$ 24.7	\$ 197.2	\$ 263.0
outwards reinsurance premiums	(2.8)	(1.3)	(10.6)	(36.7)	0.2	(51.4)	(34.3)
net premiums written	25.0	39.5	41.2	40.1	24.9	145.8	228.7
change in unearned premiums	25.7	11.8	2.4	(20.3)	35.0	19.6	(9.9)
change in unearned premiums on premiums ceded	(9.8)	(9.7)	1.6	23.8	(8.6)	5.9	2.7
net premiums earned	\$ 40.9	\$ 41.6	\$ 45.2	\$ 43.6	\$ 51.3	\$ 171.3	\$ 221.5
underwriting expenses							
net insurance losses (recoveries)	9.8	20.3	(6.8)	(5.1)	6.0	18.2	21.6
net insurance acquisition expenses	7.1	7.7	7.7	9.1	6.2	31.6	26.2
total underwriting expenses	16.9	28.0	0.9	4.0	12.2	49.8	47.8
net underwriting income	\$ 24.0	\$ 13.6	\$ 44.3	\$ 39.6	\$ 39.1	\$ 121.5	\$ 173.7
net loss ratio (% of net premiums earned)	24.0%	48.8%	(15.0%)	(11.7%)	11.7%	10.6%	9.8%
net acquisition cost ratio (% of net premiums earned)	17.4%	18.5%	17.0%	20.9%	12.1%	18.4%	11.8%
	<u>41.4%</u>	<u>67.3%</u>	<u>2.0%</u>	<u>9.2%</u>	<u>23.8%</u>	<u>29.0%</u>	<u>21.6%</u>

Lancashire Holdings Limited
energy segment - underwriting statement

	<u>q4</u> <u>2015</u>	<u>q3</u> <u>2015</u>	<u>q2</u> <u>2015</u>	<u>q1</u> <u>2015</u>	<u>q4</u> <u>2014</u>	<u>full year</u> <u>2015</u>	<u>full year</u> <u>2014</u>
underwriting income (loss)							
gross premiums written	\$ 15.0	\$ 18.9	\$ 41.5	\$ 36.6	\$ 30.8	\$ 112.0	\$ 239.4
outwards reinsurance premiums	2.1	(1.4)	(5.0)	(26.3)	(4.5)	(30.6)	(47.8)
net premiums written	<u>17.1</u>	<u>17.5</u>	<u>36.5</u>	<u>10.3</u>	<u>26.3</u>	<u>81.4</u>	<u>191.6</u>
change in unearned premiums	16.3	20.0	0.9	11.4	23.8	48.6	(22.5)
change in unearned premiums on premiums ceded	(8.7)	(8.1)	(5.8)	19.1	(8.3)	(3.5)	0.6
net premiums earned	<u>\$ 24.7</u>	<u>\$ 29.4</u>	<u>\$ 31.6</u>	<u>\$ 40.8</u>	<u>\$ 41.8</u>	<u>\$ 126.5</u>	<u>\$ 169.7</u>
underwriting expenses							
net insurance (recoveries) losses	(6.5)	3.6	23.9	25.8	(2.7)	46.8	41.9
net insurance acquisition expenses	9.2	11.9	13.4	12.8	14.6	47.3	52.4
total underwriting expenses	<u>2.7</u>	<u>15.5</u>	<u>37.3</u>	<u>38.6</u>	<u>11.9</u>	<u>94.1</u>	<u>94.3</u>
net underwriting income (loss)	<u>\$ 22.0</u>	<u>\$ 13.9</u>	<u>\$ (5.7)</u>	<u>\$ 2.2</u>	<u>\$ 29.9</u>	<u>\$ 32.4</u>	<u>\$ 75.4</u>
net loss ratio (% of net premiums earned)	(26.3%)	12.2%	75.6%	63.2%	(6.5%)	37.0%	24.7%
net acquisition cost ratio (% of net premiums earned)	37.2%	40.5%	42.4%	31.4%	34.9%	37.4%	30.9%
	<u>10.9%</u>	<u>52.7%</u>	<u>118.0%</u>	<u>94.6%</u>	<u>28.4%</u>	<u>74.4%</u>	<u>55.6%</u>

Lancashire Holdings Limited
marine segment - underwriting statement

	<u>q4 2015</u>	<u>q3 2015</u>	<u>q2 2015</u>	<u>q1 2015</u>	<u>q4 2014</u>	<u>full year 2015</u>	<u>full year 2014</u>
underwriting income							
gross premiums written	\$ 9.2	\$ 4.7	\$ 11.4	\$ 22.3	\$ 8.2	\$ 47.6	\$ 67.7
outwards reinsurance premiums	(0.6)	(0.3)	2.9	(13.9)	(0.3)	(11.9)	(9.7)
net premiums written	<u>8.6</u>	<u>4.4</u>	<u>14.3</u>	<u>8.4</u>	<u>7.9</u>	<u>35.7</u>	<u>58.0</u>
change in unearned premiums	1.6	6.7	0.5	(6.9)	8.6	1.9	(0.3)
change in unearned premiums on premiums ceded	(2.4)	(2.3)	(4.4)	9.2	(2.3)	0.1	-
net premiums earned	<u>\$ 7.8</u>	<u>\$ 8.8</u>	<u>\$ 10.4</u>	<u>\$ 10.7</u>	<u>\$ 14.2</u>	<u>\$ 37.7</u>	<u>\$ 57.7</u>
underwriting expenses							
net insurance losses (recoveries)	2.5	(0.4)	(0.5)	3.6	1.0	5.2	27.6
net insurance acquisition expenses	2.4	3.0	3.0	4.5	3.6	12.9	17.7
total underwriting expenses	<u>4.9</u>	<u>2.6</u>	<u>2.5</u>	<u>8.1</u>	<u>4.6</u>	<u>18.1</u>	<u>45.3</u>
net underwriting income	<u>\$ 2.9</u>	<u>\$ 6.2</u>	<u>\$ 7.9</u>	<u>\$ 2.6</u>	<u>\$ 9.6</u>	<u>\$ 19.6</u>	<u>\$ 12.4</u>
net loss ratio (% of net premiums earned)	32.1%	(4.5%)	(4.8%)	33.6%	7.0%	13.8%	47.8%
net acquisition cost ratio (% of net premiums earned)	30.8%	34.1%	28.8%	42.1%	25.4%	34.2%	30.7%
	<u>62.9%</u>	<u>29.6%</u>	<u>24.0%</u>	<u>75.7%</u>	<u>32.4%</u>	<u>48.0%</u>	<u>78.5%</u>

