PATIENT INFOSYSTEMS INC
Form SB-2/A
July 01, 2004

As filed with the Securities and Exchange Commission on July 1, 2004
Registration No. 333-115217

SECURITIES AND EXCHANGE COMMISSION
Washington D.C. 20549

AMENDMENT NO. 2
TO
FORM SB-2
REGISTRATION STATEMENT
Under
THE SECURITIES ACT OF 1933

PATIENT INFOSYSTEMS, INC.
(Name of small business issuer in its charter)

Delaware	8090	16-1476509
(State or other jurisdiction of incorporation or organization)	(Primary Standard Industrial Classification Code Number)	(I.R.S. Employer Identification Number)

46 Prince Street
Rochester, New York 14607
(585) 242-7200

(Address and telephone number of principal executive offices and principal place of business)

Roger Louis Chaufournier
President and Chief Executive Officer
Patient Infosystems, Inc.
46 Prince Street
Rochester, New York 14607
(585) 242-7200

(Name, address and telephone number of agent for service)

Copies of Communications to:
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Four Gateway Center
100 Mulberry Street
Newark, New Jersey 07102
(973) 622-4444

Approximate date of commencement of proposed sale of the securities to the public: As soon as practicable after the effective date of this Registration Statement.

If this form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, please check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering.

If this form is a post-effective amendment filed pursuant to Rule 462(c) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering.

If this form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering.

If delivery of the prospectus is expected to be made pursuant to Rule 434, please check the following box.

The Registrant hereby amends this Registration Statement on such date or dates as may be necessary to delay its effective date until the Registrant shall file a further amendment which specifically states that this Registration Statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933 or until this Registration Statement shall become effective on such date as the Commission, acting pursuant to said Section 8(a), may determine.

The information in this prospectus is not complete and may be changed. We may not sell these securities until the registration statement filed with the Securities and Exchange Commission is effective. This prospectus is not an offer to sell these securities and we are not soliciting offers to buy these securities in any state where the offer or sale is not permitted.

Subject to Completion, dated July 1, 2004

PRELIMINARY PROSPECTUS

PATIENT INFOSYSTEMS, INC.

877,125 Shares of Common Stock

The stockholders named on page 48 are selling up to 877,125 shares of our common stock. 62,500 of the shares we are registering are issuable upon the exercise of outstanding common stock purchase warrants. The selling stockholders may offer and sell their shares on a continuous or delayed basis in the future. These sales may be conducted in the open market or in privately negotiated transactions and at market prices, fixed prices or negotiated prices. We will not receive any of the proceeds from the sale of shares by the selling stockholders, but we will receive funds from the exercise of their warrants.

Our common stock is currently listed on the OTC Bulletin Board under the symbol "PATY." On June 30, 2004, the last reported sale price of our common stock on the Nasdaq OTC Bulletin Board was $3.30 per share.

Investing in our common stock involves risks. Please read the "Risk

Factors" section beginning on page 5 to read about certain risks that you should consider before purchasing shares of our common stock.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or passed upon the adequacy or accuracy of this prospectus. Any representation to the contrary is a criminal offense.

The date of this Prospectus is July 1, 2004

No dealer, salesperson or other person has been authorized to give any information or to make any representations other than those contained in this prospectus, and if given or made, such information or representations must not be relied upon as having been authorized by us, the selling stockholders or any underwriter. You should rely only on the information contained in this prospectus. This prospectus does not constitute an offer to sell or the solicitation of an offer to buy any security other than the common stock offered by this prospectus, or an offer to sell or a solicitation of an offer to buy any security by any person in any jurisdiction in which such offer or solicitation would be unlawful. Neither the delivery of this prospectus nor any sale made hereunder shall, under any circumstances, imply that the information in this prospectus is correct as of any time subsequent to the date of this prospectus.

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SUMMARY

You should read this summary together with the more detailed information, including our financial statements and related notes, appearing elsewhere in this prospectus. Unless otherwise indicated, all share and per share information contained herein gives effect to a 1 for 12 reverse stock split effected at the close of business on January 9, 2004.

Our Company

We are a health management solutions company which primarily engages in integrating clinical expertise with advanced Internet, call center and data management capabilities. We have evolved to offer a comprehensive portfolio of products and services designed to improve patient clinical outcomes and quality of life, reduce healthcare costs and facilitate patient-provider-payor communication. These products are now marketed under the label Care Team Connect for Health. On December 31, 2003, we acquired the assets and assumed the liabilities of American Caresource Corporation.

Our principal executive offices are located at 46 Prince Street, Rochester, New York 14607 and our telephone number is (585) 242-7200. We are incorporated under the laws of Delaware. Our Internet address is www.ptisys.com. The information on our web site is not incorporated by reference into, and does not constitute part of, this prospectus.

Recent Developments

On June 17, 2004, Patient Infosystems Inc. sold 3,365,000 shares of common stock to institutional and other accredited investors for an aggregate purchase price of $5,653,200 in gross proceeds. C.E. Unterberg, Towbin acted as placement agent in the transaction. C.E. Unterberg, Towbin was paid $360,158 in fees and expenses and received a warrant to purchase 93,450 shares of the Company's common stock. In addition, Lipman Capital Group received 50,000 shares of the Company's common stock in connection with consulting services relating to the transaction. Derace Shaffer, our Chairmanommon stock in the private placement.

As a result of the transaction, we were obligated pursuant to the anti-dilution provisions in our agreements with the Selling Stockholders, to issue an additional 155,161 shares of common stock to such Selling Stockholders such that the effective price per share for the shares originally purchased by the Selling Stockholders would be $1.68, being the price per share for the stock sold on June 17, 2004.

The Offering

Shares of common stock offered	877,125
Use of Proceeds	We will not receive any proceeds from the sale of the common stock offered by the selling stockholders. However, we may receive an aggregate of $162,500 upon the exercise of all the warrants held by selling stockholders, if such warrants are exercised for cash. We will use such funds, if any, for working capital and general corporate purposes.
OTC Bulletin	

Board Symbol PATY

Summary Financial Information

The summary financial data is derived from the historical financial statements of Patient Infosystems, Inc. This summary financial data should be read in conjunction with "Management's Discussion and Analysis or Plan of Operation" as well as our historical financial statements and the related notes thereto, included elsewhere in this prospectus.

Statement of operations data:

	Year Ended December 31, 2003	2002	2001	
Statement of Operations Data:				
Revenues	$5,687,293	$2,355,677	$1,586,443	$2,
Costs and expenses:				
Cost of sales	4,162,759	1,914,464	2,420,151	3
Sales and marketing	893,833	746,353	813,975	1
General and administrative	1,125,926	1,282,683	2,028,804	2
Research and development	131,782	105,614	190,731	
Total costs and expenses	6,314,300	4,049,114	5,453,661	7,
Operating loss	(627,007)	(1,693,437)	(3,867,218)	(5,
Other income	(2,750,954)	(530,924)	(598,087)	(
NET LOSS	$(3,377,960)	$(2,224,361)	$(4,465,305)	$(6,
Convertible preferred stock dividends	(7,671,557)	(90,000)	(90,000)	(
NET LOSS ATTRIBUTABLE TO COMMON SHAREHOLDERS	$(11,049,517)	$(2,314,361)	$(4,555,305)	$(6,
Net loss per share - basic and diluted	$ (3.25)	$ (2.36)	$ (5.17)	$
Weighted average common shares outstanding	3,399,616	979,668	880,875	

	As of December 31, 2003	2002	2001	
Balance Sheet Data:				
Cash and cash equivalents	$ 397,851	$ 5,011	$ 29,449	$
Working capital	(2,808,649)	(6,135,451)	(4,686,322)	(1,
Total assets	9,111,158	1,217,266	1,222,133	2
Long term obligations	3,040,295	3,000,000	2,500,000	2

Total liabilities	7,174,782	9,887,505	7,578,011	4
Total stockholders' (deficit) equity	1,936,376	(8,670,239)	(6,355,878)	(2,

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RISK FACTORS

Prospective investors should carefully consider the following factors, in addition to the other information contained in this prospectus, in connection with an investment in our common stock. This prospectus contains certain forward-looking statements, which involve risks and uncertainties. Our actual results could differ materially from those anticipated in the forward-looking statements as a result of certain factors, including those set forth below and elsewhere in this prospectus. An investment in our common stock involves a high degree of risk and is suitable only for investors who can afford to lose their entire investment.

Working Capital Shortfalls; Urgent Need for Working Capital; Possible Cessation of Operations

Patient Infosystems has never earned a profit and has depended upon the over $30 million that the Company has raised to date through its initial public offering, private placements of its equity securities and debt, to fund its working capital requirements. Patient Infosystems incurred an operating loss of approximately $0.6 million with a net loss of approximately $3.4 million for the year ended December 31, 2003 and had an approximate $2.8 million deficit in working capital and shareholders' equity of approximately $2 million at December 31, 2003. As of December 31, 2003, Patient Infosystems had total liabilities of $7,174,782 and a working capital deficit of $2,808,649. Since May 2003, Patient Infosystems' operation has been supported substantially by its operational cash flow. On December 31, 2003, Patient Infosystems acquired the assets of and assumed the liabilities for American Caresource Corporation and placed the operational assets and liabilities into a wholly-owned subsidiary, American Caresource Holdings, Inc. ("ACS"). It is anticipated that ACS will require significant additional working capital until it can fund its operational needs from operational cash flow, if at all. Existing working capital will last no more than a few months, and the Company anticipates that it will be required to raise at least an additional $2 million in 2004 to sustain the operation of ACS. As with any forward-looking projection, no assurances can be given concerning the outcome of Patient Infosystems' actual financial status given the substantial uncertainties that exist. There can be no assurances that Patient Infosystems can raise either the required working capital through the sale of its securities or that Patient Infosystems can borrow the additional amounts needed. If it is unable to identify additional sources of capital, Patient Infosystems will likely be forced to curtail its operations or the operations of ACS. As a result of the above, the Auditors' Report on Patient Infosystems' consolidated financial statements appearing on page 59 includes an emphasis paragraph indicating that Patient Infosystems' recurring losses from operations and negative working capital raise substantial doubt about its ability to continue as a going concern. The accompanying consolidated financial statements do not include any adjustments that might result from the outcome of this uncertainty.

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ACS' History of Operating Losses

ACS has incurred losses in each of the past four years and has not, since its inception, operated profitability. There can be no assurance that the acquisition of ACS will result in an increase in revenue or cash flows of Patient Infosystems.

During the last six months, ACS has received written notification of the termination of contractual relations from Pinnacol Assurance and two of its other customers which in the aggregate accounted for over 56% of ACS' revenues during the fiscal year ended December 31, 2003. The termination of these contracts will result in a significant reduction of ACS' revenues. Although a variety of reasons may be provided for the termination of each of the customer agreements, the termination of such an extensive amount of customer business may reflect a substantial level of customer dissatisfaction with the services provided by ACS. Although Patient Infosystems believes that it can provide assistance to ACS and that in combination with Patient Infosystems, ACS will be able to provide better services, no assurance can be given that more customers will not terminate their relationships with ACS following the closing of the Acquisition. In addition, ACS generally does not have long-term contracts with its other customers. Significant declines in the level of use of ACS services by one or more of its remaining customers could have a material adverse effect on ACS' business and results of operations. Additionally, an adverse change in the financial condition of any of these customers, including an adverse change as a result of a change in governmental or private reimbursement programs, could have a material adverse effect on its business.

History of Operating Losses; Continued Limited Patient Enrollment

Patient Infosystems has incurred losses in every quarter since its inception in February 1995. Patient Infosystems' ability to operate profitably is dependent upon its ability to develop and market its products in an economically successful manner. To date, Patient Infosystems has been unable to do so. No assurances can be given that Patient Infosystems will be able to generate revenues or ever operate profitably in the future.

Patient Infosystems' prospects must be considered in light of the numerous risks, expenses, delays and difficulties frequently encountered in an industry characterized by intense competition, as well as the risks inherent in the development of new programs and the commercialization of new services particularly given its failure to date to operate profitably. There can be no assurance that Patient Infosystems will achieve recurring revenue or profitability on a consistent basis, if at all.

Patient Infosystems currently has patients enrolled in its disease-specific programs. Through January 2004, an aggregate of approximately 775,000 persons have been enrolled in Patient Infosystems' programs. While Patient Infosystems has been able to enroll a sufficient number of patients to cover the cost of its programs, it still has not been able to generate sufficient operational margin to achieve a net profit.

Significant Customer Concentration

During 2000, a significant customer ceased operation of services supplied by Patient Infosystems, which had a material adverse effect on the results of operations. As of December 31, 2003, Patient Infosystems now has more customers than it did at December 31, 2001 or 2002. While the customer base is more diverse, there is still a significant concentration of Patient Infosystems' business in a small number of customers, with several of Patient Infosystems' most significant contracts being with IHI, CBCA and CHA Health. Patient Infosystems expects that its sale of services will be concentrated in a small number of customers for the foreseeable future. Consequently, the loss of any one of its customers could have a material adverse effect on Patient Infosystems and its operations. There can be no assurance that customers will maintain their agreements with Patient Infosystems, enroll a sufficient number of patients in the programs developed by Patient Infosystems for Patient Infosystems to achieve or maintain profitability, or that customers will renew their contracts upon expiration, or on terms favorable to, Patient Infosystems.

ACS' five largest customers (including its non-continuing customers) account for approximately 85% of its revenues. In addition, ACS does not have long-term contracts with its customers. The loss of one or more of these customers, or an adverse change in the financial condition of one or more of these customers, could have a material adverse effect on the business and results of operations of Patient Infosystems.

Consequences of the Need to Raise Additional Working Capital

As Patient Infosystems seeks additional financing or purchases, it is likely that it will issue a substantial number of additional shares that may be extremely dilutive to the current stockholders and required substantial and material charges to earnings which will impact the net loss attributable to the common shareholders. As a result, the value of outstanding shares of common stock could decline further.

Only One Independent Director

The Board of Directors of Patient Infosystems now only consists of three persons. One director, Mr. Chaufournier, is also the Chief Executive Officer of Patient Infosystems. There are no independent directors. It is anticipated that it will be difficult to attract additional independent directors to join the Board of Directors. The Company is seeking to identify additional persons who can serve as independent members of the Board of Directors and who may serve as members of its Audit Committee.

Terminability of Agreements

Patient Infosystems' current services agreements with its customers generally automatically renew and may be terminated by those customers without cause upon notice of between 30 and 90 days. In general, customer contracts may include significant performance criteria and implementation schedules for Patient Infosystems. Failure to satisfy such criteria or meet such schedules could result in termination of the agreements.

New Concept; Uncertainty of Market Acceptance; Limitations of Commercialization Strategy

In connection with the commercialization of Patient Infosystems' health information system, Patient Infosystems is marketing relatively new services designed to link patients, health care providers and payors in order to provide specialized disease management services for targeted chronic diseases. However, at this time, services of this type have not gained general acceptance from Patient Infosystems' customers. This is still perceived to be a new business concept in an industry characterized by an increasing number of market entrants who have introduced or are developing an array of new services. As is typical in the case of a new business concept, demand and market acceptance for newly introduced services are subject to a high level of uncertainty, and there can be no assurance as to the ultimate level of market acceptance for Patient Infosystems' system, especially in the health care industry, in which the containment of costs is emphasized. Because of the subjective nature of patient compliance, Patient Infosystems may be unable, for an extensive period of time, to develop a significant amount of data to demonstrate to potential customers the effectiveness of its services. Even after such time, no assurance can be given that Patient Infosystems' data and results will be convincing or determinative as to the success of its system. There can be no assurance that increased marketing efforts and the implementation of Patient Infosystems' strategies will result in market acceptance for its services or that a market for Patient Infosystems' services will develop or not be limited.

Unpredictability of Patient Behavior May Affect Success of Programs

The ability of Patient Infosystems to monitor and modify patient behavior and to provide information to health care providers and payors, and consequently the success of Patient Infosystems' disease management system, is dependent upon the accuracy of information received from patients. Patient Infosystems has not taken and does not expect that it will take, specific measures to determine the accuracy of information provided to Patient Infosystems by patients regarding their medical histories. No assurance can be given that the information provided to Patient Infosystems by patients will be accurate. To the extent that patients have chosen not to comply with prescribed treatments, such patients might provide inaccurate information to avoid detection. Because of the subjective nature of medical treatment, it will be difficult for Patient Infosystems to validate or confirm any such information. In the event that patients enrolled in Patient Infosystems' programs provide inaccurate information to a significant degree, Patient Infosystems would be materially and adversely affected. Furthermore, there can be no assurance that patient interventions by Patient Infosystems will be successful in modifying patient behavior, improving patient health or reducing costs in any given case. Many potential customers may seek data from Patient Infosystems with respect to the results of its programs prior to retaining it to develop new disease management or other health information programs. Patient Infosystems' ability to market its system to new customers may be limited if it is unable to demonstrate successful results for its programs.

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Competition

The market for health care information products and services is intensely competitive and we expect this competition to increase. Patient Infosystems competes with various companies in each of its disease target markets. Many of Patient Infosystems' competitors have significantly greater financial, technical, product development and marketing resources than Patient Infosystems. Furthermore, other major information, pharmaceutical and health care companies not presently offering disease management or other health care information services may enter the markets in which Patient Infosystems intends to compete. In addition, with sufficient financial and other resources, many of these competitors may provide services similar to those of Patient Infosystems without substantial barriers. Patient Infosystems does not possess any patents with respect to its integrated information capture and delivery system.

Patient Infosystems' competitors include specialty health care companies, health care information system and software vendors, health care management organizations, pharmaceutical companies and other service companies within the health care industry. Many of these competitors have substantial installed customer bases in the health care industry and the ability to fund significant product development and acquisition efforts. Patient Infosystems also competes against other companies that provide statistical and data management services, including clinical trial services to pharmaceutical companies.

Patient Infosystems believes that the principal competitive factors in its market are the ability to link patients, health care providers and payors, and provide the relevant health care information at an acceptable cost. In addition, Patient Infosystems believes that the ability to anticipate changes in the health care industry and identify current needs are important competitive factors. There can be no assurance that competitive pressures will not have a material adverse effect on Patient Infosystems.

Substantial Fluctuation in Quarterly Operating Results

Patient Infosystems' results of operations have fluctuated significantly from quarter to quarter as a result of a number of factors, including the volume and timing of sales and the rate at which customers implement disease management and other health information programs within their patient populations. Accordingly, Patient Infosystems' future operating results are likely to be subject to variability from quarter to quarter and could be adversely affected in any particular quarter.

Dependence on Data Processing and Telephone Equipment

The business of Patient Infosystems is dependent upon its ability to store, retrieve, process and manage data and to maintain and upgrade its data processing capabilities. Interruption of data processing capabilities for any extended length of time, loss of stored data, programming errors, other computer problems or interruptions of telephone service could have a material adverse effect on the business of Patient Infosystems.

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Quality Control

Patient Infosystems has developed quality control measures designed to insure that information obtained from patients is accurately transcribed, that reports covering each patient contact are delivered to health care providers and patients and that Patient Infosystems' personnel and technologies are interacting appropriately with patients and health care providers. Quality control systems include random monitoring of telephone calls, patient surveys to confirm patient participation and effectiveness of the particular program, and supervisory reviews of telephone agents.

Patient Infosystems may have difficulty integrating the business of ACS with existing operations

The acquisition of ACS will involve the integration of a company that has previously operated in an entirely different business than that of Patient Infosystems. Patient Infosystems cannot assure you that the integration of Patient Infosystems with ACS will be successfully completed without encountering difficulties or experiencing the loss of key Patient Infosystems or ACS employees, customers or suppliers, or that the benefits from such integration will be realized. In addition, Patient Infosystems cannot assure you that the management teams of ACS and Patient Infosystems will be able to successfully work with each other.

Government Regulation

The health care industry, including the current business of Patient Infosystems and the expanded operations of Patient Infosystems, including the business of ACS, is subject to extensive regulation by both the Federal and state governments. A number of states have extensive licensing and other regulatory requirements applicable to companies that provide health care services. Additionally, services provided to health benefit plans in certain cases are subject to the provisions of the Employee Retirement Income Security Act of 1974, as amended ("ERISA") and may be affected by other state and Federal statutes. Generally, state laws prohibit the practice of medicine and nursing without a license. Many states interpret the practice of nursing to include health teaching, health counseling, the provision of care supportive to, or restorative of, life and well being and the execution of medical regimens prescribed by a physician. Accordingly, to the extent that Patient Infosystems assists providers in improving patient compliance by publishing educational materials or providing behavior modification training to patients, such activities could be deemed by a state to be the practice of medicine or nursing. Although Patient Infosystems has not conducted a survey of the applicable law in all 50 states, it believes that it is not engaged in the practice of medicine or nursing. There can be no assurance, however, that Patient Infosystems' operations will not be challenged as constituting the unlicensed practice of medicine or nursing. If such a challenge were made successfully in any state, Patient Infosystems could be subject to civil and criminal penalties under such state's law and could be required to restructure its contractual arrangements in that state. Such results or the inability to successfully restructure its contractual arrangements could have a material adverse effect on Patient Infosystems.

Patient Infosystems is subject to state laws governing the confidentiality of patient information. A variety of statutes and regulations exist to safeguard privacy and regulating the disclosure and use of medical information. State constitutions may provide privacy rights and states may provide private causes of action for violations of an individual's "expectation of privacy." Tort liability may result from unauthorized access and breaches of patient confidence. Patient Infosystems intends to comply with state law and regulations governing medical information privacy.

In addition, on August 21, 1996 Congress passed the Health Insurance Portability and Accountability Act of 1996 ("HIPAA"), P.L. 104-191. This legislation required the Secretary of the Department of Health and Human Services to adopt national standards for electronic health transactions and the data elements used in such transactions. The Secretary is required to adopt safeguards to ensure the integrity and confidentiality of such health information. Violation of the standards is punishable by fines and, in the case of negligent or intentional disclosure of individually identifiable health information, imprisonment. The Secretary has promulgated final rules addressing the standards, however, the implementation time line extends into 2003 and beyond. Although Patient Infosystems intends to comply with all applicable laws and regulations regarding medical information privacy, failure to do so could have an adverse effect on Patient Infosystems' business.

Patient Infosystems and its customers may be subject to Federal and state laws and regulations that govern financial and other arrangements among health care providers. These laws prohibit certain fee splitting arrangements among health care providers, as well as direct and indirect payments, referrals or other financial arrangements that are designed to induce or encourage the referral of patients to, or the recommendation of, a particular provider for medical products and services. Possible sanctions for violation of these restrictions include civil and criminal penalties. Specifically, HIPAA increased the amount of civil monetary penalties from $2,000 to $10,000. Criminal penalties range from misdemeanors, which carry fines of not more than $10,000 or imprisonment for not more than one year, or both, to felonies, which carry fines of not more than $25,000 or imprisonment for not more than five years, or both. Further, criminal violations may result in permanent mandatory exclusions and additional permissive exclusions from participation in Medicare and Medicaid programs.

Furthermore, Patient Infosystems and its customers may be subject to federal and state laws and regulations governing the submission of false healthcare claims to the government and private payers. Possible sanctions for violations of these laws and regulations include minimum civil penalties between $5,000-$10,000 for each false claim and treble damages.

Regulation in the health care field is constantly evolving. Patient Infosystems is unable to predict what government regulations, if any, affecting its business may be promulgated in the future. Patient Infosystems' business could be adversely affected by the failure to obtain required licenses and governmental approvals, comply with applicable regulations or comply with existing or future laws, rules or regulations or their interpretations.

Significant and Extensive Changes in the Health Care Industry

The health care industry is subject to changing political, economic and regulatory influences that may affect the procurement practices and operations of health care industry participants. Several lawmakers have announced that they intend to propose programs to reform the U.S. health care system. These programs may contain proposals to increase governmental involvement in health care, lower reimbursement rates and otherwise change the operating environment for Patient Infosystems and its targeted customers. Health care industry participants may react to these proposals and the uncertainty surrounding such proposals by curtailing or deferring certain expenditures, including those for Patient Infosystems' programs. Patient Infosystems cannot predict what impact, if any, such changes in the health care industry might have on its business, financial condition and results of operations. In addition, many health care providers are consolidating to create larger health care delivery enterprises with greater regional market power. As a result, the remaining enterprises could have greater bargaining power, which may lead to price erosion of Patient Infosystems' programs. The failure of Patient Infosystems to maintain adequate price levels could have a material adverse effect on its business.

Dependence on Customers for Marketing and Patient Enrollment

Patient Infosystems has limited financial, personnel and other resources to undertake extensive marketing activities. One element of Patient Infosystems' marketing strategy involves marketing specialized disease management programs to pharmaceutical companies and managed care organizations, with the intent that those customers will market the program to parties responsible for the payment of health care costs, who will enroll patients in the programs. Accordingly, Patient Infosystems, will to a degree, be dependent upon its customers, over whom it has no control, for the marketing and implementation of its programs and for the receipt of valid patient information. The timing and extent of patient enrollment is completely within the control of Patient Infosystems' customers. Patient Infosystems has faced difficulty in receiving reliable patient information from certain customers, which has hampered its ability to complete certain of its projects. To the extent that an adequate number of patients are not enrolled in the program, or enrollment of initial patients by a customer is delayed for any reason, Patient Infosystems' revenue may be insufficient to support its activities.

Control of Patient Infosystems

The executive officers, directors and certain stockholders of Patient Infosystems who beneficially own in the aggregate approximately 87.5% of the outstanding common stock control Patient Infosystems. As a result of such ownership, these stockholders, in the event they act in concert, will have control over the management policies of Patient Infosystems and all matters requiring approval by the stockholders of Patient Infosystems, including the election of directors.

Potential Liability and Insurance

Patient Infosystems will provide information to health care providers and managed care organizations upon which determinations affecting medical care will be made. As a result, it could share in potential liabilities for resulting adverse medical consequences to patients. In addition, Patient Infosystems could have potential legal liability in the event it fails to record or disseminate correctly patient information. Patient Infosystems maintains an errors and omissions insurance policy with coverage of $5 million in the aggregate and per occurrence. Although Patient Infosystems does not believe that it will directly engage in the practice of medicine or direct delivery of medical services and has not been a party to any such litigation, it maintains a professional liability policy with coverage of $5 million in the aggregate and per occurrence. There can be no assurance that Patient Infosystems' procedures for limiting liability have been or will be effective, that Patient Infosystems will not be subject to litigation that may adversely affect Patient Infosystems' results of operations, that appropriate insurance will be available to it in the future at acceptable cost or at all or that any insurance maintained by Patient Infosystems will cover, as to scope or amount, any claims that may be made against Patient Infosystems.

Intellectual Property

Patient Infosystems considers its methodologies, processes and know-how to be proprietary. Patient Infosystems seeks to protect its proprietary information through confidentiality agreements with its employees. Patient Infosystems' policy is to have employees enter into confidentiality agreements that contain provisions prohibiting the disclosure of confidential information to anyone outside Patient Infosystems. In addition, the policy requires employees to acknowledge, and, if requested, assist in confirming Patient Infosystems' ownership of any new ideas, developments, discoveries or inventions conceived during employment, and requires assignment to Patient Infosystems of proprietary rights to such matters that are related to Patient Infosystems' business.

SPECIAL CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

This prospectus contains many forward-looking statements that involve substantial risks and uncertainties. You can identify these statements by forward-looking words such as "may," "will," "expect," "anticipate," "believe," "estimate," and "continue" or similar words. You should read statements that contain these words carefully because they discuss our future expectations, contain projections of our future operating results or of our financial condition or state other "forward-looking" information.

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We believe in the importance of communicating our future expectations to our investors. However, we may be unable to accurately predict or control events in the future. The factors listed in the sections captioned "Risk Factors" and "Management's Discussion and Analysis or Plan of Operation," as well as any other cautionary language in this prospectus, provide examples of risks, uncertainties and events that may cause our actual results to differ materially from the expectations we describe in our forward-looking statements.

USE OF PROCEEDS

We will not receive any proceeds from the sale of common stock by the selling stockholders. We will receive proceeds upon the exercise of any warrants. If all of the selling stockholders exercise all of their warrants for cash, we will receive an aggregate of $162,500. We will use such funds, if any, for working capital and general corporate purposes.

MARKET FOR COMMON EQUITY AND RELATED STOCKHOLDER MATTERS

During the fiscal years ended December 31, 2002 and 2003 and through January 9, 2004, our common stock traded on the OTC Bulletin Board under the symbol PATI. From January 12, 2004, our common stock has traded on the OTC Bulletin Board under the symbol PATY. The closing price for our common stock on June 30, 2004 was $3.30.

The following table sets forth, for the periods indicated, the range of high and low bid quotations for shares of our common stock as quoted on the OTC Bulletin Board. The reported bid quotations reflect inter-dealer prices, without retail markup, markdown or commissions, and may not necessarily represent actual transactions. Information contained herein gives effect to a 1 for 12 reverse stock split effected at the close of business on January 9, 2004.

	High	Low
2002		
First Quarter	$2.40	$0.72
Second Quarter	$2.40	$1.44
Third Quarter	$3.60	$1.08
Fourth Quarter	$6.12	$0.96
2003		
First Quarter	$3.12	$1.68
Second Quarter	$3.00	$0.96
Third Quarter	$3.00	$0.96
Fourth Quarter	$4.08	$1.32
2004		
First Quarter	$6.00	$1.44
Second Quarter	$5.50	$2.00

Holders of common stock

As of February 27, 2004, there were approximately 89 holders of record of our common stock.

Dividends

We have never paid or declared a cash dividend on our common stock.

We are obligated to declare 9% cumulative dividends on our 75,000 shares of Series C Cumulative Convertible Preferred Stock that was issued on March 31, 2000 and our 840,118 shares of Series D Cumulative Convertible Preferred Stock that was issued between April 2003 and January 2004.

Equity Compensation Plan Information

	Number of securities to be issued upon the exercise of outstanding options, warrants and rights (a)	Weighted-average exercise price of outstanding options, warrants and rights (b)	Number o securiti remaining ava for future is under equ compensation (excludi securiti reflected in (a)) (c)
Equity compensation plans approved by securities holders	101,160	$9.36	3,
Equity compensation plans not approved by securities holders			
Total	101,160	$9.36	3,

Description of Business

General

Patient Infosystems, Inc. ("Patient Infosystems") was incorporated in the State of Delaware on February 22, 1995 under the name DSMI Corp., changed its name to Disease State Management, Inc. on October 13, 1995, and then changed its name to Patient Infosystems, Inc. on June 28, 1996. Patient Infosystems' principal executive offices are located at 46 Prince Street, Rochester, New York 14607 and its telephone number is 585-242-7200. Patient Infosystems' Internet address is www.ptisys.com.

Patient Infosystems is a health management solutions company that integrates clinical expertise with advanced Internet, call center and data management capabilities. Founded in 1995 as a disease management company, Patient Infosystems has evolved to offer a comprehensive portfolio of products and services designed to improve patient clinical outcomes and quality of life, reduce healthcare costs and facilitate patient-provider- payor communication. These products are now marketed under the label Care Team Connect for Health.

Patient Infosystems has historically marketed its services to a broad range of clients, including self-insured employers and trust funds, insurance companies, pharmaceutical and medical equipment and device manufacturers, pharmacy benefit managers ("PBMs"), other healthcare payors, such as managed care organizations ("MCOs") and healthcare providers, including integrated delivery networks ("IDN's"). Current marketing efforts are targeted to self-insured employers, employer groups, union health and welfare funds, and others who pay for the health care of defined populations.

During its first two years of operations, Patient Infosystems emphasized the development of pure disease management programs, which accounted for a substantial portion of its revenue through 1997. However, beginning in 1998, Patient Infosystems devoted resources to the development of broader applications of its technology platform, and its additional products grew to account for nearly 45% of the total revenue of Patient Infosystems during the fiscal year ended December 31, 2002. During 2003, the Company further expanded its product mix to include services in support of providers and their clinical improvement efforts. These services include support for development, training and maintenance of clinical registry software, consultative services in improvement methodologies and support of web-based informational and reporting resources. On December 31, 2003, Patient Infosystems acquired the assets of American Caresource Corporation ("ACS"). ACS provides ancillary benefits management services, including a network of ancillary specialty providers and value-added services that assist our clients control the cost of a range of ancillary medical services.

The Care Team Connect portfolio now represents 40% percent of the Company's revenue; innovation and improvement services for providers represent 60% of the 2003 revenue.

Products and Capabilities

Care Team Connect for Health

Care Team Connect for Health, which is Patient Infosystems' principal product line, provides a complete solution for population health management that can be marketed as a comprehensive solution or a set of discrete services that complement a client's existing operations. Care Team Connect integrates a number of components that had historically been marketed by the Company as stand alone products. During the 2002 year, the clinical content of these components was revised and all components were migrated to an updated technology platform. During 2003, the Care Team Connect product was expanded to include certain wellness services, as well as utilization management and case management services, provided through subcontract relationships with partner organizations. Care Team Connect includes the following:

- 24-hour nurse help/triage line,
- Population analysis and identification,
- Disease management services,
- Care management,
- Smoking cessation program,

Nurse help line

The Care Team Connect for Health nurse help line is a triage, advice, referral and health-counseling service that provides employees and members with round-the-clock access to registered nurses who use algorithm-based assessment tools and have access to provider and/or network information. The help line can provide users with information about a specific health problems or answers to their health-related questions. Use of nationally recognized clinical algorithms assist callers in determining the most cost-effective options for acute care treatment and has effectively been able to reduce the use of emergency rooms and after hours physician contact. Through the Nurse Help Line, individuals may also be identified for referral into disease management or case management intervention. The nurse help line is operated from Patient Infosystems' Utilization Review Accreditation Commission ("URAC") accredited call center.

