



3Q 2015 Investor Presentation

December 2015

Updated for 12/01/2015 Share Price

Forward-Looking Statements

This presentation contains “forward-looking statements” which are made pursuant to the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. The forward-looking statements are based on the Company's current expectations and beliefs concerning future developments and their potential effects on the Company. There can be no assurance that actual developments will be those anticipated by the Company. Actual results may differ materially from those projected as a result of significant risks and uncertainties, including non-receipt of the expected payments, changes in interest rates, effect of the performance of financial markets on investment income and fair values of investments, development of claims and the effect on loss reserves, accuracy in projecting loss reserves, the impact of competition and pricing environments, changes in the demand for the Company's products, the effect of general economic conditions, adverse state and federal legislation, regulations and regulatory investigations into industry practices, developments relating to existing agreements, heightened competition, changes in pricing environments, and changes in asset valuations. The Company undertakes no obligation to publicly update any forward-looking statements as a result of events or developments subsequent to the presentation.

Argo Group at a Glance

Exchange / Ticker:	NASDAQ / “AGII”
Share Price:	\$64.28
Market Capitalization:	\$1.8 billion
Annual Dividend / Yield:	\$0.80 per share / 1.2%
Gross Written Premium:	\$2.0 billion
Capital:	\$2.0 billion
Analyst Coverage:	Raymond James (Strong Buy) – Greg Peters KBW (Market Perform) – Meyer Shields Compass Point (Neutral) – Ken Billingsley Dowling & Partners (Neutral) – Aaron Woomer William Blair (Market Perform) – Adam Klauber Macquarie (Neutral) – Christopher Martin

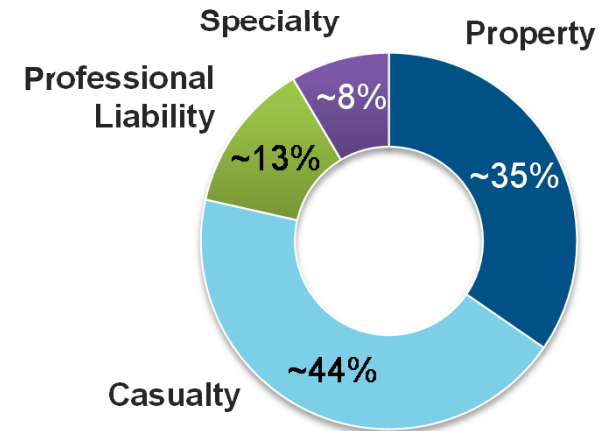
Atlanta • Bermuda • Boston • Brussels • Chicago • Dallas • Denver • Dubai • Fresno • Hamilton Township • Houston
Irvine • Jersey City • London • Los Angeles • Malta • New York • Paris • Peoria • Portland • Richmond • Rio de Janeiro
Rockwood • San Antonio • San Francisco • Sao Paulo • Scottsdale • Seattle • Singapore • Springfield • Zurich

Leading Specialty Franchise

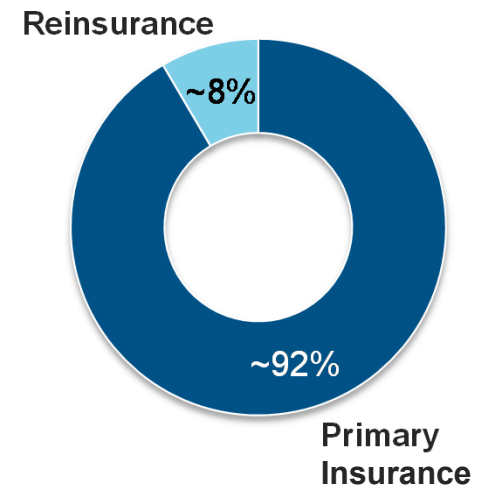
Argo Franchise Overview

- **Global underwriter of specialty insurance & reinsurance**
- **Strategically located in major insurance centers**
 - U.S., Bermuda and London
- **Established presence in attractive markets**
 - Leader in U.S. Excess & Surplus Lines
 - Top Quartile Lloyd's Syndicate by stamp
 - Strong core Commercial Specialty franchise
 - Leading Bermuda reinsurance & excess casualty platform
- **Diversified by geography, product & distribution**
- **Broad and strong producer relationships**
 - Agents, brokers, wholesalers, and coverholders
- **“A” (excellent) A.M. Best rating**

TTM GWP by Business Mix



TTM GWP by Business Type



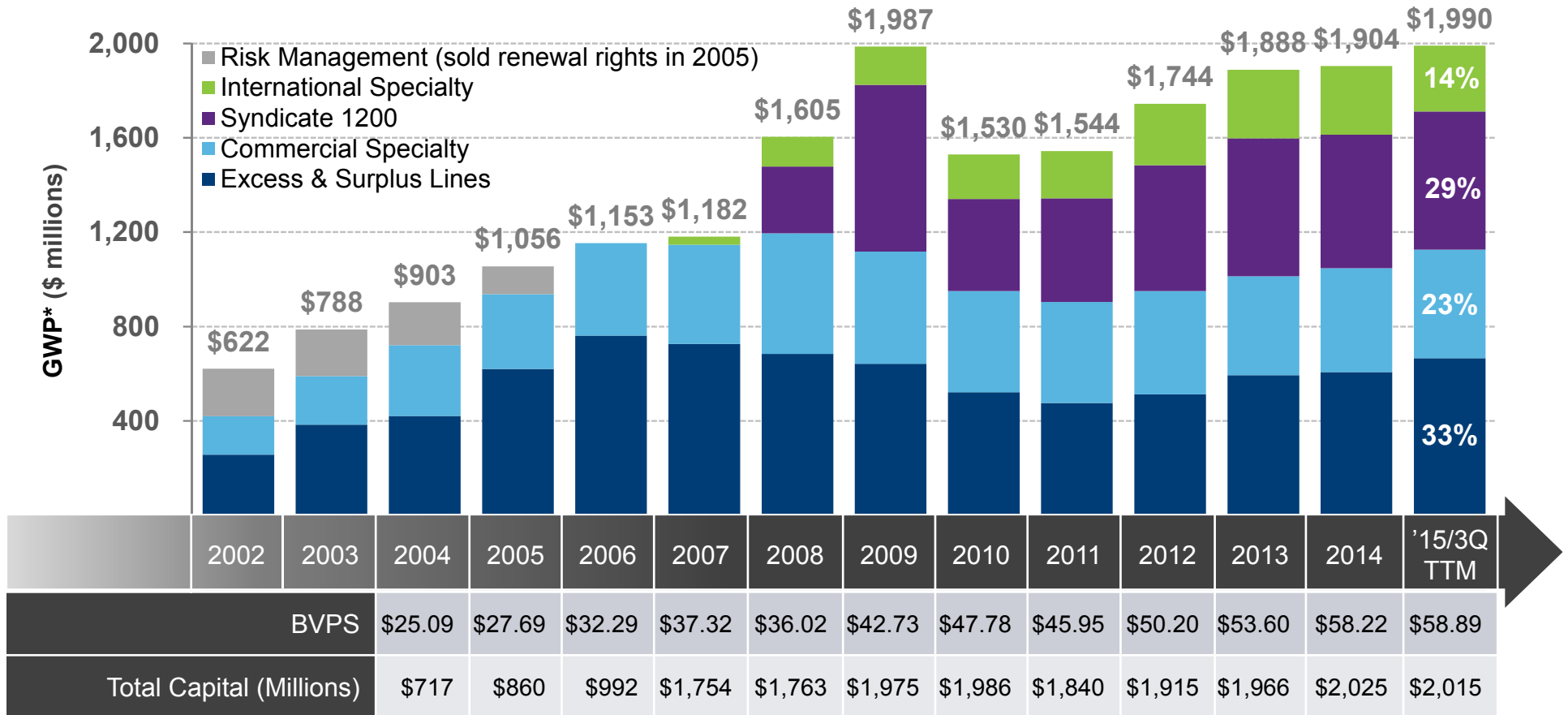
Strategy Aligned Toward Shareholder Value