Lancashire Holdings Limited
aviation segment - underwriting statement

	<u>q4</u> <u>2015</u>	<u>q3</u> <u>2015</u>	<u>q2</u> <u>2015</u>	<u>q1</u> <u>2015</u>	<u>q4</u> <u>2014</u>	<u>full year</u> <u>2015</u>	<u>full year</u> <u>2014</u>
underwriting income (loss)							
gross premiums written	\$ 9.6	\$ 9.3	\$ 6.7	\$ 11.0	\$ 12.9	\$ 36.6	\$ 53.2
outwards reinsurance premiums	(5.2)	(1.8)	(4.3)	(2.9)	(1.7)	(14.2)	(8.1)
net premiums written	<u>4.4</u>	<u>7.5</u>	<u>2.4</u>	<u>8.1</u>	<u>11.2</u>	<u>22.4</u>	<u>45.1</u>
change in unearned premiums	1.4	1.6	4.3	(0.9)	2.0	6.4	4.7
change in unearned premiums on premiums ceded	2.6	(1.2)	2.3	0.9	(0.1)	4.6	2.8
net premiums earned	<u>\$ 8.4</u>	<u>\$ 7.9</u>	<u>\$ 9.0</u>	<u>\$ 8.1</u>	<u>\$ 13.1</u>	<u>\$ 33.4</u>	<u>\$ 52.6</u>
underwriting expenses							
net insurance losses (recoveries)	5.1	(1.1)	13.0	2.3	0.7	19.3	32.9
net insurance acquisition expenses	2.4	1.9	2.5	2.0	2.9	8.8	9.6
total underwriting expenses	<u>7.5</u>	<u>0.8</u>	<u>15.5</u>	<u>4.3</u>	<u>3.6</u>	<u>28.1</u>	<u>42.5</u>
net underwriting income (loss)	<u>\$ 0.9</u>	<u>\$ 7.1</u>	<u>\$ (6.5)</u>	<u>\$ 3.8</u>	<u>\$ 9.5</u>	<u>\$ 5.3</u>	<u>\$ 10.1</u>
net loss ratio (% of net premiums earned)	60.7%	(13.9%)	144.4%	28.4%	5.3%	57.8%	62.5%
net acquisition cost ratio (% of net premiums earned)	28.6%	24.1%	27.8%	24.7%	22.1%	26.3%	18.3%
	<u>89.3%</u>	<u>10.2%</u>	<u>172.2%</u>	<u>53.1%</u>	<u>27.4%</u>	<u>84.1%</u>	<u>80.8%</u>

Lancashire Holdings Limited
lloyd's segment - underwriting statement

	<u>q4</u> <u>2015</u>	<u>q3</u> <u>2015</u>	<u>q2</u> <u>2015</u>	<u>q1</u> <u>2015</u>	<u>q4</u> <u>2014</u>	<u>full year</u> <u>2015</u>	<u>full year</u> <u>2014</u>
underwriting income							
gross premiums written	\$ 35.5	\$ 46.7	\$ 67.9	\$ 97.6	\$ 43.8	\$ 247.7	\$ 284.3
outwards reinsurance premiums	(3.3)	(5.5)	(7.2)	(35.3)	(3.8)	(51.3)	(64.9)
net premiums written	<u>32.2</u>	<u>41.2</u>	<u>60.7</u>	<u>62.3</u>	<u>40.0</u>	<u>196.4</u>	<u>219.4</u>
change in unearned premiums	27.3	18.6	(8.0)	(34.5)	27.1	3.4	(9.0)
change in unearned premiums on premiums ceded	(10.5)	(8.8)	(5.5)	23.2	(12.8)	(1.6)	3.7
net premiums earned	<u>\$ 49.0</u>	<u>\$ 51.0</u>	<u>\$ 47.2</u>	<u>\$ 51.0</u>	<u>\$ 54.3</u>	<u>\$ 198.2</u>	<u>\$ 214.1</u>
underwriting expenses							
net insurance losses	13.1	14.2	20.4	18.5	16.3	66.2	102.5
net insurance acquisition expenses	12.0	11.2	11.6	10.8	12.4	45.6	47.5
total underwriting expenses	<u>25.1</u>	<u>25.4</u>	<u>32.0</u>	<u>29.3</u>	<u>28.7</u>	<u>111.8</u>	<u>150.0</u>
net underwriting income	<u>\$ 23.9</u>	<u>\$ 25.6</u>	<u>\$ 15.2</u>	<u>\$ 21.7</u>	<u>\$ 25.6</u>	<u>\$ 86.4</u>	<u>\$ 64.1</u>
net loss ratio (% of net premiums earned)	26.7%	27.8%	43.2%	36.3%	30.0%	33.4%	47.9%
net acquisition cost ratio (% of net premiums earned)	24.5%	22.0%	24.6%	21.2%	22.8%	23.0%	22.2%
	<u>51.2%</u>	<u>49.8%</u>	<u>67.8%</u>	<u>57.5%</u>	<u>52.8%</u>	<u>56.4%</u>	<u>70.1%</u>

Lancashire Holdings Limited
total contribution from third party capital activities

	<u>q4</u> <u>2015</u>	<u>q3</u> <u>2015</u>	<u>q2</u> <u>2015</u>	<u>q1</u> <u>2015</u>	<u>q4</u> <u>2014</u>	<u>full year</u> <u>2015</u>	<u>full year</u> <u>2014</u>
kinesis underwriting fees	\$ 1.5	\$ 2.6	\$ 0.8	\$ 0.7	\$ 1.9	\$ 5.6	\$ 6.2
kinesis profit commission	0.1	1.9	0.2	5.1	-	7.3	-
total kinesis	1.6	4.5	1.0	5.8	1.9	12.9	6.2
lloyd's managing agency fees	0.4	0.4	0.3	0.4	0.3	1.5	1.5
lloyd's consortium fees	0.1	0.2	-	-	-	0.3	-
lloyd's profit commission 2012 year of account	-	-	-	-	4.3	-	4.6
lloyd's profit commission 2013 year of account	1.2	-	1.5	-	1.6	2.7	4.0
lloyd's profit commission 2014 year of account	1.7	-	0.8	-	-	2.5	-
total lloyd's	3.4	0.6	2.6	0.4	6.2	7.0	10.1
other	-	-	-	-	-	-	3.0
total other	-	-	-	-	-	-	3.0
other income	\$ 5.0	\$ 5.1	\$ 3.6	\$ 6.2	\$ 8.1	\$ 19.9	\$ 19.3
share of profit (loss) of associates	\$ (0.2)	\$ 2.7	\$ 0.9	\$ 0.7	\$ 1.6	\$ 4.1	\$ 5.9
total contribution from third party capital activities	\$ 4.8	\$ 7.8	\$ 4.5	\$ 6.9	\$ 9.7	\$ 24.0	\$ 25.2

Lancashire Holdings Limited
summary consolidated cash flows

cash flows	<u>q4 2015</u>	<u>q3 2015</u>	<u>q2 2015</u>	<u>q1 2015</u>	<u>q4 2014</u>	<u>full year 2015</u>	<u>full year 2014</u>
net cash flows from operating activities	\$ 18.4	\$ 9.1	\$ 68.2	\$ 2.4	\$ 32.7	\$ 98.1	\$ 212.5
net cash flows from (used in) investing activities	213.0	(42.2)	(119.5)	182.8	182.6	234.1	66.5
net cash flows used in financing activities	(191.1)	(16.3)	(122.3)	(8.3)	(268.1)	(338.0)	(365.0)
net increase (decrease) in cash and cash equivalents	<u>40.3</u>	<u>(49.4)</u>	<u>(173.6)</u>	<u>176.9</u>	<u>(52.8)</u>	<u>(5.8)</u>	<u>(86.0)</u>
cash and cash equivalents, opening	251.1	303.0	475.5	303.5	364.5	303.5	403.0
effect of exchange rate fluctuations	0.4	(2.5)	1.1	(4.9)	(8.2)	(5.9)	(13.5)
cash and cash equivalents, closing	<u>\$ 291.8</u>	<u>\$ 251.1</u>	<u>\$ 303.0</u>	<u>\$ 475.5</u>	<u>\$ 303.5</u>	<u>\$ 291.8</u>	<u>\$ 303.5</u>