Population analysis and identification

As part of its disease management services, Patient Infosystems provides comprehensive medical and pharmaceutical claims analysis that includes the administration of proprietary algorithms to identify patients with chronic disease and then stratifies them by level of risk for high resource utilization.

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The stratification algorithm employed is categorical in nature as patients are classified into low, moderate, high and critical groupings. The data employed in the algorithm are both nominal (using claim codes known as "ICD9" and procedure codes known as "CPT") and ratio (usage of resources). The nominal data determines the presence of a particular chronic condition and thus identifies patients with a specific condition. A combination of the nominal and ratio data, as defined in the algorithm for each condition, determines the risk level for the individual patient.

Following identification and stratification, patients/employees can be enrolled into the appropriate (low, moderate or high) disease management intervention program.

The first time the claims analysis is completed on the client's historical claims data, the client will be provided with a summary report that profiles its population as related to health care dollars spent, prevalence of disease, and the numbers of identified at-risk members by risk level. Claims data is used on a retrospective basis to assess the financial impact of the Care Team Connect programs and calculate savings and return on investment.

Disease management services

Patient Infosystems' disease management services are provided for individuals with a diagnosis of asthma, diabetes, hypertension, or congestive heart failure. These services are comprehensive in approach and focus on both the medical and behavioral aspects of chronic health care management. The programs involve clinical assessments and the delivery of messages on self-care, medication compliance and treatment adherence. Through monitoring and on-going assistance, they empower the participants to become more proficient and proactive in managing their disease or condition. By including 24-hour access to the nurse help line, participants always have a place to turn for questions or issues that arise with their disease. The long-term goal of Patient Infosystems' disease management services is a judicious use of health care resources through health care education, as well as reinforcement of the provider's treatment plan.

The disease management programs are based on nationally recognized treatment guidelines for each disease state. The programs provide condition-specific assessment, support and education with behavior-based interventions according to the patient's identified risk level. Each of Patient Infosystems' chronic condition management programs is reviewed and updated as needed on an annual basis to assure that these programs reflect current knowledge and practices in clinical management.

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Disease management interventions include various components according to the risk level of the target individual. These components are as follows:

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Low risk:	o Quality of life surveys o Reminders o Static educational mailings o 24-hour nurse help line
Moderate risk:	o Nurse engagement o Quality of life surveys o Chronic condition management program o Reminders o Static educational mailings o 24-hour nurse help line
High risk:	o Nurse engagement o Quality of life surveys o "Gold" chronic condition management program o Telemonitoring signs and symptoms assessment o Reminders o Static educational mailings o 24-hour nurse help line
Critical risk:	o Dedicated registered nurse as disease care manager o Baseline clinical assessment and treatment action plan o Regularly scheduled on-going clinical patient assessments

Disease management program components

Nurse engagement call

All moderate, high and critical risk disease management programs begin with a nurse engagement call. The nurse care counselor explains the specific program for which the member is targeted and the benefits of the program, while starting to build a relationship with the member. The nurse care counselor confirms the patient's acceptance to participate and obtains pertinent member information.

The nurse intervention assesses specific areas of clinical management based on national clinical practice guidelines. Specific to each disease, these include the following types of information:

o Healthcare utilization.
o Disease status.
o Functional status.
o Quality of care.
o Treatment adherence and self-care practices.
o Education/knowledge.
o Motivation and program evaluation.

The assessment focuses on the most important health behaviors the patient must manage in order to effectively control symptoms of their disease.

Chronic condition management program

Moderate risk patients are enrolled in our chronic condition management programs. Each of the chronic condition management programs utilize a combination of telephone and mail interventions to monitor patients while providing educational information about disease-specific treatment guidelines.

By providing unique, individually tailored intervention strategies, Patient Infosystems provides each patient with personalized, educational feedback and positive reinforcement, both verbally and through written communication. Each telephonic intervention also generates an on-demand published report for the patient's physician/case manager.

"Gold" chronic condition management program

High risk patients are enrolled in our "gold" chronic condition management program. The "gold" program includes all of the components of the chronic condition management programs described previously, plus the incorporation of symptom assessment and monitoring throughout the duration of the contract.

Quality of life re-assessment and on-going monitoring

Quality of life surveys are periodically administered to assess patients' functional status.

Educational mailings

During the re-assessment and on-going monitoring portion of the program, patients receive disease-specific educational or reminder mailings.

Reminders

Patients are periodically reminded of preventive measures they should take to better manage their health.

Disease care management for critical risk patients

Disease care management is a specialized clinical intervention. The highly specialized clinical support by a registered nurse provides the management and coordination of patient care services for critical-risk individuals in a population.

The program's key functions are the following:

1. One-on-one support by a dedicated registered nurse.

2. Establishing an extensive baseline clinical assessment and treatment action plan.

3. Regularly scheduled on-going clinical patient assessments that include extensive disease monitoring and surveillance.

All facets of the individual's care are comprehensively and regularly reviewed by the disease care manager and regular communication is made with all members of the health care team.

At any point during a disease care management intervention, if the patient is assessed to require even more intense management, the Nurse will connect the patient with traditional case management.

Care management services

Care management programs include the components of utilization management and case management and ensure that participants receive quality medical care at the best possible price, while maximizing plan benefits. The programs assist in avoiding unnecessary expenditures with an objective, information-intensive approach that combines clinical judgment with accepted practice patterns.

Care management services are provided through subcontracts with partner companies that are accredited by URAC. All policies and procedures reflect compliance with URAC standards and are further developed to ensure compliance with the legislative requirements of the states in which utilization review functions are performed.

The data collected from the Care Team Connect for Health interventions is stored in an integrated information warehouse which links the numerous programs and services. This integrated data warehouse allows our clients, the patient's providers and other associated service providers access to program data as necessary in order to best manage the member's health.

Smoking Cessation Services

During 2003, Patient Infosystems began providing the call center operations for a smoking cessation program which is owned by and marketed by Behavioral Solutions. Patient Infosystems has the right to independently market this program for direct sales.

Provider innovation and improvement support

In 2003, Patient Infosystems expanded its role in services to certain federally funded health centers that are sponsored by the Bureau of Primary Healthcare through the Institute for Healthcare Improvement that promote disease management programs directly to the providers in the health centers.

Population Health Disease Management Systems and Strategies

Patient Infosystems provides technical assistance to the health centers relative to management of chronic disease. This includes organizations such as the federal government, health plans, state primary care associations, and the National Association of Community Health Centers.

Learning Organization Services

Patient Infosystems serves as a teaching organization promoting improvement in care delivery systems. This includes logistics support for learning sessions, training; recruitment, development and support of faculty, subject matter experts in key topics; training in improvement methods and knowledge management of best practices. Topics include chronic disease management, idealized clinical practice design and the business case for planned care. Patient Infosystems collaborates with the Institute for Healthcare Improvement on such initiatives.

Technical assistance

Patient Infosystems assists with the development of clinical registries used to more effectively manage patients with chronic disease. Patient Infosystems services include (i) project management and Implementation of a patient registry for federally qualified health centers through a national initiative known as the Health Disparities Collaboratives and (ii) Patient Infosystems provides technical assistance in web based reporting applications for clinical outcomes. This project is administered as a subcontract through the Institute for Healthcare Improvement.

Outcome Assessment, Data Collection and Reporting

Patient Infosystems collects data about clinical, financial, quality of life and satisfaction. This data is analyzed and outcomes are reported.

Ancillary benefits management

Ancillary healthcare services include a broad array of services that supplement or support the care provided by hospitals and physicians, including the non-hospital, non-physician services associated with surgery centers, free-standing diagnostic imaging centers, home health and infusion, durable medical equipment, orthotics and prosthetics, laboratory and many other services. These ancillary services are provided to patients as benefits under Group Health plans and Workers Compensation plans.

- o Home Health Services
- o Surgical Centers
- o Laboratory Services
- o Home Infusion therapy
- o Chiropractic Services
- o Diagnostic Imaging/Radiology
- o Dialysis Services
- o Durable Medical Equipment
- o OrthoticsOandaProstheticspy/Rehab
- o Pain Management
- o Pharmacy
- o Respiratory Services
- o Sleep Studies
- o Sub-Acute and Skilled Nursing facilities
- o Hospice Services
- o Bone Growth Stimulators

ACS manages the administration of these non-hospital, non-physician services.

Through its contracts with over 5000 ancillary service providers (with over 13,000 sites nationwide), ACS is able to offer its clients direct cost savings in the form of discounted rates for contracted services and administrative cost savings by functioning as a single point of contact for managing a comprehensive array of ancillary benefits. ACS benefits management services include processing the claims submitted by its covered providers, re-pricing the claims, submitting the claims for payment, receiving and disbursing claims payments and performing customer service functions for its clients and contracted providers. For preferred provider organization ("PPO"), third party administrator ("TPA") and similar clients, contracting with ACS also allows the clients to market comprehensive, efficient and affordable ancillary service benefits to their payor customers.

As part of its ancillary benefits management services, ancillary providers submit claims at full retail charges to ACS for services performed for covered members. ACS re-prices these claims under the relevant payor fee schedules, performs electronic conversion and HIPAA formatting services, and submits the re-priced claims to the appropriate payors. After adjudication of the claims by the Payor, the Payor issues an Explanation of Benefits and check for each claim. In most cases, these checks are sent to ACS. ACS then pays the providers under the relevant provider fee schedules. The difference between the amounts received by ACS from its clients and the amounts paid by ACS to its contracted providers represents ACS gross margin on its benefits management services.

Value-added services that ACS provides to its clients include the following:

Ancillary network analysis. ACS analyzes the available claims history from each client and develops a specific plan to meet their needs. This analysis identifies high-volume providers that are not already in ACS network. ACS attempts to contract with such providers to maximize discount levels and capture rates.

Ancillary out-of-network negotiations. For services performed by providers outside of the ACS network, ACS negotiates a discounted rate for the client on a case specific basis.

Ancillary custom network. ACS customizes its network to meet the needs of each client. In particular, ACS reviews the "out-of-network" claims history through its network analysis service and develops a strategy to create a network that efficiently serves the client's needs. This may involve adding additional providers for a client and removing providers the client wants excluded from their network.

Ancillary reimbursement. ACS uses its network analysis to develop a single reimbursement level for all ancillary providers. ACS also processes denials and appeals for its clients and for its contracted providers.

Ancillary network management. ACS manages ancillary service provider contracts, reimbursement and credentialing for its clients. This provides administrative benefits to ACS clients and reduces the burden on providers who typically must supply credentialing documentation and engage in contract negotiation with separate payors.

Ancillary utilization management support. ACS provides support for utilization and case management efforts used by each payor. ACS facilitates preauthorization at the point of referral based on pre-established criteria. ACS also "flags" cases for follow-up, review, and concurrent reviews to ensure all the payor guidelines are followed by each service provider and the efficacy of services and progress of the patient is satisfactory. There are a large number of high demand cases that are subject to case management efforts. For those cases, ACS helps coordinate the supporting documentation and preparation of reports to manage and monitor progress and establishment of reserves for specific claims.

Ancillary systems integration. ACS has created a proprietary software system that enables it to manage many different customized accounts and includes the following modules:

- o Provider network management
- o Credentialing
- o Eligibility management and card printing
- o Claims and case referral management
- o Data transfer management/EDI
- o Repricing and auto-adjudication
- o Multi-level reimbursement management
- o Posting, EOB, check, and e-funds processes
- o Customer service management
- o Directory management
- o Claim repricing / adjudication
- o Advanced data reporting

Ancillary reporting. ACS provides a complete suite of reports to each client monthly. The reports cover contracting efforts and capture rates, discount levels, referral volumes by service category and complete claims and utilization reports.

Ancillary claims management. ACS provides claims management services through its operation in Pittsboro, Indiana. ACS can manage ancillary claims flow, both electronic and paper, and integrate into the client's process electronically or through repriced paper claims. ACS can also perform a number of customized processes that add additional value for each client. As part of the claims management process, ACS manages the documentation requirements specific to each payor. When claims are submitted from the service provider without required documentation, ACS works with the provider to get the documentation so that the claim is not denied by the payor. This also saves labor costs for the payors.

ACS estimates that at least 80% of all claims in ACS ancillary categories are submitted by paper. ACS is able to provide a conversion of these paper claims into the HIPAA-compliant Electronic Data Interchange ("EDI") form through its scanning operations.

Sales and Marketing

Through 1997, Patient Infosystems' efforts focused primarily on the development of disease management programs. Beginning in 1998, Patient Infosystems began aggressively marketing the other services that its technology platform can provide, including demand management, patient surveys, pharmaceutical support programs and outcomes analysis. During 2002 and 2003, Patient Infosystems has marketed its integrated Care Team Connect for Health product. Its target market is the organization that pays for health care services on behalf of its members, employees or beneficiaries. These industry organizations include several groups: insurance companies, managed care organizations, third party administrators (TPA's), Taft-Hartley health and welfare funds, purchasing coalitions, and self-funded employer groups.

Sales and marketing efforts for the ACS product line are currently focused on healthcare payor organizations as well as certain value-added re-sellers in the form of TPAs or PPOs. ACS spent several years developing its business model, know-how, infrastructure, client base and provider base and until 2001, ACS focused on managing ancillary benefits in the Workers Compensation market. In early 2001, ACS expanded and refocused its business to address the management of ancillary benefits in the Group Health market. It launched its Group Health initiatives by marketing to healthcare networks such as TPAs and PPOs. As of the end of 2003, ACS began to focus its marketing efforts on the direct payor community. This is in alignment with the marketing focus for the Care Team Connect product line.

Patient Infosystems currently employs a sales and marketing staff of three persons to market its services. The Ancillary Network of ACS is marketed through one full time sales person and independent contractors providing additional commission salespersons. In addition, the senior members of Patient Infosystems' management are actively engaged in marketing Patient Infosystems' programs.

Patient Infosystems has agreements in place with several organizations to co-market Patient Infosystems' products and services. These agreements are in place with CBCA, formerly USI Administrators, Inc., Gilsbar, and Behavioral Solutions. CBCA and Gilsbar are third-party administrators; Behavioral Solutions is a subsidiary of Nelson Communications and the developers of the Quitting Your Way smoking cessation program. These agreements permit either company to co-market and sub-contract for the services of the other company.

Competition

The market for health care information products and services is intensely competitive. Competitors vary in size and in scope and breadth of products and services offered, and Patient Infosystems competes with various companies in each of its disease target markets. Patient Infosystems' competitors include specialty health care companies, health care information system and software vendors, health care management organizations, pharmaceutical companies and other service companies within the health care industry. Many of these competitors have substantial installed customer bases in the health care industry and the ability to fund significant product development and acquisition efforts. Patient Infosystems also competes against other companies that provide statistical and data management services, including clinical trial services to pharmaceutical companies.

Research and Development

Research and development expenses consist primarily of salaries, related benefits and administrative costs allocated to Patient Infosystems' research and development personnel. These personnel are actively involved in the conversion of Patient Infosystems' technology platform to a fully web-enabled design. Patient Infosystems' research and development expenses were $131,782, or 2.3% of total revenues for the fiscal year ended December 31, 2003, $105,614, or 4.5% of total revenues, for the fiscal year ended December 31, 2002, and $190,731, or 12.0%, of total revenues, for the fiscal year ended December 31, 2001. Patient Infosystems anticipates that the amount spent on research and development will remain relatively constant in future periods as it continues its internal process to update its products.

Government Regulation

The health care industry, including the current business of Patient Infosystems and the expanded operations of Patient Infosystems, including the business of ACS, following the closing of the acquisition described in the Asset Purchase Agreement, is subject to extensive regulation by both the Federal and state governments. A number of states have extensive licensing and other regulatory requirements applicable to companies that provide health care services. Additionally, services provided to health benefit plans in certain cases are subject to the provisions of the Employee Retirement Income Security Act of 1974, as amended ("ERISA").

Furthermore, state laws govern the confidentiality of patient information through statutes and regulations that safeguard privacy rights. In addition, on August 21, 1996 Congress passed the Health Insurance Portability and Accountability Act of 1996 ("HIPAA"), P.L. 104-191. This legislation required the Secretary of the Department of Health and Human Services to adopt national standards for electronic health transactions and the data elements used in such transactions. Patient Infosystems and its customers may be subject to Federal and state laws and regulations that govern financial and other arrangements among health care providers. Furthermore, Patient Infosystems and its customers may be subject to federal and state laws and regulations governing the submission of false healthcare claims to the government and private payers. Possible sanctions for violations of these laws and regulations include minimum civil penalties between $5,000-$10,000 for each false claim and treble damages.

Threrefor, Patient Infosystems must continually adapt to changing regulations. If Patient Infosystems' fails to comply with these applicable laws, the company may be subject to fines, civil penalties, or criminal prosecution.

Employees

As of March 1, 2004, Patient Infosystems had 90 full time and 37 part-time employees.

Legal Proceedings

Neither Patient Infosystems, nor any of its subsidiaries, is a party to any material legal proceeding, nor, to the knowledge of Patient Infosystems, is any such proceeding threatened against it or any of its subsidiaries.

MANAGEMENT'S DISCUSSION AND ANALYSIS OR PLAN OF OPERATIONS

The following discussion of our financial condition and plan of operation should be read in conjunction with our financial statements and the related notes included elsewhere in this prospectus. This prospectus contains certain statements of a forward-looking nature relating to future events or our future financial performance. We caution prospective investors that such statements involve risks and uncertainties, and that actual events or results may differ materially. In evaluating such statements, prospective investors should specifically consider the various factors identified in this prospectus, including the matters set forth under the caption "Risk Factors" which could cause actual results to differ materially from those indicated by such forward-looking statements. We disclaim any obligation to update information contained in any forward-looking statement.

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Overview

Patient Infosystems was formed on February 22, 1995. Although Patient Infosystems has completed the development of its core systems and has developed several disease management programs for specific diseases, Patient Infosystems is continuing to refine its products for additional applications. In October 1996, Patient Infosystems began enrolling patients in its first disease management program and began substantial patient contacts during 1998. Also in 1998, Patient Infosystems expanded its offered products to include demand management and health related surveys.

On December 31, 2003, Patient Infosystems acquired substantially all the assets and liabilities of American Caresource Corporation in exchange for 1,100,000 shares of Patient Infosystems common stock. Patient Infosystems created a wholly-owned subsidiary, American Caresource Holdings, Inc. ("ACS"), a Delaware corporation, and assigned the acquired assets and liabilities into this subsidiary, net of certain amounts which represented borrowings between Patient Infosystems and American Caresource Corporation. ACS enters into agreements with the providers of ancillary services pursuant to which ACS provides administrative services for its contracted providers, including patient scheduling services, call center services, payor contracting services, and billing and collection services. ACS also enters into agreements with preferred provider organizations ("PPOs"), third party administrators ("TPAs"), workers compensation benefits administrators, utilization review companies, case management companies and other healthcare networks pursuant to which ACS provides ancillary benefits management services for these payor clients.

Because the acquisition of assets and the operation of ACS occurred on December 31, 2003, the 2003 consolidated statement of operations of Patient Infosystems does not include any ACS operational results. Patient Infosystems acquired $1,118,567 of assets and assumed $2,368,327 of liabilities, resulting in a deficiency on the fair value of the net assets acquired of $1,249,760. During 2004, Patient Infosystems will complete an independent valuation of the identifiable intangible assets acquired and any changes to the estimated amounts will be offset by a corresponding change in goodwill.

Patient Infosystems currently has patients enrolled in more than 30 of its disease-specific, demand management or survey programs. Through January 2004, an aggregate of over 775,000 persons have been enrolled or participated in Patient Infosystems' programs. Patient Infosystems has never been able to enroll a sufficient number of patients to cover the administrative cost of the business. The enrollment of patients in Patient Infosystems' programs has been limited by several factors, including the limited ability of clients to provide Patient Infosystems with accurate information with respect to the specific patient populations and coding errors that necessitated extensive labor-intensive data processing prior to program implementation.

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In response to these market dynamics, Patient Infosystems has taken several tactical and strategic steps including, formal designation of internal personnel at customer sites to assist clients with implementation; closer integration of Patient Infosystems' systems personnel with clients to facilitate accurate data transfers; promotion of a broader product line to enable clients to enter Patient Infosystems' disease management programs through a variety of channels; fully integrating demand, disease and case management services to facilitate internal mechanisms for patient referrals and providing the customers access and control over their patients' confidential information through targeted use of Internet technology. The clinical design of the programs has been refined to enable participation through mail only, retaining those patients who previously would have been unable to participate because of missing or inaccurate telephone contact information. Patient Infosystems' demand management services and surveys (general health and disease-specific), can also provide mechanisms for enrollment into Patient Infosystems' disease management programs. Patient Infosystems continues to develop capabilities or relationships that will enable its customers to more effectively leverage the data stored in their legacy systems. Nevertheless, no assurance can be given that Patient Infosystems' efforts will succeed in increasing patient enrollment in its programs.

Patient Infosystems has entered into service agreements to develop, implement and operate programs for: (i) patients who have recently experienced certain cardiovascular events; (ii) patients who have been diagnosed with primary congestive heart failure; (iii) patients suffering from asthma; (iv) patients suffering from diabetes, (v) patients who are suffering from hypertension, (vi) demand management, which provides access to nurses, (vii) case and utilization management services provided by a third party, (viii) various survey initiatives which assess, among other things, satisfaction, compliance of providers or payors to national standards, health status or risk of specific health related events and (ix) the performance of specific administrative and management functions on behalf of a customer. These contracts provide for fees paid by its customers based upon the number of patients participating in each of its programs, as well as initial program implementation and set-up fees from customers. To the extent that Patient Infosystems has had limited enrollment of patients in its programs, Patient Infosystems' operations revenue has been, and may continue to be, limited.

Patient Infosystems has completed the development of its primary disease management programs, it anticipates that development revenue will continue to be minimal unless and until Patient Infosystems enters into new development agreements. Substantially all of the development revenue recognized during the years ended December 31, 2003, 2002 and 2001 of $51,110, $36,239 and $78,632 related to requested feature modification or customization. These revenues are recognized upon completion and delivery of the requested feature.

Patient Infosystems' contracts typically call for a fee to be paid by the customer for each patient enrolled for a series of program services, require payment for services incrementally as they are delivered or require payment of a fixed fee per patient or member each month for program services. The timing of customer payments for the delivery of program services varies by contract. Revenues from program operations are recognized ratably as the program services are delivered. The amount of the per patient fee varies from program to program depending upon the number of patient contacts required, the complexity of the interventions, the cost of the resources used and the detail of the reports generated.

Patient Infosystems' administration and management services cover a predefined set of deliverables and responsibilities undertaken on behalf of the customer. The customer pays for these services on a monthly basis and Patient Infosystems recognizes revenue each month based upon the services provided. During the year ended December 31, 2003, revenues received for administrative and management services were the most significant source of revenue. The services included: assisting organizations with the development of clinical registries used to increase effective management of patients with chronic disease. Patient Infosystems is supporting the development, including project management and implementation, of a patient registry for federally qualified health centers, through a national initiative known as the Health Disparities Collaboratives. The contract for these services is renewed annually. No assurances can be given that Patient Infosystems will be able to retain his source of revenue at its current level if at all.

Revenues from operations of $2,241,796 for the year ended December 31, 2003, which includes fees received by Patient Infosystems for operating its programs, is the most strategically important source of Patient Infosystems' revenues. Patient Infosystems is continuing to devote significant efforts to increasing the number of programs that are in operation, as well as developing resources to expand its products. The revenue from these services currently exceeds the cost to provide them, but the volume of patients must grow substantially in order to provide sufficient operating margin to cover the administrative overhead of Patient Infosystems.

During 2003, Patient Infosystems found new sources of revenue that increased its revenue from $2.4 million for the fiscal year ended December 31, 2002 to $5.7 million for the same period of 2003. Patient Infosystems maintained control on costs and reduced its operating loss from $1.7 million for the fiscal year ended December 31, 2002 to $0.6 million for the same period of 2003. The most significant new sources of revenue were (i) Provider Innovation and Improvement support services provided to the Institute for Healthcare Improvement which provided $3.2 million of revenue in 2003 as compared to $0.1 million in 2002, (ii) Care Team Connect service provided to Park Place Entertainment which provided $0.6 million of new revenue in 2003 and (iii) the Care Team Connect smoking cessation program which provided $0.5 million of new revenue in 2003. No assurances can be given that revenue from these sources will continue at their current level, if at all, in future periods.

One source of additional new revenue in 2004 is ACS. ACS recognizes revenues for ancillary services when services by providers have been authorized and performed and collections from payors are reasonably assured. Patient claims revenues are recognized by ACS as services are provided. Cost of revenues for ancillary services consist of expenses due to providers for providing employee (patient) services and ACS' related direct labor and overhead of processing invoices, collections and payments. ACS is not liable for costs incurred by independent contract service providers until payment is received by ACS from the

payors. ACS recognizes actual or estimated liabilities to independent contract service providers as the related revenues are recognized. Patient claim costs of revenue consist of amounts due the providers as well as ACS' direct labor and overhead to administer the patient claims. ACS has never operated at a profit, and will require significant growth in either claims volume from existing contracts, new contracts or both in order to generate sufficient operational margin to become profitable. No assurances can be given that sufficient sources of new revenue will be identified and other sources of capital will have to be secured by Patient Infosystems to support these operations. If Patient Infosystems in unable to generate enough working capital either from its own operations or through the sale of its equity securities, ACS may be required to curtail or cease operations.

The sales cycle for Patient Infosystems may be extensive from initial contact to contract execution. During these periods, Patient Infosystems may expend substantial time, effort and funds to prepare a contract proposal and negotiate the contract. Patient Infosystems may be unable to consummate a commercial relationship after the expenditure of such time, effort and financial resources.

During 2003, the pressure of working capital shortfalls eased for Patient Infosystems. Patient Infosystems' had $123,998 of net cash provided by operating activities during 2003. During 2003. Patient Infosystems raised an additional $3.5 million of working capital and an additional $1.6 million as of March 31, 2004, through and the sale of its equity securities. These additional funds are being used to provide working capital for ACS. Patient Infosystems and ACS continue to incur losses and must identify substantial additional capital to sustain its operations. ACS' working capital shortfall is currently being funded by Patient Infosystems. There can be no assurances given that Patient Infosystems can raise either the required working capital through the sale of its securities or that Patient Infosystems can borrow the additional amounts needed. In such instance, if Patient Infosystems is unable to identify any additional sources of capital, it will likely be forced to curtail or cease its operations or the operations of ACS. As a result of the above, the Auditors' Report on Patient Infosystems' consolidated financial statements appearing at page 59 includes an emphasis paragraph indicating that Patient Infosystems' recurring losses from operations, negative working capital and stockholders' deficit raise substantial doubt about Patient Infosystems' ability to continue as a going concern. The accompanying consolidated financial statements do not include any adjustments that might result from the outcome of this uncertainty.

Results of Operations

Year Ended December 31, 2003 Compared to Year Ended December 31, 2002

Revenues

Revenues are comprised of revenues from operations fees, development fees and licensing fees. Revenues increased 141% to $5,687,293 for the fiscal year ended December 31, 2003 from $2,355,677 for the fiscal year ended December 31, 2002. A summary of these revenues by category is as follows for the fiscal years ended December 31:

Revenues	2003	2002
Operations Fees	$ 2,241,796	$ 2,125,522
Consulting Fees	3,391,867	168,606
Development Fees	51,110	36,239
Licensing Fees	2,520	25,310
Total	$ 5,687,293	$ 2,355,677

Revenues from operations fees increased 5.5% from $2,125,522 for the fiscal year ended December 31, 2002 to $2,241,796 for the fiscal year ended December 31, 2003. Operations revenues are generated as Patient Infosystems provides services to its customers for their disease-specific programs, patient surveys, health risk assessments, patient satisfaction surveys, physician education programs and marketing support programs. Operations revenues increased in 2002 due to the growth of its disease and demand management business despite the loss of $1,125,823 of revenue from a customer who terminated as of December 31, 2002. This growth is attributable primarily to Park Place Entertainment which added $622,067 of new revenues and a new smoking cessation program which added $491,362 of new revenues. Patient Infosystems has devoted the majority of its sales and marketing efforts toward increasing revenue from operations, and anticipates that it will retain most of its existing business and continue to add additional new clients. No assurances can be given that these revenues will increase, or that any change will be material to Patient Infosystems operating results.

Revenues from consulting increased 1,912% from $168,606 for the fiscal year ended December 31, 2002 to $3,391,867 for the fiscal year ended December 31, 2003. This increase is due to Patient Infosystems' expanded role in support of the Health Disparities Collaboratives funded by the Bureau of Primary Healthcare and administered by the Institute for Healthcare Improvement. Revenues from consulting may increase during 2004. No assurances can be given that these revenues will increase, or that any change will be material to Patient Infosystems operating results.

Revenues from development fees increased 41% from $36,239 for the fiscal year ended December 31, 2002 to $51,110 for the fiscal year ended December 31, 2003. In 2002 and 2003, Patient Infosystems received development revenues in connection with the enhancement of its existing programs. Development revenues include clinical, technical and operational design or modification of Patient Infosystems' primary disease management programs. Patient Infosystems anticipates that revenue from development fees will remain immaterial.

Revenues from licensing fees decreased 90% from $25,310 for the fiscal year ended December 31, 2002 to $2,520 for the fiscal year ended December 31, 2003. Licensing revenue represents amounts that Patient Infosystems charges its customers, either on a one-time only or continuing basis, for the right to enroll patients in, or the right to license other entities, certain of its programs, primarily Patient Infosystems' Internet-based Case Management Support System. Patient Infosystems anticipates that revenue from licensing will remain immaterial in future periods.

Costs and Expenses

Cost of sales includes salaries and related benefits, services provided by third parties, and other expenses associated with the development of Patient Infosystems' customized disease state management programs, as well as the operation of each of its disease state management programs.

Cost of sales increased 117.4% from $1,914,464 for the fiscal year ended December 31, 2002 to $4,162,759 for the fiscal year ended December 31, 2003. The increase in these costs primarily reflects an $1,187,960 increase in the use of outsourced services and addition of $893,680 in staff costs related to the 141% increase in revenue.

Sales and marketing expenses increased 19.8% from $746,353 for the fiscal year ended December 31, 2002 to $893,833 for the fiscal year ended December 31, 2003. These costs consist primarily of salaries, related benefits and travel costs, sales materials and other marketing related expenses. Increased spending in this area is attributed primarily to an $155,051 increase in staff related expenses. It is anticipated that Patient Infosystems will need to invest heavily in the sales and marketing process in future periods, and intends to do so as funds are available. To the extent that Patient Infosystems has limited funds available for sales and marketing, or cannot leverage its marketing partnerships adequately, it will likely be unable to invest in the necessary marketing activities to generate substantially greater sales.

General and administrative expenses include the costs of corporate operations, finance and accounting, human resources and other general operating expenses of Patient Infosystems. General and administrative expenses decreased 12.2% from $1,282,683 for the fiscal year ended December 31, 2002 to $1,125,926 for the fiscal year ended December 31, 2003. Patient Infosystems expects that general and administrative expenses will increase during 2004 due to the addition of the administrative costs of its new subsidiary, American Caresource Holdings, Inc. and then remain relatively constant in future periods, but may experience fluctuations due to uncertainties related to financing costs.

Research and development expenses consist primarily of salaries and related benefits and administrative costs allocated to Patient Infosystems' research and development personnel for development of certain components of its integrated information capture and delivery system, its Internet-based software products and its standardized disease state management programs. Research and development expenses decreased 24.8% from $105,614 for the fiscal year ended December 31, 2002 to $131,782 for the fiscal year ended December 31, 2003. The addition of American Caresource Holdings, Inc. is expected to increase overall research and development expenses during 2004. Patient Infosystems expects these costs to remain approximately at 15% of its total investment into information technology resources.

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Financing costs were $2,143,120 in 2003. This cost relates to the issuance of equity to, and incurrence of debt from, certain lenders pursuant to the Note and Stock Purchase Agreement dated April 10, 2003 and as amended on September 11, 2003, pursuant to which the lenders agreed to make short term loans to the Company. The total value received by the lenders from the Company under the Note and Stock Purchase Agreement as amended was $8,852,458. In accordance with APB Opinion No. 14, a portion of the cash received totaling $2,143,120 for year ended December 31, 2003 is allocable to equity resulting in a debt discount in that same amount, which was fully amortized as of December 31, 2003.

Other Income/Expense is comprised of interest expense and losses on investments. The totals are as follows for the fiscal years ended December 31:

2003	2002

Interest expense	$ (753,685)	$ (535,269)
Interest income	145,473	
Other income (expense)	376	4,345
Total Expense	$ (607,836)	$ (530,924)

Interest expense is due to debt. Interest expense increased to $753,685 for the fiscal year ended December 31, 2003 from $535,269 for the fiscal year ended December 31, 2002. The increase in interest expense reflects the increased debt required to fund operations and obtain capital which was loaned to American Caresource Corporation.