- **Sustainable competitive advantage**
 - Niche markets
 - Underwriting expertise
 - Superior customer service
 - Product innovation
- **Profitable organic & strategic growth**
 - Profitable through cycles
 - Key underwriters/teams
 - Deals that meet stringent criteria
- **Deep, tenured management team**
- **Active capital management**



***Maximize
Shareholder
Value
through
growth in
Book Value
per Share***

Evolution of Growth and Diversification



2001

- Acquired Colony and Rockwood
- Founded Trident (Public Entity)

2005

- Sold Risk Management business

2007

- Rebranded Argo Group
- Completed acquisition in Bermuda
- Formed Argo Re

2008

- Acquired Lloyd's Syndicate 1200

2011

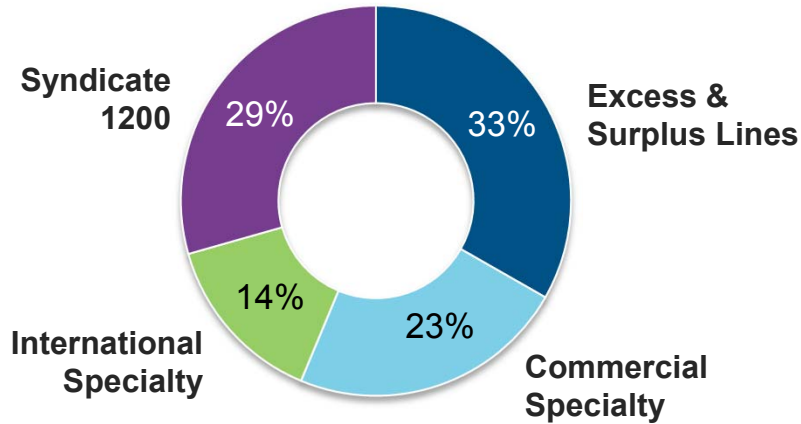
- Established local presence in Brazil



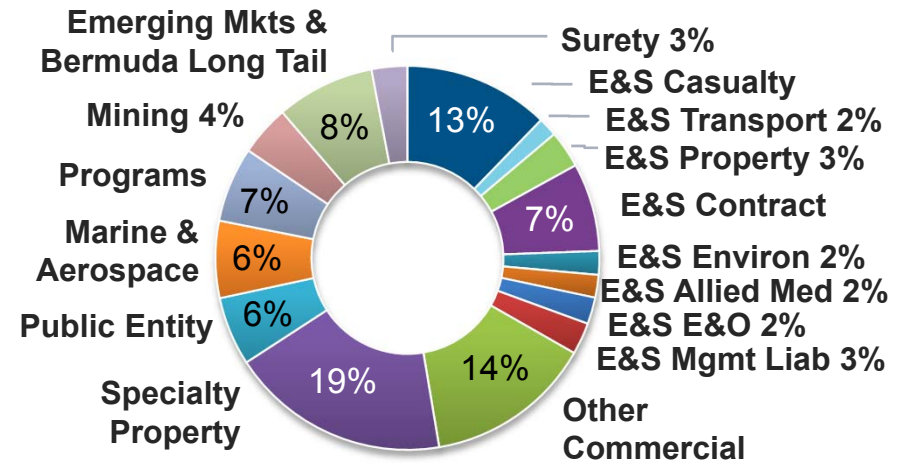
*Excludes GWP recorded in runoff and corporate & other.
 Note: BVPS (book value per common share) adjusted for June 2013 and March 2015 stock dividend.

Argo Group Business Mix (\$2.0b in GWP)