Lancashire Holdings Limited
summary consolidated balance sheets



	<u>31 december 2015</u>	<u>30 september 2015</u>	<u>30 june 2015</u>	<u>31 march 2015</u>	<u>31 december 2014</u>
assets					
cash and cash equivalents	\$ 291.8	\$ 251.1	\$ 303.0	\$ 475.5	\$ 303.5
accrued interest receivable	6.5	7.5	6.9	7.4	7.7
investments					
- fixed income securities - available for sale	1,576.9	1,766.9	1,717.8	1,641.7	1,787.1
- at fair value through profit or loss	24.8	55.1	56.7	31.7	31.2
- equity securities - available for sale	15.6	15.1	16.7	15.6	15.8
- hedge funds - at fair value through profit or loss	156.0	170.1	173.9	156.6	152.1
- other investments	-	0.2	(0.3)	0.5	0.7
reinsurance assets					
- unearned premiums on premiums ceded	30.2	59.0	89.1	100.9	24.7
- reinsurance recoveries	83.9	87.9	95.9	97.6	112.4
- other receivables	2.7	3.4	8.4	7.8	5.3
deferred acquisition costs	87.2	98.0	108.5	110.6	104.6
inwards premiums receivable from insureds and cedants	253.7	307.6	380.3	368.6	316.2
investment in associates	47.5	28.2	31.5	26.7	52.7
goodwill and other intangible assets	153.8	153.8	153.8	153.8	153.8
other assets	45.0	31.7	33.0	86.1	50.0
total assets	\$ 2,775.6	\$ 3,035.6	\$ 3,175.2	\$ 3,281.1	\$ 3,117.8
liabilities					
insurance contracts					
- losses and loss adjustment expenses	\$ 671.0	\$ 697.8	\$ 746.6	\$ 735.2	\$ 752.6
- unearned premiums	399.2	471.5	530.2	530.3	479.1
- other payables	36.2	42.4	46.5	38.2	40.8
amounts payable to reinsurers	26.6	39.0	74.1	81.5	34.2
deferred acquisition costs ceded	0.3	0.7	0.8	1.1	0.1
other payables	73.6	72.6	91.7	241.8	88.4
deferred tax liability	25.6	27.2	28.5	28.2	38.7
long-term debt	322.3	323.4	322.8	321.9	326.6
total liabilities	1,554.8	1,674.6	1,841.2	1,978.2	1,760.5
shareholders' equity					
share capital	100.7	100.2	100.2	100.2	96.1
own shares	(30.4)	(24.9)	(25.8)	(33.5)	(43.3)
other reserves	880.8	872.4	866.4	874.8	887.1
accumulated other comprehensive (loss) income	(10.5)	(1.1)	2.7	9.8	0.8
dividends	(317.5)	(128.9)	(119.0)	(119.0)	(321.0)
retained earnings	597.2	542.8	508.7	469.8	737.1
shareholders' equity attributable to Lancashire	\$ 1,220.3	\$ 1,360.5	\$ 1,333.2	\$ 1,302.1	\$ 1,356.8
non-controlling interests	0.5	0.5	0.8	0.8	0.5
total shareholders' equity	\$ 1,220.8	\$ 1,361.0	\$ 1,334.0	\$ 1,302.9	\$ 1,357.3
total liabilities and shareholders' equity	\$ 2,775.6	\$ 3,035.6	\$ 3,175.2	\$ 3,281.1	\$ 3,117.8
basic book value per share attributable to Lancashire	\$ 6.16	\$ 6.88	\$ 6.74	\$ 6.61	\$ 7.24
fully converted book value per share attributable to Lancashire	\$ 6.07	\$ 6.78	\$ 6.66	\$ 6.52	\$ 6.96
fully diluted book value per share attributable to Lancashire	\$ 6.07	\$ 6.77	\$ 6.66	\$ 6.51	\$ 6.87
debt to total capital ratio	20.9%	19.2%	19.5%	19.8%	19.4%
debt to total tangible capital ratio	23.2%	21.1%	21.5%	21.9%	21.4%

Lancashire Holdings Limited
composition of investment portfolio



	31 december 2015	%	30 september 2015	%	30 june 2015	%	31 march 2015	%	31 december 2014	%
type of investment										
short-term investments	\$ 20.6	1.1%	\$ 42.0	1.9%	\$ 55.3	2.6%	\$ 4.7	0.2%	\$ 30.4	1.4%
fixed income funds	11.4	0.6%	11.3	0.5%	13.7	0.6%	13.5	0.6%	15.4	0.7%
U.S. treasuries	393.3	20.0%	390.2	18.0%	334.5	15.5%	328.6	15.7%	363.0	16.3%
other government bonds	65.4	3.3%	70.6	3.2%	69.9	3.2%	64.0	3.1%	84.0	3.8%
U.S. municipal bonds	5.2	0.3%	24.3	1.1%	24.2	1.1%	25.3	1.2%	28.9	1.3%
U.S. government agency debt	3.9	0.2%	18.3	0.8%	15.7	0.7%	16.9	0.8%	17.5	0.8%
asset backed securities	113.9	5.8%	180.9	8.3%	180.2	8.3%	184.3	8.8%	184.1	8.3%
U.S. government agency mortgage backed securities	143.8	7.3%	165.1	7.6%	176.2	8.2%	150.1	7.2%	168.0	7.6%
non-agency mortgage backed securities	21.8	1.1%	23.5	1.1%	21.3	1.0%	23.9	1.1%	20.8	0.9%
agency commercial mortgage backed securities	-	-	1.6	0.1%	1.7	0.1%	1.9	0.1%	2.4	0.1%
non-agency commercial mortgage backed securities	28.8	1.5%	31.7	1.5%	35.5	1.6%	38.1	1.8%	39.6	1.8%
bank loans	115.0	5.9%	128.3	5.9%	130.4	6.0%	129.1	6.2%	127.9	5.8%
corporate bonds	653.8	33.2%	679.1	31.3%	659.2	30.5%	661.3	31.7%	705.1	31.7%
total fixed income securities - available for sale	1,576.9	80.3%	1,766.9	81.3%	1,717.8	79.4%	1,641.7	78.5%	1,787.1	80.5%
fixed income - at fair value through profit or loss	24.8	1.3%	55.1	2.5%	56.7	2.6%	31.7	1.5%	31.2	1.4%
equity securities - available for sale	15.6	0.8%	15.1	0.7%	16.7	0.8%	15.6	0.7%	15.8	0.7%
hedge funds - at fair value through profit or loss	156.0	8.0%	170.1	7.8%	173.9	8.1%	156.6	7.5%	152.1	6.8%
other investments	-	-	0.2	-	(0.3)	-	0.5	-	0.7	-
managed cash	187.5	9.6%	165.6	7.7%	195.1	9.1%	245.7	11.8%	235.6	10.6%
total investments	\$ 1,960.8	100.0%	\$ 2,173.0	100.0%	\$ 2,159.9	100.0%	\$ 2,091.8	100.0%	\$ 2,222.5	100.0%
credit quality of fixed income securities - available for sale										
AAA	\$ 215.4	13.7%	\$ 311.1	17.6%	\$ 331.1	19.3%	\$ 295.1	18.0%	\$ 347.3	19.4%
AA+, AA, AA-	722.6	45.8%	769.0	43.6%	711.7	41.4%	674.4	41.1%	759.3	42.5%
A+, A, A-	295.7	18.8%	336.3	19.0%	329.5	19.2%	333.9	20.3%	353.9	19.8%
BBB+, BBB, BBB-	230.7	14.6%	219.2	12.4%	211.4	12.3%	202.1	12.3%	192.0	10.8%
other	112.5	7.1%	131.3	7.4%	134.1	7.8%	136.2	8.3%	134.6	7.5%
\$ 1,576.9	100.0%	\$ 1,766.9	100.0%	\$ 1,717.8	100.0%	\$ 1,641.7	100.0%	\$ 1,787.1	100.0%	
corporate bonds & bank loans (AFS) and fixed income (FVTPL)										
industrials	\$ 457.9	57.7%	\$ 482.1	55.9%	\$ 475.0	56.1%	\$ 471.7	57.4%	\$ 487.3	56.5%
financials	308.5	38.9%	347.0	40.2%	335.8	39.7%	317.5	38.6%	338.3	39.1%
utilities	26.7	3.4%	32.8	3.8%	34.9	4.1%	30.5	3.7%	35.7	4.1%
supranationals	0.5	-	0.6	0.1%	0.6	0.1%	2.4	0.3%	2.9	0.3%
\$ 793.6	100.0%	\$ 862.5	100.0%	\$ 846.3	100.0%	\$ 822.1	100.0%	\$ 864.2	100.0%	
quarterly net return including the impact of internal FX hedges		(0.2%)		(0.2%)		-		1.0%		0.2%
quarterly net return excluding the impact of internal FX hedges		(0.2%)		(0.3%)		0.1%		0.7%		0.1%
rolling 12 month net return including the impact of internal FX hedges		0.7%		1.0%		1.2%		1.7%		1.0%
rolling 12 month net return excluding the impact of internal FX hedges		0.2%		0.5%		0.6%		1.0%		0.7%
average book yield of fixed income and managed cash		1.6%		1.6%		1.5%		1.5%		1.5%
average market yield of fixed income and managed cash		1.9%		1.6%		1.5%		1.4%		1.5%
average duration of fixed income and managed cash		1.8 years		1.8 years		1.8 years		1.8 years		1.8 years
average duration of fixed income, managed cash and derivative instruments		1.5 years		1.5 years		1.6 years		1.5 years		1.5 years
average credit quality of fixed income and managed cash		AA-		AA-		AA-		AA-		AA-
average credit quality of fixed income only		A+		AA-		AA-		A+		AA-