Interest income was realized from loans to American Caresource Corporation, which offset substantially all interest expense which Patient Infosystems incurred to obtain these funds.

Patient Infosystems had no tax benefit in 2003 due, in part, to recording a full valuation allowance to reduce its deferred tax assets. Patient Infosystems' deferred tax assets consist primarily of the tax benefit associated with its net operating loss carryforwards.

Management of Patient Infosystems has evaluated the available evidence about future taxable income and other possible sources of realization of deferred tax assets. The valuation allowance reduces deferred tax assets to zero, which represents management's best estimate of the amount of such deferred tax assets that more likely than not will be realized.

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For the fiscal year ended December 31, 2003, Patient Infosystems recorded $7,671,557 in dividends on convertible preferred stock as compared to $90,000 for the year ended December 31, 2002. The increase was due to: (i) $153,257 of dividends on 830,100 shares of Series D 9% Cumulative Convertible Preferred Stock ("Series D Preferred Stock") which was issued at various times between April and December 2003, (ii) a $2,143,120 beneficial conversion feature related to shares of Series D Preferred Stock issued to certain lenders in connection with borrowings and (iii) $5,285,180 beneficial conversion feature for the shares of Series D Preferred Stock issued on December 31, 2003 upon the exercise of the lender's option to convert their debt and accrued interest.

Patient Infosystems had a net loss attributable to common stockholders of $11,049,518 for the fiscal year ended December 31, 2003, compared to $2,314,361 for the fiscal year ended December 31, 2002. This represents a loss of $3.25 per basic and diluted share for 2003 and $2.36 for 2002, after giving effect to the 1 for 12 reverse stock split which was approved by the shareholders on December 31, 2003.

Liquidity and Capital Resources

At December 31, 2003, Patient Infosystems had a working capital deficit of $2,808,649 as compared to a working capital deficit of $6,135,451 at December 31, 2002. At December 31, 2003, Patient Infosystems had a stockholders' equity of $1,936,376. Through December 31, 2003 these amounts reflect the effects of Patient Infosystems' continuing losses that have been funded, in part, by the issuance of equity and long term borrowings of $3,000,000 against its line of credit. Patient Infosystems has never earned profits and, since its inception, Patient Infosystems has primarily funded its operations, working capital needs and capital expenditures from the sale of its equity securities. Patient Infosystems is currently maintaining it operations only through the receipt of proceeds from the sale of equity securities. If these additional funds were not available, Patient Infosystems would likely be required to reduce its operations, reduce or cease the operations of American Caresource Holdings, Inc. or take other measures to curtail its losses.

In December 1999, Patient Infosystems established a credit facility for $1,500,000 guaranteed by Derace Schaffer and John Pappajohn, two directors of Patient Infosystems. In March 2000, the facility was increased by $1,000,000 under substantially the same terms, also guaranteed by the same Board members.

On March 28, 2001, Patient Infosystems entered into an Amended and Restated Credit Agreement with Wells Fargo Bank Iowa, N.A. ("Wells Fargo"), which extended the term of Patient Infosystems' credit facility to March 31, 2002 under substantially the same terms. Dr. Schaffer and Mr. Pappajohn guaranteed this extension.

On March 28, 2002, Wells Fargo extended the term of the credit facility to March 31, 2003 under substantially the same terms. Dr. Schaffer and Mr. Pappajohn also guaranteed this extension.

On June 28, 2002, Patient Infosystems and Wells Fargo agreed on an addendum to the Amended and Restated Credit Agreement which extends the credit facility by an additional $500,000, increasing the total credit facility to $3,000,000. Mr. Pappajohn and Dr. Schaffer also guaranteed this extended credit facility.

On March 28, 2003, Wells Fargo extended the term of the credit facility to January 2, 2004 under substantially the same terms. Dr. Schaffer and Mr. Pappajohn also guaranteed this extension.

On December 31, 2003, Patient Infosystems and Wells Fargo further amended the credit facility and is due and payable on June 30, 2005. Dr. Schaffer and Mr. Pappajohn also guaranteed this extension. In consideration for their guarantees, in February 2004 the Company granted to Dr. Schaffer and Mr. Pappajohn warrants to purchase an aggregate of 47,500 shares of Series D Convertible Preferred Stock, convertible into 475,000 shares of the Company's common stock for $10.00 per preferred share.

In January 2004, Patient Infosystems borrowed $200,000 from Mr. Pappajohn, a director of the Company, in exchange for an unsecured note that bore no interest if repaid on or before March 31, 2004. The note was repaid on March 29, 2004 and bore no interest as of that date.

On March 30, 2004, Mr. Pappajohn and Mr. Schaffer signed a letter to Patient Infosystems in which they committed to obtain the operating funds that Patient Infosystems believes would be sufficient to fund its operations through December 31, 2004. There can be no assurances given that Mr. Pappajohn or Dr. Schaffer can raise either the required working capital through the sale of Patient Infosystems' securities or that Patient Infosystems can borrow the additional amounts needed.

Patient Infosystems has expended significant amounts to expand its operational capabilities including increasing its administrative and technical costs. While Patient Infosystems has both curtailed its spending levels and increased its revenue, to the extent that American Caresource Holdings, Inc. revenues do not increase substantially, Patient Infosystems' losses will continue and its available capital will diminish further. Patient Infosystems' operations are currently being funded by the sale of equity securities. There can be no assurances given that Patient Infosystems can raise either the required working capital through the sale of its securities or that Patient

Infosystems can borrow the additional amounts needed. In such instance, if Patient Infosystems is unable to identify additional sources of capital, it will likely be forced to curtail or cease operations. As a result of the above, the Auditors' Report on Patient Infosystems' consolidated financial statements includes an emphasis paragraph indicating that Patient Infosystems' recurring losses from operations raise substantial doubt about Patient Infosystems' ability to continue as a going concern. The accompanying consolidated financial statements do not include any adjustments that might result from the outcome of this uncertainty.

Capital expenditures during 2003 were $34,185, as compared to expenditures of $8,867 during 2002 and $9,240 during 2001. The expenditures during these periods represented the purchase of technology platform components of the integrated information capture and delivery systems, as well as purchases required to maintain Patient Infosystems' technology infrastructure. On December 31, 2003, Patient Infosystems acquired substantially all the assets and assumed substantially all the liabilities of American Caresource Corporation. Included among the assets acquired was $152,480 of capital assets, which consisted of computer hardware and software, furnishings, fixtures and leasehold improvements.

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Inflation

Inflation did not have a significant impact on Patient Infosystems' operations during 2003, 2002 or 2001. Patient Infosystems continues to monitor the impact of inflation in order to minimize its effects through pricing strategies, productivity improvements and cost reductions.

Critical Accounting Policies

Critical accounting policies are those that require application of management's most difficult, subjective or complex judgments, often as a result of the need to make estimates about the effect of matters that are inherently uncertain and may change in subsequent periods.

Patient Infosystems significant accounting policies are described in Note 1 to the Consolidated Financial Statements. Not all of these significant accounting policies require management to make difficult, subjective or complex judgments or estimates. However, the following accounting policies are deemed to be critical by the Company's management.

Use of Estimates. In preparing the consolidated financial statements Patient Infosystems uses estimates in determining the economic useful lives of its assets, provisions for doubtful accounts, tax valuation allowances and various other recorded or disclosed amounts. Estimates require management to use its judgment. While Patient Infosystems believes that its estimates for these matters are reasonable, if the actual amount is significantly different than the estimated amount, its assets, liabilities or results of operations may be overstated or understated.

Impairment of Long-Lived Assets. Patient Infosystems records impairment losses on long-lived assets used in operations when events and circumstances indicate that the assets might be impaired and the undiscounted future cash flows estimated to be generated by those assets are less than the carrying amount of those assets. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of the asset to future net cash flows expected to be generated by the asset. If the asset is considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the asset exceeds the fair value of the asset. If the actual value is significantly less than the estimated value, Patient Infosystems assets may be overstated.

MANAGEMENT

Executive Officers and Directors

The names, ages and positions of our current directors and executive officers are as follows:

Name	Age	Position
Roger Louis Chaufournier	46	Director, President and Chief Executive Officer
Kent A. Tapper	47	Vice President Financial Planning, Acting Chief Financial Officer
Christine St. Andre	53	Chief Operating Officer
Derace L. Schaffer, MD	56	Chairman of the Board
John Pappajohn	75	Director

There are no familial relationships among our directors and/or officers. Directors hold office until the next annual meeting of our stockholders or until their respective successors have been elected and qualified.

Roger Louis Chaufournier, 46 (President and Chief Executive Officer since April 1, 2000) Mr. Chaufournier has been the President and Chief Executive Officer of Patient Infosystems since April 1, 2000. Prior to joining Patient Infosystems, Mr. Chaufournier was President of the STAR Advisory Group, a healthcare consulting firm he founded in 1998. From August 1996 to July 1999, Mr. Chaufournier was the Chief Operating Officer of the Managed Care Assistance Company, a company that developed and operated Medicaid health plans. Managed Care Assistance Company filed for protection under the federal bankruptcy laws in June 2000. From 1993 to 1996, Mr. Chaufournier was Assistant Dean for Strategic Planning for the Johns Hopkins University School of Medicine. In addition, Mr. Chaufournier spent twelve years in progressive leadership positions with the George Washington University Medical Center from 1981 to 1993. Mr. Chaufournier was also Chairman of the Board and acting President of Metastatin Pharmaceuticals, a privately held company developing therapeutics in the area of prostate cancer. Mr. Chaufournier was a three time Examiner with the Malcolm Baldrige National Quality Award and has served as the national facilitator for the federal Bureau of Primary Health Care chronic disease collaboratives.

Kent Tapper, 47 (Vice President, Financial Planning of the Company since April 1999). Mr. Tapper has served as Chief Information Officer and Vice President, Systems Engineering and has been with Patient Infosystems since July 1995. Mr. Tapper became the acting Chief Financial Officer of Patient Infosystems in April 2000. From 1992 to 1995, Mr. Tapper served as Product Manager, Audio Response and Call Center Platforms for Northern Telecom, Inc. From 1983 to 1992, Mr. Tapper held Product Manager, Systems Engineering Manager and various engineering management positions with Northern Telecom.

Christine St. Andre, 53 (Executive Vice President and Chief Operating Officer since June 5, 2000) Ms. St. Andre has been the Executive Vice President and Chief Operating Officer of Patient Infosystems since June 5, 2000. Ms. St. Andre has more than 20 years experience managing complex healthcare organizations. From 1994 to 2000, Ms. St. Andre was Chief Executive Officer for the University of Utah Hospitals and Clinics. Prior to 1994, Ms. St. Andre served as Chief Executive Officer of George Washington University Medical Center. Ms. St. Andre's career in healthcare began in the area of information technology at the Thomas Jefferson University.

Derace L. Schaffer, M.D., 56 (Chairman of the Board of Directors since 1995). Dr. Schaffer has been Chairman of the Board and a Director of Patient Infosystems since its inception in February 1995. Dr. Schaffer is the founder and CEO of the Lan Group, a venture capital firm specializing in healthcare and high technology investments. He serves as a director of Allion Healthcare, Inc., a public company. He is also a director of several private companies, including Source Medical Inc. and Logisticare, Inc. Dr. Schaffer is a board certified radiologist. He received his postgraduate radiology training at Harvard Medical School and Massachusetts General Hospital, where he served as Chief Resident. Dr. Schaffer is a member of Alpha Omega Alpha, the national medical honor society, and is Clinical Professor of Radiology at the University of Rochester School of Medicine.

John Pappajohn, 75 (Director since 1995). Mr. Pappajohn has been a Director of Patient Infosystems since its inception in February 1995, and served as its Secretary and Treasurer from inception through May 1995. Since 1969, Mr. Pappajohn has been the sole owner of Pappajohn Capital Resources, a venture capital firm and President of Equity Dynamics, Inc., a financial consulting firm, both located in Des Moines, Iowa. He serves as a director for the following public companies: Allion Healthcare, Inc., MC Informatics, Inc. and Pace Health Management Systems, Inc.

Board Composition

We currently have three directors, each serving a term until the next annual meeting of stockholders.

Compensation of Directors

Our directors do not receive compensation pursuant to any standard arrangement for their services as directors. All directors are reimbursed for expenses incurred in connection with attending meetings, including travel expenses to such meetings.

Our directors are eligible to participate in the Company's Stock Option Plan. Pursuant to the Stock Option Plan, non-employee directors of the Company receive a one-time grant of a non-qualified stock option to purchase 36,000 shares of the Company's Common Stock at an exercise price equal to fair market value per share on the date of their initial election to the Company's Board of Directors. Such non-qualified stock option vests as to 20% of the option grant on the first anniversary of the grant, and 20% on each subsequent anniversary, is exercisable only during the non-employee director's term and automatically expires on the date such director's service terminates. Upon the occurrence of a change of control, as defined in the Stock Option Plan, all outstanding unvested options immediately vest.

Indemnification Matters

Our Certificate of Incorporation eliminates the personal liability of directors to the fullest extent permitted by the provisions of paragraph (7) of subsection (b) of Section 102 of the General Corporation Law of Delaware. In addition, our Certificate of Incorporation includes provisions to indemnify our officers and directors and other persons against expenses, judgments, fines and amounts paid in settlement in connection with threatened, pending or completed suits or proceedings against those persons by reason of serving or having served as officers, directors or in other capacities to the fullest extent permitted by Section 145 of the General Corporation Law of Delaware.

Our bylaws provide the power to indemnify our officers, directors, employees and agents or any person serving at our request as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise to the fullest extent permitted by Delaware law.

EXECUTIVE COMPENSATION

The following table sets forth certain information regarding compensation paid by us and our predecessors during each of the last three fiscal years to our Chief Executive Officer and any other executive officer who received compensation greater than $100,000 during any of the last three fiscal years.

Summary Compensation Table

	Annual Compensation			Long-Term Compensation Awards
Name and Principal Position	Year	Salary ($)	Bonus	Securities Underlying Options
Roger L. Chaufournier, President and Chief Executive Officer	2003	219,611	25,385	-
	2002	180,841	-	-
	2001	196,502	-	16,666
Christine St. Andre, Vice President, Chief Operating Officer	2003	184,050	22,212	-
	2002	157,512	-	-
	2001	171,893	-	12,500
Kent A. Tapper,	2003	124,154	14,913	-
Vice President, Financial Planning	2002	107,942	-	-
	2001	116,628	-	8,333

* No stock options were granted to the Chief Executive Officer and the named executive officers of the Company during 2003

No stock options were exercised by the Chief Executive Officer or the named executive officers of the Company during 2003. The following table sets forth certain information regarding unexercised options held by the Chief Executive Officer and the named executive officers of the Company at December 31, 2003. The table does not give effect to grants of options that occurred after December 31, 2003. For additional information with respect to these grants, see "Stock Option Plan".

Aggregated Option Exercises during 2003
and Option Values on December 31, 2003

Name	Number of Securities Underlying Unexercised Options at December 31, 2003(#)		Value of Unexercised In-the-Money Options at December 31, 2003($)(1)	
	Exercisable	Unexercisable	Exercisable	Unexercisable
Roger L. Chaufournier	23,415	9,917	$1,500	1,000
Christine St. Andre	17,499	7,501	1,125	750
Kent A. Tapper	9,582	1,751	3,187	263

(1) Calculated based upon $2.40 market value of the underlying securities as of December 31, 2003.

Employment Agreements

There were no employment agreements with any of the Company's executive officers.

Stock Option Plan

The Company's Amended and Restated Stock Option Plan (the "Plan") was adopted by the Board of Directors and stockholders in December 2003. As of April 20, 2004, up to 3,500,000 shares of Common Stock are authorized and reserved for issuance under the Plan. Under the Plan, options may be granted in the form of incentive stock options ("ISOs") or non-qualified stock options ("NQOs") from time to time to salaried employees, officers, directors and consultants of the Company, as determined by the Compensation Committee of the Board of Directors. The Compensation Committee determines the terms and conditions of options granted under the Plan, including the exercise price. The Plan provides that the Committee must establish an exercise price for ISOs that is not less than the fair market value per share at the date of the grant. However, if ISOs are granted to persons owning more than 10% of the voting stock of the Company, the Plan provides that the exercise price must not be less than 110% of the fair market value per share at the date of the grant. The Plan also provides for a non-employee director to be entitled to receive a one-time grant of a NQO to purchase 36,000 shares at an exercise price equal to fair market value per share on the date of their initial election to the Company's Board of Directors. Such NQO is exercisable only during the non-employee director's term and automatically expires on the date such director's service terminates. Each option, whether an ISO or NQO, must expire within ten years of the date of the grant.

As of June 29, 2004, options to acquire 1,518,827 shares of Common Stock have been granted to employees and directors of the Company. The following table sets forth information regarding the number of options outstanding and the exercise price of these options.

Number of Options Outstanding at June 29, 2004	Exercise Price
499	$1.08
3,000	$1.67
43,748	$2.25

1,426,000	$2.28
12,500	$6.00
6,000	$8.33
6,417	$16.50
2,500	$22.56
16,666	$24.72
789	$29.26
708	$33.00

Of these options, 92,827 of the options granted before December 31, 2003 were fully vested, 1,426,000 were granted on January 9, 2004, 456,400 of which vested immediately. The remaining options and all other options granted under the Plan vest as to 20% of the option grant on the first anniversary of the grant, and 20% on each subsequent anniversary.

CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

In December 1999, Patient Infosystems established a credit facility for $1,500,000 guaranteed by Derace Schaffer and John Pappajohn, two directors of Patient Infosystems. In March 2000, the facility was increased by $1,000,000 under substantially the same terms, also guaranteed by the same Board members.

On March 28, 2001, Patient Infosystems entered into an Amended and Restated Credit Agreement with Wells Fargo Bank Iowa, N.A. ("Wells Fargo"), which extended the term of Patient Infosystems' credit facility to March 31, 2002 under substantially the same terms. Dr. Schaffer and Mr. Pappajohn guaranteed this extension.

On March 28, 2002, Wells Fargo extended the term of the credit facility to March 31, 2003 under substantially the same terms. Dr. Schaffer and Mr. Pappajohn also guaranteed this extension.

On June 28, 2002, Patient Infosystems and Wells Fargo agreed on an addendum to the Amended and Restated Credit Agreement which extends the credit facility by an additional $500,000, increasing the total credit facility to $3,000,000. Mr. Pappajohn and Dr. Schaffer also guaranteed this extended credit facility.

On March 28, 2003, Wells Fargo extended the term of the credit facility to January 2, 2004 under substantially the same terms. Dr. Schaffer and Mr. Pappajohn also guaranteed this extension.

On December 31, 2003, Patient Infosystems and Wells Fargo further amended the credit facility, which is due and payable on June 30, 2005. Dr. Schaffer and Mr. Pappajohn also guaranteed this extension. In consideration for their guarantees, in February 2004 the Company granted to Dr. Schaffer and Mr. Pappajohn warrants to purchase an aggregate of 47,500 shares of Series D Convertible Preferred Stock, convertible into 475,000 shares of the Company's common stock for $10.00 per preferred share.

Prior to December 31, 2003, the Company had borrowings from Mr. Pappajohn and Dr. Schaffer. At December 31, 2002, such borrowings totaled $5,077,500. The Company borrowed an additional $150,000 from these directors during 2003.

On December 31, 2003, the Company converted $4,482,500 in debt and $438,099 of accrued interest owed to Mr. Pappajohn and Dr. Schaffer into common stock by issuing 2,928,986 shares of the Company's common stock using a value of $1.68

per common share. Additionally on December 31, 2003, Mr. Pappajohn agreed to convert his remaining debt of $745,000 and accrued interest of $711,110 into 145,611 shares of the Company's Series D Convertible Preferred Stock at a price of $10.00 per preferred share.

Between April 2003 and January 2004, Patient Infosystems issued 840,118 shares of Series D 9% Cumulative Convertible Preferred Stock ("Series D Preferred Stock") under the terms of the Note and Stock Purchase Agreement dated April 11, 2003 and as amended on September 10, 2003. These shares can be converted into common stock at a rate of 10 shares of common stock to 1 share of Series D Preferred Stock. Each share of Series D Preferred Stock has voting rights equivalent to 10 shares of common stock. John Pappajohn and Derace Schaffer, members of the Board of Directors of Patient Infosystems, hold 424,233 and 5,318 shares of Series D Preferred Stock, respectively.

In January 2004, Patient Infosystems borrowed $200,000 from Mr. Pappajohn, a director of the Company, in exchange for an unsecured note that bore no interest if repaid on or before March 31, 2004. The note was repaid on March 29, 2004 and bore no interest as of that date.

During April and May of 2004, Patient Infosystems borrowed $570,000 from Mr. Pappajohn, a director of the Company, in exchange for unsecured zero interest notes. The notes were repaid on June 21, 2004.

On June 17, 2004, Patient Infosystems Inc. sold 3,365,000 shares of common stock to institutional and other accredited investors for an aggregate purchase price of $5,653,200 in gross proceeds. Derace Shaffer, our Chairman of the Board, purchased 100,000 shares of common stock in the private placement.

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SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

The following table sets forth certain information regarding the beneficial ownership of the shares of the Company's Common and Common equivalent Preferred Stock as of August 28, 2004, (i) by each person the Company knows to be the beneficial owner of 5% or more of the outstanding shares of Common Stock, (ii) the Chief Executive Officer and each named executive officer listed in the Summary Compensation Table below, (iii) each director and nominee for director of the Company and (iv) all executive officers and directors of the Company as a group. As of June 29, 2004, there were 9,571,799 shares outstanding. None of the persons listed below are Selling Stockholders.

Beneficial Owner(1)	Shares Beneficially Owned	Percentage Beneficially Owned
John Pappajohn(2)	7,640,090	53.77%
Principle Life Insurance(3) 810 Grand Ave. Des Moines, IA 50392	3,551,490	27.06%
American Caresource Corporation 17400 Dallas Parkway Dallas, TX 75287	1,100,000	11.49%
Derace L. Schaffer(4)	1,014,470	10.07%
Crestview Capital Master, LLC	500,000	5.22%

95 Revere Drive, Suite A Northbrook, IL 60062		
Gibralt Capital Corporation 2600-1075 W. Georgia Street Vancouver, BC V6E3C9	500,000	5.22%
Roger Louis Chaufournier(5)	233,332	2.38%
Christine St. Andre(6)	125,000	1.29%
Kent A. Tapper(7)	73,841	0.77%
All directors and executive officers as a group (6 persons)	9,086,733	60.02%
Total Shares Outstanding as of June 29, 2004	9,571,799	

(1) Unless otherwise noted, the address of each of the listed persons is c/o the Company at 46 Prince Street, Rochester, New York 14607.

(2) Includes 30,000 shares held by Halkis, Ltd., a sole proprietorship owned by Mr. Pappajohn, 30,000 shares held by Thebes, Ltd., a sole proprietorship owned by Mr. Pappajohn's spouse and 30,000 shares held directly by Mr. Pappajohn's spouse. Mr. Pappajohn disclaims beneficial ownership of the shares owned by Thebes, Ltd. and by his spouse. Includes options to purchase 3,000 shares which are either currently exercisable or which become exercisable within 60 days of April 28, 2004, 110,000 Common Share equivalents for the 11,000 shares of Series C Convertible Preferred Stock and 4,242,330 Common Share equivalents for the 424,233 shares of Series D Convertible Preferred Stock beneficially owned as of June 29, 2004.

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(3) Includes 3,551,490 Common Share equivalents for the 355,149 shares of Series D Convertible Preferred Stock beneficially owned as of June 29, 2004.

(4) Includes 12,000 shares held by Dr. Schaffer's children. Also includes 3,000 shares which are issuable upon the exercise of options that are either currently exercisable or which become exercisable within 60 days of June 29, 2004, 250,000 Common Share equivalents for the 25,000 shares of Series C Convertible Preferred Stock and 53,180 Common Share equivalents for the 5,318 shares of Series D Convertible Preferred Stock beneficially owned as of June 29, 2004.

(5) Includes options to purchase 233,332 shares which are either currently exercisable or which become exercisable within 60 days of the date of June 29, 2004. Does not include 200,000 shares subject to outstanding options that are not exercisable within 60 days of June 29, 2004.

(6) Includes options to purchase 125,000 shares which are either currently exercisable or which become exercisable within 60 days of the date of June 29, 2004. Does not include 100,000 shares subject to outstanding options that are not exercisable within 60 days of June 29, 2004.

(7) Includes options to purchase 73,933 shares which are either currently exercisable or which become exercisable within 60 days of June 29, 2004. Does not include 62,500 shares subject to outstanding options that are not exercisable within 60 days of June 29, 2004.

SELLING STOCKHOLDERS

The following table lists the name of each selling stockholder, the number of shares owned by each selling stockholder and the number of shares that may be offered for resale under this prospectus. To the extent permitted by law, the selling stockholders who are not natural persons may distribute shares, from time to time, to one or more of their respective affiliates, which may sell shares pursuant to this prospectus. We have registered the sale of the shares to permit the selling stockholders and their respective permitted transferees or other successors in interest that receive their shares from the selling stockholders after the date of this prospectus to resell the shares. An aggregate of up to 877,125 shares of our common stock may be offered and sold pursuant to this prospectus by the selling stockholders. We will file a post-effective amendment to identify any additional selling shareholders.

No selling stockholder has held any position or office or had a material relationship with us within the past three years other than as a result of the ownership of our common stock and other securities.

The following table sets forth certain information as of April 15, 2004 regarding the sale by the selling stockholders of 877,125 shares of common stock in this offering.

We issued an additional 155,161 shares of common stock to the Selling Stockholders because purchase price for the investors in the private placement that occurred on June 17, 2004 was lower than the price paid per share by the Selling Stockholders. Such additional shares have been included as shares beneficially owned before the offering, but not as shares registered pursuant to this offering.

Selling Stockholder	Shares Beneficially Owned Before the Offering (1)	Shares to be Registered Pursuant to this Offering	Shares Beneficially Owned After the Offering
John C. Lipman	147,514	114,625 (2)	147,514
Jack Erlanger	83,043	50,000	83,043
Mark Finkle	59,523	50,000	59,523
Edward Newman	29,761	25,000	29,761
Patrick Tully	208,333	175,000	208,333
Wasatch Micro Cap Value Fund (3)	297,619	250,000	297,619
Tucson Traditions (4)	59,523	50,000	59,523
American High Growth Equities Retirement Fund (5)	119,047	100,000	119,047
Joseph Giamanco (6)	59,523	50,000	59,523
Maxim Group LLC (7)	12,500	12,500	12,500

(1) Beneficial ownership is determined in accordance with rules and regulations of the Securities and Exchange Commission. In computing the number of

shares beneficially owned by a person, shares of common stock subject to options or warrants held by that person that are currently exercisable or exercisable within 60 days of the date of this prospectus are deemed outstanding. Except as indicated in the footnotes to this table and pursuant to applicable community property laws, each stockholder named in the table has sole voting and investment power with respect to the shares beneficially owned by him. Selling stockholders are deemed to beneficially own the shares of common stock issuable upon the exercise of their warrants.

(2) Includes shares of common stock issuable upon exercise of a warrant to purchase 50,000 shares of common stock. Such warrants were issued for consulting services in connection with an investor relations agreement. Such warrants were issued under an exemption from registration pursuant to Section 4(2) and Rule 506 of the Securities Act of 1933.

(3) Brian Bythrow exercises voting control over the shares held by Wasatch Micro Cap Value Fund.

(4) In March 2004, Patient Infosystems sold 50,000 shares of common stock to Tucson Traditions for $100,000 cash, under an exemption from registration pursuant to Section 4(2) and Rule 506 of the Securities Act of 1933. Edward Burger exercises voting control over the shares held by Tucson Traditions.

(5) In March 2004, Patient Infosystems sold 100,000 shares of common stock to American High Growth Equities Retirement Fund for $200,000 cash, under an exemption from registration pursuant to Section 4(2) and Rule 506 of the Securities Act of 1933. Brad Butler exercises voting control over the shares held by American High Growth Equities Retirement Fund.

(6) In March 2004, Patient Infosystems sold 50,000 shares of common stock to Joseph Giamanco for $100,000 cash, under an exemption from registration pursuant to Section 4(2) and Rule 506 of the Securities Act of 1933.

(7) Includes shares of common stock issuable upon exercise of a warrant to purchase 12,500 shares of common stock. Andrew Scott exercises voting control over the shares held by Maxim Group LLC. Maxim Group LLC is a registered broker-dealer and therefore, is considered an underwriter with respect to these securities.

On February 24, 2004, Patient Infosystems sold 592,500 shares of common stock, for $1,185,000 to six accredited investors, under an exemption from registration pursuant to Section 4(2) and Rule 506 of the Securities Act of 1933. There was $68,250 of fees paid and a warrant to purchase 12,500 shares of Patient Infosystems common stock for $2.00 per share issued in connection with these funds. Patient Infosystems has agreed to file this registration statement on Form SB-2 for the sale of these shares.

Plan Of Distribution

The selling stockholders and any of their pledgees, donees, transferees, assignees or other successors-in-interest may, from time to time, sell any or all of the shares of common stock offered hereby on any stock exchange, market or trading facility on which the shares are traded or in private transactions.

Our common stock currently trades on the OTC Bulletin Board. Any sales by the selling stockholders may be at fixed or negotiated prices. The selling stockholders may use any one or more of the following methods when selling shares:

o ordinary brokerage transactions and transactions in which the broker-dealer solicits purchasers;

o block trades in which the broker-dealer will attempt to sell the shares as agent but may position and resell a portion of the block as principal to facilitate the transaction;

o purchases by a broker-dealer as principal and resale by the broker-dealer for its account;

o an exchange distribution in accordance with the rules of the applicable exchange;

o privately negotiated transactions;

o short sales;

o broker-dealers may agree with the selling stockholder to sell a specified number of such shares at a stipulated price per share;

o a combination of any such methods of sale; and

o any other method permitted pursuant to applicable law.

The selling stockholders may also sell shares under Rule 144 under the Securities Act, if available, rather than under this prospectus.

Broker-dealers engaged by the selling stockholders may arrange for other brokers-dealers to participate in sales. Broker-dealers may receive commissions or discounts from the selling stockholders (or, if any broker-dealer acts as agent for the purchaser of shares, from the purchaser) in amounts to be negotiated. The selling stockholders do not expect these commissions and discounts to exceed what is customary in the types of transactions involved.

The selling stockholders may from time to time pledge or grant a security interest in any of their warrants or common stock issuable upon conversion of their warrants and, if they default in the performance of their secured obligations, the pledgees or secured parties may offer and sell the shares underlying the warrants from time to time under this prospectus.

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The selling stockholders also may transfer their warrants or shares of common stock issuable upon conversion of their warrants in other circumstances, in which case the pledges, donees, transferees, assignees or other successors-in-interest will be a "selling stockholder" for purposes of this prospectus.

The selling stockholders and any broker-dealers or agents that are involved in selling the shares may be deemed to be "underwriters" within the meaning of the Securities Act in connection with such sales. In such event, any commissions received by such broker-dealers or agents and any profit on the resale of the shares purchased by them may be deemed to be underwriting commissions or discounts under the Securities Act. The selling stockholders have informed us that it does not have any agreement or understanding, directly or indirectly, with any person to distribute the common stock.

We will not receive any proceeds from sales of any shares by the selling stockholders. However, we may receive an aggregate of $162,500 upon the exercise of all the warrants held by selling stockholders, if such warrants are exercised for cash. We will use such funds, if any, for working capital and general corporate purposes.

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DESCRIPTION OF CAPITAL STOCK

We are authorized to issue 100,000,000 shares of capital stock divided into (i) 80,000,000 shares of common stock, par value $0.01 per share and (ii) 20,000,000 shares of preferred stock, par value $0.01 per share. As of June 29, 2004, there are 9,571,799 shares of our common stock outstanding, held of record by approximately 750 stockholders. There are 915,118 shares of Preferred Stock outstanding, held by 39 stockholders.

Common Stock

The holders of our common stock are entitled to one vote for each share held of record in the election of directors and in all other matters to be voted on by the stockholders. There is no cumulative voting with respect to the election of directors. As a result, the holders of more than 50% of the shares voting for the election of directors can elect all of the directors. Holders of common stock are entitled:

- to receive any dividends as may be declared by the Board of Directors out of funds legally available for such purpose after payment of accrued dividends on the outstanding shares of preferred stock; and

- in the event of our liquidation, dissolution, or winding up, to share ratably in all assets remaining after payment of liabilities and after provision has been made for each class of stock having preference over the common stock.

All of the outstanding shares of common stock are validly issued, fully paid and nonassessable. Holders of our common stock have no preemptive right to subscribe for or purchase additional shares of any class of our capital stock.

Preferred Stock

Our Board of Directors has the authority, within the limitations set forth in our certificate of designations and certificate of incorporation to provide by resolution for the issuance of preferred stock, in one or more classes or series, and to fix the rights, preferences, privileges and restrictions thereof, including dividend rights, conversion rights, voting rights, terms of redemption, liquidation preferences and the number of shares constituting any series or the designation of such series.