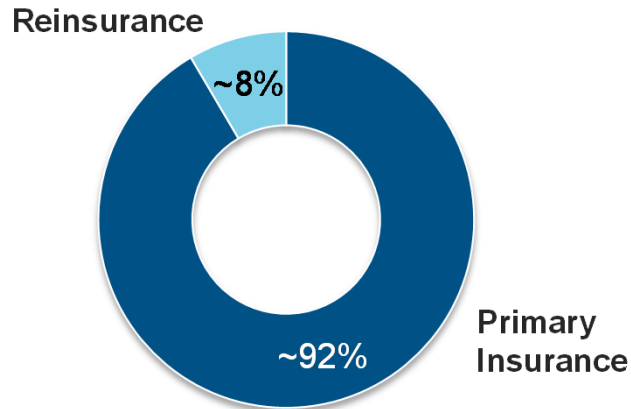
GWP by Segment



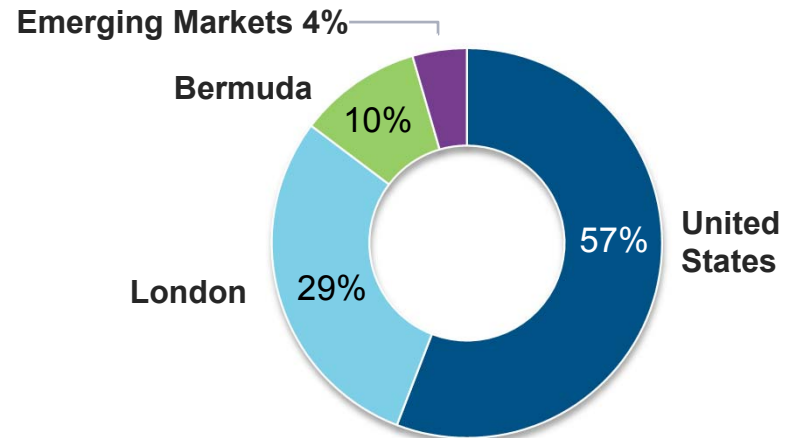
GWP by Product



GWP by Business Type



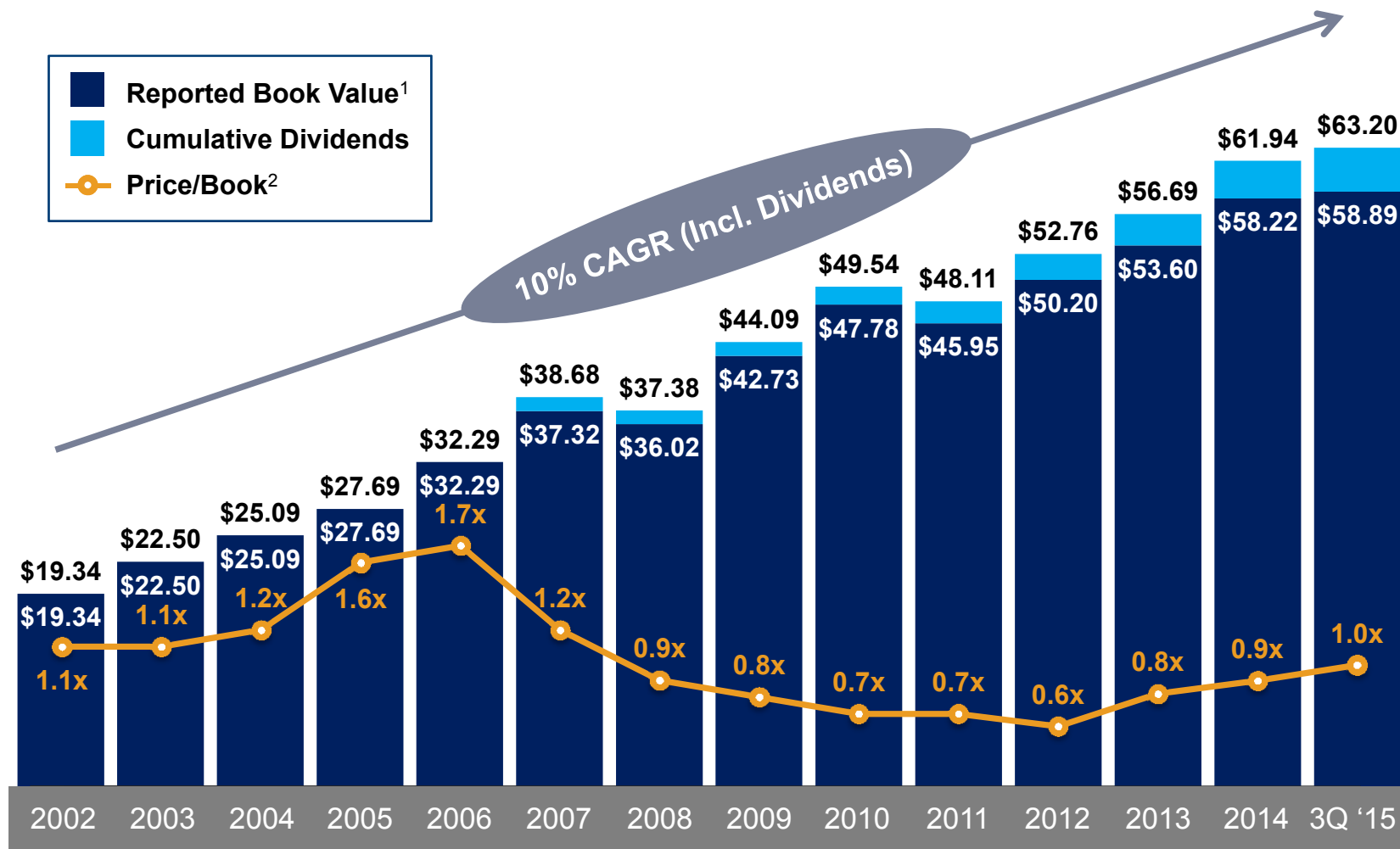
GWP by Geography



Multi-Channel Distribution Strategy

		<u>Retail Broker / Agent</u>	<u>General Agency</u>	<u>Wholesale Broker</u>	<u>Lloyd's Market</u>	<u>Reinsurance Broker</u>
Commercial Specialty	Rockwood	X				
	Argo Insurance	X				
	Trident	X				
	Surety	X		X		
	Commercial Programs	X				
Excess & Surplus Lines	Alteris		X			
	Contract		X			
	Transportation		X			
	Casualty			X		
	E&O	X		X		
	D&O	X		X		
	Environmental			X		
	Allied Medical	X		X		
Specialty Property			X			
Syndicate 1200	Liability				X	
	Property				X	
	Aviation				X	
	Marine				X	
International Specialty	Excess Casualty	X		X		
	Professional Liability	X		X		
	Emerging Markets	X		X		
	Reinsurance					X

Maximizing Shareholder Value – BVPS Growth



(1) Book value per common share:

- Adjusted for June 2013 and March 2015 stock dividend
- 2008-2011 restated to reflect adoption of ASU 2010-26 (related to accounting for costs associated with acquiring or renewing insurance contracts); 2007 and prior not restated
- 2006 and prior years adjusted for PXRE merger
- 2003-2006 includes impact of Series A Mandatory Convertible Preferred on an as-if converted basis. Preferred stock fully converted into common shares as of Dec. 31, 2007



(2) Price / book represents the high for the YTD period

Substantial Growth and Financial Strength

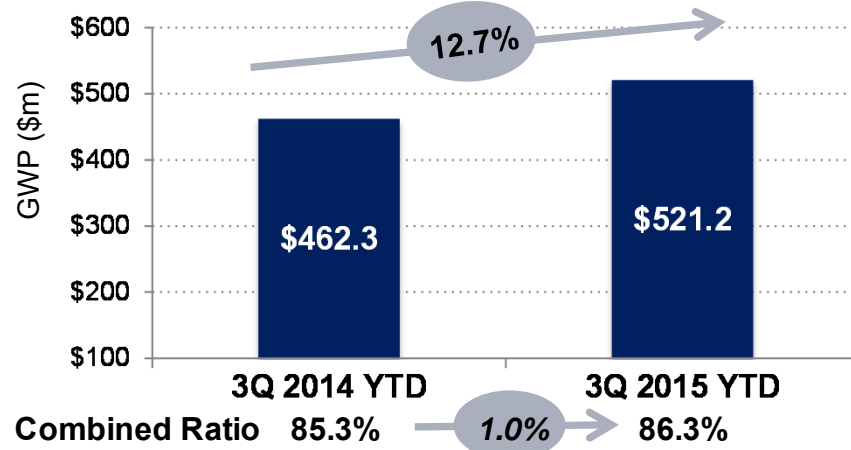
Scale (\$m)	2002	2006	TTM 3Q '15	'02-3Q'15 Factor
Gross Written Premiums	\$622.1	\$1,155.6	\$1,990.9	3.2x
Net Written Premiums	484.0	847.0	1,406.1	2.9x
Net Earned Premiums	378.4	813.0	1,365.3	3.6x

Financial Strength (\$m)	2002	2006	TTM 3Q '15	'02-3Q'15 Factor
Total Assets	\$2,208.9	\$3,721.5	\$6,627.5	3.0x
Total Investments	1,181.3	2,514.1	4,133.0	3.5x
Shareholder's Equity	327.7	847.7	1,641.5	5.0x
Total Capital	\$327.7	\$992.0	\$2,015.4	6.2x
Debt+TRUPs / Total Capital	0.0%	14.5%	18.6%	
A.M. Best Rating	A	A	A	

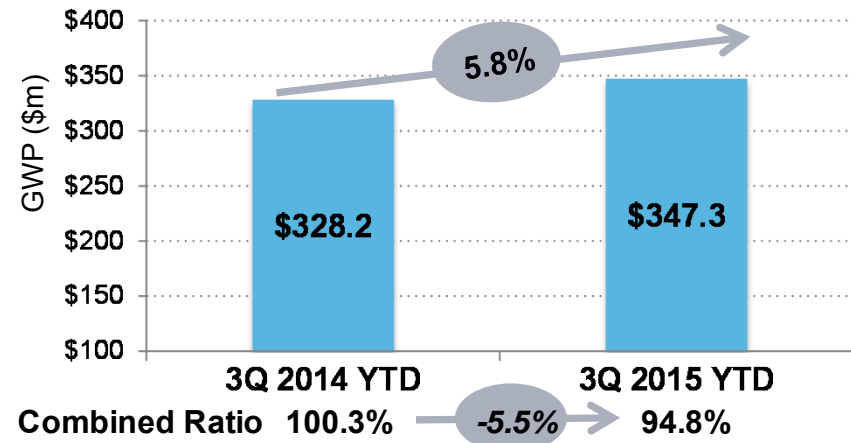
3Q YTD YoY Gross Written Premium & Combined Ratio

Consolidated GWP up 5.8% and Combined Ratio improved 1.0% in Q3 YTD 2015 vs. Q3 YTD 2014