Lancashire Holdings Limited
investment portfolio - sector detail

31 december 2015						
	estimated fair value	weighted average book yield	weighted average market yield	weighted average duration	weighted average rating	
type of investment						
short-term investments	\$ 20.6	0.7%	0.8%	0.5	AA+	
fixed income funds	11.4	1.7%	1.7%	1.2	AA	
U.S. treasuries	393.3	0.9%	1.1%	2.2	AA+	
other government bonds	65.4	1.6%	1.8%	2.2	AA	
U.S. municipal bonds	5.2	4.5%	2.8%	3.9	AA-	
U.S. government agency debt	3.9	1.2%	1.4%	2.3	AA+	
asset backed securities	113.9	1.5%	2.4%	0.4	AAA	
U.S. government agency mortgage backed securities	143.8	2.3%	2.4%	3.0	AA+	
non-agency mortgage backed securities	21.8	1.1%	1.4%	0.2	AA+	
non-agency commercial mortgage backed securities	28.8	0.5%	1.7%	0.7	AAA	
bank loans	115.0	4.3%	5.1%	0.3	BB-	
corporate bonds	653.8	2.0%	2.3%	2.4	A	
total fixed income securities - available for sale	1,576.9	1.8%	2.1%	2.0	A+	
fixed income securities at fair value through profit or loss	24.8	-	-	1.3	A- ⁽²⁾	
managed cash ⁽¹⁾	187.5	-	0.1%	-	AA	
total fixed income securities and managed cash	\$ 1,789.2	1.6%	1.9%	1.8	AA-	

31 december 2014						
	estimated fair value	weighted average book yield	weighted average market yield	weighted average duration	weighted average rating	
type of investment						
short term investments	\$ 30.4	0.1%	0.1%	0.5	AAA	
fixed income funds	15.4	2.0%	2.0%	1.5	AA+	
U.S. treasuries	363.0	0.9%	0.9%	2.9	AA+	
other government bonds	84.0	1.8%	1.7%	2.3	AA	
U.S. municipal bonds	28.9	2.9%	1.8%	3.3	AA	
U.S. government agency debt	17.5	2.3%	2.1%	5.7	AA+	
asset backed securities	184.1	1.2%	1.2%	0.8	AAA	
U.S. government agency mortgage backed securities	168.0	2.2%	2.0%	2.6	AA+	
non-agency mortgage backed securities	20.8	1.6%	1.3%	0.3	AA-	
agency commercial mortgage backed securities	2.4	0.5%	0.8%	0.1	AA+	
non-agency commercial mortgage backed securities	39.6	1.7%	1.4%	1.3	AAA	
bank loans	127.9	4.0%	4.3%	-	BB-	
corporate bonds	705.1	1.8%	1.6%	2.3	A	
total fixed income securities - available for sale	1,787.1	1.7%	1.7%	2.1	AA-	
fixed income securities at fair value through profit or loss	31.2	-	-	0.8	A ⁽²⁾	
managed cash ⁽¹⁾	235.6	0.1%	0.1%	-	A+	
total fixed income securities and managed cash	\$ 2,053.9	1.5%	1.5%	1.8	AA-	

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

⁽²⁾ rating of capital protected structured notes is a weighted average of the credit ratings of the underlying issuing banks.

Lancashire Holdings Limited
corporate & global bond holdings

	31 december 2015				
	par value units	estimated fair value	accrued interest	unrealised gain (loss)	credit quality ⁽¹⁾
top twenty corporate holdings by issuer					
Barclays PLC	30.9	\$ 30.6	\$ -	\$ (0.2)	A- ⁽²⁾
Verizon Communications, Inc.	13.7	13.8	0.1	-	BBB+
Mitsubishi UFJ Financial Group, Inc.	12.6	12.6	0.1	-	A+
The PNC Financial Services Group, Inc.	9.8	9.8	-	-	A
Westpac Banking Corporation	9.6	9.7	-	-	AA-
Stichting ING Aandelen	8.9	8.9	-	-	A
The Goldman Sachs Group, Inc.	8.2	8.8	0.1	-	BBB+
JPMorgan Chase & Co.	8.3	8.4	0.1	-	A-
Berkshire Hathaway Inc.	8.1	8.3	0.1	-	A+
Morgan Stanley	7.7	8.3	0.1	-	BBB+
Commonwealth Bank of Australia	8.2	8.2	-	-	AA-
AbbVie Inc.	8.1	7.9	-	(0.1)	A
The Walt Disney Company	7.4	7.4	-	-	A
Bayer US Finance LLC	7.4	7.4	-	-	A-
BP PLC	7.4	7.2	-	-	A
Ford Motor Company	6.9	7.2	0.1	(0.1)	BBB-
Banco Santander, S.A.	7.2	7.2	-	-	A-
DNB ASA	7.1	7.1	0.1	-	AAA
Porsche Automobil Holding SE	7.0	6.9	-	(0.2)	BBB+
HSBC Holdings PLC	6.7	6.7	0.1	-	A-
		<u>\$ 192.4</u>	<u>\$ 0.9</u>	<u>\$ (0.6)</u>	<u>A</u>
top twenty holdings as a % of corporate bonds (AFS) and fixed income (FVTPL)		<u>28.4%</u>			

	31 december 2015			
	financials	other industries	total ⁽³⁾	other government bonds
bonds by country				
United States	\$ 126.6	\$ 372.9	\$ 499.5	\$ -
United Kingdom	48.8	27.7	76.5	1.0
Canada	19.4	15.3	34.7	13.8
Netherlands	19.2	10.5	29.7	7.5
Australia	26.8	5.7	32.5	4.2
France	14.2	8.4	22.6	7.8
Germany	5.2	13.2	18.4	10.8
Japan	15.4	5.1	20.5	-
Norway	8.0	0.7	8.7	5.3
Switzerland	11.2	2.1	13.3	-
Sweden	12.2	0.1	12.3	0.2
Luxembourg	-	11.8	11.8	-
Hong Kong	-	4.8	4.8	-
Mexico	-	1.0	1.0	3.5
Russian Federation	-	-	-	3.4
Qatar	-	-	-	2.2
Spain	-	2.0	2.0	-
Belgium	-	1.8	1.8	-
China	-	0.2	0.2	1.5
Finland	0.3	-	0.3	1.0
Chile	1.3	-	1.3	-
Brazil	-	-	-	1.1
Slovenia	-	-	-	0.9
Austria	-	0.4	0.4	0.5
Other	0.4	0.9	1.3	0.7
	<u>\$ 309.0</u>	<u>\$ 484.6</u>	<u>\$ 793.6</u>	<u>\$ 65.4</u>

⁽¹⁾ credit quality is calculated based on the weighted average credit ratings of the underlying debt securities.