Series C Preferred Stock

The holders of Series C Preferred Stock are entitled to eight votes for each share held of record on all matters submitted to a vote of stockholders. Holders of Series C Preferred Stock are entitled to receive cumulative 9% dividends on an annual basis and ratably such dividends as may be declared by the Board of Directors of Patient Infosystems out of funds legally available therefor. In the event of any voluntary or involuntary liquidation, dissolution or winding up of Patient Infosystems, then, prior, and in preference to any distribution of any assets to the holders of common stock, the holders of Series C Preferred Stock will be entitled to be paid in full in an amount equal to (i) a per share price for each share of Series C Preferred Stock outstanding plus (ii) an amount equal to a cumulative, unpaid dividend at a 9% rate per annum plus (iii) an amount equal to all declared but unpaid dividends on each such share accrued up to such date of distribution. For purposes of calculating these preference payments, the per share price has been $10.00 for the Series C Preferred Stock. One share of the Series C Preferred Stock may be converted at any time, at the holder's option, into eight shares of common stock. Holders of Series C Preferred Stock have no preemptive rights.

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The conversion rate will be adjusted if Patient Infosystems pays a dividend on its common stock or subdivides or combines its outstanding common stock. If at any time, Patient Infosystems proposes to offer and sell shares of preferred stock having a conversion rate that is less than $1.25 per share of common stock, then the conversion rate for the Series C Preferred Stock will be adjusted such that each share of Series C Preferred Stock will be convertible into such number of shares that equals $10.00 divided by the conversion rate of the new shares of preferred stock offered and sold. As a result, each share of Series C Preferred Stock will be convertible into 10 shares of common stock or an aggregate of 750,000.

Series D Preferred Stock

The holders of Series D Preferred Stock are currently entitled to one hundred twenty votes for each share held of record on all matters submitted to a vote of stockholders. Holders of Series D Preferred Stock are entitled to receive cumulative 9% dividends on an annual basis and ratably such dividends as may be declared by the Board of Directors of Patient Infosystems out of funds legally available therefore. In the event of any voluntary or involuntary liquidation, dissolution or winding up of Patient Infosystems, then, prior, and in preference to any distribution of any assets to the holders of Common Stock, the holders of Series D Preferred Stock will be entitled to be paid in full in an amount equal to (i) a per share price for each share of Series D Preferred Stock outstanding plus (ii) an amount equal to a cumulative, unpaid dividend at a 9% rate per annum plus (iii) an amount equal to all declared but unpaid dividends on each such share accrued up to such date of distribution. For purposes of calculating these preference payments, the per share price will be $10.00 for each share of Series D Preferred Stock. One share of the Series D Preferred Stock may be converted at any time, at the holder's option, into one hundred twenty shares of Common Stock. Holders of Series D Preferred Stock have no preemptive rights. The 840,118 shares of Series D Preferred Stock outstanding may be convertible into 8,401,180 shares of common stock.

The conversion rate will be adjusted if Patient Infosystems pays a dividend on its common stock or subdivides or combines its outstanding common stock. The conversion rate will also be adjusted if Patient Infosystems issues or sells common stock or securities convertible into common stock at a price less than the then effective conversion rate, in which case the conversion rate will be adjusted to an amount equal to the effective price per share of the securities sold in the transaction giving rise to the adjustment.

Holders of a majority in voting power of the Series D Preferred Stock have the right to elect two members of the Board of Directors of Patient Infosystems.
Warrants

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As of June 29, 2004, we have outstanding warrants to purchase the equivalent of 686,791 shares of our common stock. We issued warrants to purchase 12,500 shares of our common stock at an exercise price of $2.00 per share pursuant to a private placement that occurred in February 2004.

Market for Common Stock

Shares of our common stock are listed on the OTC Bulletin Board under the symbol PATY.

Transfer Agent and Registrar

Our transfer agent and registrar is Continental Stock Transfer and Trust Company, 17 Battery Place, New York, New York 10004.

Shares Eligible for Future Sale

We currently have 9,571,799 shares of common stock outstanding. Of the 9,571,799 shares of common stock outstanding, up to 1,803,384 shares are freely tradable without restriction or further registration under the Securities Act, except for any shares purchased by an "affiliate", which will be subject to the resale limitations of Rule 144 promulgated under the Securities Act.

All of the remaining shares of common stock currently outstanding are "restricted securities" or owned by "affiliates", as those terms are defined in Rule 144, and may not be sold publicly unless they are registered under the Securities Act or are sold pursuant to Rule 144 or another exemption from registration. The restricted securities are not eligible for sale without registration under Rule 144. As of June 29, 2004, there were outstanding options and warrants to purchase 2,205,618 shares of our common stock.

Rule 144

Generally, under Rule 144 as currently in effect, subject to the satisfaction of certain other conditions, a person, including any of our affiliates or persons whose shares are aggregated with an affiliate, who has owned restricted shares of common stock beneficially for at least one year, is entitled to sell, within any three-month period, a number of shares that does not exceed the greater of:

- 1% of our then outstanding shares of common stock; or
- the average weekly trading volume of shares of our common stock during the four calendar weeks preceding such sale.

A person who is not an affiliate, has not been an affiliate within three months prior to sale, and has beneficially owned the restricted shares for at least two years is entitled to sell such shares under Rule 144(k) without regard to any of the limitations described above.

Charter and Bylaws Provisions and Delaware Anti-Takeover Statute

We are subject to Section 203 of the Delaware General Corporation Law regulating corporate takeovers. This section prevents Delaware corporations from engaging under certain circumstances, in a "business combination", which includes a merger or sale of more than 10% of the corporation's assets, with any "interested stockholder", or a stockholder who owns 15% or more of the corporation's outstanding voting stock, as well as affiliates and associates of any such persons, for three years following the date such stockholder became an "interested stockholder", unless (i) the business combination or the transaction in which such stockholder became an "interested stockholder" is approved by the board of directors prior to the date the "interested stockholder" attained such status; (ii) upon consummation of the transaction that resulted in the stockholder becoming an "interested stockholder", the "interested stockholder" owned at least 85% of the voting stock of the corporation outstanding at the time the transaction commenced, excluding for purposes of determining the number of shares outstanding those shares owned by (x) persons who are directors and also officers and (y) employee stock plans in which employee participants do not have the right to determine confidentially whether shares held subject to the plan will be tendered in a tender or exchange offer; or (iii) on or after the date the "interested stockholder" attained such status the business combination is approved by the board of directors and authorized at an annual or special meeting of stockholders by the affirmative vote of at least two-thirds of the outstanding voting stock that is not owned by the "interested stockholder."

Our certificate of incorporation and bylaws do not provide for cumulative voting in the election of directors. Our bylaws eliminate the right of stockholders to call special meetings of stockholders. These and other provisions may have the effect of delaying, deferring or preventing hostile takeovers or changes in the control or management of Patient Infosystems, Inc. even if doing so would be beneficial to our stockholders.

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Reports to Stockholders

We have and will continue to comply with the periodic reporting, proxy solicitation and other applicable requirements of the Securities Exchange Act of 1934.

LEGAL MATTERS

The validity of the common stock offered by this prospectus will be passed upon by McCarter & English, LLP.

EXPERTS

The consolidated financial statements and the related financial statement schedule of Patient Infosystems, Inc. included in this prospectus have been audited by Deloitte & Touche LLP, independent auditors, as stated in their report appearing herein (which report expresses an unqualified opinion and includes an explanatory paragraph expressing substantial doubt about the Company's ability to continue as a going concern), and have been so included in reliance upon the report of such firm given upon their authority as experts in accounting and auditing.

The consolidated financial statements of American Caresource Corporation that have been audited by McGladrey & Pullen LLP, independent auditors, as stated in their report appearing herein (which report expresses an unqualified opinion), and have been so included in reliance upon the report of such firm given upon their authority as experts in accounting and auditing.

CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

a) Deloitte & Touche LLP resigned as the Registrant's independent accountants on April 21, 2004.

b) The Audit Committee of the Board of Directors of the Registrant approved on April 28, 2004 the engagement of the accounting firm of McGladrey & Pullen, LLP as accountants for the Registrant for the year ending December 31, 2004 subject to their normal client acceptance procedures.

c) Deloitte & Touche LLP's reports on the financial statements for the past two years ended December 31, 2003 and 2002 contained no adverse opinion or disclaimer of opinion. Deloitte & Touche LLP's reports on the financial statements contained an explanatory paragraph expressing substantial doubt about the Registrant's ability to continue as a going concern.

d) In connection with its audits for the two most recent fiscal years ended December 31, 2003 and 2002 and through April 21, 2004, there have been no disagreements with Deloitte & Touche LLP on any matter of accounting principles or practices, financial statement disclosure, or auditing scope or procedure, which disagreements if not resolved to the satisfaction of Deloitte & Touche LLP would have caused them to make reference thereto in their report on the financial statements for such years.

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WHERE YOU CAN FIND ADDITIONAL INFORMATION

We have filed with the Securities and Exchange Commission, a Registration Statement on Form SB-2 under the Securities Act of 1933 with respect to the common stock offered by this prospectus. This prospectus does not contain all of the information set forth in the registration statement and the exhibits and schedules to the registration statement. For further information with respect to us and the common stock offered by this prospectus, reference is made to the registration statement and the exhibits and schedules filed as a part of the registration statement. Additionally, we file annual, quarterly and current reports, proxy statements and other documents with the Securities and Exchange Commission. You may read and copy any materials we file with the Securities and Exchange Commission at the Securities and Exchange Commission's Public Reference Room at 450 Fifth Street, N.W., Washington, D.C. 20549. You may obtain information on the operation of the Public Reference Room by calling the Securities and Exchange Commission at 1-800-SEC-0330. The Securities and Exchange Commission also maintains a World Wide Web site that contains reports, proxy and information statements and other information regarding registrants that file electronically with the Securities and Exchange Commission. The address of the Securities and Exchange Commission's Web site is http://www.sec.gov.

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AUDITORS' REPORT

To the Board of Directors and Stockholders of Patient InfoSystems, Inc.
Rochester, New York

We have audited the accompanying consolidated balance sheets of Patient Infosystems, Inc. and subsidiaries as of December 31, 2003 and 2002, and the related consolidated statements of operations, stockholders' equity (deficit), and cash flows for each of the three years in the period ended December 31, 2003. Our audits also included the financial statement schedule on page 77. These financial statements and financial statement schedule are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements and financial statement schedule based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, such consolidated financial statements present fairly, in all material respects, the financial position of Patient Infosystems, Inc. and subsidiaries at December 31, 2003 and 2002, and the results of their operations and their cash flows for each of the three years in the period ended December 31, 2003, in conformity with accounting principles generally accepted in the United States of America. Also, in our opinion, such financial statement schedule, when considered in relation to the basic consolidated financial statements taken as a whole, presents fairly in all material respects the information set forth therein.

The accompanying consolidated financial statements have been prepared assuming that the Company will continue as a going concern. As discussed in Note 1 to the consolidated financial statements, the Company's recurring losses from operations and negative working capital raise substantial doubt about its ability to continue as a going concern. Management's plans concerning this matter are also described in Note 1. The consolidated financial statements do not include any adjustments that might result from the outcome of this uncertainty.

Deloitte & Touche LLP
Rochester, New York
March 30, 2004

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PATIENT INFOSYSTEMS, INC.

CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2003 AND 2002

ASSETS	2003
CURRENT ASSETS:	
Cash and cash equivalents	$ 397,851
Accounts receivable (net of doubtful accounts allowance of $52,141 and $55,000)	771,258
Prepaid expenses and other current assets	156,729
Notes receivable	-
Total current assets	1,325,838
PROPERTY AND EQUIPMENT, net	305,551
OTHER ASSETS:	
Intangible assets (net of accumulated amortization of $586,830 and $443,258)	497,893
Goodwill	6,981,876
TOTAL ASSETS	$ 9,111,158
LIABILITIES AND STOCKHOLDERS' EQUITY (DEFICIT)	
CURRENT LIABILITIES:	
Bank overdraft	$ 189,608
Accounts payable	1,337,862
Accrued salaries and wages	442,299
Accrued expenses	1,472,445
Accrued interest	61,558
Current maturities of long-term debt	294,117
Borrowings from directors	-
Deferred revenue	336,598

Total current liabilities	4,134,487
LINE OF CREDIT	3,000,000
LONG-TERM DEBT	40,295
COMMITMENTS (Note 7)	
STOCKHOLDERS' EQUITY (DEFICIT):	
Preferred stock - $.01 par value: shares authorized: 20,000,000	
Series C, 9% cumulative, convertible	
issued and outstanding: 2003 & 2002 - 100,000	1,000
Series D, 9% cumulative, convertible	
issued and outstanding: 2003 - 830,100	8,301
Common stock - $.01 par value:	
authorized: 80,000,000; issued and outstanding: 2003 - 4,960,354	
authorized: 20,000,000; issued and outstanding: 2002 - 10,956,024	49,604
Additional paid-in capital	45,596,684
Accumulated deficit	(43,719,213
Total stockholders' equity (deficit)	1,936,376
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY (DEFICIT)	$ 9,111,158

See notes to consolidated financial statements.

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PATIENT INFOSYSTEMS, INC.

CONSOLIDATED STATEMENTS OF OPERATIONS YEARS ENDED DECEMBER 31, 2003, 2002 AND 2001

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PAUL J. O SHEA

Director Since: 2001 **Age:** 57 **Class:** I

Enstar Officer Title: Executive Vice President and Joint Chief Operating Officer

Biographical Information: Paul O Shea has served as a director, Executive Vice President and Joint Chief Operating Officer of the Company since our formation in 2001. In his role as an executive officer, he leads our mergers and acquisitions operations, including overseeing our transaction sourcing, due diligence, and negotiations processes. In 1994, Mr. O Shea joined Dominic F. Silvester and Nicholas A. Packer in their run-off business venture in Bermuda, and he served as a director and Executive Vice President of Enstar Limited, which is now a subsidiary of the Company, from 1995 until 2001. Prior to co-founding the Company, he served as the Executive Vice President, Chief Operating Officer and a director of Belvedere Group/Caliban Group from 1985 until 1994.

Skills and Qualifications: Mr. O Shea is a qualified chartered accountant who has spent more than 30 years in the insurance and reinsurance industry, including many years in senior management roles. As a co-founder of the Company, Mr. O Shea has intimate knowledge and expertise regarding the Company and our industry.

SUMIT RAJPAL

Director Since: 2011 **Age:** 39 **Class:** I

Enstar Committees: Investment

Biographical Information: Sumit Rajpal is a managing director of Goldman, Sachs & Co. He joined Goldman, Sachs & Co. in 2000 and became a managing director in 2007.

Certain Other Directorships: Mr. Rajpal serves as a director on the boards of Ipreo Parent Holdco LLC, ProSight Specialty Insurance Holdings, TransUnion Holding Company, Inc., Safe-Guard Products International, LLC, and Hastings Insurance Group, and is a board observer for SKBHC Holdings, LLC. Mr. Rajpal previously served on the boards of Validus Holdings, Ltd. (from 2008 until February 2011) and USI Holdings Corporation (from May 2007 to December 2012).

Skills and Qualifications: Mr. Rajpal brings to our Board his extensive knowledge of the global insurance and reinsurance industries, which he has gained through years of experience as an investor and director. His expertise in corporate finance and investing is highly valuable to our Board s oversight of capital planning and our Investment Committee s oversight of our investment portfolios.

Directorship Arrangements

We have previously entered into the following arrangements relating to directorships:

Recapitalization/Merger (2007) On January 31, 2007, in connection with the merger of one of our wholly-owned subsidiaries with The Enstar Group, Inc. (the Merger), we also completed a recapitalization transaction. Pursuant to the terms of the agreement governing the recapitalization, Paul J. O Shea and Dominic F. Silvester were named directors of the Company.

Goldman Sachs Investment (2011) On April 20, 2011, we entered into an Investment Agreement (the Investment Agreement) with certain affiliates of Goldman, Sachs & Co. (Goldman Sachs) and, pursuant to the agreement s terms, Sumit Rajpal was named a director of the Company.

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Torus Acquisition (2014) On April 1, 2014, we and the Trident V funds completed the acquisition of Torus Insurance Holdings Limited (Torus). In connection with the closing, we and First Reserve entered into a Shareholder Rights Agreement under which First Reserve has the right to designate one representative to our Board of Directors. This designation right terminates if First Reserve ceases to beneficially own at least 75% of the total number of voting and non-voting shares acquired by it at the closing. Pursuant to the Shareholder Rights Agreement, Kenneth Moore was named a director of the Company, effective as of the closing.

Independence of Directors

Following the appointment of Mr. Becker on February 25, 2015, our Board currently consists of seven directors, of which five are non-management directors. The Board determined that the following four directors are independent as defined by Nasdaq Marketplace Rule 5605(a)(2):

Current Independent Directors:	
Robert J. Campbell	Rick Becker
Kenneth W. Moore	Sumit Rajpal

The Board made these determinations based primarily on a review of the responses of the directors to questions regarding employment and compensation history, family relationships and affiliations, and discussions with the directors. For details about certain relationships and transactions among us and our executive officers and directors, see Certain Relationships and Related Transactions beginning on page 28.

Board Leadership Structure

The Board has separated the positions of Chairman and Chief Executive Officer. Robert J. Campbell, an independent director, has served as Chairman since November 2011 (when our then Chairman and Chief Executive Officer, Dominic F. Silvester, recommended the separation of the positions). The Board believes that separating the roles of Chairman and CEO and having Mr. Campbell serve as Chairman is the most effective leadership structure for us at this time.

Mr. Campbell has served on our Board for over seven years. The Board believes he is well suited to assist with the execution of strategy and business plans, to play a prominent role in setting the Board s agenda, to act as the liaison between the Board and our senior management, and to preside at Board and shareholder meetings.

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The Board believes that our corporate governance structure appropriately satisfies the need for objectivity, and includes several effective oversight means, including:

- Ø the roles of Chairman and CEO are separated;
- Ø the Chairman is an independent director;
- Ø the Board is comprised of a majority of independent directors;
- Ø before or after regularly scheduled Board meetings, the independent directors meet in executive session to review, among other things, the performance of our executive officers; and
- Ø the Audit, Compensation and Nominating and Governance committees of the Board are comprised only of independent directors who perform key oversight functions, such as:

  - overseeing the integrity and quality of our financial statements,
  - overseeing risk assessment and management,
  - establishing senior executive compensation,
  - reviewing director candidates and making recommendations for director nominations, and
  - overseeing our corporate governance structure and practices.

The Board recognizes, however, that no single leadership model is right for all companies at all times and that, depending on the circumstances in the future, other leadership models might be appropriate for us.

Board Committees

Our Board has an Audit Committee, a Compensation Committee, a Nominating and Governance Committee and an Investment Committee. Each of our committees operates under a written charter that has been approved by our Board. The charters are reviewed annually by each respective committee, which recommends any proposed changes to our Board. Current copies of the charters for all of our committees are available on our website at *http://www.enstargroup.com/corporate-governance.cfm*. In addition, any shareholder may receive copies of these documents in print, without charge, by contacting Investor Relations at P.O. Box HM 2267, Windsor Place, 3rd Floor, 22 Queen Street, Hamilton, HM JX, Bermuda.

Our Board of Directors met a total of six times during the year ended December 31, 2014.

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The primary responsibilities of each of our committees, as well as the current composition of our committees and the number of committee meetings held during 2014, are described below.

Audit Committee	
The primary responsibilities of our Audit Committee include: overseeing our accounting and financial reporting process, including our internal controls over financial reporting, overseeing the quality and integrity of our financial statements, reviewing the qualifications and independence of our independent auditor, reviewing the performance of our internal audit function and independent auditor, reviewing related party transactions, overseeing our compliance with legal and regulatory requirements, appointing and retaining our independent auditors,	**Committee Members:** Robert J. Campbell (Chair) Rick Becker Kenneth W. Moore
pre-approving compensation, fees and services of the independent auditors and reviewing the scope and results of their audit, and overseeing the process by which we undertake risk assessment and risk management, including discussing our financial risk exposures and the steps management has taken and is taking to monitor and control such exposures, although we expect some of this oversight to be transitioned to our Risk Committee during 2015.	**Number of Meetings in 2014:** 5

Each member of the Audit Committee is a non-management director and is independent as defined in Nasdaq Marketplace Rule 5605(a)(2) and under the Securities Exchange Act of 1934, as amended (the Exchange Act). Our Board has determined that Messrs. Campbell and Becker qualify as audit committee financial experts pursuant to the definition set forth in Item 407(d)(5)(ii) of Regulation S-K, as adopted by the SEC. Kenneth J. LeStrange (an independent director) served as a member of our Audit Committee until December 31, 2014. Mr. Becker was appointed to the committee effective February 25, 2015.

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Compensation Committee

The primary responsibilities of our Compensation Committee include: determining the compensation of our executive officers, establishing our compensation philosophy, overseeing the development and implementation of our compensation programs, including our incentive plans and equity plans, overseeing the risks associated with the design and operation of our compensation programs, policies and practices, and periodically reviewing the compensation of our directors and making recommendations to our Board with respect thereto.	**Committee Members:** Rick Becker (Chair) Robert J. Campbell Kenneth W. Moore
Each member of the Compensation Committee is a non-management director, is independent as defined in Nasdaq Marketplace Rule 5605(a)(2), and meets the enhanced independence standards applicable to compensation committee members in Nasdaq Marketplace Rule 5605(d)(2) and the Exchange Act. Additional information on the Compensation Committee and the role of management in setting compensation is provided below in Executive Compensation Compensation Discussion and Analysis beginning on page 31. Mr. LeStrange served as Chairman and member of the Compensation Committee until December 31, 2014.	**Number of Meetings in 2014:** 5

Nominating and Governance Committee

The primary responsibilities of our Nominating and Governance Committee include: identifying individuals qualified to become directors and reviewing any candidates proposed by directors, management or shareholders,	**Committee Members:** Rick Becker (Chair) Robert J. Campbell

recommending committee appointments to the Board, recommending the annual director nominees to the Board and the shareholders, establishing director qualification criteria, supporting the succession planning process, and advising the Board with respect to corporate governance-related matters. Each member of the Nominating and Governance Committee is a non-management director and is independent as defined in Nasdaq Marketplace Rule 5605(a)(2). Mr. Becker joined the committee as Chairman on February 25, 2015.	**Number of Meetings in 2014:** 1

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Investment Committee

The primary responsibilities of our Investment Committee include:

- determining our investment strategy,
- developing and reviewing our investment guidelines and overseeing compliance with these guidelines and various regulatory requirements and any applicable loan covenants,
- overseeing our investments, including approval of investment transactions,
- overseeing the selection, retention and evaluation of outside investment managers,
- overseeing investment-related risks, including those related to the Company s cash and investment portfolios and investment strategies, and
- reviewing and monitoring the Company s investment performance quarterly and annually against plan and external benchmarks agreed from time to time.

Four members of the Investment Committee (Messrs. Campbell, Carey, Moore and Rajpal) are non-management directors, and three members (Messrs. Campbell, Moore and Rajpal) are independent as defined in Nasdaq Marketplace Rule 5605(a)(2).

*Richard Harris is the Company s Chief Financial Officer. David Rocke is an Executive Vice President of our subsidiary Enstar Limited. Cormac Treanor is Executive Vice President and Group Head of Life of our subsidiary Enstar (US) Inc. The Board has included Messrs. Harris, Rocke and Treanor on the Investment Committee because it believes their respective knowledge and insight in investment and other Company matters provides a significant benefit to the function of the committee. In particular, the Board believes that Mr. Harris insight into financial and accounting matters and knowledge of subsidiary portfolios, Mr. Rocke s

Committee Members:

Robert J. Campbell (Chair)

James D. Carey

Kenneth W. Moore

Sumit Rajpal

Richard J. Harris*

David Rocke*

Cormac Treanor*

Number of Meetings in 2013:

5

involvement in mergers and acquisitions, and Mr. Treanor s financial services and life insurance experience support the oversight of the Company s investments and add valuable skill sets to this committee.

Attendance at Meetings

We expect our directors to attend all meetings of our Board, all meetings of all committees of the Board on which they serve and each annual general meeting of shareholders, absent exigent circumstances.

In 2014, during the time they were serving, all of the directors other than Mr. Moore attended at least 75% of the meetings of the Board and the committees of the Board on which the director served and was not recused from attending. Due to our acquisitive business model, from time to time, a special meeting may be required solely with respect to a particular matter, such as an acquisition or significant new business transaction or investment, in which a director may be recused from participating due to a potential conflict of interest between the Company and the business of his primary employer. Where such a matter is the only material purpose for holding the special meeting, it

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is our practice that a recused director is not eligible to attend the meeting, and accordingly his attendance record would not be impacted. Mr. Moore, who became a director upon the closing of our acquisition of Torus, missed Board and committee meetings held on two consecutive days due to a scheduling conflict identified prior to his appointment.

All directors then serving attended the 2014 annual general meeting of shareholders, other than Mr. Rajpal, who participated in the meeting by telephone as an observer. His telephonic participation was not considered attendance due to our policy requiring in-person attendance for meetings. In addition, in 2014, our independent directors met each quarter in executive sessions without management.

Board Oversight of Risk Management

Effective risk oversight is an important priority for the Board, which has placed strong emphasis on ensuring we have a robust risk management framework to identify, measure, manage, report and monitor risks that affect the achievement of strategic, operational and financial objectives of the Company and our subsidiaries. Our Board and its committees have risk oversight responsibility and play an active role in overseeing management of the risks we face.

The overall objective of our risk management framework is to support good risk governance, support the achievement of business objectives and provide overall benefits to us by adding value to the control environment, and to contribute to an effective business strategy, efficiency in operations and processes, strong financial performance, accurate financial reporting, regulatory compliance, a good reputation with key stakeholders, business continuity planning, and capital planning.

Our enterprise risk management (ERM) consists of numerous processes and controls that have been designed by our senior management (including our risk management team), with oversight by our Board and its committees, managed by our senior executives, and implemented by employees across our organization. Risk assumption is inherent in our business, and appropriately setting risk appetite and executing our business strategies in accordance therewith is key to our performance. For more information on ERM, refer to Item. 1 Business Enterprise Risk Management (ERM) beginning on page 33 of our Annual Report on Form 10-K for the year ended December 31, 2014.

The Board and its committees regularly review information regarding, among other things, our operations, loss reserves, acquisitions, credit, liquidity, investments, active underwriting and the risks associated with each. Management is responsible for the Company s risk management, including identifying, monitoring, prioritizing, and addressing risks, and management reports to the Board and its committees with respect thereto.

Following a review of the Company s growth and newer business segments, the Board recently determined that it would create a Risk Committee and an Underwriting Committee at the Board level to provide enhanced director oversight and involvement in these areas. During 2015, we expect to approve charters for these committees and appoint committee members, so that full engagement of these committees will commence.

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Our committees support the Board s oversight of risk management in the following ways:

Committee	Risk Management Responsibilities
Audit Committee	Reviews our overall risk appetite with input from management Reviews our risk management methodologies Oversees management s execution of our risk management objectives Discusses our financial risk exposures and the steps management has taken and is taking to monitor and control such exposures Receives direct reports from the Company s Head of Internal Audit, who meets with the committee on a quarterly basis and maintains an open dialogue with the Audit Committee Chairman Receives direct reports on ERM, which is expected to occur during Risk Committee meetings in the coming year
Compensation Committee	Oversees risks relating to our compensation programs and plans (as more fully described in Executive Compensation Compensation Discussion and Analysis Compensation Risk Assessment on page 46) Conducts an annual risk assessment of our compensation programs to ensure they are properly aligned with Company performance and do not provide incentives for our employees to take inappropriate or excessive risks
Nominating and Governance Committee	Oversees risks relating to corporate governance matters, including with respect to reviewing Board and Committee composition and the Company s relations with our shareholders Oversees and supports the Board in management succession planning

Investment Committee	Regularly evaluates and tests our investment portfolio and investment strategies under various stress scenarios Oversees compliance with investment guidelines, which assist us in monitoring our investment-related risks Monitors and evaluates our internal investment management department and external investment managers Oversees the Company s investment systems and technology resources and any associated risks

Director Nominations, Qualifications and Recommendations

When identifying and evaluating director nominees, our Nominating and Governance Committee considers the nominees personal and professional integrity, judgment, ability to represent the interests of the shareholders, and knowledge regarding insurance, reinsurance and investment matters, as well as other factors discussed below. The Nominating and Governance Committee has primarily identified candidates through its periodic solicitation of ideas from members of the Board, the Company s executive officers, and individuals known to the Board or executive officers, although in certain private placement or acquisition-related transactions, parties have obtained the right to designate a board representative.

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Several members of our Board recommended Rick Becker to the Nominating Committee as a potential candidate to fill the vacancy created by the resignation of Kenneth LeStrange, who left the Board on December 31, 2014 due to time constraints created by his commitments to other business interests. These directors were familiar with Mr. Becker s experience in the insurance industry and his service on other boards. Members of the Nominating Committee and the Board interviewed Mr. Becker, reviewed his qualifications, and recommended that he be appointed. Our Board of Directors is also continuing its ongoing recruitment efforts to identify additional high-quality independent directors, and has been working with a director search firm to find individuals who meet our criteria and complement and enhance our Board and its committees.

For incumbent directors, the committee reviews each director s overall service to the Company during the director s term, including the director s level of participation and quality of performance. The Nominating and Governance Committee considered and nominated the candidates proposed for election as director at the Annual General Meeting, with the Board unanimously agreeing on the nominees.

Director Qualifications

We seek to identify candidates who represent a mix of backgrounds and experiences that will improve the Board s ability, as a whole, to serve the needs of our Company and the interests of our shareholders. While we do not have a formal diversity policy for selection of directors, we consider diversity broadly to include differences of professional experience, individual attributes and skill sets, perspective, knowledge and expertise in substantive matters pertaining to our business and industry.

Given the complex nature of our business and the insurance and reinsurance industry, we seek to include directors whose experiences, although varying and diverse, are also complementary to and demonstrate a familiarity with the substantive matters necessary to lead the Company and navigate our run-off and active underwriting businesses.

Shareholder Recommendations

Shareholders may recommend candidates to serve as directors by submitting a written notice to the Nominating and Governance Committee at Enstar Group Limited, P.O. Box HM 2267, Windsor Place, 3rd Floor, 22 Queen Street, Hamilton, HM JX, Bermuda. Shareholder recommendations must be accompanied by sufficient information to assess the candidate s qualifications and contain the candidate s consent to serve as director if elected. Shareholder nominees will be evaluated by the Nominating and Governance Committee in the same manner as nominees selected by the committee.

Compensation Committee Interlocks and Insider Participation

No member of the Compensation Committee is or was during 2014 an employee, or is or ever has been an officer, of the Company. During the year ended December 31, 2014, no executive officer served as a member of the compensation committee or as a director of another entity having an executive officer serving on our Compensation Committee or as one of our directors.

Code of Conduct

We have adopted a Code of Conduct that applies to all of our directors and employees, including all senior executive and financial officers. A copy of our Code of Conduct is available on our website at *http://www.enstargroup.com/corporate-governance.cfm* by clicking on Code of Conduct.

In addition, any shareholder may receive a copy of the Code of Conduct or any of our committee charters in print, without charge, by contacting Investor Relations at Enstar Group Limited, P.O. Box HM 2267, Windsor Place, 3rd Floor, 22 Queen Street, Hamilton HM JX, Bermuda. We intend to post any

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amendments to our Code of Conduct on our website. In addition, we intend to disclose any waiver of a provision of the Code of Conduct that applies to our senior executives and financial officers, by posting such information on our website or by filing a Form 8-K with the SEC within the prescribed time period.

Shareholder Communications with the Board

Shareholders and other interested parties may send communications to our Board by sending written notice to:

Enstar Group Limited

Attention: Corporate Secretary

P.O. Box HM 2267

Windsor Place, 3rd Floor

22 Queen Street

Hamilton, HM JX

Bermuda

The notice may specify whether the communication is directed to the entire Board, to the independent directors, or to a particular Board committee or individual director.

Our Corporate Secretary will handle routine inquiries and requests for information. If our Corporate Secretary determines the communication is made for a valid purpose and is relevant to the Company and its business, our Corporate Secretary will forward the communication to the entire Board, to the independent directors, to the appropriate committee chairman or to the individual director as the notice was originally addressed. At each regular meeting of our Board, our Corporate Secretary will present a summary of all communications received since the previous meeting that were not forwarded and will make those communications available to the directors on request.

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DIRECTOR COMPENSATION

2014 Director Compensation Program

In 2014, our director compensation program included:

- retainers payable quarterly for non-employee directors, the Chairman of the Board, and each committee chairman; and

- meeting fees for all Board and committee meetings attended.

Directors who are employees of the Company receive no fees for their services as directors. Mr. Rajpal has waived all fees for his services as a director.

Our director retainer and meeting fees were as follows:

2014 Retainer Fees	Annual Amounts Payable	2014 Meeting Fees	Amounts Payable for Attendance
Non-Employee Directors	$ 70,000	Board Meetings	$ 3,500
Chairman of the Board	$ 50,000	Telephonic Board Meetings	$ 1,000
Audit Committee Chairman	$ 10,000	Audit Committee Meetings	$ 1,500
Compensation Committee Chairman	$ 5,000	Compensation Committee Meetings	$ 1,250
Nominating and Governance Committee Chairman	$	Nominating and Governance Committee Meetings	$
Investment Committee Chairman	$ 5,000	Investment Committee Meetings	$ 1,250

Deferred Compensation Plan

The Amended and Restated Enstar Group Limited Deferred Compensation and Ordinary Share Plan for Non-Employee Directors (the Deferred Compensation Plan) provides each non-employee director with the opportunity to elect (i) to defer receipt of all or a portion of his cash or equity compensation until retirement or termination and (ii) to receive all or a portion of his cash compensation for services as a director in the form of our ordinary shares instead of cash.