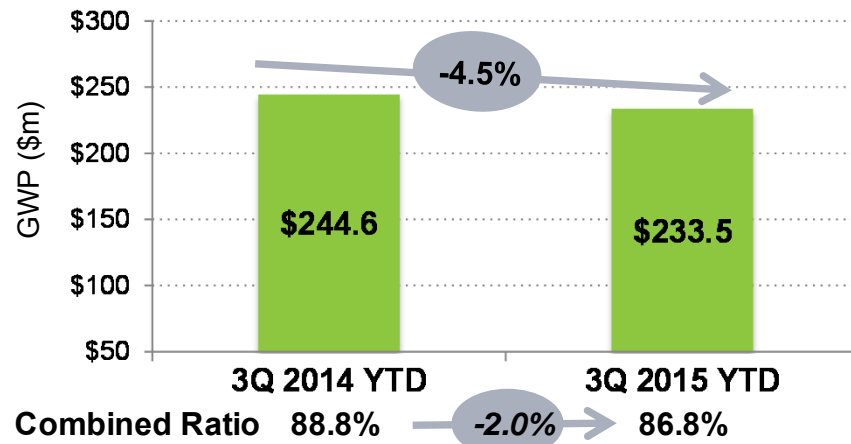
Excess & Surplus Lines



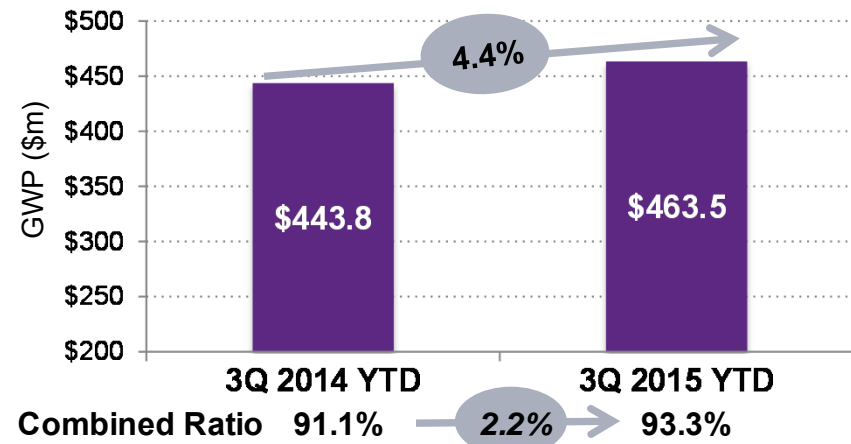
Commercial Specialty



International Specialty

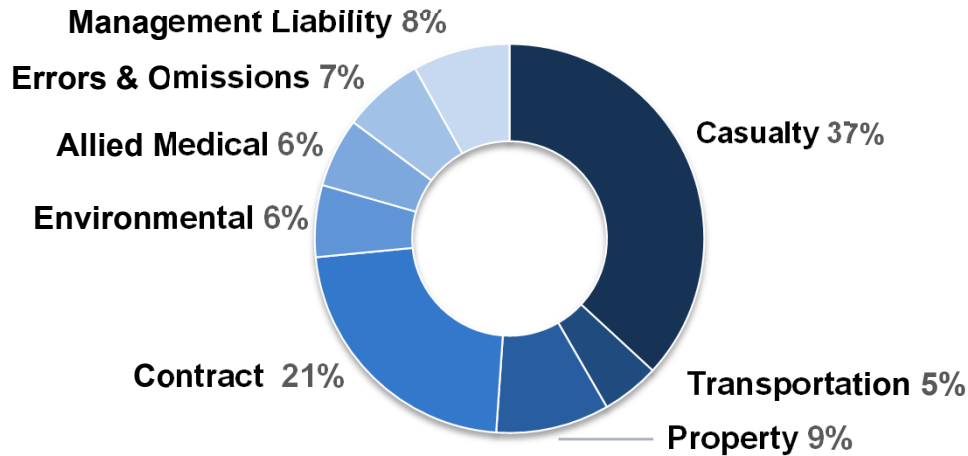


Syndicate 1200



Excess & Surplus Lines Segment (33% of TTM GWP)

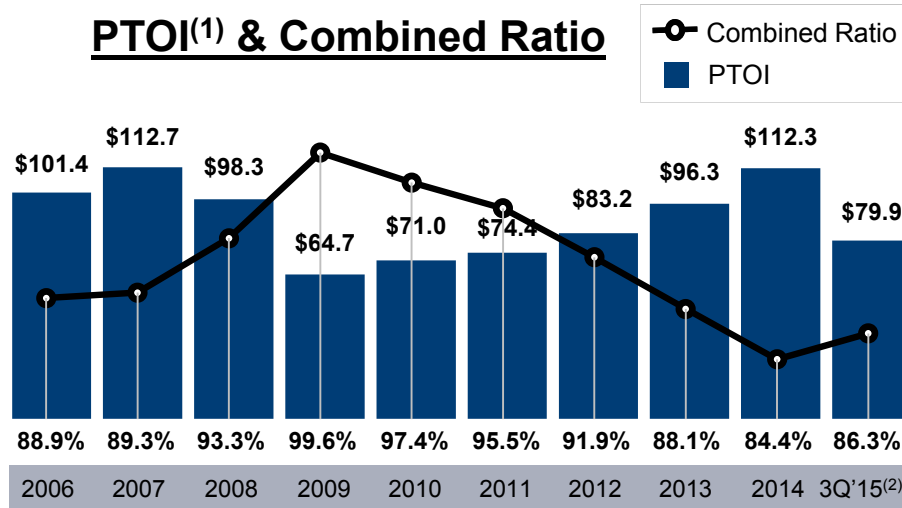
GWP by Business Unit (TTM 9/30/15)



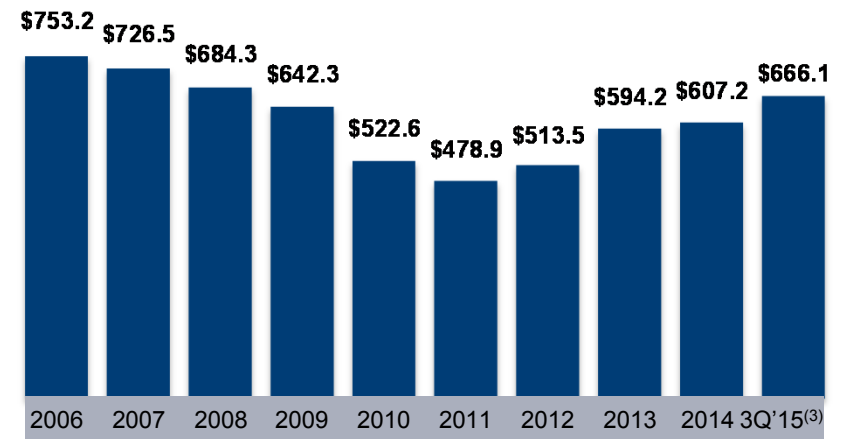
About Us

- Leader in U.S. Excess & Surplus Lines
- Strong relationships with national, local and regional wholesale brokers
- Seasoned U/W expertise is a competitive advantage
- Target all sizes of non-standard (hard-to-place) risks, with focus on small/medium accounts
- Underwrites on both admitted & non-admitted basis and across all business enterprises via two brands:
 - Colony Specialty
 - Argo Pro