⁽²⁾ includes capital protected structured notes, for which the credit rating of the underlying issuing bank has been used.

⁽³⁾ includes corporate bonds & bank loans (AFS) and fixed income (FVTPL).

Lancashire Holdings Limited
net losses and loss ratios

total	q4 2015	q3 2015	q2 2015	q1 2015	q4 2014	full year 2015	full year 2014
net reserves: start	\$ 609.9	\$ 650.7	\$ 637.6	\$ 640.2	\$ 719.5	\$ 640.2	\$ 670.4
paid losses	45.7	81.1	42.4	45.3	95.9	214.5	245.7
change in prior AY ⁽¹⁾	(16.6)	(29.9)	(35.2)	(26.0)	(25.0)	(107.7)	(34.4)
current year incurred losses	40.6	66.5	85.2	71.1	46.3	263.4	260.9
foreign exchange	(1.1)	3.7	5.5	(2.4)	(4.7)	5.7	(11.0)
net reserves: end	\$ 587.1	\$ 609.9	\$ 650.7	\$ 637.6	\$ 640.2	\$ 587.1	\$ 640.2
net premiums earned	130.8	138.7	143.4	154.2	174.7	567.1	715.6
net loss ratio	18.3%	26.4%	34.9%	29.2%	12.2%	27.5%	31.7%
IBNR as % of net reserves	35.2%	35.4%	32.0%	32.7%	31.6%	35.2%	31.6%

property	q4 2015	q3 2015	q2 2015	q1 2015	q4 2014	full year 2015	full year 2014
net reserves: start	\$ 147.8	\$ 147.1	\$ 155.4	\$ 170.5	\$ 192.2	\$ 170.5	\$ 202.0
paid losses	10.7	24.8	3.2	14.6	28.0	53.3	51.7
change in prior AY ⁽¹⁾	4.7	(3.4)	(13.3)	(14.4)	(1.3)	(26.4)	(19.8)
current year incurred losses	5.1	23.7	6.5	9.3	7.3	44.6	41.4
foreign exchange	0.2	5.2	1.7	4.6	0.3	11.7	(1.4)
net reserves: end	\$ 147.1	\$ 147.8	\$ 147.1	\$ 155.4	\$ 170.5	\$ 147.1	\$ 170.5
net premiums earned	40.9	41.6	45.2	43.6	51.3	171.3	221.5
net loss ratio	24.0%	48.8%	(15.0%)	(11.7%)	11.7%	10.6%	9.8%

energy	q4 2015	q3 2015	q2 2015	q1 2015	q4 2014	full year 2015	full year 2014
net reserves: start	\$ 196.5	\$ 199.1	\$ 179.6	\$ 161.3	\$ 183.7	\$ 161.3	\$ 150.7
paid losses	11.9	5.8	4.8	7.1	18.5	29.6	29.6
change in prior AY ⁽¹⁾	(8.5)	(9.3)	(8.6)	(8.8)	(7.6)	(35.2)	(5.4)
current year incurred losses	2.0	12.9	32.5	34.6	4.9	82.0	47.3
foreign exchange	(0.1)	(0.4)	0.4	(0.4)	(1.2)	(0.5)	(1.7)
net reserves: end	\$ 178.0	\$ 196.5	\$ 199.1	\$ 179.6	\$ 161.3	\$ 178.0	\$ 161.3
net premiums earned	24.7	29.4	31.6	40.8	41.8	126.5	169.7
net loss ratio	(26.3%)	12.2%	75.6%	63.2%	(6.5%)	37.0%	24.7%

⁽¹⁾ AY = accident year

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

	q4 2015		q3 2015		q2 2015		q1 2015		q4 2014		full year 2015	full year 2014		
marine														
net reserves: start	\$	70.6	\$	74.5	\$	80.8	\$	78.8	\$	87.8	\$	88.9		
paid losses		5.1		3.9		6.5		0.4		9.6		36.4		
change in prior AY ⁽¹⁾		(3.1)		(3.6)		(5.5)		(1.6)		(2.2)		9.7		
current year incurred losses		5.6		3.2		5.0		5.2		3.2		17.9		
foreign exchange		0.1		0.4		0.7		(1.2)		(0.4)		(1.3)		
net reserves: end	\$	68.1	\$	70.6	\$	74.5	\$	80.8	\$	78.8	\$	68.1	\$	78.8
net premiums earned		7.8		8.8		10.4		10.7		14.2		37.7		57.7
net loss ratio		32.1%		(4.5%)		(4.8%)		33.6%		7.0%		13.8%		47.8%

	q4 2015		q3 2015		q2 2015		q1 2015		q4 2014		full year 2015	full year 2014		
aviation														
net reserves: start	\$	11.1	\$	33.2	\$	20.2	\$	20.0	\$	32.4	\$	20.0	\$	3.8
paid losses		-		21.4		-		1.6		13.0		23.0		16.5
change in prior AY ⁽¹⁾		(0.6)		(2.5)		(0.8)		1.0		(0.4)		(2.9)		(0.9)
current year incurred losses		5.7		1.4		13.8		1.3		1.1		22.2		33.8
foreign exchange		-		0.4		-		(0.5)		(0.1)		(0.1)		(0.2)
net reserves: end	\$	16.2	\$	11.1	\$	33.2	\$	20.2	\$	20.0	\$	16.2	\$	20.0
net premiums earned		8.4		7.9		9.0		8.1		13.1		33.4		52.6
net loss ratio		60.7%		(13.9%)		144.4%		28.4%		5.3%		57.8%		62.5%

	q4 2015		q3 2015		q2 2015		q1 2015		q4 2014		full year 2015	full year 2014		
lloyd's														
net reserves: start	\$	183.9	\$	196.8	\$	201.6	\$	209.6	\$	223.4	\$	209.6	\$	225.0
paid losses		18.0		25.2		27.9		21.6		26.8		92.7		111.5
change in prior AY ⁽¹⁾		(9.1)		(11.1)		(7.0)		(2.2)		(13.5)		(29.4)		(18.0)
current year incurred losses		22.2		25.3		27.4		20.7		29.8		95.6		120.5
foreign exchange		(1.3)		(1.9)		2.7		(4.9)		(3.3)		(5.4)		(6.4)
net reserves: end	\$	177.7	\$	183.9	\$	196.8	\$	201.6	\$	209.6	\$	177.7	\$	209.6
net premiums earned		49.0		51.0		47.2		51.0		54.3		198.2		214.1
net loss ratio		26.7%		27.8%		43.2%		36.3%		30.0%		33.4%		47.9%