Non-employee directors electing to defer compensation have such compensation converted into share units payable as a lump sum distribution after the director s separation from service as defined under Section 409A of the Internal Revenue Code of 1986, as amended (the Internal Revenue Code). The lump sum share unit distribution will be made in the form of ordinary shares, with fractional shares paid in cash. Non-employee directors electing to receive compensation in the form of ordinary shares would receive whole ordinary shares (with any fractional shares payable in cash) as of the date compensation would otherwise have been payable.

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Director Compensation Table

The following table summarizes the compensation of our non-employee directors who served in 2014, and accordingly does not include Rick Becker, who joined our Board on February 25, 2015. All fees were earned in cash and deferred by the directors under our Deferred Compensation Plan; no stock awards, option awards, or other compensation were paid.

Name	Fees Earned or Paid in Cash ($)(1)	Stock Awards ($)(2)	Total ($)
Robert J. Campbell	$167,000		$167,000
Charles T. Akre, Jr.(3)	$38,654		$38,654
T. Whit Armstrong(3)	$37,404		$37,404
James D. Carey	$98,402		$98,402
Kenneth J. LeStrange(3)	$100,000		$100,000
Kenneth W. Moore	$68,750		$68,750
Sumit Rajpal(4)			

(1) The directors elected to defer all of their fees in the form of share units pursuant to the Deferred Compensation Plan. See also footnote 2.

(2) Share units acquired for services in 2014 under the Deferred Compensation Plan were as follows: (a) Mr. Campbell 1,181.164 units; (b) Mr. Akre 281.902 units; (c) Mr. Armstrong 272.820 units; (d) Mr. Carey 575.060 units; (e) Mr. LeStrange 705.866 units; and (e) Mr. Moore 476.975 units. Total share units under the Deferred Compensation Plan held by directors as of the record date are described in the footnotes to the Principal Shareholders and Management Ownership table beginning on page 24.

(3) Messrs. Akre and Armstrong decided not to stand for re-election at last year s annual general meeting and accordingly resigned from the Board of Directors effective June 10, 2014. Mr. LeStrange resigned from the Board of Directors effective December 31, 2014. Following these resignations, the former directors received the following ordinary shares in settlement of share units held under the Deferred Compensation Plan: (a) Mr. Akre 5,062 shares; (b) Mr. Armstrong 6,687 shares; and (c) Mr. LeStrange 1,560 shares. Mr. Armstrong received an additional 14,922 shares in settlement of restricted share units he had received in the Merger in 2007, as well as $113,164 in cash to settle 737.8 deferred units he also received in the Merger.

(4) Mr. Rajpal has waived all fees for his services.

Program Changes for 2015

In 2014, our Compensation Committee undertook a review of the director compensation program with support from our independent compensation consultant, McLagan. The review was conducted in conjunction with our ongoing recruitment efforts to identify additional high-quality independent

directors, which included engaging a director search firm. The search firm provided us with feedback that our director compensation program was significantly below peer median and was unlikely to attract the caliber of candidates we are seeking. The primary deficiency identified in our director compensation program as compared to those of our peers was the lack of an equity retainer. Accordingly, the Compensation Committee recommended that the Board increase the annual non-employee director retainer fee to $150,000, with $75,000 payable in cash and $75,000 payable in restricted stock that is subject to a one-year vesting period. The Board of Directors approved the increase, effective January 1, 2015. Directors may still elect to defer all or a portion of their compensation under the Deferred Compensation Plan. Portions of the equity retainer that are deferred under the plan are subject to the same one-year vesting conditions.

The compensation consultant s analysis also indicated that the annual Chairman retainer of $50,000 was well below market within our peer group for a non-employee director Chairman. Following a review by the Compensation Committee, the matter was referred to the full Board, which reviewed the market data and assessed the considerable time, effort, and contributions of Mr. Campbell and increased the annual Chairman retainer fee to $100,000, with $50,000 payable in cash and $50,000 payable in restricted stock subject to a one-year vesting period. Mr. Campbell did not participate in any discussions or decisions related to this matter. The increase was effective January 1, 2015.

For information on our peer group, the Committee s decision to engage McLagan, its assessment of McLagan s independence, and fees paid to McLagan and its affiliates during 2014, see Compensation Discussion and Analysis Competitive Pay and Role of Compensation Consultants beginning on page 35).

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EXECUTIVE OFFICERS

Our current executive officers are as follows:

DOMINIC F. SILVESTER

Title: Chief Executive Officer

Since: 2001 **Age:** 54

Biographical Information: Dominic Silvester has served as a director and the Chief Executive Officer of the Company since its formation in 2001. In 1993, Mr. Silvester began a business venture in Bermuda to provide run-off services to the insurance and reinsurance industry. In 1995, the business was assumed by Enstar Limited, which is now a subsidiary of the Company, and for which Mr. Silvester has since then served as Chief Executive Officer. Prior to co-founding the Company, Mr. Silvester served as the Chief Financial Officer of Anchor Underwriting Managers Limited from 1988 until 1993.

PAUL J. O SHEA

Title: Executive Vice President and Joint Chief Operating Officer

Since: 2001 **Age:** 57

Biographical Information: Paul O Shea has served as a director, Executive Vice President and Joint Chief Operating Officer of the Company since our formation in 2001. He leads our mergers and acquisitions operations, including overseeing our transaction sourcing, due diligence, and negotiations processes. In 1994, Mr. O Shea joined Dominic F. Silvester and Nicholas A. Packer in their run-off business venture in Bermuda, and he served as a director and Executive Vice President of Enstar Limited, which is now a subsidiary of the Company, from 1995 until 2001. Prior to co-founding the Company, he served as the Executive Vice President, Chief Operating Officer and a director of Belvedere Group/Caliban Group from 1985 until 1994.

NICHOLAS A. PACKER

Title: Executive Vice President and Joint Chief Operating Officer

Since: 2001 **Age:** 52

Biographical Information: Nicholas Packer has served as Executive Vice President and Joint Chief Operating Officer of the Company since our formation in 2001. He has global responsibility for our insurance and reinsurance company operations, including oversight of our underwriting, claims, commutation, consulting and ceded reinsurance operations. In May 2014, he was named Executive Chairman and Chief Executive Officer of our Torus group of companies. From 1996 to 2001, he was Chief Operating Officer of Enstar (EU) Limited, a wholly-owned subsidiary of Enstar Limited (which is now a subsidiary of the Company). Mr. Packer served as Enstar Limited s

Chief Operating Officer from 1995 until 1996. In 1993, Mr. Packer joined Mr. Silvester in operating a run-off business venture in Bermuda. Prior to co-founding the Company, Mr. Packer served as Vice President of Anchor Underwriting Managers Limited from 1991 until 1993. Prior to joining Anchor, he was a joint deputy underwriter at CH Bohling & Others, an affiliate of Lloyd s of London.

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RICHARD J. HARRIS

Title: Chief Financial Officer

Since: 2003 **Age:** 53

Biographical Information: Richard Harris has served as Chief Financial Officer of the Company since May 2003. His responsibilities include overseeing our financial reporting, capital management, corporate finance, actuarial matters, tax, investments, and investor relations. Prior to joining the Company, Mr. Harris served as Managing Director of RiverStone Holdings Limited & Subsidiary Companies, the European run-off operations of Fairfax Financial Holdings Limited, from 2000 until April 2003. Previously, he served as the Chief Financial Officer of Sphere Drake Group.

ORLA M. GREGORY

Title: Chief Integration Officer

Since: 2015 **Age:** 40

Biographical Information: Orla Gregory was appointed as Chief Integration Officer in 2015. She previously served as Executive Vice President of Mergers and Acquisitions of our subsidiary, Enstar Limited, since May 2014, and prior to that was Senior Vice President of Mergers and Acquisitions since 2009. She has been with the Company since 2003. Ms. Gregory worked as Financial Controller of Irish European Reinsurance Company Ltd. in Ireland from 2001 to 2003. She worked in Bermuda from 1999 to 2001 for Ernst & Young as an Investment Accountant. Prior to this, Ms. Gregory worked for QBE Insurance & Reinsurance (Europe) Limited in Ireland from 1993 to 1998 as a Financial Accountant.

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PRINCIPAL SHAREHOLDERS AND MANAGEMENT OWNERSHIP

The following table sets forth information as of March 13, 2015 (unless otherwise provided herein) regarding beneficial ownership of our voting ordinary shares by each of the following, in each case based on information provided to us by these individuals:

each person or group known to us to be the beneficial owner of more than 5% of our ordinary shares;

each of our current directors and director nominees;

each of the individuals named in the Summary Compensation Table on page 48; and

all of our current directors and executive officers as a group.

The following table describes the ownership of our voting ordinary shares, which are the only shares entitled to vote at the Annual General Meeting. In addition to voting ordinary shares, there are a total of 3,439,652 issued and outstanding non-voting ordinary shares. Of these shares, 2,725,637 are Series C non-voting ordinary shares owned by Goldman Sachs that, together with its 665,529 voting ordinary shares, represented an economic interest of over 18% as of March 13, 2015. First Reserve owns 714,015 Series E non-voting ordinary shares that, together with its voting shares, represented an economic interest of over 11.5% as of March 13, 2015. For additional information on our non-voting ordinary shares, refer to Note 14 to our consolidated financial statements beginning on page 212 of our Annual Report on Form 10-K for the year ended December 31, 2014.

Unless otherwise indicated, each person has sole voting and dispositive power with respect to all shares shown as beneficially owned by them.

Name of Beneficial Owner	Number of Shares	Percent of Class[1]
The First Reserve Partnerships[2]	1,501,211	9.50%
Trident V, L.P. and related affiliates[3]	1,350,000	8.54%
Dominic F. Silvester[4]	1,232,467	7.80%
Beck Mack & Oliver LLC[5]	1,212,961	7.67%
Nicholas A. Packer[6]	319,801	2.02%
Paul J. O Shea[7]	186,060	1.18%
Robert J. Campbell[8]	178,181	1.13%
Richard J. Harris	66,814	*
James. D. Carey[9]	846	*
Kenneth W. Moore[10]	602	*
Sumit Rajpal[11]	0	*
Rick Becker[12]	0	*
All Current Executive Officer and Directors as a group (10 persons)[13]	1,993,567	12.61%

* Less than 1%

(1) Our bye-laws would reduce the total voting power of any U.S. shareholder or direct foreign shareholder group owning 9.5% or more of our ordinary shares to less than 9.5% of the voting power of all of our shares.

(2) Based on a Schedule 13D filed jointly on April 11, 2014 by (i) First Reserve Fund XII, L.P. (First Reserve XII), (ii) FR XII-A Parallel Vehicle, L.P. (FR XII-A), (iii) FR XI Offshore AIV, L.P. (FR XI Offshore AIV), (iv) FR Torus Co-Investment, L.P. (FR Co-Invest , together with First Reserve XII, FR XII-A and FR XI Offshore AIV, the First Reserve Partnerships), (v) First Reserve GP XII

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Limited (XII Limited), (vi) First Reserve GP XII, L.P. (XII GP), (vii) FR XI Offshore GP, L.P. (GP XI Offshore), (viii) FR XI Offshore GP Limited (GP XI Offshore Limited) and (ix) William E. Macaulay. Includes (a) 652,596 ordinary shares owned by First Reserve XII, (b) 11,715 ordinary shares owned by FR XII-A, (c) 809,989 ordinary shares owned by FR XI Offshore AIV, and (d) 26,911 ordinary shares owned by FR Co-Invest. XII Limited is the general partner of XII GP, which in turn is the general partner of each of First Reserve XII and FR XII-A. XII Limited is the general partner of FR Co-Invest. William E. Macaulay is a director of XII Limited, and has the right to appoint a majority of the Board of Directors of XII Limited. By virtue of Mr. Macaulay s right to appoint a majority of the directors of XII Limited, Mr. Macaulay may be deemed to have the shared power to vote or direct the vote of, and the shared power to dispose of or direct the disposition of, the ordinary shares held by each of First Reserve XII, FR XII-A and FR Co-Invest and therefore, Mr. Macaulay may be deemed to be a beneficial owner of such ordinary shares. GP XI Offshore is the general partner of FR XI Offshore AIV. GP XI Offshore Limited is the general partner of GP XI Offshore. Pursuant to the Shareholder Rights Agreement between Enstar and the First Reserve Partnerships and Corsair, Kenneth W. Moore was named to our Board of Directors. Mr. Moore is a Managing Director of First Reserve and has a less than 5% limited partnership interest in GP XI Offshore and XII GP and is a less than 10% owner of GP XI Offshore Limited and XII Limited. See footnote 10 with respect to 602 ordinary shares issuable to Mr. Moore pursuant to the Deferred Compensation Plan and not included in the First Reserve Partnerships total reported holdings of 1,501,211 ordinary shares. Each of the above persons and entities, other than the First Reserve Partnerships as to their direct holdings, disclaims beneficial ownership of any of our ordinary shares held by the First Reserve Partnerships. The address of the above persons and entities is c/o First Reserve Management, L.P., One Lafayette Place, Greenwich, Connecticut 06830.

(3) Based on information provided in a Schedule 13D filed jointly on November 15, 2013 by Trident V, L.P. (Trident V), Trident Capital V, L.P. (Trident V GP), Trident V Parallel Fund, L.P. (Trident V Parallel), Triden V Professionals Fund, L.P. (Trident V Professionals and, together with Trident V and Trident V Parallel, the Partnerships), Stone Point Capital LLC (Stone Point) and SPC Management Holdings LLC. Consists of (a) 773,556 ordinary shares held by Trident V, (b) 542,505 ordinary shares held by Trident V Parallel, and (c) 33,939 ordinary shares held by Trident V Professionals. The sole general partner of Trident V is Trident V GP. The sole general partner of Trident V Parallel is Trident Capital V-PF, L.P. (Trident Capital V-PF). The sole general partner of Trident V Professionals is Stone Point GP Ltd. (together with Trident V GP and Trident Capital V-PF, the GPs). Each of the GPs holds voting and investment power with respect to the ordinary shares that are, or may be deemed to be, beneficially owned by the respective Partnership of which it is the general partner. In addition, the limited partnership agreements of each of the Partnerships have the effect of conferring dispositive power over the ordinary shares held by the Partnerships to Trident V and Trident V GP. Pursuant to certain management agreements, Stone Point has received delegated authority by the GPs to exercise voting rights of ordinary shares on behalf of the Partnerships, subject to certain limitations, but Stone Point does not have dispositive power over the ordinary shares held by the Partnerships. James Carey, a member of our Board, is a member and senior principal of Stone Point, an owner of one of four general partners of each of Trident V GP and Trident Capital V-PF, and a shareholder and director of Stone Point GP Ltd., which is the general partner of Trident V Professionals. See footnote 9 with respect to 846 ordinary shares issuable to Mr. Carey pursuant to the Deferred Compensation Plan and not included in the Partnerships total reported holdings of 1,350,000 shares. Although these share units accrue to Mr. Carey personally, he holds these share units solely for the benefit of Stone Point, which may be deemed an indirect beneficial owner. The principal address for Trident V, Trident V GP, Trident V Parallel, Trident V Professionals and Stone Point is c/o Stone Point at its principal address, which is 20 Horseneck Lane, Greenwich, CT 06830.

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(4) Includes 490,732 ordinary shares held directly by Mr. Silvester and 741,735 ordinary shares held by the Right Trust (167,000 of which have been pledged to secure a loan). Mr. Silvester and his immediate family are the sole beneficiaries of the Right Trust. The trustee of the Right Trust is R&H Trust Co. (BVI) Ltd., whose registered office is Woodbourne Hall, P.O. Box 3162, Road Town, Tortola, British Virgin Islands. Mr. Silvester s address is c/o Enstar Group Limited, P.O. Box 2267, Windsor Place, 3rd Floor, 22 Queen Street, Hamilton HM JX, Bermuda.

(5) Based on information provided in a Schedule 13G filed on January 26, 2015 by Beck, Mack & Oliver LLC (Beck Mack), a registered investment adviser under Section 203 of the Investment Advisers Act of 1940. The ordinary shares beneficially owned by Beck Mack are owned by investment advisory clients of Beck Mack. These clients have the right to receive or the power to direct the receipt of, dividends from, or the proceeds from the sale of, such securities. No one of these clients owns more than 5% of the Company s ordinary shares. As of December 31, 2014, Beck Mack had shared dispositive power with respect to all of the shares and sole voting power with respect to 1,155,561 shares. The principal address for Beck Mack is 360 Madison Avenue, New York, NY 10017. Robert J. Campbell, one of our directors, is a Partner at Beck Mack. Beck Mack disclaims beneficial ownership of the ordinary shares of the Company that are, or may be deemed to be, beneficially owned by Mr. Campbell, which are described in footnote 8.

(6) Includes (a) 16,695 ordinary shares held directly by Mr. Packer and (b) 303,106 ordinary shares held by Hove Investments Holding Limited, a British Virgin Islands company. The Hove Trust owns all of the equity interests of Hove Investments Holding Limited. Mr. Packer and his immediate family are the sole beneficiaries of the Hove Trust. The trustee of the Hove Trust is R&H Trust Co. (BVI) Ltd.

(7) Includes (a) 31,629 ordinary shares held directly by Mr. O Shea and (b) 154,431 ordinary shares held by the Elbow Trust. Mr. O Shea and his immediate family are the sole beneficiaries of the Elbow Trust. The trustee of the Elbow Trust is R&H Trust Co. (BVI) Ltd.

(8) Includes (a) 50,756 ordinary shares held directly by Mr. Campbell, (b) 42,500 ordinary shares held by a self-directed pension plan, (c) 32,300 ordinary shares owned by Mr. Campbell s spouse, (d) 25,050 ordinary shares owned by Osprey Partners, (e) 12,600 ordinary shares owned by Mr. Campbell s children, (f) 3,000 ordinary shares owned by the Robert J. Campbell Family Trust, (g) 2,500 ordinary shares owned by the F.W. Spellissy Trust, (h) 500 ordinary shares owned by the Amy S. Campbell Family Trust, and (i) 8,975 ordinary shares issuable pursuant to the Deferred Compensation Plan. Mr. Campbell disclaims beneficial ownership of the ordinary shares that are, or may be deemed to be, beneficially owned by Beck Mack.

(9) Includes 846 ordinary shares issuable pursuant to the Deferred Compensation Plan held by Mr. Carey solely for the benefit of Stone Point, of which Mr. Carey is a senior principal. Mr. Carey disclaims beneficial ownership of these share units, except to the extent of his pecuniary interest therein, if any. Stone Point may be deemed an indirect beneficial owner of these ordinary shares. Does not include (a) 773,556 ordinary shares held by Trident V, (b) 542,505 ordinary shares held by Trident V Parallel, and (c) 33,939 ordinary shares held by Trident V Professionals. These shares are included in the table in the number of shares owned by the Partnerships and are described in footnote 3. Mr. Carey is a member of the investment committee and owner of one of the four general partners of both of Trident V GP (the general partner of Trident V) and Trident Capital V-PF (the

general partner of Trident V Parallel). Mr. Carey is also a member and senior principal of Stone Point and a shareholder and director of Stone Point GP Ltd., which is the general partner of Trident V Professionals. Mr. Carey disclaims beneficial ownership of the shares held of record or beneficially by the Partnerships, except to the extent of any pecuniary interest therein.

(10) Includes 602 ordinary shares issuable pursuant to the Deferred Compensation Plan. Mr. Moore is an employee of First Reserve Management, L.P., an affiliate of the First Reserve Partnerships. Mr. Moore disclaims beneficial ownership of any securities that may be deemed to be beneficially owned by the First Reserve Partnerships or any of their affiliates.

(11) Mr. Rajpal disclaims beneficial ownership of the shares that relate to and are described in this footnote (except to the extent of his pecuniary interest therein, if any) and does not otherwise beneficially own any of our ordinary shares. In connection with two closings under the Investment Agreement dated April 20, 2011 among us and GSCP VI AIV Navi, Ltd., GSCP VI Offshore Navi, Ltd., GSCP VI Parallel AIV Navi, Ltd., GSCP VI Employee Navi, Ltd., and GSCP VI GmbH Navi, L.P. (collectively, the Purchasers), the Purchasers acquired 665,529 ordinary shares in the aggregate in addition to the 2,725,637 Series C non-voting ordinary shares referenced on page 24. Such shares may be deemed to be beneficially owned by Goldman Sachs, a broker or dealer registered under Section 15 of the Exchange Act and an investment adviser registered under Section 203 of the Investment Advisers Act of 1940. Please see the statement on Schedule 13D/A filed on December 27, 2011 by Goldman Sachs, the Purchasers and certain of their affiliates for a description of other of our ordinary shares that could be argued to be beneficially owned by Goldman Sachs, the Purchasers or their affiliates under certain theories. The general partner, managing general partner or other manager of each of the Purchasers is an affiliate of The Goldman Sachs Group, Inc. (GS Group). Goldman Sachs is a direct and indirect wholly-owned subsidiary of GS Group. Goldman Sachs is the investment manager of certain of the Purchasers. In accordance with SEC Release No. 34-39538 (January 12, 1998) (the Release), this proxy statement reflects the securities beneficially owned by certain operating units (collectively, the Goldman Sachs Reporting Units) of GS Group and its subsidiaries and affiliates. This filing does not reflect securities, if any, beneficially owned by any operating units of GS Group whose ownership of securities is disaggregated from that of the Goldman Sachs Reporting Units in accordance with the Release. The Goldman Sachs Reporting Units disclaim beneficial ownership of the securities beneficially owned by (i) any client accounts with respect to which the Goldman Sachs Reporting Units or their employees have voting or investment discretion, or both, and (ii) certain investment entities of which the Goldman Sachs Reporting Units act as the general partner, managing general partner or other manager, to the extent interests in such entities are held by persons other than the Goldman Sachs Reporting Units. The address of each of the persons mentioned in this paragraph is 200 West Street, New York, New York 10282.

(12) Mr. Becker was appointed to the Board on February 25, 2015.

(13) See footnote 4 and footnotes 6 through 12.

SECTION 16(a) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE

Section 16(a) of the Exchange Act requires our directors and executive officers and persons who own more than ten percent of a registered class of our equity securities to file with the SEC and The Nasdaq Stock Market, LLC reports on Forms 3, 4 and 5 regarding their ownership of ordinary shares and other equity securities of the Company. Under SEC rules, we must be furnished with copies of these reports.

Based solely on our review of the copies of such forms received by us and written representations from our executive officers and directors, we believe that, during the year ended December 31, 2014, all filing requirements applicable to our directors and executive officers and persons who own more than ten percent of a registered class of our equity securities under Section 16(a) were complied with on a timely basis.

CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

Related Party Transaction Procedures

From time to time, we have participated in transactions in which one or more of our directors, executive officers or large shareholders has an interest. These transactions are described below. All related party transactions require the approval of our Audit Committee (a committee comprised entirely of independent directors), which reviews the transaction for fairness, business purpose, and reasonableness. Each transaction involving the Company and an affiliate entered into during 2014 was approved by our Audit Committee. Investment transactions are also subject to the review and approval of our Investment Committee.

In addition, our Board has adopted a Code of Conduct, which states that our directors, officers and employees must avoid engaging in any activity that might create a conflict of interest or a perception of a conflict of interest. These individuals are required to raise any proposed or actual transaction that they believe may create a conflict of interest for audit committee consideration and review. In any situation where an Audit Committee member could be perceived as having a potential conflict of interest, that member would be expected to recuse himself from the matter, and the non-interested members of the committee would review the transaction.

On an annual basis, each director and executive officer completes a Directors and Officers Questionnaire that requires disclosure of any transactions with the Company in which he, or any member of his immediate family, has a direct or indirect material interest. A summary of responses from the questionnaires is reported to the Audit Committee.

Investments and Transactions Involving Affiliates of Certain Shareholders

Transactions with Trident and its Affiliates

Following several private transactions occurring from May 2012 to July 2012, Trident V, L.P., Trident V Parallel Fund, L.P. and Trident V Professionals Fund, L.P. (collectively, Trident) acquired 1,350,000 of our ordinary shares (which now constitutes approximately 8.5% of our ordinary shares). On November 6, 2013, we appointed James D. Carey to our Board of Directors. Mr. Carey is the sole member of an entity that is one of four general partners of the entities serving as general partners for Trident, is a member of the investment committees of such general partners, and is a member and senior principal of Stone Point Capital LLC, the manager of the Trident funds.

Prior to Trident s acquisition of our ordinary shares in 2012, we decided to invest in two funds, Sky Harbor Global Funds (Sky Harbor) and Prima Mortgage Investment Trust (Prima), which are managed by companies in which the Trident funds have indirect ownership interests. Additional allocations to these investments were approved by our Audit and Investment Committees and made in subsequent years. As of December 31, 2014, we had made aggregate investments of $150.0 million in Sky Harbor, which had an aggregate fair value of approximately $156.1 million. As of December 31, 2014, we had made aggregate investments of $30.0 million in Prima, with an aggregate fair value of approximately $33.9 million. The Sky Harbor and Prima fund managers receive certain fees from us (included within our investment amounts) on terms no less favorable than for similarly situated investors. Subsequent to December 31, 2014, we made a commitment to invest up to an additional $40.0 million in the Prima fund.

During 2014, we made a commitment to invest up to $20.0 million in the Trident VI Parallel Fund, a fund managed by Stone Point Capital LLC. As of December 31, 2014, we had funded $1.8 million of our commitment, and this investment had a fair value of $1.6 million. Fees for this investment have

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been established on terms no less favorable than for similarly situated investors and are included within our investment amounts.

During 2014, we invested $11.0 million in Eagle Point Credit Fund L.P., which is managed by Eagle Point Credit Management, a company affiliated with entities owned by Trident. Mr. Carey serves as a director of the managing entity. As of December 31, 2014, the fair value of this investment was $11.0 million. The fund manager receives certain fees from us (included within our investment amounts) on terms no less favorable than for similarly situated investors. We also invested $25.5 million in shares of common stock of Eagle Point Credit Company Inc., a registered investment company affiliated with Trident. As of December 31, 2014, the fair value of this investment was $25.6 million. We also have separate accounts managed by Eagle Point Credit Management. The Company incurred approximately $0.1 million in management fees for the year ended December 31, 2014 with respect to these separate accounts.

Before Mr. Carey joined our board, we invested $20.0 million in Sound Point Capital Floating Rate Fund, a fund managed by Sound Point Capital. Mr. Carey has an indirect minority ownership interest in and serves as a director of, Sound Point Capital. As of December 31, 2014, the fair value of this investment was $22.3 million. During 2014, we invested $17.5 million in Sound Point Credit Opportunities Offshore Fund, Ltd., a fund managed by Sound Point Capital. This investment had a fair value of $17.5 million as of December 31, 2014. Sound Point Capital receives certain fees from us (included within our investment amounts) on terms no less favorable than for similarly situated investors.

From time to time, certain of our directors and executive officers have made significant personal commitments and investments in entities that are affiliates of or otherwise related to Trident or Sound Point Capital, including some of the entities listed above. In addition, we have entered into certain agreements with Trident with respect to Trident s co-investments in the Atrium Underwriting Group Limited (Atrium), Arden Reinsurance Company Ltd. (Arden), and Torus acquisitions. These include investors agreements and shareholders agreements, which provide for, among other things: (i) the Company s right to redeem Trident s 39.3% equity interest in the Atrium/Arden and Torus transactions in cash at fair market value within the 90 days following the fifth anniversary of the Arden and Torus closings, respectively, and at any time following the seventh anniversary of the Arden and Torus closings, respectively; and (ii) Trident s right to have its 39.3% equity co-investment interests in the Atrium/Arden and Torus transactions redeemed by the Company at fair market value (which the Company may satisfy in either cash or its ordinary shares) following the seventh anniversaries of the Arden closing and Torus closing, respectively. As of December 31, 2014, we have included $374.6 million as redeemable noncontrolling interest on our balance sheet relating to these Trident co-investment transactions.

Pursuant to the terms of the shareholders agreements, Mr. Carey serves as a Trident representative on the boards of Torus and the holding companies established in connection with the Atrium/Arden and Torus co-investment transactions. Trident also has a second representative on these boards who is a Stone Point Capital employee.

Investment in Goldman Sachs Affiliates

Affiliates of Goldman Sachs & Co. (Goldman Sachs) own approximately 4.2% of our voting ordinary shares and 100% of our outstanding Series C non-voting convertible common shares. Sumit Rajpal, a managing director of Goldman Sachs, was appointed to our Board in connection with Goldman Sachs investment in the Company.

We have committed to invest up to $30.0 million in Vintage VI, L.P., a fund affiliated with Goldman Sachs. As of December 31, 2014, we had funded approximately $12.0 million of this investment, which had a fair value of $11.7 million. We have also invested $25.0 million in Goldman Sachs Global Strategic Income Bond Fund, a fund affiliated with Goldman Sachs. As of December 31, 2014, this investment had a fair value of $24.6 million. The fund managers receive certain fees from us (included within our investment amounts) on terms no less favorable than for similarly situated investors.

We have also invested £12.5 million (approximately $20.7 million) in indirect non-voting interests of two companies affiliated with Hastings Insurance Group Limited (Hastings). The fair value of this investment as of December 31, 2014 was $25.1 million. Our interests are held in accounts managed by affiliates of Goldman Sachs. Goldman Sachs affiliates have an approximately 50% interest in the Hastings companies, and Mr. Rajpal serves as a director of the entities in which we have invested. In connection with the Hastings investment, Goldman Sachs receives certain fees from us (on terms no less favorable than for similarly situated investors) pursuant to the terms of the documents governing the investments. For the year ended December 31, 2014, these fees totaled approximately $0.3 million.

During 2015, Goldman Sachs Asset Management, a Goldman Sachs affiliate, began providing investment management services to one of our subsidiaries pursuant to an arms-length agreement reflecting customary terms and conditions.

Affiliates of Goldman Sachs own approximately 22% of Global Atlantic Financial Group (GAFG), which owns entities that provide reinsurance to Arden. As at December 31, 2014, our total reinsurance recoverable from GAFG entities amounted to $230.5 million. As of December 31, 2014, reinsurance balances recoverable from a particular non-rated GAFG entity with a carrying value of $175.2 million represented 10% or more of our total non-life run-off reinsurance balances recoverable. The $175.2 million recoverable from that GAFG entity at December 31, 2014 was secured by a trust fund. The balance of $55.3 million as of December 31, 2014 was recoverable from GAFG entities rated A- and higher.

Indemnification of Directors and Officers; Director Indemnity Agreements

We have Indemnification Agreements with each of Messrs. Becker, Campbell, Carey, O Shea, Moore, Packer, Rajpal and Silvester. Each Indemnification Agreement provides, among other things, that we will, to the extent permitted by applicable law, indemnify and hold harmless each indemnitee if, by reason of such indemnitee s status as a director or officer of the Company, such indemnitee was, is or is threatened to be made a party or participant in any threatened, pending or completed proceeding, whether of a civil, criminal, administrative, regulatory or investigative nature, against all judgments, fines, penalties, excise taxes, interest and amounts paid in settlement and incurred by such indemnitee in connection with such proceeding. In addition, each of the Indemnification Agreements provides for the advancement of expenses incurred by the indemnitee in connection with any proceeding covered by the agreement, subject to certain exceptions. None of the Indemnification Agreements precludes any other rights to indemnification or advancement of expenses to which the indemnitee may be entitled, including but not limited to, any rights arising under the Company s governing documents, or any other agreement, any vote of the shareholders of the Company or any applicable law.

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EXECUTIVE COMPENSATION

COMPENSATION DISCUSSION AND ANALYSIS

Executive Summary

In 2014, we delivered strong financial and operational results, largely consistent with our performance in 2013, primarily as a result of our execution in our core non-life run-off business.

Financial Performance:

During 2014, we:

Ø increased our fully diluted net book value per share by 13.3% to an all-time high of $119.22 we have a compound annual growth rate of 17.9% since we became a public company in 2007; and

Ø increased our net earnings by 2.5% to $213.7 million, which is our highest annual total net earnings since becoming a public company.

Acquisitions:

In 2014, our total assets increased by 15.3% from $8.62 billion as of December 31, 2013 to $9.94 billion as of December 31, 2014, primarily due to our acquisition of Torus.

Ø We acquired a total of $1.3 billion in additional combined gross loss reserves through 2014 transactions. Taking into account transactions completed in both 2013 and 2014, the combined total acquired gross loss reserves were approximately $3.9 billion.

Ø We made significant strides in executing our strategies at Torus, as we integrated the company, began reducing its expense base, and made other significant operational improvements that we believe position Torus for future success.

Ø Newly acquired Atrium began to contribute to our net earnings, delivering a solid year of performance in challenging market conditions.

After considering these achievements, as well as Company and individual performance, the Compensation Committee (the Committee) made the following key compensation decisions with respect to the 2014 performance year for Dominic Silvester, Paul O Shea, Nicholas Packer, and Richard Harris (who were our four executive officers as of year-end):

Key Compensation Decisions:

Ø **Long-Term Incentive Awards** We made long-term incentive compensation grants of cash-settled stock appreciation rights (SARs) to our Chief Executive Officer and Joint Chief Operating Officers during 2014 (and to our Chief Financial Officer in early 2015), which vest in full three years from the grant date. The SARs would remain exercisable for one year following vesting. These awards significantly increased the weighting of long-term compensation as a component of total pay awarded for the year, further aligning the interests of our executives and shareholders.