PTOI⁽¹⁾ & Combined Ratio



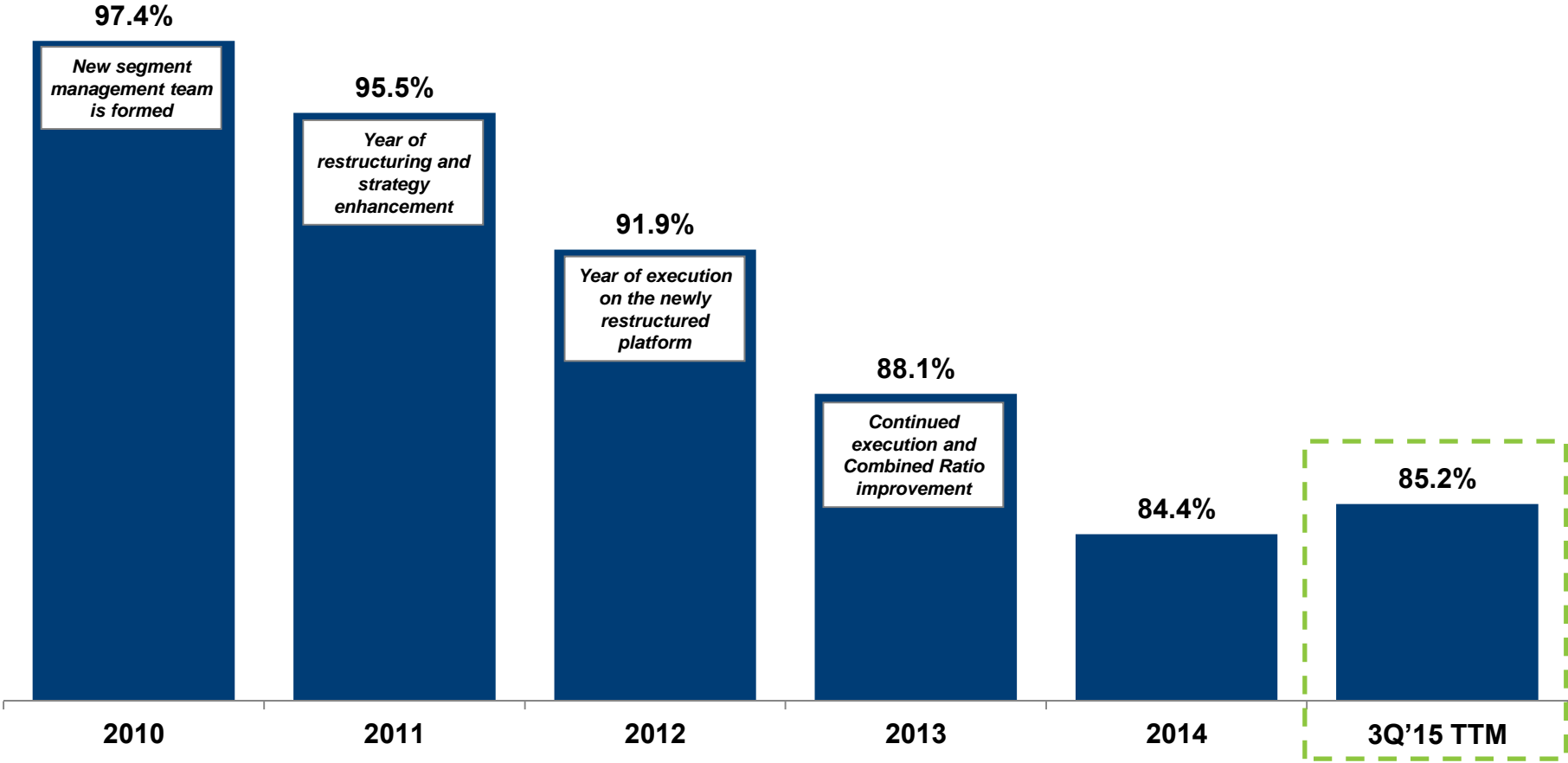
Gross Written Premium



All data in millions except for ratio calculations. TTM = trailing twelve months.
 (1) PTOI = Pre-Tax Operating Income. Excludes interest expense.
 (2) Data is based on year-to-date as of September 30, 2015.
 (3) Data is based on trailing twelve months as of September 30, 2015.

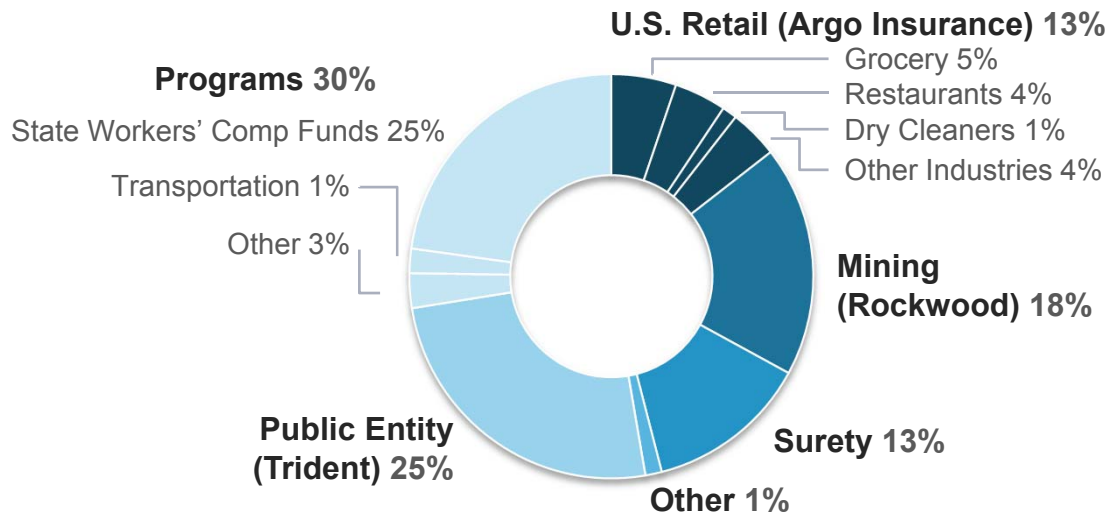
E&S Operating Platform Enhancement

Restructuring initiatives and strategy enhancement has enabled Argo to become an industry-leading E&S underwriter



Commercial Specialty Segment (23% of TTM GWP)

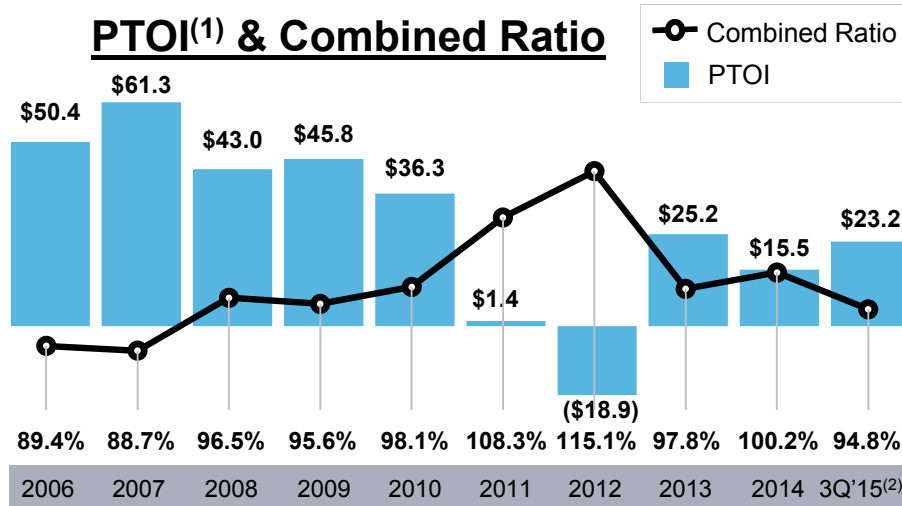
GWP by Business Unit (TTM 9/30/15)