⁽¹⁾ AY = accident year

Lancashire Holdings Limited
losses by accident year

gross losses excluding Lloyd's segment

accident year	2006 & prior	2007	2008	2009	2010	2011	2012	2013	2014	2015
estimate of ultimate liability:										
at end of accident year	39.1	154.8	444.6	163.3	297.4	397.0	250.3	176.9	138.1	-
one year later	34.7	131.2	417.4	107.8	209.4	371.9	290.9	155.6	-	-
two years later	32.0	103.5	377.5	73.1	204.2	362.3	290.1	-	-	-
three years later	27.6	94.8	345.1	66.0	204.4	381.1	-	-	-	-
four years later	27.2	83.5	340.8	64.7	197.4	-	-	-	-	-
five years later	24.4	81.0	346.9	62.6	-	-	-	-	-	-
six years later	24.0	81.7	343.6	-	-	-	-	-	-	-
seven years later	24.9	82.3	-	-	-	-	-	-	-	-
eight years later	25.0	-	-	-	-	-	-	-	-	-
as at 31 december 2014	\$ 25.0	\$ 82.3	\$ 343.6	\$ 62.6	\$ 197.4	\$ 381.1	\$ 290.1	\$ 155.6	\$ 138.1	\$ -
as at 31 december 2015	\$ 24.7	\$ 81.9	\$ 347.1	\$ 61.2	\$ 201.8	\$ 396.6	\$ 282.8	\$ 129.4	\$ 100.5	\$ 173.5
payments made	(24.4)	(79.1)	(337.8)	(56.0)	(185.7)	(288.2)	(223.7)	(100.4)	(43.0)	(25.8)
total gross liability	\$ 0.3	\$ 2.8	\$ 9.3	\$ 5.2	\$ 16.1	\$ 108.4	\$ 59.1	\$ 29.0	\$ 57.5	\$ 147.7
accident year gross loss ratio ⁽¹⁾	8.2%	11.8%	51.0%	9.4%	30.7%	62.4%	38.8%	19.8%	16.9%	36.9%

net losses excluding Lloyd's segment

accident year	2006 & prior	2007	2008	2009	2010	2011	2012	2013	2014	2015
estimate of ultimate liability:										
at end of accident year	39.1	151.2	403.9	161.7	263.6	340.8	201.4	176.9	138.1	-
one year later	34.7	125.0	370.3	106.5	185.8	319.3	182.7	155.6	-	-
two years later	32.0	99.5	334.4	72.4	180.1	310.1	181.9	-	-	-
three years later	27.6	91.3	304.2	65.3	179.9	324.8	-	-	-	-
four years later	27.2	80.2	302.7	64.0	172.8	-	-	-	-	-
five years later	24.4	77.9	307.7	62.0	-	-	-	-	-	-
six years later	24.0	78.5	304.8	-	-	-	-	-	-	-
seven years later	24.9	79.1	-	-	-	-	-	-	-	-
eight years later	25.0	-	-	-	-	-	-	-	-	-
as at 31 december 2014	\$ 25.0	\$ 79.1	\$ 304.8	\$ 62.0	\$ 172.8	\$ 324.8	\$ 181.9	\$ 155.6	\$ 138.1	\$ -
as at 31 december 2015	\$ 24.7	\$ 78.7	\$ 307.7	\$ 60.7	\$ 177.0	\$ 325.6	\$ 174.5	\$ 129.5	\$ 100.5	\$ 165.8
payments made	(24.4)	(75.9)	(299.2)	(55.5)	(162.3)	(240.9)	(115.5)	(100.5)	(43.0)	(18.1)
total net liability	\$ 0.3	\$ 2.8	\$ 8.5	\$ 5.2	\$ 14.7	\$ 84.7	\$ 59.0	\$ 29.0	\$ 57.5	\$ 147.7
accident year net loss ratio ⁽¹⁾	10.1%	12.9%	50.7%	10.2%	28.8%	56.7%	30.0%	24.5%	20.0%	44.9%
initial accident year net loss ratio	16.1%	24.7%	66.5%	27.2%	42.9%	59.3%	34.6%	33.5%	27.5%	n/a
reduction in net loss ratio post accident year end	6.0%	11.8%	15.8%	17.0%	14.1%	2.6%	4.6%	9.0%	7.5%	n/a

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

Lancashire Holdings Limited
losses by accident year (cont.)

gross losses lloyd's segment

accident year	2006 & prior	2007	2008	2009	2010	2011	2012	2013	2014	2015
estimate of ultimate lloyd's segment liability:										
at acquisition ⁽²⁾	35.6	5.8	8.8	25.0	31.4	89.2	64.5	71.2	-	-
as at 31 december 2013 ⁽²⁾	35.7	5.9	8.7	24.4	31.4	84.7	59.5	103.1	-	-
as at 31 december 2014	\$ 33.6	\$ 5.5	\$ 7.3	\$ 19.1	\$ 32.0	\$ 69.3	\$ 48.7	\$ 104.2	\$ 136.7	\$ -
as at 31 december 2015	\$ 31.8	\$ 4.7	\$ 6.5	\$ 11.7	\$ 29.6	\$ 63.4	\$ 44.1	\$ 94.6	\$ 126.2	\$ 102.5
payments made	(5.8)	(2.1)	(1.7)	(4.4)	(15.3)	(43.0)	(25.9)	(73.3)	(79.8)	(28.2)
total gross liability	\$ 26.0	\$ 2.6	\$ 4.8	\$ 7.3	\$ 14.3	\$ 20.4	\$ 18.2	\$ 21.3	\$ 46.4	\$ 74.3
accident year gross loss ratio ⁽¹⁾								58.6%	45.8%	40.8%

net losses lloyd's segment

accident year	2006 & prior	2007	2008	2009	2010	2011	2012	2013	2014	2015
estimate of ultimate lloyd's segment liability:										
at acquisition ⁽²⁾	10.7	4.7	7.4	15.8	22.7	47.8	49.8	65.3	-	-
as at 31 december 2013 ⁽²⁾	10.6	5.1	7.2	15.1	22.4	44.5	45.9	93.2	-	-
as at 31 december 2014	\$ 8.5	\$ 4.6	\$ 6.3	\$ 12.7	\$ 22.2	\$ 36.7	\$ 34.9	\$ 95.3	\$ 118.9	\$ -
as at 31 december 2015	\$ 7.1	\$ 3.8	\$ 5.5	\$ 9.7	\$ 19.8	\$ 31.1	\$ 31.2	\$ 85.7	\$ 112.1	\$ 94.9
payments made	(2.7)	(1.7)	(1.3)	(4.1)	(8.0)	(20.3)	(17.9)	(67.3)	(72.8)	(27.1)
total net liability	\$ 4.4	\$ 2.1	\$ 4.2	\$ 5.6	\$ 11.8	\$ 10.8	\$ 13.3	\$ 18.4	\$ 39.3	\$ 67.8
accident year net loss ratio ⁽¹⁾								67.8%	52.4%	47.9%
initial accident year net loss ratio								70.1%	55.5%	n/a
reduction in net loss ratio post accident year end								2.3%	3.1%	n/a

gross losses group

accident year	2006 & prior	2007	2008	2009	2010	2011	2012	2013	2014	2015
estimate of ultimate liability:										
at end of accident year	39.1	154.8	444.6	163.3	297.4	397.0	250.3	280.0	274.8	-
one year later	34.7	131.2	417.4	107.8	209.4	371.9	350.4	259.8	-	-
two years later	32.0	103.5	377.5	73.1	204.2	447.0	338.8	-	-	-
three years later	27.6	94.8	345.1	66.0	235.8	450.4	-	-	-	-
four years later	27.2	83.5	340.8	89.1	229.4	-	-	-	-	-
five years later	24.4	81.0	355.6	81.7	-	-	-	-	-	-
six years later	24.0	87.6	350.9	-	-	-	-	-	-	-
seven years later	60.6	87.8	-	-	-	-	-	-	-	-
eight years later	58.6	-	-	-	-	-	-	-	-	-
as at 31 december 2014	\$ 58.6	\$ 87.8	\$ 350.9	\$ 81.7	\$ 229.4	\$ 450.4	\$ 338.8	\$ 259.8	\$ 274.8	\$ -
as at 31 december 2015	\$ 56.5	\$ 86.6	\$ 353.6	\$ 72.9	\$ 231.4	\$ 460.0	\$ 326.9	\$ 224.0	\$ 226.7	\$ 276.0
payments made	(30.2)	(81.2)	(339.5)	(60.4)	(201.0)	(331.2)	(249.6)	(173.7)	(122.8)	(54.0)
total gross liability	\$ 26.3	\$ 5.4	\$ 14.1	\$ 12.5	\$ 30.4	\$ 128.8	\$ 77.3	\$ 50.3	\$ 103.9	\$ 222.0
accident year gross loss ratio ⁽¹⁾								22.7%	26.0%	38.3%