Ø **Incentive Bonuses** We reduced incentive bonuses (by 29% for our Chief Executive Officer and on average by 33% for our other executive officers) to allocate compensation to long-term at risk incentive awards.

Ø **Base Salaries** Base salaries, which had remained flat in 2011, 2012, and 2013, increased by 3% for calendar year 2014, largely reflecting cost of living increases.

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Objectives of our Executive Compensation Program

Our Committee is responsible for establishing the philosophy and objectives of our compensation programs, designing and administering the various elements of our compensation programs and assessing the performance of our executive officers and the effectiveness of our compensation programs in achieving their objectives.

We are a rapidly growing company operating in an extremely competitive and changing industry. We believe that the skill, talent, judgment and dedication of our executive officers are critical factors affecting the long-term value of our company.

Therefore, our goal is to maintain an executive compensation program that will:

Induce performance consistent with clearly defined corporate objectives
Align our executives long-term interests with those of our shareholders
Fairly compensate our executives
Retain and attract qualified executives who are able to contribute to our long-term success

We have specifically identified growing our net book value per share as our primary corporate objective over the long term.

We believe growth in our net book value is driven primarily by growth in our net earnings,

which is in turn driven in large part by:

successfully completing new acquisitions	*effectively managing companies and portfolios of business that we previously acquired*	*executing on our active underwriting strategies*

We also believe that the existing significant level of equity holdings of our executive officers creates alignment with our long-term interests, which the Committee takes into account in deciding what types of compensation to award, and which in recent years has resulted in a limited number of equity-based awards. During 2014, however, the Committee designed and introduced a long-term incentive component in the form of SARs. The new awards are intended to drive increases in the Company s net book value per share, which we believe will lead to an increase in the value of our Company, and, consequently, our stock price, while minimizing equity dilution.

We have not identified specific metrics or financial targets against which we measure the performance of our executive officers because we believe the structure of our 2011-2015 Annual Incentive Compensation Program (the Annual Incentive Plan), as described below, induces performance consistent with our corporate objectives, aligns our executives long-term interests with those of our shareholders, and allows for flexibility to respond to performance in a manner not solely based on financial measures when circumstances warrant.

Results of Shareholder Vote on Compensation

At our 2014 annual general meeting, our shareholders approved the compensation of our executive officers with 88.7% of the total votes cast in favor of our executive compensation. The Committee reviewed and discussed the voting results and noted that the voting results were substantially the same as in 2013 when 88.4% of the total votes were cast in favor of our executive compensation. The Committee considered the continued positive shareholder reaction as a factor in making compensation decisions for 2014. It also considered its discussions with our independent

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compensation consultant, its review of proxy advisory firm reports, and its own views as to how to promote shareholder alignment and achievement of long-term objectives. These factors collectively drove its decision to make a change from prior years and design a new long-term incentive component of executive compensation using cash-settled SARs.

The Committee will regularly review all aspects of our compensation program in determining the best structure to address our unique needs. We will continue to hold future shareholder votes on executive compensation on an annual basis, and the Committee will consider the outcome of our shareholder executive compensation votes each year.

Roles of Executive Officers

The Committee makes compensation determinations for all of the executive officers. As part of the determination process, Mr. Silvester, our Chief Executive Officer, assesses our overall performance and the individual contribution of each member of the executive leadership team. On an annual basis, he reviews the prior year s compensation and presents recommendations to the Committee for salary and bonus awards for each executive officer. He also makes recommendations regarding the overall size of the executive/employee bonus pool, which is 15% of our consolidated net after-tax profits unless the Committee exercises its discretion to decrease or increase the percentage. For the 2014 performance year, the Committee agreed with Mr. Silvester s recommendation and reduced the bonus pool marginally to 14.6%. Mr. Silvester was also involved in developing recommendations for the SAR awards made during the year, by working with the independent compensation consultant and the Committee to design the awards. The Committee discusses all recommendations with Mr. Silvester and then meets in executive session without Mr. Silvester present to evaluate the recommendations, review the performance of all of the executive officers, discuss Chief Executive Officer compensation, and make final compensation decisions.

Our Chief Executive Officer and Chief Financial Officer also support the Committee in its work by providing information relating to our financial results and plans, performance assessments of our executive officers, and other personnel-related data. Mr. Harris, our Chief Financial Officer, attends portions of the meetings of our Committee from time to time in connection with performing these functions.

Principal Elements of Executive Compensation

Our executive compensation program currently consists of three principal elements: base salaries, annual incentive compensation and long-term incentive compensation. Executives also receive certain other benefits, including those pursuant to their employment agreements. The table below describes the elements and the other components of our program, each of which are described in more detail later in this proxy statement.

Principal Elements	Description	Key Features
Base Salary	Provides the fixed portion of an executive s compensation that reflects scope of skills, experience and performance	Provides a base component of total compensation Established largely based on scope of responsibilities, market conditions, and individual and Company performance in the preceding year

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Principal Elements	Description	Key Features
Annual Incentive Compensation	Provides at risk pay that reflects annual Company performance and individual performance	Aligns executive and shareholder interests Designed to reward performance consistent with our primary corporate objective, influenced in large part by net earnings for the year but with built-in flexibility to allow for consideration of other factors With no mandated pay-out formulas, the Committee can exercise its judgment regarding the quality of both Company and individual performance and set pay appropriately in line with outcomes, strategic objectives and shareholder interests
Long-Term Incentive Compensation	Provides equity-based pay, aimed at incentivizing long-term performance Includes SARs, which represent the right to receive an amount in cash equal to the appreciation in value of one ordinary voting share of the Company above the fair market value on the grant date SARs are at risk, with the future value dependent on the value of Enstar shares beginning three years from the grant date SARs are designed to incentivize executives to drive long-term growth in book value	Aligns executive and shareholder interests Drives long-term performance and promotes retention New cash-settled SARs create direct alignment of executive compensation with long-term shareholder interests. Delayed vesting (the awards do not vest for three years from the date of grant) drives a focus on long-term success Limited period of exercisability after vesting (one year) Long-term equity grants have historically been limited due to significant existing shareholding positions of executive team Shareholder dilution issues are considered when making equity awards
Other Benefits and Perquisites	Includes retirement benefits, Bermudian payroll and social insurance tax contributions, rental expense in respect of family relocation, and administrative assistance	Provides benefits consistent with certain local market practices in our Bermuda location in order to remain competitive in the marketplace for industry talent Promotes retention of executive leadership team
Employment Agreements	Provides certain protections for executives and their families in the event of death or long-term disability, termination, or change	Provides Company with protections such as restrictive covenants (non-competition, non-solicitation, confidentiality, etc.)

	in control Change in control amounts are payable only in a double trigger situation where employment is terminated following a change of control	Promotes retention over a multi-year term and a sense of security among the leadership team Provides for current and future needs of the executives and their families Consistent with competitive conditions in Bermuda

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Compensation Allocations among Elements

There is no pre-established policy or target for the allocation of the components of our program, and the Committee considers all compensation components in total when evaluating and making decisions with respect to each individual component.

The structure of our Annual Incentive Plan has historically been the primary driver of what percentage of our executives annual compensation is derived from their bonuses as opposed to their base salaries and the value of their other benefits. In 2014, we reshaped compensation allocations with the introduction of the SARs. While there are still no target percentages, we have allocated more compensation to long-term, equity-based incentives and less compensation to annual incentive plan awards, further aligning our executives and our shareholders.

The Committee also considers the value of previously granted unvested equity-based awards in determining components of current year awards. For example, Mr. Harris was not granted a SAR award in 2014 because the Committee viewed the restricted shares he previously received in 2011 (which completed vesting in February 2015) as an appropriate allocation to long-term incentive compensation during that time.

Although it does not mandate a specific allocation among the components of pay, the Committee believes that a meaningful portion of each executive s total compensation should be at risk and performance based, and our compensation program has traditionally reflected this principle. This year, the SAR awards significantly impacted the mix of pay reported for the 2014 year in the Summary Compensation Table, although our executives would not realize compensation from these awards, if any, until a future year because none of the awards vest until 2017 (or, for Mr. Harris, 2018). For the 2014 performance year, performance-based compensation reported in the Summary Compensation Table constituted 82% of the Chief Executive Officer s total compensation, and long-term incentives constituted 64% of his total compensation (excluding other benefits and perquisites). On average for all other executive officers, the percentages for 2014 were 82% and 56%, respectively, not including the long-term incentive award made to our Chief Financial Officer in February 2015.

Competitive Pay and Role of Compensation Consultants

The Committee has the authority under its charter to retain compensation consultants and outside legal counsel or other advisors and, before selecting a consultant or advisor, must consider its independence. During 2014, the Committee engaged an independent compensation consultant to provide analysis of executive officer and director compensation and to review the competitiveness of our compensation for a collection of non-executive officer senior managers throughout the organization. The Committee interviewed three compensation consulting firms, and decided to engage McLagan, an Aon Hewitt Company. McLagan reports directly to the Committee and has no personal or business relationship with any Committee member or member of Company management. McLagan provides no other services to the Company. McLagan s fees for its services were $142,600.

McLagan is a division of Aon plc, the parent company of Aon Risk Solutions, Aon Benfield and Aon Hewitt, which provided brokerage-related services to the Company (primarily in relation to Torus) of approximately $2.8 million in 2014. These brokerage-related services are unrelated to the services provided by McLagan and collectively represented approximately 0.023% of Aon s revenue in 2014. The Compensation Committee assessed the independence of McLagan in light of applicable SEC and Nasdaq rules and reviewed responses from McLagan addressing factors related to its independence. Following this review, the Committee concluded that McLagan was independent and that its advisory services did not raise any conflicts of interest.

In making compensatory decisions with respect to the 2014 performance year, including assessing whether we were meeting our goal of providing competitive compensation, the Committee reviewed publicly available executive officer compensation information described in the periodic filings for previous years of a group of other publicly traded companies. During 2014, our Compensation Committee and CEO together worked with McLagan to review and refresh this peer group. As a result of this process, we eliminated one peer and added five new peers. The peer group selection process was focused on four criteria: (i) industry, (ii) geography (with a significant preference for the use of Bermuda companies), (iii) total shareholders equity primarily being within approximately 0.5 to 2.5 times of our total shareholders equity, and (iv) total assets primarily being within approximately 0.5 to 2.5 times of our total assets.

We believe only companies in the insurance and reinsurance industries are relevant to market compensatory conditions, although we expanded our selection of companies to include not only the traditional insurance and reinsurance names but also alternative capital reinsurers, as well as one company with a dedicated run-off unit. This was done to provide diversification and also because aspects of the new companies reflect elements that are similar to certain of our operations, and also reflect companies against which we compete for talent. Publicly traded Bermuda companies (or publicly traded companies previously domiciled in Bermuda that maintain prominent Bermuda operations) are most relevant because these are the companies with respect to which Enstar generally competes for talent, and the Committee believes market conditions across other Bermuda-based companies are largely what drives executives views as to whether they are compensated fairly and competitively.

While pay at these companies is generally relevant to provide a frame of reference to the Committee in determining executive compensation, the Committee reviewed the compensation paid by these companies for informational and overall comparison purposes only. There was no target percentile or precise position in which we aimed to fall other than to generally be competitive with the compensation we offer our executives. The Committee believes that Enstar is a unique company, which until late 2013 had always been a standalone run-off company, and which continues to have a core focus on run-off business. Given our different business and operations, we believe that formulaic benchmarking against these or other companies would not have been particularly meaningful for the 2014 year, although we will continue to evaluate our methodologies and views in future years.

The companies reviewed to provide an overall backdrop to the Committee s decisions were as follows:

Allied World Assurance Company Holdings	Arch Capital Group	Argo Group International Holdings	Aspen Insurance Holdings	AXIS Capital Holdings
Endurance Specialty Holdings	Everest Re Group	Greenlight Capital Re	Maiden Holdings	Montpelier Re Holdings
OneBeacon Insurance Group	Platinum Underwriters Holdings	RenaissanceRe Holdings	Third Point Reinsurance	Validus Holdings

Base Salaries

The salaries of our Chief Executive Officer and our other executive officers are generally established based on the scope of the executives responsibilities, taking into account what the Committee believes to be competitive market compensation for similar positions based on publicly available information available to the Committee. Our goal is to provide base salary levels that are consistent with levels necessary to achieve our compensation objectives of fairly compensating our executives and retaining and attracting qualified executives who are able to contribute to our long-term success. Given the competitive market for highly qualified employees in our industry and our geographic location, we believe that below-market compensation could, in the long run, jeopardize our ability to retain our executive officers.

Any base salary adjustments are generally based on competitive conditions, market increases in salaries, individual performance, our overall financial results and performance, estimates of the cost of living and changes in job duties and responsibilities. Pursuant to the employment agreements we have with our Chief Executive Officer and our other executive officers, once increased, the executive officer s annual salary cannot be decreased without his written consent. The employment agreements also provide for annual cost-of-living increases, although this did not occur in years such as 2011, 2012, and 2013 when our Chief Executive Officer did not recommend base salary increases (and our Compensation Committee agreed with those recommendations).

Executive base salaries had remained the same in 2011, 2012, and 2013, as the Committee believed the salary levels were appropriately in line with competitive practice and furthered the enterprise-wide focus on managing expenses. The Committee increased 2014 executive base salaries by 3%. The Committee felt an increase was appropriate to reflect its view of cost-of-living adjustments (in particular because salaries had not changed since 2011) and was supported by competitive conditions, as well as very strong Company and individual performance. For 2015, the Committee decided that a further 3% base salary increase was warranted, based on its view of cost-of-living adjustments and Company and individual performance.

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A summary of the recent annualized base salary levels for our executive officers is set forth below.

Annual Incentive Compensation

Operation of Annual Incentive Plan

We provide performance-based incentive compensation through our Annual Incentive Plan, which sets aside 15% of our consolidated net after-tax profits (before bonus expense) to be allocated among our executive officers and Enstar staff.

The Annual Incentive Plan is designed to reward performance that is consistent with our primary corporate objective of increasing our net book value per share over the long term through growth in our net earnings. The percentage of net after-tax profits comprising the bonus pool will be 15% unless the Committee exercises its discretion to decrease or increase the percentage. The Committee, in accordance with the Chief Executive Officer s recommendation, elected to reduce the size of the 2014 bonus pool marginally from 15% of net after-tax profits accrued under the terms of the Plan to 14.6% of net after-tax profits. The Chief Executive Officer s recommendation to reduce the size of the bonus pool was based on his review of the proposed annual incentive awards to employees on an individual and collective basis, and his determination that although the proposed awards did not constitute the full amount of the accrued bonus pool, they remained appropriately in line with Company and individual performance, and achieved the compensation program goals of rewarding performance with fair compensation. The Committee agreed with the Chief Executive Officer s recommendations. Accordingly, the overall bonus pool was reduced by $1.8 million to $36.5 million.

The allocation of the Annual Incentive Plan pool among our executive officers and the other participants in the plan is the responsibility of the Committee and is based on individual performance and contribution to Company results, as determined by the Committee with significant input from our Chief Executive Officer.

After each year, our Chief Executive Officer assesses our enterprise results and achievements and the contribution of each member of our executive team and makes a recommendation to the Committee as to the allocation of the bonus pool. While the bonus pool is quantified as a percentage of our net after-tax profits, there are no quantitative performance objectives for the recommendation as to individual allocations, nor are specific goals or targets for the executive team established in advance. With no pre-set formulas dictating threshold payouts, the Committee has the flexibility to consider both quantitative and qualitative factors of performance, and set pay appropriately in line with its view of outcomes, strategic objectives, and alignment with shareholder interests. The Committee believes this

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approach is appropriate given our unique business, which has a core focus of acquiring and managing companies in run-off. The Committee believes this flexibility will also be useful as the Company evolves, because our business now includes active underwriting businesses, which operate differently than our traditional business and require development in order to provide future benefits and profitability. Although there are no caps to our annual incentive discretionary awards, there are similarly no minimum thresholds or guarantees.

The factors considered in evaluating individual performance are the executive s contribution to our operating results, including the performance of the areas over which each executive has primary responsibility, and the executive s work towards achieving our long-term strategic goals. The allocations are discretionary and driven by the opinion of both the Chief Executive Officer and the Committee as to how each executive officer and the Company performed when looking back on the year.

2014 Incentive Compensation

For the 2014 performance year, the Committee assessed enterprise results together with each individual s contribution during the year in making bonus decisions under the Annual Incentive Plan. A significant driver of the 2014 bonus decisions was the implementation of the SARs program, under which our executives were granted the long-term incentive awards described in Long-Term Incentive Compensation SAR Awards below.

Primarily because of the Committee s decision to allocate more compensation to long-term, equity-based incentives and less to annual incentives, the Annual Incentive Plan bonuses were decreased versus 2013 for the Chief Executive Officer, by $900,000, or 29.0%, for the Joint Chief Operating Officers, by $900,000, or 33.9%, and for the Chief Financial Officer, by $750,000, or 31.9%. Although the Annual Incentive Plan awards were decreased versus 2013, the Committee viewed the Company s financial and operational results as strong, consistent and demonstrative of the execution of our business strategies as we began to build out our active underwriting operations.

On a Company-wide basis, the key factors evaluated were as follows:

We increased our fully diluted net book value per share, which we have identified as our primary corporate objective, by 13.3% to an all-time high of $119.22 per share.

Net earnings attributable to Enstar increased from $208.6 million in 2013 to an all-time high of $213.7 million in 2014.

While the 2.5% increase in net earnings was not substantial, it reflected continued high quality performance in the non-life run-off segment (which accounted for $203.3 million in net earnings in 2014 as compared to $199.9 million in 2013), as well as the delivery of strong performance from our Atrium segment (with a contribution of $10.4 million to net earnings in our first full year of ownership) and a steady $10.6 million contribution from the life and annuities segment.

We successfully partnered with the Trident V funds to complete the acquisition of Torus, an A- rated global specialty insurer, which became our largest active underwriting business following the closing of the transaction on April 1, 2014. The Torus acquisition added approximately $2.5 billion in assets and approximately $1.3 billion in gross loss reserves (with approximately $0.6 billion in non-life run-off reserves).

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While fully diluted earnings per share decreased from $12.49 in 2013 to $11.44 in 2014, we issued 1,898,326 voting and 714,015 non-voting ordinary shares as part of the Torus purchase price, which led to an increased number of shares outstanding in 2014. Despite the impact on earnings per share in 2014, we believe the acquisition will be accretive to us in the long term, and we have taken significant steps in 2014 in furtherance of these longer-term objectives.

We completed 98 commutations and policy buy-backs of assumed and ceded exposures (including the partial commutation of two of our top ten assumed exposures and two of our top ten ceded recoverables as at January 1, 2014).

We continued to see advancements in our workers compensation claim management capabilities, which we enhanced following the SeaBright Holdings, Inc. transaction in 2013, and which we have continued to develop and expand during 2014.

In our non-life run-off segment, we negotiated and signed an agreement in August 2014 to acquire Companion Property and Casualty Company from Blue Cross Blue Shield of South Carolina, and we closed the transaction in January 2015. The Companion acquisition has added approximately $1.3 billion in non-life reserves and approximately $1.6 billion in assets and demonstrates continued growth of our core business in the U.S.

We realized profitable results from our first full year of owning an interest in Atrium, a transaction completed in late 2013. Atrium s solid performance in a year of challenging industry conditions demonstrates the excellence of the Atrium team and its operations.

We significantly enhanced our capital resources by achieving investment grade credit ratings, increasing our borrowing capacity under our revolving credit facility (first from $375 million to $500 million and more recently from $500 million to $665 million by bringing Lloyd s Bank into the lending syndicate), negotiating a release of all previous revolver security pledges, and utilizing new acquisition-specific financing for our Companion transaction, all of which has provided us with significant capital resources to support our growth.

We made significant progress in re-engineering Torus in a short amount of time following acquisition, including by driving a focus on historically well-performing core business lines, exiting underperforming lines, and managing operating expenses. Attractive business previously written by SeaBright and Companion is now being written through Torus, and other growth opportunities related to the Enstar acquisition pipeline are emerging.

On an individual basis, several of the factors considered in assessing our executives performance are described below. These factors formed the basis of Mr. Silvester s recommendations to the Committee, as well as the Committee s determinations following its review of his recommendations.

For Mr. Silvester, who as Chief Executive Officer has oversight responsibility for all areas of our business, the Committee considered his leadership in achieving each of the enterprise-wide results described above. The Committee also considered his work in establishing and executing on our growth strategies and evolving our business while continuing to achieve strong financial results. In particular, under his leadership, our entrance into the active insurance business has achieved successful beginnings with a very solid year of performance from Atrium. Significant progress has been made at Torus to lay the groundwork for it to become a successful business, and we began to see business renewal opportunities for Torus alongside Enstar run-off transactions. He continued to execute our U.S. non-life run-off growth with the acquisition of Companion and once again oversaw successful results from our core non-life run-off operations. The Committee also recognized his efforts in working to create future opportunities and positioning the organization for long-term success. In addition, the Committee considered the excellent performance of each of the executives reporting to him, as well as his recruitment and hiring of several top senior managers and development of internal talent, which we expect to support and drive our growing organization.

Mr. O Shea, our Joint Chief Operating Officer and Executive Vice President, has responsibility for our acquisitions function and contributes to many other aspects of our operations. For 2014, the Committee considered that Mr. O Shea was instrumental in all aspects of the negotiation and completion of the Torus and Companion acquisitions, which collectively have added approximately $2.5 billion of total assumed loss reserves to our balance sheet. The Committee also considered Mr. O Shea s efforts in our completion of loss portfolio transfer and Lloyd s reinsurance to close transactions in the year. The Committee recognized his many contributions to the Torus and Companion integration and transition efforts, his significant role in working with our active underwriting businesses and our joint venture partners, and his involvement in our relationships with regulators on a global basis, as well as our relationship and communications with A.M. Best. In addition, Mr. O Shea coordinates the ongoing due diligence of all of our potential acquisitions and new projects, which the Committee believes is key to executing our strategy for continued growth.

Mr. Packer, also a Joint Chief Operating Officer and Executive Vice President, has global responsibility for our insurance and reinsurance company operations, including oversight of claims management, commutation and policy buy-back activities, and our ceded reinsurance function. In May 2014, he was named Executive Chairman and Chief Executive Officer of Torus, and has been instrumental in leading Torus throughout the transition period following the acquisition. The Committee considered Mr. Packer s significant efforts with respect to progress at Torus during 2014 and the steps taken since the acquisition that are expected to benefit us over the long term. The Committee also considered his continued successful oversight of non-life run-off commutations, as we completed 98 commutations and policy buy-backs of assumed and ceded exposures (including the partial commutation in 2014 of two of our top ten assumed exposures and two of our top ten ceded recoverables as at January 1, 2014). In addition, the Committee recognized our claims management successes, as Mr. Packer oversaw continued development and growth of the claims management team from SeaBright in support of our growing U.S. workers compensation portfolio.

Mr. Harris, our Chief Financial Officer, has responsibility for our corporate finance and accounting, actuarial and reserving, financial planning, global tax and investor relations functions, as well as operational oversight of our risk management department. He is also a member of our Investment Committee with operational oversight of our investment function. The Committee recognized Mr. Harris significant work in integrating Torus into our public company reporting framework and overseeing its control environment preparedness, as well as providing continued corporate finance and accounting support across our complex organization. Leading our capital planning efforts, Mr. Harris worked with Standard and Poor s and Fitch to commence our participation in their interactive credit rating agency processes, and during 2014 we received investment grade credit ratings from these two agencies. He also headed negotiations with our lenders for a significant increase to our revolving credit facility from $375 million to $500 million in September 2014, the release of all security previously pledged thereunder, and the acquisition-specific financing for the Companion transaction. In February 2015, he successfully introduced Lloyd s Bank into the lending syndicate and increased our total revolver borrowing capacity to $665 million. The Committee also recognized his work supporting the functioning of our Board of Directors and managing investor relations.

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After considering all of these factors, the Committee decided to award bonuses under the Annual Incentive Plan for 2014 in the amounts set forth in the table below. This reflected the Committee s view of the executive officers individual and collective contributions to our primary corporate objective of increasing net book value per share, including by achieving strong net earnings in 2014 and by positioning the Company for future success by executing on key strategic objectives designed to increase net book value over the long term. In establishing each executive officer s incentive award, the Committee took into account the SAR awards granted to Messrs. Silvester, O Shea and Packer in August 2014, and the SAR award granted to Mr. Harris in February 2015 (which will not be reported in the Summary Compensation Table until next year). This had the effect of decreasing total annual incentive bonuses versus the 2013 amounts. The Committee also generally evaluated each officer s compensation against his counterparts at our peer companies for total compensation and relative company performance, and arrived at individual bonuses that it believed, when combined with the other elements of compensation awarded, appropriately reflected performance in light of competitive conditions.

As discussed under Long-Term Incentive Compensation, the Committee decided, as it had in the past, to permit our executive officers to choose whether to receive their 2014 bonuses under the Annual Incentive Plan in cash, ordinary shares, or a combination of both. For the year ended December 31, 2014, each recipient elected to receive his bonus in cash.

Long-Term Incentive Compensation

We have established the 2006 Equity Incentive Plan (the Equity Incentive Plan) to provide our employees long-term incentive compensation in the form of share ownership, which we believe furthers our objective of aligning the interests of management and the other participants in the plan with the interests of our shareholders. The Equity Incentive Plan is administered by the Committee. The Equity Incentive Plan provides the Committee with the flexibility to make awards at various times and in varying amounts in its discretion and where particular circumstances warrant. In considering whether to make long-term equity-based compensatory awards and how to design them, the Committee takes into account shareholder dilution issues and related concerns. Shares available for issuance under the Equity Incentive Plan can also be used for the purpose of granting bonus shares, which may be issued in lieu of all or a portion of the cash bonus payments under the Annual Incentive Plan.

SAR Awards

During 2014, the Committee reshaped the compensation program by designing and introducing SARs in order to provide an additional element of at-risk performance-based compensation that promotes achievement of long-term Company success. As a result of adding this new component to the compensation program, the Committee reduced annual incentive compensation for the year. The Committee s work with the independent compensation consultant in reviewing the prevalence of long-term incentive practices at our peer companies was also a factor in this decision.

In designing these awards, the Committee sought to incentivize our executives to increase our book value per share, which we believe will lead to an increase in the value of our Company and, consequently, our stock price. The value of awards is tied directly to increases in our stock price, which closely aligns the interests of the executives with those of our shareholders. In 2013 and 2014, we began to build our active underwriting operations by acquiring Atrium and Torus. We believe our expanded business model will provide greater opportunities for us to grow and prosper. Developing and optimizing these capabilities, in particular through our development and integration of Torus, requires time and effort in the short-term to establish the foundation for longer-term results and success. This contributed to the Committee s decision to establish a delayed vesting period of three years from the grant date, which is designed to further motivate our executives to achieve and realize our objectives over a reasonable time frame.

Noting the existing shareholdings of our executive officers and the Committee s desire to minimize equity dilution, the Committee determined that the awards should only be able to be settled in cash, based on any appreciation in our stock price at the time of exercise. It also decided to use a limited period of exercisability of one year following vesting in order to (i) incentivize the executives to generate meaningful returns from our active underwriting strategies within the next few years and (ii) establish a limited window for realization, rather than allowing unexercised awards to span across many years.

The table below summarizes the executive SAR awards granted.

Name	SARs Grant Date	Number of SARs	Date of Scheduled Vesting	Exercise Price per SAR(1)	Exercisability Period after Vesting
Dominic F. Silvester	August 13, 2014	250,000	August 13, 2017	$ 141.10	One year
Paul J. O Shea	August 13, 2014	183,333	August 13, 2017	$ 141.10	One year
Nicholas A. Packer	August 13, 2014	183,333	August 13, 2017	$ 141.10	One year
Richard J. Harris	March 4, 2015	150,000	March 4, 2018	$ 138.97	One year

(1) Equal to the closing price of our ordinary shares on the grant date.

Alignment of Pay and Performance

Our executive compensation program links compensation to Company and individual performance over both the short- and long-term. We believe the structure of our Annual Incentive Plan and the decisions of our Committee with respect to bonus awards are strongly aligned with our primary corporate objective of increasing net book value per share, which is our key performance indicator, and net earnings attributable to Enstar. The plan also allows the Committee the flexibility to award bonuses based on its view of performance, including qualitative factors that may not always be reflected in the operating results, or that benefit our long-term objectives but may not be fully apparent when looking at a one-year period.

Although the full grant date fair value of our executive SAR awards is reported as 2014 compensation, the Committee believes the awards are designed to pay for performance across a multi-year period. Executives would realize value from the awards, if any, only in the year following the completion of the three-year vesting period. The Committee believes that tying the value of the awards directly to the Company s stock price provides true alignment with an investor s view of our performance over this time.

Other Benefits and Perquisites

We provide certain additional benefits in furtherance of our objective of retaining and attracting key talent to our Bermuda headquarters. Our executive officers participate in the same group insurance and employee benefit plans, including medical and dental insurance, long-term disability insurance and life insurance, on the same basis as our other Bermuda salaried employees. We pay the employee s share of Bermudian government payroll and social insurance taxes for all of our Bermuda employees, including our executive officers, which we believe is common practice at other Bermuda-based public companies. Our executive officers also receive payment in lieu of a retirement benefit contribution, as described below under Retirement Benefits. Because our business is global but our headquarters are in Bermuda, many of our executives have relocated from their home countries, which results in them maintaining a second residence or having to travel to see family who may be in a different location, and we may provide reimbursements to help defray certain costs. During 2014, we reimbursed Mr. Silvester for rental expenses related to the relocation of his family to be with him in Bermuda. We also provide Mr. Silvester with certain financial, accounting and administrative services.

Executive Employment Agreements

Compensation of our executive officers is governed in part by the employment agreements we have in place with each of Messrs. Silvester, O Shea, Packer, and Harris. The employment agreements originated with our 2007 merger with The Enstar Group, Inc. The agreements were a key part of the transaction, in recognition of the significance of securing the executive team for a number of years, which was deemed fundamental to our success following the merger. The agreements were also designed to continue to motivate the executives by providing competitive compensation, while promoting a sense of security for the team as we entered into our next stage. Executive employment agreements were and continue to be common features in many of our peers compensation programs.

As the initial five-year term of the 2007 employment agreements came to an end in the early part of 2012, the Committee re-assessed the agreements, and decided to ask each executive to agree to an extension for an additional five-year term. In reviewing the original objectives of the contracts, the Committee determined that the management team, which consists of our three co-founders and the Chief Financial Officer (who has served in that role with us since 2003), remains essential to our success, as demonstrated by the substantial growth and success of the Company since 2007. The Committee believed that securing the executive leadership team for an additional five-year term, and re-establishing protective covenants for us regarding non-competition, non-solicitation, and confidentiality, were of key importance to us. In addition, it was the Committee s judgment that renewing the agreements would continue to motivate the executives and promote their sustained level of high performance, and further was in line with the overall objectives of our executive compensation programs. In August 2014, in light of the Company s long-term goals and strategic objectives, the Committee looked to further secure the executive team by extending the terms of the current contracts an additional year. Following these extensions, the agreements are scheduled to expire December 31, 2017. See Executive Compensation Tables Employment Agreements with Executive Officers below for a summary of these employment agreements.

Post-Termination Payments

Our employment agreements with Messrs. Silvester, O Shea, Packer and Harris each provide for certain benefits in the event of a change in control followed by termination of the executive s employment for specified reasons (referred to as a double trigger), including a cash payment, accelerated vesting of equity awards, family medical benefits, and, in certain circumstances, payment of incentive bonus. We believe these benefits are common features in many of our peers compensation programs. See Executive Compensation Tables Employment Agreements with

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Executive Officers below for a summary of these employment agreements. The terms of each employment agreement reflect arm s length negotiations between us and the executive officer.

Separately from our employment agreements and equally applicable to any employee participant, our Equity Incentive Plan and Annual Incentive Plan provide that plan participants receive certain vesting benefits upon a change in control, unless determined otherwise by the Committee. These benefits are described below in Executive Compensation Tables Potential Payments upon Termination or Change in Control.

Other Matters

Hedging Prohibition and Share Ownership Guidelines

Under our Code of Conduct, our employees, officers, and directors are prohibited from engaging in any hedging or monetization transactions involving our securities, such as zero-cost collars and forward sale contracts, and are also prohibited from trading in derivatives in our securities, such as exchange-traded put or call options and forward transactions.

We currently do not require our executive officers to own a particular amount of our ordinary shares. The Committee is satisfied that the substantial equity holdings of each of our executive officers are sufficient at this time to provide motivation and to align this group s interests with the interests of our shareholders without formal share ownership guidelines. Our executive officers beneficially own in aggregate over 11% of our ordinary shares outstanding, and each individual executive beneficially owns shares with a fair market value in excess of several multiples of his base salary.