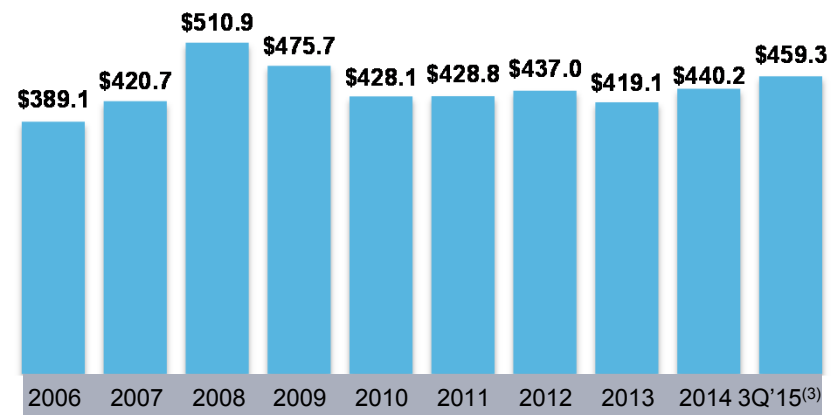
About Us

- Business primarily placed through retail distribution partners
- Argo Insurance – designs customized commercial insurance programs for retail grocery stores
- Trident – One of the largest specialty commercial insurance providers for small to middle market public-sector entities in the U.S.
- Rockwood – 2nd largest provider of workers compensation for the Pennsylvania coal mining industry
- Programs – provides fronting options for carriers to write business on Argo paper

PTOI⁽¹⁾ & Combined Ratio



Gross Written Premium



All data in millions except for ratio calculations. TTM = trailing twelve months.

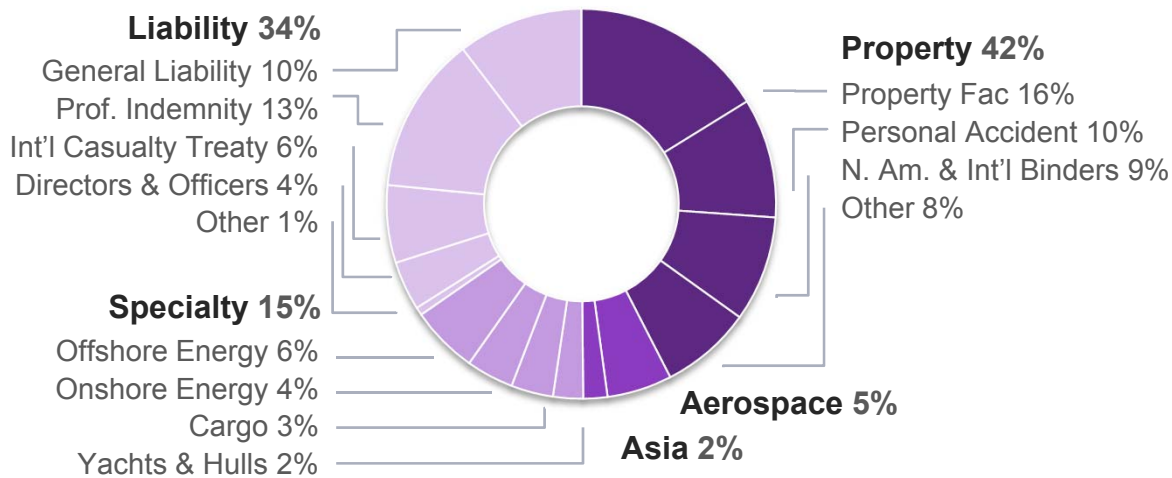
(1) PTOI = Pre-Tax Operating Income. Excludes interest expense.

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(3) Data is based on trailing twelve months as of September 30, 2015.

Syndicate 1200 Segment (29% of TTM GWP)

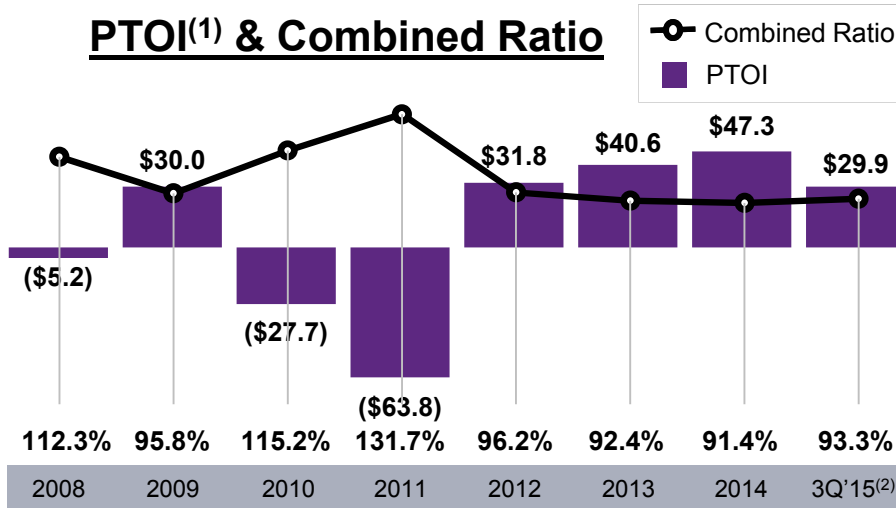
GWP by Business Unit (TTM 9/30/15)



About Us

- Well-established multi-class platform at Lloyd's of London
- Ranks among the largest Syndicates at Lloyd's by Stamp Capacity
- Lloyd's market ratings:
 - 'A' (Excellent) by A.M. Best
 - 'A+' (Strong) by S&P

PTOI⁽¹⁾ & Combined Ratio

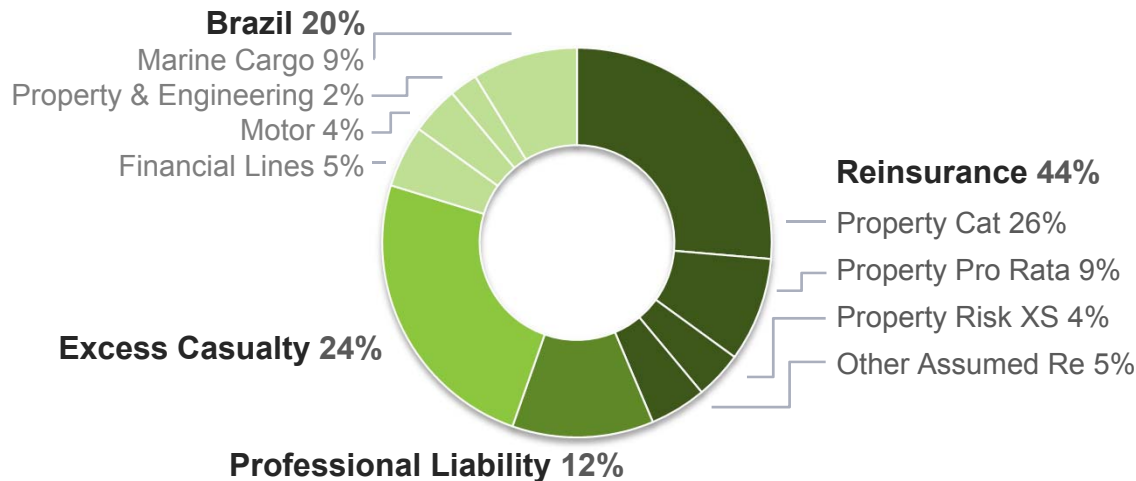


Gross Written Premium



International Specialty Segment (14% of TTMGWP)