net losses group

accident year	2006 & prior	2007	2008	2009	2010	2011	2012	2013	2014	2015
estimate of ultimate liability:										
at end of accident year	39.1	151.2	403.9	161.7	263.6	340.8	201.4	270.1	257.0	-
one year later	34.7	125.0	370.3	106.5	185.8	319.3	228.6	250.9	-	-
two years later	32.0	99.5	334.4	72.4	180.1	354.6	216.8	-	-	-
three years later	27.6	91.3	304.2	65.3	202.3	361.5	-	-	-	-
four years later	27.2	80.2	302.7	79.1	195.0	-	-	-	-	-
five years later	24.4	77.9	314.9	74.7	-	-	-	-	-	-
six years later	24.0	83.6	311.1	-	-	-	-	-	-	-
seven years later	35.5	83.7	-	-	-	-	-	-	-	-
eight years later	33.5	-	-	-	-	-	-	-	-	-
as at 31 december 2014	\$ 33.5	\$ 83.7	\$ 311.1	\$ 74.7	\$ 195.0	\$ 361.5	\$ 216.8	\$ 250.9	\$ 257.0	\$ -
as at 31 december 2015	\$ 31.8	\$ 82.5	\$ 313.2	\$ 70.4	\$ 196.8	\$ 356.7	\$ 205.7	\$ 215.2	\$ 212.6	\$ 260.7
payments made	(27.1)	(77.6)	(300.5)	(59.6)	(170.3)	(261.2)	(133.4)	(167.8)	(115.8)	(45.2)
total net liability	\$ 4.7	\$ 4.9	\$ 12.7	\$ 10.8	\$ 26.5	\$ 95.5	\$ 72.3	\$ 47.4	\$ 96.8	\$ 215.5
accident year net loss ratio ⁽¹⁾								27.5%	29.7%	46.0%
initial accident year net loss ratio								36.1%	35.9%	n/a
reduction in net loss ratio post accident year end								8.6%	6.2%	n/a

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

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

Lancashire Holdings Limited
estimated exposures to peak zone elemental losses

zones	perils	1 january 2016 ⁽²⁾		1 january 2016 ⁽²⁾	
		100 year return period		250 year return period	
		estimated gross loss	estimated net loss	estimated gross loss	estimated net loss
gulf of mexico ⁽¹⁾	hurricane	\$ 372.8	\$ 198.7	\$ 541.9	\$ 299.0
non gulf of mexico - US	hurricane	436.6	198.1	743.8	398.9
california	earthquake	324.0	129.0	491.1	227.4
pacific northwest	earthquake	55.5	32.9	199.0	73.8
pan-european	windstorm	224.8	80.3	334.5	121.5
japan	earthquake	144.6	45.5	324.5	97.6
japan	typhoon	134.9	47.4	205.0	62.2

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

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

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

⁽¹⁾ landing hurricane from florida to texas

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

Lancashire Holdings Limited
earnings per share

	<u>q4 2015</u>	<u>q4 2014</u>	<u>full year 2015</u>	<u>full year 2014</u>
basic earnings per share:				
profit after tax attributable to Lancashire	\$ 54.4	\$ 86.8	\$ 181.1	\$ 229.3
net operating income attributable to Lancashire	\$ 45.8	\$ 89.4	\$ 173.4	\$ 231.9
dilutive shares				
weighted average shares outstanding - basic	197,887,700	188,018,962	195,649,042	185,558,086
dilutive effect of warrants	-	8,952,357	-	10,112,990
dilutive effect of restricted stock	3,042,631	2,209,021	2,982,711	2,442,255
weighted average & equivalent shares outstanding - diluted	<u>200,930,331</u>	<u>199,180,340</u>	<u>198,631,753</u>	<u>198,113,331</u>
basic earnings per share attributable to Lancashire	<u>\$ 0.27</u>	<u>\$ 0.46</u>	<u>\$ 0.93</u>	<u>\$ 1.24</u>
diluted earnings per share attributable to Lancashire	<u>\$ 0.27</u>	<u>\$ 0.44</u>	<u>\$ 0.91</u>	<u>\$ 1.16</u>
diluted operating earnings per share attributable to Lancashire	<u>\$ 0.23</u>	<u>\$ 0.45</u>	<u>\$ 0.87</u>	<u>\$ 1.17</u>

Lancashire Holdings Limited
basic and fully converted book value per share

	<u>31 december 2015</u>	<u>30 september 2015</u>	<u>30 june 2015</u>	<u>31 march 2015</u>	<u>31 december 2014</u>
numerator (\$ in millions):					
shareholders' equity attributable to Lancashire	\$ 1,220.3	\$ 1,360.5	\$ 1,333.2	\$ 1,302.1	\$ 1,356.8
proceeds from assumed exercise of outstanding dilutive warrants	-	3.0	3.0	7.5	93.0
book value numerator	<u>\$ 1,220.3</u>	<u>\$ 1,363.5</u>	<u>\$ 1,336.2</u>	<u>\$ 1,309.6</u>	<u>\$ 1,449.8</u>
deduction for goodwill and other intangible assets	153.8	153.8	153.8	153.8	153.8
tangible book value numerator	<u>\$ 1,066.5</u>	<u>\$ 1,209.7</u>	<u>\$ 1,182.4</u>	<u>\$ 1,155.8</u>	<u>\$ 1,296.0</u>
denominator (in shares):					
common voting shares outstanding	198,197,858	197,806,760	197,717,052	197,047,291	187,504,582
shares issuable upon exercise of outstanding dilutive warrants	-	594,776	594,776	1,497,093	18,707,484
shares relating to dilutive restricted stock	2,877,885	2,737,475	2,283,085	2,187,855	2,031,974
fully converted book value denominator	<u>201,075,743</u>	<u>201,139,011</u>	<u>200,594,913</u>	<u>200,732,239</u>	<u>208,244,040</u>
basic book value per share attributable to Lancashire	<u>\$ 6.16</u>	<u>\$ 6.88</u>	<u>\$ 6.74</u>	<u>\$ 6.61</u>	<u>\$ 7.24</u>
fully converted book value per share attributable to Lancashire	<u>\$ 6.07</u>	<u>\$ 6.78</u>	<u>\$ 6.66</u>	<u>\$ 6.52</u>	<u>\$ 6.96</u>
tangible basic book value per share attributable to Lancashire	<u>\$ 5.38</u>	<u>\$ 6.10</u>	<u>\$ 5.97</u>	<u>\$ 5.83</u>	<u>\$ 6.42</u>
tangible fully converted book value per share attributable to Lancashire	<u>\$ 5.30</u>	<u>\$ 6.01</u>	<u>\$ 5.89</u>	<u>\$ 5.76</u>	<u>\$ 6.22</u>
dividend per common share ⁽¹⁾	\$ 0.95	\$ 0.05	\$ -	\$ 0.60	\$ 1.20
change in FCBVS adj for dividends ⁽²⁾ - quarter	3.5%	2.6%	2.2%	2.3%	5.4%
change in FCBVS adj for dividends ⁽²⁾ - rolling 12 months	10.9%	13.6%	12.2%	12.3%	13.9%
compound annual change in FCBVS adj for dividends ⁽²⁾	18.6%	18.6%	18.7%	18.8%	18.9%
compound annual change in FCBVS adj for dividends ⁽²⁾ - above 3 month treasury	17.5%	17.5%	17.5%	17.6%	17.7%
change in FCBVS adj for dividends ⁽²⁾ - since inception	449.0%	427.8%	409.2%	392.0%	375.3%
change in FCBVS excluding warrant exercises adj for dividends ⁽²⁾ - quarter	3.5%	2.6%	2.3%	4.3%	5.5%
change in FCBVS excluding warrant exercises adj for dividends ⁽²⁾ - rolling 12 months	13.5%	15.9%	14.6%	15.2%	14.7%
compound annual change in FCBVS excluding warrant exercises adj for dividends ⁽²⁾	18.8%	18.8%	18.9%	19.0%	19.0%
change in tangible FCBVS adj for dividends ⁽²⁾ - quarter	4.0%	2.9%	2.3%	2.3%	5.9%
change in tangible FCBVS adj for dividends ⁽²⁾ - rolling 12 months	11.8%	14.6%	13.3%	13.9%	17.1%