Financial Restatements/Disgorgements

The Committee has not adopted a policy with respect to whether we will make retroactive adjustments to any cash- or equity-based incentive compensation paid to executive officers (or others) where the payment was predicated upon the achievement of financial results that were subsequently the subject of a restatement, although, as a publicly traded company, the mandates of the Sarbanes-Oxley Act requiring clawback of compensation under specified circumstances would apply to us. Our Committee believes that this issue is best addressed if the need actually arises, when all of the facts regarding the restatement are known. Once final rules are released regarding clawback requirements under the Dodd-Frank Act, we intend to consider adoption of responsive policies.

Our Equity Incentive Plan provides that the Committee has the authority to require disgorgement of any profit, gain or other benefit received in respect of restricted shares and options for a period of up to 12 months prior to the grantee s termination for cause.

Tax and Accounting Treatment of Compensation

Section 162(m) of the Internal Revenue Code places a limit of $1,000,000 on the amount of compensation that we may deduct from our U.S. source income in any one year with respect to certain of our executive officers. As a Bermuda-based company with limited U.S. source income, this limitation has not historically impacted our decisions regarding executive compensation.

We account for equity compensation paid to our employees based on the guidance of the Share-Based Payment topic of the Financial Accounting Standards Board Accounting Standards Codification, which requires us to estimate and record an expense for each award of equity compensation over the service period of the award. Accounting rules also require us to record cash compensation as an expense at the time the obligation is accrued.

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Compensation Risk Assessment

As part of our risk management practices, the Committee reviews and considers risk implications and incentives created by our executive compensation program and our compensation policies and practices for the Company as a whole. At the Committee s direction, representatives from our risk management and legal departments conducted a risk assessment of our compensation policies and practices for executives and all employees, which was discussed and reviewed by the Committee. Through this review, the Committee has concluded that our compensation program does not create risks that are reasonably likely to have a material adverse effect on us.

In connection with this assessment, the following factors were noted:

With respect to executive officer compensation, the Committee has discretion in making bonus awards and other compensatory decisions based on both quantitative and qualitative factors and is not tied into pre-established pay-out formulas that may not account for a subjective view of performance (thus taking risks to achieve a certain level of financial results is not incentivized). While there are no maximum limits, there are similarly no minimum threshold payouts or guarantees.

Each executive has meaningful equity holdings, creating alignment between the executives interests and our long-term objectives, which discourages inappropriate or excessive short-term risks.

The Company has a robust enterprise risk management framework.

The Committee believes that the bonus structure addresses current market conditions because the measure of net after-tax profits encompasses all aspects of our performance, including, among many other factors, market-sensitive areas such as the performance of our investment portfolio.

Because the bonus pool is funded annually based on a percentage of net after-tax profits, employees are not incentivized to take inappropriate or excessive risks in any particular year to the detriment of our long-term success, as doing so would negatively affect the amount of the bonus payments in future years. Executives and employees with long-term incentive compensation awards are similarly incentivized not to take excessive short-term risks that jeopardize long-term Company value.

The Committee believes that the executive team, which together has led us for over a decade, has driven an enterprise-wide culture that has historically stressed that only appropriate risks should be undertaken and has instilled a level of discipline across the business.

Employees are made aware of the design of the Annual Incentive Plan and its discretionary and non-guaranteed nature.

We have a no hedging policy, and employees are prohibited from trading in derivatives of our securities.

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Compensation Committee Report

The Committee has reviewed and discussed the Compensation Discussion and Analysis set forth above with our management. Based on its review and discussions, the Committee recommended to our Board of Directors that the Compensation Discussion and Analysis be included in this proxy statement and incorporated by reference into our Annual Report on Form 10-K filed with the SEC for the year ended December 31, 2014.

COMPENSATION COMMITTEE

Robert J. Campbell

Kenneth W. Moore

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EXECUTIVE COMPENSATION TABLES

Summary Compensation Table

The following table sets forth compensation earned in 2014, 2013 and 2012 by our Chief Executive Officer, Chief Financial Officer and our two other executive officers serving as of December 31, 2014. These individuals are referred to in this proxy statement as the executive officers.

Name and Principal Position	Year	Salary ($)	Bonus ($)	Option Awards ($)	All Other Compensation ($)	Total ($)
Dominic F. Silvester	2014	$ 2,165,060	$ 2,200,000	$ 7,696,850[(1)]	$ 600,326[(2)]	$ 12,662,236
Chief Executive Officer	2013	$ 2,102,000	$ 3,100,000	$	$ 557,533	$ 5,759,533
	2012	$ 2,102,000	$ 2,450,000	$	$ 481,602	$ 5,033,602
Richard J. Harris	2014	$ 1,186,560	$ 1,600,000	$	$ 155,912[(3)]	$ 2,942,472
Chief Financial Officer	2013	$ 1,152,000	$ 2,350,000	$	$ 152,456	$ 3,654,456
	2012	$ 1,152,000	$ 2,000,000	$	$ 152,456	$ 3,304,456
Paul J. O Shea	2014	$ 1,186,560	$ 1,750,000	$ 5,644,346[(1)]	$ 155,912[(3)]	$ 8,736,818
Executive Vice President and Joint	2013	$ 1,152,000	$ 2,650,000	$	$ 152,456	$ 3,954,456
Chief Operating Officer	2012	$ 1,152,000	$ 2,000,000	$	$ 152,456	$ 3,304,456
Nicholas A. Packer	2014	$ 1,186,560	$ 1,750,000	$ 5,644,346[(1)]	$ 155,912[(3)]	$ 8,736,818
Executive Vice President	2013	$ 1,152,000	$ 2,650,000	$	$ 152,456	$ 3,954,456
and Joint Chief	2012	$ 1,152,000	$ 2,000,000	$	$ 152,456	$ 3,304,456

Operating Officer

(1) The amount reported reflects the grant date fair value of cash-settled SARs of $30.79 per SAR calculated using the Black-Scholes option-pricing model. The assumptions used in calculating these amounts are incorporated by reference to Note 16 to our Consolidated Financial Statements in our Annual Report on Form 10-K for the fiscal year ended December 31, 2014. The amounts reported do not reflect our accounting expense for these awards during the fiscal year and may not represent the amounts that our executives will actually realize from the awards. For Messrs. Silvester, O Shea and Packer, the amounts reported are based on 250,000, 183,333, and 183,333 cash-settled SARs, respectively, granted on August 13, 2014 with an exercise price of $141.10.

(2) Represents amounts attributable to Mr. Silvester for personal financial, accounting and administrative matters ($281,814), certain rental expenses related to his family s relocation to Bermuda ($64,750), payment in respect of retirement benefit contribution ($216,506) (which is a benefit we provide to all of our Bermuda-based employees) and payment of his share of Bermudian payroll and social insurance tax ($37,256) (which is a benefit we provide to all of our Bermuda-based employees).

(3) Represents cash payment in respect of retirement benefit contribution ($118,656) (which is a benefit we provide to all of our Bermuda-based employees) and payment of the employee s share of Bermudian payroll and social insurance tax ($37,256) (which is a benefit we provide to all of our Bermuda-based employees).

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Realized Pay for 2014

The vast majority of pay reported for this year in the Summary Compensation Table on page 48 relates to the executive SAR awards implemented in 2014. We are required to report the grant date fair value of the SARs in the Summary Compensation Table, even though the ability of our executives to realize value from these awards is contingent on our future performance. None of the awards are scheduled to vest until the third anniversary of the grant date. Thereafter, our executives would have one year to exercise the SARs before they expire. Our stock price must have appreciated by the exercise date for any value to be realized from these SARs.

The bar chart below compares the amount of compensation reported in the Summary Compensation Table to the amount of compensation that our executives realized for the year.

Grants of Plan-Based Awards in 2014

Name	Grant Date	All Other Option Awards: Number of Securities Underlying Options (#)(1)	Exercise or Base Price of the Option Awards($)	Grant Date Fair Value of Stock and Option Awards ($)
Dominic F. Silvester	August 13, 2014	250,000	$ 141.10	$ 7,696,850
Paul J. O Shea	August 13, 2014	183,333	$ 141.10	$ 5,644,346
Nicholas A. Packer	August 13, 2014	183,333	$ 141.10	$ 5,644,346

(1) Represents cash-settled SARs that vest in full on August 13, 2017 and remain exercisable for one year. No shares of stock will be issued upon exercise.

Employment Agreements with Executive Officers

We have employment agreements with Messrs. Silvester, O Shea, Packer and Harris, originally effective as of May 1, 2007. In April 2012, we and Messrs. Silvester, O Shea, Packer and Harris agreed to extend the employment agreements for additional five-year terms ending December 31, 2016, and in August 2014, each agreed to extend the employment agreements for an additional year. The employment agreement terms end on December 31, 2017.

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The material terms of each of the employment agreements are substantially the same, except as otherwise noted below. Under the employment agreements, the executives are each entitled to an annual base salary (which is set forth in the Summary Compensation Table above) and are eligible for incentive compensation under our incentive compensation programs. The employment agreements also provide that an increase in an executive officer s base salary with respect to each subsequent year may not be less than the product of the executive officer s base salary multiplied by the annual percentage increase in the retail price index for the United States, as reported in the most recent report of the U.S. Department of Labor for the preceding year. Our executives waived the formulaic calculations of cost-of-living increases to their respective base salaries for 2014, although the Committee considered its own views on whether to increase base salaries as described above in Compensation Discussion and Analysis Base Salaries.

The executives are also entitled to certain employee benefits, including (i) life insurance benefits in the amount of five times base salary, (ii) medical and dental insurance for the executive, his spouse and any dependents, (iii) long-term disability insurance, and (iv) payment of an amount equal to 10% of the executive s base salary each year in lieu of a retirement benefit contribution. For Messrs. Silvester and Packer, the agreements also provide reimbursement for one family trip to/from Bermuda each year, if taken. The amount of these benefits paid to the executives for the years ended December 31, 2014, 2013 and 2012 is reflected in the All Other Compensation column of the Summary Compensation Table above.

The employment agreements also provide for certain double trigger benefits upon termination of employment for various reasons, as described below in the section entitled Potential Payments upon Termination or Change in Control.

In addition, each employment agreement provides the Company with certain protections in the form of restrictive covenants, including that if the executive fails to remain employed through the current term, he has agreed not to compete with us for an 18-month period following the date employment ceases (except in the event his employment is terminated by us without cause or by the executive with good reason). The agreements also include restrictive covenants regarding non-solicitation, confidentiality, and non-disparagement.

After the current term ends, each agreement renews for additional one-year periods unless either party gives 120 days prior written notice to terminate the agreement.

Equity Incentive Plan

We maintain the Equity Incentive Plan, which provides that awards may be granted to participants in any of the following forms, subject to such terms, conditions and provisions as the Compensation Committee may provide: incentive stock options, nonqualified stock options, performance shares, performance share units, SARs, restricted shares, restricted share units, bonus shares and dividend equivalents.

The maximum aggregate number of ordinary shares subject to each of the following types of equity awards granted to an employee during any year under the plan is 120,000 shares: options, equity-settled SARs, performance shares, performance share units and bonus shares. Awards that may only be settled in cash awards, such as cash-settled SARs, are not subject to this maximum limit. The Compensation Committee has broad authority to administer the plan, including the authority to select plan participants, determine when awards will be made, determine the type and amount of awards, determine any limitations, restrictions or conditions applicable to each award, and determine the terms of any agreement or other document that evidences an award.

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Enstar Group Limited 2011-2015 Annual Incentive Compensation Program

The Annual Incentive Plan was adopted by the Board in 2011 to replace the substantially similar 2006-2010 Annual Incentive Program. The purpose of the plan, which is administered by the Compensation Committee, is to motivate certain officers, directors and employees of the Company and its subsidiaries to grow our profitability, which we believe primarily drives growth in our net book value in furtherance of our primary corporate objective. The Annual Incentive Plan provides for the grant of annual bonus compensation (a bonus award) to certain officers and employees of the Company and its subsidiaries, including our executive officers.

The aggregate amount available for bonus awards for each year through 2015 is determined by the Compensation Committee based on a percentage of our consolidated net after-tax profits (before bonus expense). The percentage will be 15% unless the Compensation Committee exercises its discretion to decrease or increase the percentage no later than 30 days after the last day of the year. The Compensation Committee determines, at its sole discretion, the amount of the bonus award paid to each participant. For the year ended December 31, 2014, the Committee, agreeing with the recommendation of our Chief Executive Officer, decided to reduce the percentage to 14.6%. The Chief Executive Officer s recommendation to reduce the size of the bonus pool was based on his review of the proposed annual incentive awards to employees on an individual and collective basis, and his determination that although the proposed awards did not constitute the full amount of the accrued bonus pool, they remained appropriately in line with Company and individual performances, and achieved the compensation program goals of rewarding performance with fair compensation. The overall executive/employee bonus pool was $36.5 million for 2014.

Bonus awards are payable in cash, ordinary shares or a combination of both. Ordinary shares issued in connection with a bonus award will be issued pursuant to the terms and subject to the conditions of the Equity Incentive Plan.

Retirement Benefits

We maintain retirement plans and programs for our employees in Bermuda, Australia, the United Kingdom and the United States. On an annual basis, our Bermuda employees including each of Messrs. Silvester, O Shea, Packer and Harris, receive an amount equal to 10% of their base salaries in respect of a retirement benefit contribution. The amounts paid to Messrs. Silvester, O Shea, Packer and Harris are included in the amounts shown in the All Other Compensation column of the Summary Compensation Table above.

Additional Benefits

Amounts for other benefits included in the All Other Compensation column of the Summary Compensation Table are described in Compensation Discussion and Analysis Other Benefits and Perquisites.

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Outstanding Equity Awards at 2014 Fiscal Year-End

The following table sets forth information regarding all outstanding equity awards held by the executive officers at December 31, 2014.

	Option Awards[1]				Stock Awards	
Name	Number of securities underlying unexercised options (#) exercisable	Number of securities underlying unexercised options (#) unexercisable	Option Exercise Price	Option Expiration Date	Number of Shares or Units of Stock That Have Not Vested (#)	Market Value of Shares or Units of Stock That Have Not Vested ($)
Dominic F. Silvester		250,000	$ 141.10	August 13, 2018		$
Richard J. Harris					12,500[(2)]	$ 1,911,125[(3)]
Paul J. O Shea		183,333	$ 141.10	August 13, 2018		$
Nicholas A. Packer		183,333	$ 141.10	August 13, 2018		$

(1) Represents cash-settled SARs that vest in full on August 13, 2017 and remain exercisable for one year. No shares of stock will be issued upon exercise.

(2) All of these shares vested on February 23, 2015.

(3) Based on $152.89 per share, the closing price of our ordinary shares on December 31, 2014.

Option Exercises and Stock Vested during 2014 Fiscal Year

The following table sets forth information regarding the vesting of restricted shares held by the executive officers during the 2014 fiscal year.

	Stock Awards	
Name	Number of Shares Acquired on Vesting (#)	Value Realized on Vesting ($)
Dominic F. Silvester		$
Richard J. Harris	12,500	$1,575,000[(1)]
Paul J. O Shea		$

Nicholas A. Packer	$

(1) Based on $126.00 per share, the closing price of our ordinary shares on February 21, 2014 (the last trading day before the vesting date).

Potential Payments upon Termination or Change in Control

This section describes payments that would be made to our executive officers following termination of employment or upon a change in control of the Company. In the first part of this section, we describe benefits under employment agreements and general plans that apply to any executive officer participating in those plans. We then provide estimated amounts of benefits assuming the occurrence of certain hypothetical events as of December 31, 2014.

Executive Officer Employment Agreements

The executive officers are entitled to certain benefits under their employment agreements upon termination of their employment. Upon termination for any reason, each is entitled to any salary, bonuses, expense reimbursement and similar amounts earned but not yet paid.

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Under the employment agreements, cause means: (i) fraud or dishonesty in connection with the executive s employment that results in a material injury to us, (ii) the executive officer s conviction of any felony or crime involving fraud or misrepresentation, (iii) a specific material and continuing failure of the executive officer to perform his duties following written notice and failure by the executive officer to cure such failure within 30 days, or (iv) a specific material and continuing failure of the executive officer to follow reasonable instructions of the Board following written notice and failure by the executive officer to cure such failure within 30 days.

Under the employment agreements, without good reason means resigning in circumstances other than: (i) a material breach by us of our obligations under the agreement following written notice and failure by us to cure such breach within 30 days, (ii) the relocation of the executive officer s principal business office outside of Bermuda without his consent, or (iii) any material reduction in the executive officer s duties or authority.

Termination for Cause or Voluntary Termination without Good Reason. If we terminate the employment agreement of an executive officer for cause, or if an executive officer voluntarily terminates his employment agreement with us without good reason, we will not be obligated to make any payments to the executive officer other than amounts that have been fully earned by, but not yet paid to, the executive officer.

Termination without Cause or Termination with Good Reason. The executive officer is entitled to the benefits described below if: (i) we terminate the executive officer s employment without cause or (ii) the executive officer terminates his employment with good reason :

any amounts (including salary, bonuses, expense reimbursement, etc.) that have been fully earned by, but not yet paid to, the executive officer as of the date of termination;

a lump sum amount equal to three times the executive officer s annual base salary;

continued medical benefits coverage for the executive officer, his spouse and dependents at our expense for 36 months;

vesting of each outstanding unvested equity incentive award, if any, granted to the executive officer before, on or within three years of the effective date of the employment agreement; and

for the year in which the executive officer s employment terminates, provided that we achieve any performance goals established in accordance with any incentive plan in which the executive officer participates, an amount equal to the bonus that the executive officer would have received had he been employed by us for the full year (an Incentive Plan Payment). Because we currently do not tie incentive plan payments to a specific performance target, any Incentive Plan Payment would be made at the discretion of the Compensation Committee taking into account the executive officer s performance while employed by the Company.

Termination following a Change in Control. The employment agreements are double trigger in nature, meaning that in the event of a change in control as defined in the employment agreements, the executive officer is entitled to the prescribed employment agreement benefits only following termination of employment. Termination of employment must be either: (i) termination by us *without cause* or (ii) termination by executive *only with good reason* . The termination must also occur within one year of a change in control. If these conditions are met, the executive would be entitled to the same benefits described above under Termination without Cause/Termination with Good Reason (although each outstanding unvested equity incentive award would vest irrespective of the time since the date of grant).

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If the executive ends his employment following a change in control without good reason, the executive would receive only earned but unpaid compensation as of the termination date under his employment agreement.

Death of Executive. In the event of an executive officer s death, his employment agreement automatically terminates, and his designated beneficiary or legal representatives are entitled to:

- a lump sum payment equal to five times the executive officer s annual base salary in effect at the time of his death, pursuant to life insurance benefits we maintain;
- an Incentive Plan Payment reduced on a pro rata basis to reflect the amount of calendar days during the year that he was employed (a Pro Rata Incentive Plan Payment); and
- continued medical benefits coverage under the employment agreement for the executive officer s spouse and dependents for a period of 36 months following his death.

Disability of Executive. Either the executive officer or we may terminate his employment agreement if the executive officer becomes disabled, by providing 30 days prior written notice to the other party. Under the executive officers employment agreements, disability means the executive officer has been materially unable to perform his duties for any reason for 120 days during any period of 150 consecutive days. If the executive officer s employment ends because of disability, then he is entitled to:

- any amounts (including salary, bonuses, expense reimbursement, etc.) that have been fully earned by, but not yet paid to, the executive officer as of the date of such termination;
- his base salary for a period of 36 months (with base salary payments being offset by any payments to the executive officer under disability insurance policies paid for by us);
- a Pro Rata Incentive Plan Payment; and
- continued medical benefits coverage for the executive officer, his spouse and dependents at our expense for 36 months.

Equity Incentive Plan

Under the Equity Incentive Plan, upon the occurrence of a change in control as defined in the plan: (i) forfeiture provisions and transfer restrictions with respect to restricted shares and restricted share units would immediately lapse; (ii) each option and SAR then outstanding would become immediately exercisable, and would remain exercisable throughout its entire term, unless exercised, cashed out or replaced; and (iii) any target performance goals or payout opportunities attainable under all outstanding awards of performance-based restricted stock, performance units and performance shares would be deemed to have been fully attained.

Forfeiture provisions and transfer restrictions with respect to restricted shares granted under the Equity Incentive Plan generally lapse upon a participant s death or disability. Upon any other termination of employment, any unvested restricted shares or options are forfeited immediately. In addition, the Compensation Committee may require a grantee of restricted shares to disgorge any profit, gain or other benefit received in respect of the lapse of restrictions on any prior grant of restricted shares for a period of up to 12 months prior to grantee s termination for cause. The disgorgement authority applicable to restricted shares would also apply to stock options. The vesting of any outstanding stock options would accelerate upon retirement, death or disability.

Annual Incentive Plan

Under the Annual Incentive Plan, a change in control would accelerate payment of bonuses by changing the measurement period to determine bonuses from the calendar year to a period that begins on the first day of the calendar year and ends on the date of the change in control.

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Hypothetical Payments and Benefits

The following table sets forth the benefits payable to each executive officer assuming the occurrence of certain hypothetical events on December 31, 2014.

Name	Executive Voluntary Termination or Company Termination for Cause[1]	Executive Termination for Good Reason, Company Termination Without Cause[2]	Change in Control	Death	Disability
Dominic F. Silvester					
Base Salary	$	$ 6,495,180[3]	$	$	$ 6,195,180[4]
Bonus[5]		2,200,000		2,200,000	2,200,000
Medical Benefits[6]		125,189		125,189	125,189
Life Insurance				10,825,300	
Accelerated Vesting[7]		2,947,500	2,947,500	2,947,500	2,947,500
TOTAL	$	$ 11,767,869	$ 2,947,500	$ 16,097,989	$ 11,467,869
Richard J. Harris					
Base Salary	$	$ 3,559,680[3]	$	$	$ 3,259,680[4]
Bonus[5]		1,600,000		1,600,000	1,600,000
Medical Benefits[6]		81,651		81,651	81,651
Life Insurance				5,932,800	
Accelerated Vesting[8]		1,911,125	1,911,125	1,911,125	1,911,125
TOTAL	$	$ 7,152,456	$ 1,911,125	$ 9,525,576	$ 6,852,456
Paul J. O Shea					
Base Salary	$	$ 3,559,680[3]	$	$	$ 3,259,680[4]
Bonus[5]		1,750,000		1,750,000	1,750,000
Medical Benefits[6]		90,573		90,573	90,573
Life Insurance				5,932,800	
Accelerated Vesting[7]		2,161,496	2,161,496	2,161,496	2,161,496
TOTAL	$	$ 7,561,749	$ 2,161,496	$ 9,934,869	$ 7,261,749
Nicholas A. Packer					
Base Salary	$	$ 3,559,680[3]	$	$	$ 3,259,680[4]
Bonus[5]		1,750,000		1,750,000	1,750,000
Medical Benefits[6]		147,628		147,628	147,628
Life Insurance				5,932,800	
Accelerated Vesting[7]		2,161,496	2,161,496	2,161,496	2,161,496
TOTAL	$	$ 7,618,804	$ 2,161,496	$ 9,991,924	$ 7,318,804

(1) Upon termination, the executive officer would be entitled only to amounts (including salary, bonus, expense reimbursement, etc.) that have been fully earned but not yet paid on the date of termination.

(2) Pursuant to the double trigger nature of the executive officer employment agreements, any executive officer terminated without cause or resigning with good reason within one year of a change in control would receive benefits equivalent to those set forth in this column.

(3) Reflects a lump sum payment equal to three times annual base salary in effect on December 31, 2014.

(4) Reflects annual base salary in effect on December 31, 2014 for a period of 36 months, payable in accordance with our regular payroll practices, which would be offset by any amounts we recover under disability insurance policies paid for by us.

(5) Because bonus payments in any year are discretionary, the bonus amount is assumed to be equal to the actual bonus awarded to the executive officer under the Annual Incentive Plan for the year ended December 31, 2014, which was paid in cash in 2015.

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(6) Reflects the value of continued coverage under medical plans for Messrs. Silvester, O Shea, Packer and Harris and their respective families and assumes continuation of premiums paid by us as of December 31, 2014 for the maximum coverage period of 36 months.

(7) Reflects the aggregate of the excess of the closing price of our ordinary shares on Nasdaq at December 31, 2014 ($152.89) over the exercise price of the cash-settled SARs ($141.10).

(8) Reflects accelerated vesting of 12,500 restricted shares based on the closing price of our ordinary shares on December 31, 2014 ($152.89). All of these reported shares vested on February 23, 2015 when the closing price was $136.80.

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EQUITY COMPENSATION PLAN INFORMATION

The following table presents information regarding our equity compensation plans as of December 31, 2014.

Plan Category	Number of Securities to be Issued Upon Exercise of Outstanding Options, Warrants and Rights	Weighted-Average Exercise Price of Outstanding Options, Warrants and Rights	Number of Securities Remaining Available for Future Issuance Under Equity Compensation Plans (Excluding Securities Reflected in the First Column)
Equity compensation plans approved by security holders		$	906,369(1)
Equity compensation plans not approved by security holders	33,392	$101.70	66,108(2)
Total	33,392		972,477

(1) Consists of ordinary shares available for future issuance under the Equity Incentive Plan (including ordinary shares issuable in connection with awards under the Annual Incentive Plan) and the Enstar Group Limited Employee Share Purchase Plan.

(2) Consists of ordinary shares available for future issuance under the Deferred Compensation Plan, which is described above under Director Compensation.

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AUDIT COMMITTEE REPORT

The primary purpose of the Audit Committee is to assist the Board of Directors in its oversight of the integrity of the Company s financial statements, the Company s compliance with legal and regulatory requirements, the independent registered public accounting firm s qualifications, independence and performance and the performance of the Company s internal audit function. The Audit Committee is solely responsible for the appointment, retention and compensation of the Company s independent registered public accounting firm. It is not the responsibility of the Audit Committee to plan or conduct audits or to determine that the Company s financial statements are complete and accurate and are in accordance with generally accepted accounting principles and applicable rules and regulations. This is the responsibility of management and the independent auditors, as appropriate.

In performing its duties, the Audit Committee:

- has reviewed the Company s audited financial statements for the year ended December 31, 2014 and had discussions with management regarding the audited financial statements;

- has discussed with the independent registered public accounting firm the matters required to be discussed by Auditing Standards No. 16, as adopted by the Public Company Accounting Oversight Board, under which such firm must provide us with additional information regarding the conduct of the audit of the Company s financial statements;

- has received the written disclosures and the letter from the independent registered public accounting firm required by applicable requirements of the Public Company Accounting Oversight Board regarding the independent accountant s communication with the Audit Committee concerning independence; and

- has discussed with the independent registered public accounting firm their independence, the audited financial statements and other matters the Audit Committee deemed relevant and appropriate.

Based on these reviews and discussions, the Audit Committee recommended to the Board of Directors that the audited financial statements for the year ended December 31, 2014 be included in the Company s Annual Report on Form 10-K for that year.

AUDIT COMMITTEE

Robert J. Campbell, Chairman

Kenneth W. Moore

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PROPOSAL NO. 1 ELECTION OF DIRECTORS

Two Class III directors are to be elected at the Annual General Meeting to hold office until our annual general meeting in 2018:

Dominic F. Silvester

Kenneth W. Moore

Messrs. Silvester and Moore are currently serving as directors, and their biographies are available above under Corporate Governance Board of Directors. Included in each nominee s biography is an assessment of his specific qualifications, attributes, skills and experience.

Our Board nominated Messrs. Silvester and Moore following the recommendation by our Nominating and Governance Committee, a committee comprised entirely of independent directors. Each nominee has consented to serve if elected. We do not expect that either nominee will become unavailable for election as a director, but if either nominee should become unavailable prior to the meeting, the proxies to vote for such nominee will instead either be voted for a substitute nominee recommended by our Board, or not voted, if the Board determines in its discretion that the position should remain vacant.

THE BOARD RECOMMENDS THAT YOU VOTE

FOR THE ELECTION OF THE NOMINEES

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PROPOSAL NO. 2 ADVISORY VOTE TO APPROVE EXECUTIVE COMPENSATION

We hold an advisory vote on our executive compensation each year. Accordingly, we are asking our shareholders to cast an advisory vote to approve the compensation of our executive officers as disclosed in this proxy statement.

Before you vote, we urge you to read the **Compensation Discussion and Analysis** and the **Executive Compensation Tables** sections of this proxy statement for additional details on our executive compensation, including its governance, framework, components, and the compensation decisions for our executive officers for 2014.

As an advisory vote, the results of this vote will not be binding on the Board or the Company. However, the Board values the opinions of our shareholders, and will, as it did last year, carefully consider the outcome of the vote when making future decisions on the compensation of our executive officers and our executive compensation principles, policies and procedures.

We ask our shareholders to approve the compensation of our executive officers by voting FOR the following resolution:

RESOLVED, that the Company s shareholders approve, on an advisory basis, the compensation of the executive officers, as disclosed in the Company s proxy statement for the 2015 Annual General Meeting of Shareholders pursuant to the compensation disclosure rules of the Securities and Exchange Commission, including the Compensation Discussion and Analysis, the Summary Compensation Table and the other related tables and disclosure.

THE BOARD RECOMMENDS THAT YOU VOTE FOR APPROVAL OF THE COMPENSATION OF OUR EXECUTIVE OFFICERS, AS DISCLOSED IN THIS PROXY STATEMENT

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PROPOSAL NO. 3 RATIFICATION OF APPOINTMENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

The Audit Committee of our Board has reappointed KPMG Audit Limited (KPMG), as our independent registered public accounting firm for the year ending December 31, 2015. At the Annual General Meeting, shareholders will be asked to ratify this appointment and to authorize our Board, acting through the Audit Committee, to approve the fees for KPMG. KPMG has served as our independent registered public accounting firm since our shareholders ratified its appointment three years ago at the 2012 annual general meeting. Representatives of KPMG are expected to be present at the meeting, will have the opportunity to make a statement if they desire to do so, and are expected to be available to respond to appropriate questions.

THE BOARD RECOMMENDS THAT YOU VOTE FOR THE RATIFICATION OF THE APPOINTMENT OF KPMG AS OUR INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM FOR 2015 AND THE AUTHORIZATION OF OUR BOARD, ACTING THROUGH THE AUDIT COMMITTEE, TO APPROVE THE FEES FOR THE INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

Audit and Non-Audit Fees

Aggregate fees for professional services rendered to us by KPMG and KPMG member firms for the years ended December 2014 and 2013 are set forth below.

	2014	2013
	(in thousands of U.S. dollars)	
Audit Fees	$ 9,191	$6,632
Audit-Related Fees	200	102
Tax Fees	661	638
All Other Fees	49	235
Total	$ 10,101	$7,607

Audit Fees for the years ended December 31, 2014 and 2013 were for professional services rendered for the audit of our annual financial statements, for the review of our quarterly financial statements, for services in connection with the audits for insurance statutory and regulatory purposes in the various jurisdictions in which we operate and for the provision of consents relating to our filings with the SEC.

Audit-Related Fees for the years ended December 31, 2014 and 2013 consisted primarily of professional services rendered for financial accounting and reporting consultations.

Tax Fees for the years ended December 31, 2014 and 2013 were for professional services rendered for tax compliance and tax consulting.

All Other Fees for the year ended December 31, 2014 and 2013 were for professional services rendered for certain subsidiary restructuring matters.

Consideration of Auditor Independence

The Audit Committee has concluded that the provision of the non-audit services by KPMG is compatible with maintaining its independence.

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Procedures for Pre-Approval of Audit and Non-Audit Services

Our Audit Committee has adopted a policy to pre-approve all audit and permissible non-audit services provided by our independent registered public accounting firm. During 2014, the committee also granted its pre-approval for specific types of tax and other non-audit services with specified fee structures that may be provided by KPMG. Any engagements falling within these pre-approved outlines can be entered into, with KPMG and management reporting the details of any such pre-approved engagements to the Audit Committee at its next meeting. The committee will review the scope of the pre-approval annually. In the event it becomes necessary to engage the independent registered public accounting firm for additional services not contemplated in the original pre-approval at a time that does not correspond to a committee meeting, the Audit Committee has delegated authority to review and approve such services to the Audit Committee Chairman, who would report any such approvals to the full committee at its next meeting.

For the year ended December 31, 2014, the Audit Committee approved all audit and non-audit services by our independent registered public accounting firm either on an individual basis as the need arose or by way of the pre-approval process described above.

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PROPOSAL NO. 4 ELECTION OF DIRECTORS FOR OUR SUBSIDIARIES

Under our bye-laws, if we or our subsidiaries are required or entitled to vote at a general meeting of our subsidiaries, our Board must refer the subject matter of any vote regarding the appointment, removal or remuneration of directors to our shareholders and seek authority from our shareholders for our corporate representative or proxy to vote in favor of the resolutions proposed by these subsidiaries. We are submitting the election of the directors identified below for each of our subsidiaries whose shareholders are required to elect directors to our shareholders at the Annual General Meeting. Our Board will cause our corporate representative or proxy to vote the shares in these subsidiaries in the same proportion as the votes received at the meeting from our shareholders on these matters.