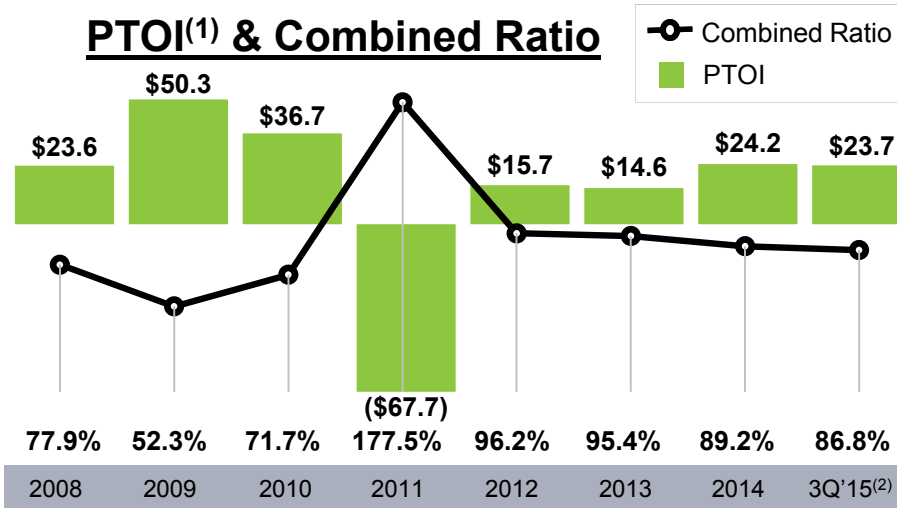
GWP by Business Unit (TTM 9/30/15)



About Us

- **Bermuda team underwrites:**
 - Property cat, short tail per risk and proportional treaty reinsurance worldwide
 - Excess casualty and professional liability for Fortune 1000 accounts
- **Building diversity through international expansion:**
 - Established primary operations in Brazil
 - Established operations in Eurozone
 - Established regional office in Dubai
- **Distributes through brokers**

PTOI⁽¹⁾ & Combined Ratio



Gross Written Premium



3Q 2015 Operating Results

	3Q 2015	3Q 2014	3Q 2015 YTD	3Q 2014 YTD
Gross Written Premiums	\$531.4	\$497.7	\$1,565.9	\$1,480.4
Net Written Premiums	386.2	380.5	1,093.8	1,055.6
Earned Premiums	346.0	337.6	1,026.6	999.4
Losses and Loss Adjustment Expenses	200.0	191.9	574.3	559.5
Underwriting, Acquisition and Insurance Expenses	132.8	133.8	401.9	399.3
Underwriting Income	\$13.2	\$11.9	\$50.4	\$40.6
Net Investment Income	21.3	20.8	63.9	64.7
Fee and other income (expense), net	1.0	1.6	(0.1)	0.1
Interest Expense	4.8	4.9	14.3	15.0
Operating Income	\$30.7	\$29.4	\$99.9	\$90.4
Net Realized Investment and Other Gains	3.7	12.9	25.0	42.5
Foreign Currency Exchange Gain (Loss)	1.8	6.0	8.4	2.8
Income Before Taxes	\$36.2	\$48.3	\$133.3	\$135.7
Income Tax Provision	0.9	3.6	11.3	12.2
Net Income	\$35.3	\$44.7	\$122.0	\$123.5
Operating Income per Common Share (Diluted)¹	\$0.86	\$0.81	\$2.80	\$2.47
Net Income per Common Share (Diluted)	\$1.24	\$1.54	\$4.28	\$4.21
Loss Ratio ²	57.8%	56.8%	55.9%	56.0%
Expense Ratio ³	38.4%	39.6%	39.1%	40.0%
Combined Ratio	96.2%	96.4%	95.0%	96.0%

All data in millions except for per share data and ratio calculations.

(1) Calculated using an assumed tax rate of 20%.

(2) Defined as Losses and Loss Adjustment Expenses / Earned Premiums.

(3) Defined as Underwriting, Acquisition and Insurance Expenses / Earned Premiums.

Conservative Investment Strategy

As of September 30, 2015

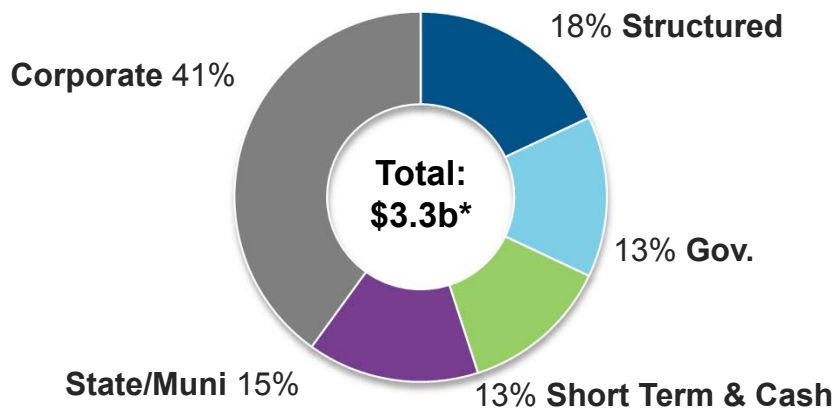
Portfolio Characteristics

- Duration of 2.2 years
- Average rating of 'A1/A+'
- Book yield of 2.7%*
- Very liquid
- Conservatively managed