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

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

Lancashire Holdings Limited
basic and fully diluted book value per share

	<u>31 december 2015</u>	<u>30 september 2015</u>	<u>30 june 2015</u>	<u>31 march 2015</u>	<u>31 december 2014</u>
shareholders' equity attributable to Lancashire	\$ 1,220.3	\$ 1,360.5	\$ 1,333.2	\$ 1,302.1	\$ 1,356.8
deduction for goodwill and other intangible assets	\$ 153.8	\$ 153.8	\$ 153.8	\$ 153.8	\$ 153.8
tangible shareholders' equity attributable to Lancashire	<u>\$ 1,066.5</u>	<u>\$ 1,206.7</u>	<u>\$ 1,179.4</u>	<u>\$ 1,148.3</u>	<u>\$ 1,203.0</u>
weighted average exercise price per share of dilutive warrants	\$ -	\$ 5.00	\$ 5.00	\$ 5.00	\$ 4.97
denominator (in shares):					
common voting shares outstanding	198,197,858	197,806,760	197,717,052	197,047,291	187,504,582
unvested restricted shares and restricted share units	2,877,885	2,737,475	2,283,085	2,187,855	2,031,974
dilutive warrants outstanding	-	594,776	594,776	1,497,093	18,707,484
proforma warrants bought back	-	(284,507)	(306,975)	(808,256)	(10,658,426)
proforma net shares issued	-	310,269	287,801	688,837	8,049,058
proforma dilutive shares outstanding	<u>201,075,743</u>	<u>200,854,504</u>	<u>200,287,938</u>	<u>199,923,983</u>	<u>197,585,614</u>
basic book value per share attributable to Lancashire	<u>\$ 6.16</u>	<u>\$ 6.88</u>	<u>\$ 6.74</u>	<u>\$ 6.61</u>	<u>\$ 7.24</u>
fully diluted book value per share attributable to Lancashire	<u>\$ 6.07</u>	<u>\$ 6.77</u>	<u>\$ 6.66</u>	<u>\$ 6.51</u>	<u>\$ 6.87</u>
tangible basic book value per share attributable to Lancashire	<u>\$ 5.38</u>	<u>\$ 6.10</u>	<u>\$ 5.97</u>	<u>\$ 5.83</u>	<u>\$ 6.42</u>
tangible fully diluted book value per share attributable to Lancashire	<u>\$ 5.30</u>	<u>\$ 6.01</u>	<u>\$ 5.89</u>	<u>\$ 5.74</u>	<u>\$ 6.09</u>
dividend per common share ⁽¹⁾	\$ 0.95	\$ 0.05	\$ -	\$ 0.60	\$ 1.20
change in FDBVS adj for dividends ⁽²⁾ - quarter	3.7%	2.4%	2.3%	3.5%	5.9%
change in FDBVS adj for dividends ⁽²⁾ - rolling 12 months	12.5%	15.5%	15.0%	16.0%	17.7%
compound annual change in FDBVS adj for dividends ⁽²⁾	18.6%	18.6%	18.7%	18.8%	18.8%
compound annual change in FDBVS adj for dividends ⁽²⁾ - above 3 month treasury	17.5%	17.5%	17.5%	17.6%	17.6%
change in FDBVS adj for dividends ⁽²⁾ - since inception	449.0%	427.5%	409.2%	391.7%	372.7%
change in tangible FDBVS adj for dividends ⁽²⁾ - quarter	4.0%	2.9%	2.6%	4.1%	6.3%
change in tangible FDBVS adj for dividends ⁽²⁾ - rolling 12 months	14.4%	17.6%	17.3%	18.9%	21.7%

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

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

Cathedral Capital Limited
summary consolidated income statements ⁽¹⁾

	q4 2015	q3 2015	q2 2015	q1 2015	q4 2014	full year 2015	full year 2014
gross premiums written	\$ 35.5	\$ 46.7	\$ 67.9	\$ 97.6	\$ 43.8	\$ 247.7	\$ 284.3
outwards reinsurance premiums	(3.3)	(5.5)	(7.2)	(35.3)	(3.8)	(51.3)	(64.9)
net premiums written	32.2	41.2	60.7	62.3	40.0	196.4	219.4
change in unearned premiums	27.3	18.6	(8.0)	(34.5)	27.1	3.4	(9.0)
change in unearned premiums on premiums ceded	(10.5)	(8.8)	(5.5)	23.2	(12.8)	(1.6)	3.7
net premiums earned	49.0	51.0	47.2	51.0	54.3	198.2	214.1
net investment income	0.8	0.8	0.6	0.9	0.8	3.1	2.5
net other investment income (losses)	-	-	-	-	(0.1)	-	(0.2)
net realised gains (losses) and impairments	(0.5)	(0.2)	0.1	-	(0.2)	(0.6)	(0.4)
other income	3.4	0.6	2.6	0.4	6.2	7.0	10.1
net foreign exchange gains (losses)	1.1	(1.1)	(2.7)	(1.2)	1.3	(3.9)	(1.2)
total net revenue	53.8	51.1	47.8	51.1	62.3	203.8	224.9
insurance losses	13.2	15.7	18.7	17.4	16.1	65.0	110.2
insurance losses recoverable	(0.1)	(1.5)	1.7	1.1	0.2	1.2	(7.7)
net insurance acquisition expenses	12.0	11.2	11.6	10.8	12.4	45.6	47.5
equity based compensation	1.4	2.2	0.8	2.1	4.4	6.5	7.6
other operating expenses	10.3	8.6	7.1	8.1	10.9	34.1	40.5
total expenses	36.8	36.2	39.9	39.5	44.0	152.4	198.1
profit before tax and finance costs	17.0	14.9	7.9	11.6	18.3	51.4	26.8
financing costs	(0.8)	(0.8)	(0.5)	(0.7)	(0.7)	(2.8)	(2.9)
profit before tax	16.2	14.1	7.4	10.9	17.6	48.6	23.9
tax credit (expense)	(1.0)	(0.3)	0.3	(1.6)	(1.7)	(2.6)	1.8
profit after tax	\$ 15.2	\$ 13.8	\$ 7.7	\$ 9.3	\$ 15.9	\$ 46.0	\$ 25.7
change in net unrealised gains / losses on investments	-	(1.3)	0.4	0.5	(0.5)	(0.4)	(0.3)
comprehensive income	\$ 15.2	\$ 12.5	\$ 8.1	\$ 9.8	\$ 15.4	\$ 45.6	\$ 25.4
net loss ratio	26.7%	27.8%	43.2%	36.3%	30.0%	33.4%	47.9%
net acquisition cost ratio	24.5%	22.0%	24.6%	21.2%	22.8%	23.0%	22.2%
administrative expense ratio	21.0%	16.9%	15.0%	15.9%	20.1%	17.2%	18.9%
combined ratio	72.2%	66.7%	82.8%	73.4%	72.9%	73.6%	89.0%
adjusted combined ratio ⁽²⁾	72.2%	66.7%	82.8%	73.4%	72.9%	73.6%	85.1%

⁽¹⁾ Cathedral results include group adjustments and do not therefore reflect the company's stand-alone position.

⁽²⁾ Excludes group adjustments.