*Book yield is pre-tax & includes all fixed maturities

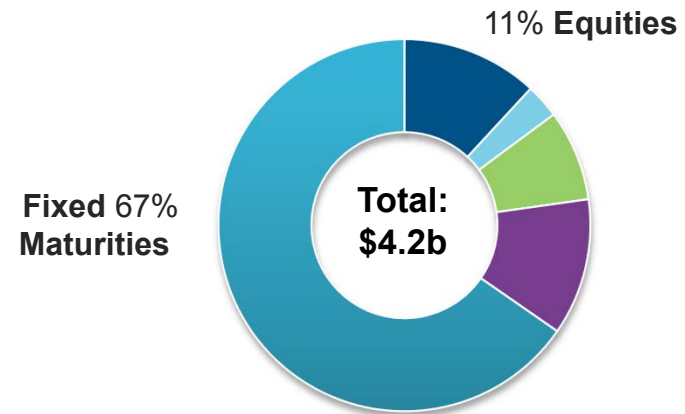
*Duration includes cash & equivalents

Fixed Maturities by Type

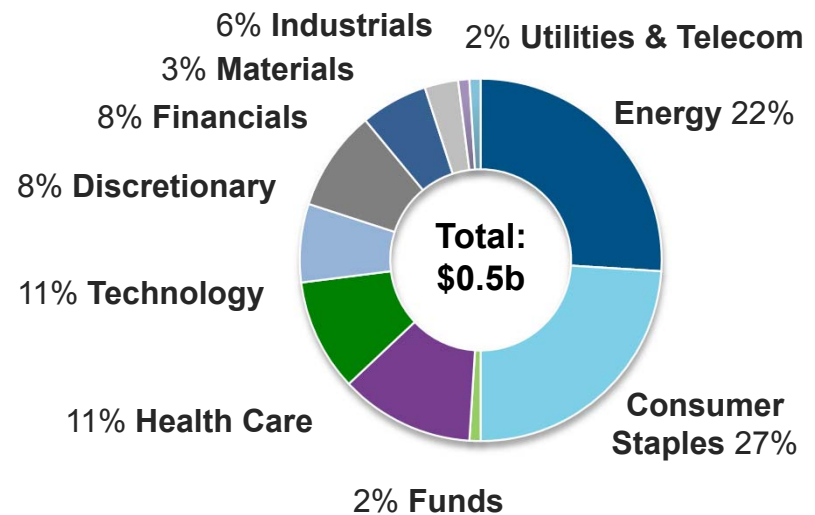


*\$2.8 billion in fixed maturities, \$0.4 billion in short term & cash

Asset Allocation



Equity Investments by Sector

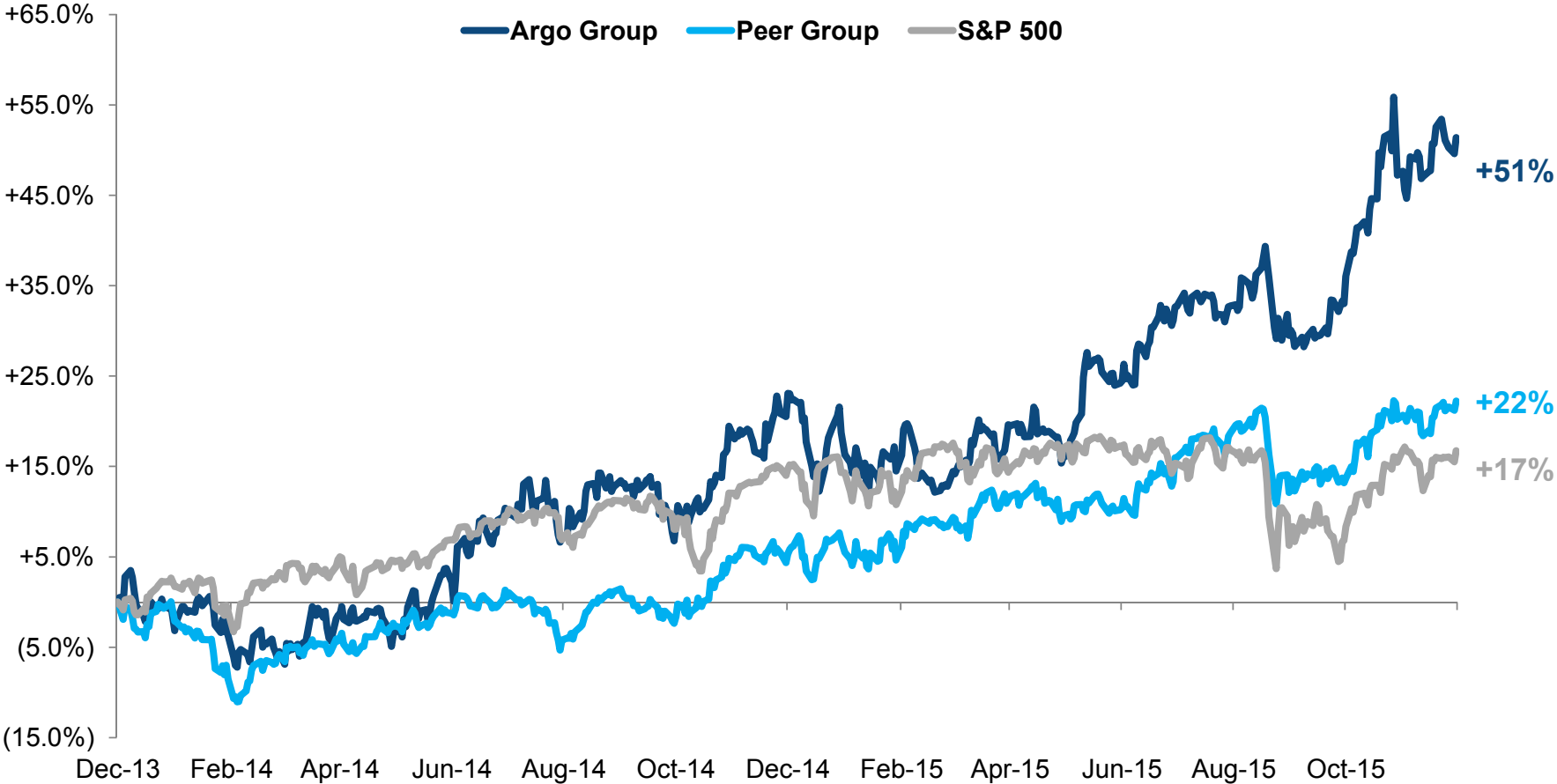


Active Capital Management

Through share repurchases and dividends, we have returned \$419 million of capital and repurchased 29% of shares outstanding from 2010 through 3Q 2015

	2010	2011	2012	2013	2014	Q3 YTD 2015	2010-Q3 '15 Total
Total Shares Outstanding	31,206,796	31,285,469	31,384,271	34,066,889	34,318,224	37,056,534	
Less: Treasury Shares	3,363,560	4,971,305	6,459,613	7,558,345	8,606,489	9,181,544	
Net Shares	27,843,236	26,314,164	24,924,658	26,508,544	25,711,735	27,874,990	
Shares Repurchased	3,217,561	1,607,745	1,488,308	1,098,732	1,048,144	575,055	9,035,545
<i>As % of Beg. Net Shares</i>	10%	6%	6%	4%	4%	2%	29%
Avg. Repurchase Price per Share	\$33.05	\$30.69	\$29.89	\$41.02	\$48.45	\$51.55	\$36.04
Total Repurchased (\$m)	\$106.3	\$49.3	\$44.5	\$45.1	\$50.8	\$29.6	\$325.7
Dividends per Share	\$0.48	\$0.48	\$0.48	\$0.60	\$0.69	\$0.60	\$3.33
Dividend Payments (\$m)	\$15.3	\$14.2	\$13.4	\$16.1	\$17.9	\$16.8	\$93.7
Repurchases + Dividends (\$m)	\$121.7	\$63.6	\$57.9	\$61.1	\$68.7	\$46.4	\$419.4

Stock Price Performance – Last 2 Years



Source: SNL Financial (as of 12/1/15).
 Note: Peer Group consists of: Allied World, American Financial, Arch Capital, Aspen, AXIS Capital, Endurance, Global Indemnity, Markel, Navigators, OneBeacon, RLI Corp, Selective Group, W.R. Berkley.

Compelling Valuation vs. Peer Group

Price/Book	Jan-00	Dec-15
Argo	0.70x	1.09x
Peer Avg.	1.17x	1.38x
Difference	0.47x	0.29x



Source: SNL Financial (as of 12/1/15).
 Note: Price to book is average price/book across all peer companies based on latest reported book value. Peer Group consists of: Allied World, American Financial, Arch Capital, Aspen, AXIS Capital, Endurance, Global Indemnity, Markel, Navigators, OneBeacon, RLI Corp, Selective Group, W.R. Berkley.

Well Positioned for Value Creation in 2016 and Beyond

We believe that Argo Group has potential to generate substantial value for new and existing investors

Operations

- Significant changes to premium composition completed
- Results of re-underwriting efforts emerging in financials
- Continue to employ and attract some of the best talent in the industry
- Incremental yield improvements can have a favorable impact on ROE

Capital

- Moderate financial leverage
- Strong balance sheet with adequate reserves and excellent asset quality

Valuation

- Compelling investment case
- Stock trading at a discount to peers
- Upside potential as past and ongoing efforts continue