THE BOARD RECOMMENDS THAT YOU VOTE FOR EACH OF

THE SUBSIDIARY DIRECTOR NOMINEES LISTED HEREIN

Subsidiary Director Nominees

4.1 AG Australia Holdings Limited

Nominees:

Richard J. Harris

Nicholas A. Packer

Sandra O Sullivan

Nicholas Hall

4.2 Alopuc Ltd.

Nominees:

Derek Reid

C. Paul Thomas

Alan Turner

4.3 Arden Reinsurance Company Limited

Nominees:

Adrian C. Kimberley

David Rocke

Paul J. O Shea

Richard J. Harris

Nicholas A. Packer

4.4 Atrium Risk Management Services (Washington) Ltd.

Nominees:

Richard Harries

James Lee

Lee Greenway

Peter Hargrave

Brendan Merriman

4.5 Atrium Risk Management Services (British Columbia) Ltd.

Nominees:

Richard Harries

James Lee

Lee Greenway

Peter Hargrave

Brendan Merriman

4.6 Bantry Holdings Ltd.

Nominees:

Adrian C. Kimberley

Duncan M. Scott

David Rocke

4.7 Bayshore Holdings Ltd.

Nominees:

Richard J. Harris

Paul J. O Shea

Nicholas A. Packer

Darran Baird

James Carey

4.8 Cavello Bay Ltd.

Nominees:

Dominic F. Silvester

Richard J. Harris

Scott Maries

Paul J. O Shea

David Rocke

4.9 B.H. Acquisition Limited

Nominees:

Richard J. Harris

Paul J. O Shea

David Rocke

Adrian C. Kimberley

4.10 Blackrock Holdings Ltd.

Nominees:

Adrian C. Kimberley

Duncan M. Scott

David Rocke

4.11 Bosworth Run-off Limited

Nominees:

Alan Turner

Ludovic de Belleval

C. Paul Thomas

Brian J. Walker

Ruth McDiarmid

4.12 Brampton Insurance Company Limited

Nominees:

Max Lewis

C. Paul Thomas

Alan Turner

Steven Western

Patrick Cogavin

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4.13 Brittany Insurance Company Ltd.

Nominees:

Paul J. O   Shea

Richard J. Harris

Adrian C. Kimberley

David Rocke

Duncan M. Scott

4.14 Capital Assurance Services, Inc.

Nominees:

Andrea Giannetta

James Grajewski

Paul Brockman

Thomas Nichols

4.15 Castlewood Limited

Nominees:

Adrian C. Kimberley

Duncan M. Scott

Elizabeth DaSilva

4.16 Cavell Holdings Limited

Nominees:

C. Paul Thomas

Alan Turner

Derek Reid

4.17 Chatsworth Limited

Nominees:

Richard J. Harris

Adrian C. Kimberley

David Rocke

Elizabeth DaSilva

Orla Gregory

4.18 Clarendon America Insurance Company

Nominees:

Joseph Follis

Paul Brockman

Thomas Nichols

Robert Redpath

Michael Sheehan

Kathleen Barker

Jennifer Miu

John A. Dore

Cindy Traczyk

Anna Hajek

4.19 Clarendon Holdings, Inc.

Nominees:

Kathleen Barker

Paul Brockman

Thomas Nichols

4.20 Clarendon National Insurance Company

Nominees:

Joseph Follis

Paul Brockman

Thomas Nichols

Robert Redpath

Michael Sheehan

Kathleen Barker

Jennifer Miu

John A. Dore

Cindy Traczyk

Anna Hajek

4.21 CLIC Holdings, Inc.

Nominees:

Cheryl D. Davis

Paul Brockman

Thomas Nichols

4.22 Comox Holdings Ltd.

Nominees:

Ludovic de Belleval

Richard J. Harris

Adrian C. Kimberley

David Rocke

Yoshinori Yokoo

4.23 The Copenhagen Reinsurance Company (UK) Limited

Nominees:

Alan Turner

C. Paul Thomas

Steven Western

Patrick Cogavin

4.24 Courtenay Holdings Ltd.

Nominees:

Richard J. Harris

David Rocke

Adrian C. Kimberley

4.25 Cranmore (UK) Limited

Nominees:

Phillip Cooper

David Ellis

Shaun Holden

C. Paul Thomas

Steven Norrington

Alan Turner

Des Allen

Adam Grange

4.26 Cranmore (Australia) Pty Limited

Nominees:

Sandra O Sullivan

Nicholas Hall

Steven Norrington

4.27 Cranmore (Asia) Limited

Nominees:

David Rocke

Adrian C. Kimberley

Duncan M. Scott

Elizabeth DaSilva

4.28 Cranmore (Asia) Pte Limited

Nominees:

Ian Belcher

Goh Mei Xuan Michelle

Steven Norrington

Sandra O Sullivan

4.29 Cranmore (Bermuda) Limited

Nominees:

Adrian C. Kimberley

Duncan M. Scott

David Rocke

Elizabeth DaSilva

4.30 Cranmore (US) Inc.

Nominees:

Cheryl D. Davis

Paul Brockman

Thomas Nichols

Steven Norrington

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4.31 Cranmore Insurance & Reinsurance Services Europe Limited

Nominees:

Steven Norrington

David Ellis

Jason Shortt

Kieran Hayes

4.32 Cumberland Holdings Ltd.

Nominees:

Adrian C. Kimberley

Richard J. Harris

Paul J. O Shea

David Rocke

4.33 DLCM No. 1 Limited

Nominees:

C. Paul Thomas

Alan Turner

Derek Reid

4.34 DLCM No. 2 Limited

Nominees:

C. Paul Thomas

Alan Turner

Derek Reid

4.35 DLCM No. 3 Limited

Nominees:

C. Paul Thomas

Alan Turner

Derek Reid

4.36 Eastshore Holdings Ltd.

Nominees:

Elizabeth DaSilva

Richard J. Harris

Adrian C. Kimberley

Duncan M. Scott

David Rocke

4.37 Electricity Producers Insurance Company (Bda) Limited

Nominees:

Paul J. O Shea

Adrian C. Kimberley

David Rocke

Richard J. Harris

Orla Gregory

Duncan M. Scott

4.38 Enstar (EU) Finance Limited

Nominees:

C. Paul Thomas

Alan Turner

Shaun Holden

Derek Reid

4.39 Enstar (EU) Holdings Limited

Nominees:

David Hackett

C. Paul Thomas

Alan Turner

Shaun Holden

4.40 Enstar (EU) Limited

Nominees:

David Atkins

David Grisley

David Hackett

Michael Lynagh

Derek Reid

C. Paul Thomas

Alan Turner

Shaun Holden

4.41 Enstar Acquisitions Limited

Nominees:

C. Paul Thomas

Alan Turner

Derek Reid

4.42 Enstar Australia Holdings Pty Ltd.

Nominees:

Gary Potts

Jann Skinner

Bruce Bollom

Richard J. Harris

Nicholas A. Packer

4.43 Enstar Australia Limited

Nominees:

Nicholas A. Packer

Nicholas Hall

Sandra O Sullivan

4.44 Enstar Brokers Limited

Nominees:

Richard J. Harris

Elizabeth DaSilva

Adrian C. Kimberley

David Rocke

Paul J. O Shea

4.45 Enstar Financial Services Inc.

Nominees:

Cheryl D. Davis

Thomas Nichols

4.46 Enstar Financing Limited

Nominees:

Elizabeth DaSilva

Adrian C. Kimberley

Richard J. Harris

Duncan M. Scott

4.47 Enstar Group Operations Inc.

Nominees:

Cheryl D. Davis

Thomas Nichols

4.48 Enstar Holdings (US) Inc.

Nominees:

Cheryl D. Davis

Paul Brockman

Thomas Nichols

4.49 Enstar Insurance Management Services Ireland Limited

Nominees:

Nicholas A. Packer

Orla Gregory

Richard J. Harris

Kieran Hayes

4.50 Enstar Investment Management Ltd.

Nominees:

Richard J. Harris

Adrian C. Kimberley

Roger Thompson

Lothar Crofton

4.51 Enstar Investments Inc.

Nominees:

Cheryl D. Davis

Thomas Nichols

Paul Brockman

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4.52 Enstar Limited

Nominees:

Paul J. O Shea

Richard J. Harris

Adrian C. Kimberley

David Rocke

Elizabeth DaSilva

4.53 Enstar (EU) Services Asia Limited

Nominees:

Alan Turner

C. Paul Thomas

Derek Reid

4.54 Enstar New York, Inc.

Nominees:

Cheryl D. Davis

Thomas Nichols

Paul Brockman

4.55 Enstar (US) Inc.

Nominees:

Robert Redpath

Paul Brockman

Cheryl D. Davis

Thomas Nichols

4.56 Enstar Life (US), Inc.

Nominees:

Richard J. Harris

Kieran Hayes

John Moran

Gareth Nokes

4.57 Enstar USA Inc.

Nominees:

Thomas Nichols

Cheryl D. Davis

4.58 Fitzwilliam Insurance Limited

Nominees:

Paul J. O Shea

Richard J. Harris

Adrian C. Kimberley

David Rocke

Nicholas A. Packer

4.59 Flatts Limited

Nominees:

C. Paul Thomas

Alan Turner

Derek Reid

4.60 Gordian Runoff Limited

Nominees:

Gary Potts

Jann Skinner

Bruce Bollom

Richard J. Harris

Nicholas A. Packer

4.61 Goshawk Dedicated Limited

<u>Nominees</u>:

C. Paul Thomas

Alan Turner

Derek Reid

4.62 Goshawk Holdings (Bermuda) Limited

<u>Nominees</u>:

Adrian C. Kimberley

Orla Gregory

David Rocke

Richard J. Harris

4.63 Goshawk Insurance Holdings Limited

<u>Nominees</u>:

C. Paul Thomas

Alan Turner

Derek Reid

4.64 Harper Holding SARL

<u>Nominees</u>:

Nicholas A. Packer

John Cassin

4.65 Harper Insurance Limited

<u>Nominees</u>:

Michael H.P. Handler

Stefan Wehrenberg

Dr. Florian von Meiss

Richard J. Harris

Andreas K. Iselin

Nicholas A. Packer

4.66 Harrington Sound Limited

Nominees:

Richard J. Harris

Nicholas A. Packer

Nicholas Hall

Sandra O Sullivan

4.67 Hillcot Holdings Ltd.

Nominees:

Paul J. O Shea

Adrian C. Kimberley

Richard J. Harris

4.68 Hillcot Underwriting Management Limited

Nominees:

C. Paul Thomas

Alan Turner

Derek Reid

4.69 Hove Holdings Limited

Nominees:

Richard J. Harris

Adrian C. Kimberley

David Rocke

Elizabeth DaSilva

4.70 Hudson Reinsurance Company Limited

Nominees:

Paul J. O Shea

Richard J. Harris

Adrian C. Kimberley

David Rocke

Duncan M. Scott

4.71 Inter-Ocean Holdings Ltd.

Nominees:

Adrian C. Kimberley

Duncan M. Scott

Richard J. Harris

Orla Gregory

4.72 Inter-Ocean Reinsurance Company Ltd.

Nominees:

Adrian C. Kimberley

Duncan M. Scott

Richard J. Harris

Paul J. O Shea

Orla Gregory

4.73 Inter-Ocean Reinsurance (Ireland) Ltd.

Nominees:

Richard J. Harris

Orla Gregory

Kevin O Connor

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4.74 Kenmare Holdings Ltd.

Nominees:

Richard J. Harris

Paul J. O Shea

Adrian C. Kimberley

Dominic F. Silvester

David Rocke

Nicholas A. Packer

4.75 Kinsale Brokers Limited

Nominees:

C. Paul Thomas

Alan Turner

Shaun Holden

Kenny McManus

4.76 Knapton Holdings Limited

Nominees:

C. Paul Thomas

Alan Turner

Derek Reid

4.77 Knapton Insurance Limited

Nominees:

Jeremy Riley

C. Paul Thomas

Alan Turner

Brian J. Walker

Ruth McDiarmid

4.78 Laguna Life Holdings Ltd.

Nominees:

Richard J. Harris

Adrian C. Kimberley

Paul J. O Shea

David Rocke

4.79 Laguna Life Holdings SARL

Nominees:

Nicholas A. Packer

John Cassin

4.80 Laguna Life Limited

Nominees:

Orla Gregory

Paul J. O Shea

Kieran Hayes

David Allen

Alastair Nicoll

4.81 Marlon Insurance Company Limited

Nominees:

C. Paul Thomas

Alan Turner

Steven Western

Patrick Cogavin

Gary Griffiths

4.82 Mercantile Indemnity Company Limited

Nominees:

C. Paul Thomas

Alan Turner

Brian J. Walker

4.83 New Castle Reinsurance Company Ltd.

Nominees:

Richard J. Harris

Adrian C. Kimberley

Paul J. O Shea

David Rocke

4.84 Northshore Holdings Limited

Nominees:

Richard J. Harris

Paul J. O Shea

Nicholas A. Packer

Darran Baird

James Carey

4.85 Oceania Holdings Ltd.

Nominees:

Richard J. Harris

Adrian C. Kimberley

David Rocke

4.86 Overseas Reinsurance Corporation Limited

Nominees:

Adrian C. Kimberley

Paul J. O Shea

Richard J. Harris

David Rocke

4.87 Pavonia Holdings (US), Inc.

Nominees:

Kieran Hayes

Robert Redpath

Orla Gregory

Richard J. Harris

John Moran

Cormac Treanor

4.88 Pavonia Life Insurance Company of Delaware

Nominees:

Kieran Hayes

Robert Redpath

Orla Gregory

Richard J. Harris

John Moran

Richard Zebleckas

Jeanne Mitchell

Kristan Van Der Meer

Cormac Treanor

4.89 Pavonia Life Insurance Company of Arizona

Nominees:

Kieran Hayes

Robert Redpath

Orla Gregory

Richard J. Harris

John Moran

Richard Zebleckas

Jeanne Mitchell

Kristan Van Der Meer

Cormac Treanor

4.90 Pavonia Life Insurance Company of Michigan

Nominees:

Kieran Hayes

Robert Redpath

Orla Gregory

Richard J. Harris

John Moran

Francis Ortiz

Richard Zebleckas

Jeanne Mitchell

Kristan Van Der Meer

Cormac Treanor

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4.91 Pavonia Life Insurance Company of New York

Nominees:

Kieran Hayes

Robert Redpath

Orla Gregory

Richard J. Harris

John Moran

William Latza

Philip Toohey

Daniel O Brien

Cormac Treanor

4.92 Paladin Managed Care Services, Inc.

Nominees:

Thomas Nichols

Paul Brockman

Steven Norrington

4.93 PointSure Insurance Services, Inc.

Nominees:

Thomas Nichols

Paul Brockman

Steven Norrington

4.94 Paget Holdings GmbH Limited

Nominees:

David Rocke

Elizabeth DaSilva

Duncan M. Scott

Adrian C. Kimberley

4.95 Providence Washington Insurance Company

Nominees:

Joseph Follis

Donald Woellner

Paul Brockman

Thomas Nichols

Robert Redpath

4.96 PWAC Holdings, Inc.

Nominees:

Cheryl D. Davis

Paul Brockman

Thomas Nichols

4.97 PW Acquisition Co.

Nominees:

Donald Woellner

Thomas Nichols

Paul Brockman

4.98 Regis Agencies Limited

Nominees:

C. Paul Thomas

Alan Turner

Derek Reid

4.99 Revir Limited

Nominees:

Richard J. Harris

Elizabeth DaSilva

Adrian C. Kimberley

David Rocke

4.100 River Thames Insurance Company Limited

Nominees:

Max Lewis

Steven Western

C. Paul Thomas

Alan Turner

Patrick Cogavin

4.101 Rombalds Limited

Nominees:

C. Paul Thomas

Alan Turner

Derek Reid

4.102 Rosemont Reinsurance Ltd.

Nominees:

Paul J. O Shea

Orla Gregory

Richard J. Harris

Adrian C. Kimberley

David Rocke

4.103 Royston Holdings Ltd.

Nominees:

Adrian C. Kimberley

Richard J. Harris

David Rocke

Duncan M. Scott

4.104 Royston Run-off Limited

Nominees:

C. Paul Thomas

Alan Turner

Derek Reid

4.105 Seaton Insurance Company

Nominees:

Joseph Follis

Andrea Giannetta

Paul Brockman

Thomas Nichols

Teresa Reali

Robert Redpath

4.106 SGL No. 1 Limited

Nominees:

Richard J. Harris

Gareth Nokes

Richard Phinn

4.107 SGL No. 3 Limited

Nominees:

Richard J. Harris

Richard Phinn

4.108 SeaBright Insurance Company

Nominees:

Paul Brockman

Thomas Nichols

Michael Sheehan

Robert Redpath

Cindy Traczyk

John A. Dore

Anna Hajek

Richard Seelinger

Ian Millar

4.109 SeaBright Holdings, Inc.

Nominees:

Paul Brockman

Thomas Nichols

Robert Redpath

4.110 Shelbourne Group Limited

Nominees:

Richard J. Harris

Philip Martin

Paul J. O Shea

Nicholas A. Packer

Gareth Nokes

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4.111 Shelbourne Syndicate Services Limited

Nominees:

Norman Bernard

Andrew Elliot

Ewen Gilmour

Richard J. Harris

Philip Martin

Paul J. O Shea

Darren S. Truman

Gareth Nokes

Dominic Sharp

Gary Griffiths

Richard Phinn

4.112 Shelly Bay Holdings Limited

Nominees:

Nicholas A. Packer

Richard J. Harris

Sandra O Sullivan

Nicholas Hall

4.113 Simcoe Holdings Ltd.

Nominees:

Richard J. Harris

Adrian C. Kimberley

David Rocke

Elizabeth DaSilva

4.114 Sun Gulf Holdings, Inc.

Nominees:

Cheryl D. Davis

Paul Brockman

Thomas Nichols

4.115 Sundown Holdings Limited

Nominees:

Adrian C. Kimberley

David Rocke

Richard J. Harris

4.116 Sussex Holdings, Inc.

Nominees:

Thomas Nichols

Robert Redpath

Paul Brockman

4.117 Sussex Insurance Company

Nominees:

Ian Millar

Robert Redpath

Thomas Nichols

Paul Brockman

Richard Seelinger

4.118 Sussex Specialty Insurance Company

Nominees:

Ian Millar

Robert Redpath

Richard Seelinger

Thomas Nichols

4.119 Torus Insurance Holdings Limited

Nominees:

Nicholas A. Packer

Paul J. O Shea

Richard J. Harris

Darran Baird

James Carey

Walker Rainey

Patrick Tiernan

John Shettle

Orla Gregory

Gareth Nokes

Demian Smith

David Message

4.120 Torus Corporate Capital 2 Ltd. (Formely Broadgate Underwriting 2010 Ltd)

Nominees:

Demian Smith

David Message

Theo Wilkes

4.121 Torus Underwriting Ltd. (Formerly Broadgate Underwriting Ltd.)

Nominees:

Demian Smith

David Message

Theo Wilkes

4.122 Torus Corporate Capital Ltd.

Nominees:

Theo Wilkes

4.123 Torus Corporate Capital 4 Ltd.

Nominees:

Theo Wilkes

4.124 Torus Corporate Capital 5 Ltd.

Nominees:

Theo Wilkes

4.125 Torus Insurance (Bermuda) Limited

Nominees:

Richard J. Harris

John Shettle

Nicholas A. Packer

Adrian C. Kimberley

Orla Gregory

Gareth Nokes

Duncan M. Scott

4.126 Torus Bermuda Intermediaries Ltd.

Nominees:

Adrian C. Kimberley

Duncan M. Scott

Elizabeth DaSilva

4.127 Torus Bermuda Services Ltd.

Nominees:

Adrian C. Kimberley

Duncan M. Scott

Elizabeth DaSilva

4.128 Torus Insurance Holdings AG

Nominees:

Richard Etridge

4.129 Torus Insurance (Europe) AG

Nominees:

Donat Marxer

Patrick Tiernan

Michael H.P. Handler

Gareth Nokes

Richard Etridge

Sue Newman

Francesco Dal Piaz

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4.130 Torus Underwriting Management Ltd.

Nominees:

Angela Alecock

Nigel Barton

Demian Smith

David Message

Paul J. O Shea

Ewen Gilmour

John Wardrop

4.131 Torus Insurance Marketing Ltd.

Nominees:

Tim Fillingham

Theo Wilkes

4.132 Torus Business Solutions Private Ltd.

Nominees:

Patrick Tiernan

Paul Carruthers

Gagan Anand

Theo Wilkes

4.133 Torus Finance Ltd.

Nominees:

Patrick Tiernan

David Message

Theo Wilkes

4.134 Torus Insurance (UK) Ltd.

Nominees:

Tim Fillingham

Theo Wilkes

David Message

Demian Smith

Patrick Tiernan

Richard J. Harris

Nigel Barton

John Wardrop

4.135 Torus US Holdings Inc

Nominees:

Kathleen Barker

John Shettle

4.136 Torus Specialty Insurance Company

Nominees:

Kathleen Barker

Thomas Nichols

Robert Redpath

John Shettle

Robert L. Trimble

Paul Brockman

4.137 Torus National Insurance Company

Nominees:

Kathleen Barker

Thomas Nichols

John Shettle

Robert Redpath

Robert L. Trimble

Paul Brockman

4.138 Torus Specialty Insurance Company Escritório de Representação no Brasil Ltda

Nominees:

Oscar Lolato

4.139 Torus US Services

Nominees:

John Shettle

Kathleen Barker

Robert L. Trimble

4.140 Torus Insurance Services Inc.

Nominees:

Kathleen Barker

John Shettle

4.141 Torus US Intermediaries Inc.

Nominees:

Kathleen Barker

John Shettle

4.142 Unionamerica Acquisition Company Limited

Nominees:

C. Paul Thomas

Alan Turner

Derek Reid

4.143 Unionamerica Holdings Limited

Nominees:

C. Paul Thomas

Alan Turner

Derek Reid

4.144 Unionamerica Insurance Company Limited

Nominees:

Jeremy Riley

C. Paul Thomas

Alan Turner

Ann Slade

4.145 Virginia Holdings Ltd.

Nominees:

Richard J. Harris

Adrian C. Kimberley

David Rocke

Subsidiary Director Nominees Biographies

Biographies for Dominic Silvester, Paul O Shea and James Carey are included above in Corporate Governance Board of Directors. Biographies for Richard Harris, Nicholas Packer and Orla Gregory are included above in Executive Officers. Biographies for all other subsidiary director nominees are set forth below.

Angela Alecock is currently Chief Financial Officer of Torus Underwriting Management. She has over 14 years finance experience in the insurance market gained through her positions with the RSA Insurance Group, the Equity Insurance Group and Hiscox Ltd.

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David Allen is a non-executive director of Laguna Life Limited and is currently a member of the Board of Directors of Altus Alpha plc. He was formerly Managing Director of Donnybrook Capital Partners Limited, a position he held from 2005 to 2008. Prior to that, he was, from 1995 to 2004, Managing Director of Bankgesellschaft Berlin (Ireland) plc, a company within the Unicredit Banking Group.

Des Allen has been in the insurance industry for over 40 years and joined the Company in 2003 as Associate Director. In October 2014, he was appointed Director responsible for all third-party coverholder and TPA reviews administered by the Company. Prior to that, he worked for Minet Reinsurance Brokers, including as an Executive Director of Reinsurance Claims. He previously worked in consulting and at a leading Lloyd s syndicate.

David Atkins was appointed Group Head of Claims for Enstar in 2014. He has served as Chief Operating Officer of Enstar (EU) Limited since October 2010. From April 2007 to October 2010, he served as Head of Claims and Commutations and, from 2003 to 2007, he served as Manager of Commutations. Prior to 2003, he served as Manager of Commutation Valuations for Equitas Management Services Limited in London from 2001 to 2003, and Analyst in the Reserving and Commutations Department from 1997 to 2001.

Gagan Anand is Country Manager and Director for Torus India operations. Mr. Anand joined Torus in August 2009 and was instrumental in establishing Torus India office. Prior to Torus, Mr. Anand worked to create back office operations in India for Royal Bank of Scotland and XL India.

Darran Baird is a Principal of Stone Point Capital LLC, a global private equity firm based in Greenwich, Connecticut. Mr. Baird began working with Stone Point in 2004, initially as the Deputy Head of Strategic Development for Marsh & McLennan Companies, Inc. (MMC) and then directly as a Principal of Stone Point. Prior to joining MMC, Mr. Baird was a Managing Director at Securitas Capital, a private equity fund sponsored by Swiss Reinsurance Company (Swiss Re), from 1996 to 2004. At Securitas Capital, he was responsible for numerous private equity investments through the Securitas Capital Fund as well as leading the acquisitions of several reinsurance and financial services companies for Swiss Re. Prior to joining Swiss Re, he was an Associate at Smith Barney in the Insurance Investment Banking Group, where he specialized in the insurance industry and worked on a variety of merger and acquisition advisory and capital-raising assignments.

Nigel Barton is Chairman of Torus Insurance (UK) Limited. He has nearly 40 years of experience in the insurance industry. He was formerly the CEO of Faraday Underwriting Ltd before founding Oxygen Holdings PLC, an insurance intermediary, in 2004 and holding the CEO position. He joined Torus as a Non-Executive Director in 2013.

Kathleen Barker is currently Chief Financial Officer of Torus US. She was Chief Operating Officer of Clarendon National Insurance Company and its subsidiaries from July 2012 to 2014 and had previously been Client Director for a number of run-off clients of Enstar (EU) Limited. Before joining Enstar (EU) Limited in 2009, she served as Finance Director for The Hartford Bermuda companies. She trained as a Chartered Accountant with PricewaterhouseCoopers. She is a fellow of the Institute of Chartered Accountants in England and Wales and an Associate in Reinsurance.

Ian Belcher is currently Managing Director of Cranmore Asia (Pte) Limited. He joined Cranmore (Asia) Limited in 2009 after running his own Asia-based reinsurance consultancy company since 2004. Prior to that, he held positions as Director of GRM, the consultancy arm of CNA Europe, from 2002 to 2004, Chief Internal Auditor of ESG Re, a multinational reinsurer, from 1999 to 2004, and Executive Vice President of Compre Administrators Limited from 1993 to 1999.

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Norman Bernard joined the board of Shelbourne Syndicate Services Limited in April 2009 as a non-executive director. He is currently a director of First Consulting. He is mainly involved in the direction of assignments in financial services, covering market-based strategy, organizational structure and development, management processes, and technology and operations. As a management consultant, he previously worked for Booz Allen Hamilton and McKinsey & Co. He served as Chairman and Chief Executive Officer of Citicorp s Lloyd s Insurance broker, based in London, and also held management positions in Grindlays Merchant Bank and the National Westminster Bank.

Bruce Bollom is a non-executive director for Chubb Insurance Company of Australia Limited and Primacy Underwriting Agency Pty Limited and non-executive chairman for Macquarie Premium Funding Pty Ltd. He was the Chief Executive Officer of Willis Australia Limited until December 2005, and had been with Willis since 1979 holding various roles in finance and management, including a six-year secondment to London.

Paul Brockman is President and Chief Operating Officer of Enstar (US) Inc. From October 2012 to November 2014, he served as Senior Vice President, Head of Commutations for Enstar (US) Inc. Before joining Enstar (US) Inc., he worked as Head of Reinsurance for Resolute Management Services UK Ltd. in its London office from April 2007 to October 2012 and, from April 2001 to April 2007, he worked as Manager of Reinsurance Cash Collection and Debt Litigation within the reinsurance asset division of Equitas Management Services Ltd in London.

Paul Carruthers is currently Managing Director of Torus India operations, having previously served as the Chief Financial Officer at Shelbourne Syndicate Services Limited, a Lloyd s Managing Agency, since 2009. He originally joined Enstar (EU) Limited in early 2009. From April 2007 to December 2008, he was the Finance Director at RiverStone Managing Agency. From 1999 to 2002, he worked for Royal and SunAlliance in a number of personal lines finance roles. He is a member of the Institute of Chartered Accountants in England and Wales.

John Cassin is a non-executive director of Harper Holding SARL and Laguna Life Holdings SARL, and has been an independent consultant and director of various Luxembourg companies since retiring from a career in international banking in 2003. He was previously the Managing Director of the Prudential Bache International Bank, which he established in Luxembourg in 1984. He started his career in banking at the Marine Midland Bank in New York and held various senior management positions at the bank s offices in New York, London and Paris.

Patrick Cogavin has been with Enstar since November 2001 and has over 30 years of industry experience. He is currently a Director of four of Enstar s U.K.-regulated insurance entities. From November 2012 to September 2014, he was Client Manager for six U.K. regulated insurance entities and prior to that was the Financial Controller for a number of our insurance subsidiaries. Before joining Enstar, he worked for Norwich Union and was the Financial and Systems Controller for the Travel and Leisure business unit between 1999 and 2001.

Lothar Crofton has been a Portfolio Manager for Enstar since April 2012. Prior to this, he was a Senior Vice President at Endurance Specialty Holdings Ltd., specializing in the areas of asset allocation and risk management. From 2002 until 2006, he served as a Vice President in the Investment Team at XL Capital. From 1997 to 2002, he served as Manager of the Investment Department of the Bermuda Monetary Authority. For the last six years, he has been a committee member of the Bermuda Public Funds Investment Committee.

Phillip Cooper has been a Director of Cranmore Adjusters Limited since 1999. He served as a Reinsurance Consultant for Peter Blem Adjusters Limited from 1996 to 1999 and from 1990 to 1992, as well as serving as Director of Training during the former period for Peter Blem Management

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Services Limited. From 1992 to 1996, he served as head of the Technical Support Group for Syndicate Underwriting Management, and prior to 1990, he served as Assistant Reinsurance Manager.

Elizabeth DaSilva has been with the Company since 1996 and is currently Vice President, Group Corporate Management of Enstar Limited. From 1993 until 1996, she worked as a reinsurance accountant for Powerscourt Group Ltd.

Francesco dal Piaz is Milan Branch Manager and Head of Management & Professional Liability for Torus. He joined Torus in 2014 from ANV Barcelona, where he was underwriting director for European financial lines. He holds an MBA from Edinburgh University, and has 14 years of financial lines underwriting experience.

Cheryl D. Davis has served as the Chief Financial Officer of Enstar USA, Inc. since January 2007. She was Chief Financial Officer and Secretary of The Enstar Group, Inc. from April 1991 through the Merger in January 2007 and was Vice President of Corporate Taxes of The Enstar Group, Inc. from 1989. She had been employed with The Enstar Group, Inc. since April 1988. Prior to joining The Enstar Group, Inc., she was a Senior Manager with KPMG Peat Marwick.

Ludovic de Belleval is a Deputy General Manager of the Credit Products Division within the Global Markets Group of Shinsei Bank. He has been involved in insurance and alternative investments since he joined the Bank in 2004. He previously worked in the M&A advisory groups of international investment banks in London and Paris, focusing on insurance and banking.

John A. Dore has been in the property and casualty industry since 1974, when he began his underwriting career with Crum & Forster. In 1983, he was one of the founding members of Chicago Underwriting Group, which served as an underwriting manager for Old Republic Insurance Company. From 1987 to 1990, he served as President of Virginia Surety Company, Inc. and Dearborn Insurance Company (two Aon companies). In 1990, he joined a mid-sized public reinsurer, which was taken private by management and eventually sold to a large insurance holding company. From 2000 to 2002, he served as President and CEO of American Country Holdings, Inc. He started Sheridan Ridge Advisers LLC in 2003, and has been employed there since that time. He is a certified ARIAS-US arbitrator, mediator and umpire. He also serves as an expert witness and consultant in insurance and reinsurance matters. He has a BA from Yale University, an MBA from the Kellogg Graduate School of Business at Northwestern University and a Certificate of Mediation from DePaul University College of Law.

Andrew Elliot has served as Underwriter and a Director of Shelbourne Group Limited since October 2007. He was Active Underwriter of Liberty Syndicate 282 between 1994 and 2006 and Managing Underwriter of Liberty Syndicates between 2005 and 2006. He has previously held underwriting roles at Wellington, KPH and Marchant & Eliot Group. During his tenure as a Lloyd s Underwriter, he was a member of various Lloyd s Committees including the governing board of Lloyd s Market Association (LMA), Lloyd s Authorizations Committee and the Joint Excess of Loss Committee. He is a Chartered Insurer.

David Ellis joined Cranmore Adjusters Limited as a Reinsurance Consultant in 2000 and has been a director since 2007. He served as a Reinsurance Consultant for Compre Administrators Limited from 1999 to 2000 and for Ward & Associates Limited from 1993 to 1999.

Richard Etridge is CEO of Torus Insurance (Europe) AG. He joined Glacier Insurance AG in 2004, and was appointed CEO in 2008. He joined Torus following its acquisition of Glacier (now Torus Insurance (Europe) AG) in 2010. Mr. Etridge leads Torus aviation and space product lines, with previous experience at Converium, Faraday, GE Frankona, Aon and JLT.

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Timothy Fillingham is Chief Executive Officer of Torus Insurance (UK) Limited and Torus Insurance Marketing Limited. He joined Torus when it was first incorporated in 2008, having previously been a director at Aon. In addition to his CEO responsibilities for two of the group s U.K.-regulated firms, he has responsibility for all business development, marketing and corporate communications activities in the UK and Continental Europe.

Joseph Follis has more than 26 years of experience in the property & casualty claims arena. Since February 2006, he has served as Senior Vice President of Enstar (US) Inc. Prior to that, and since October 1999, he served as Vice President of Claims for Highlands Insurance Company. From July 1995 through October 1999, he served as Vice President of Environmental Claims for Envision Claims Management. He began his insurance career with Continental Insurance Company, where he worked from May 1982 through July 1995. He held several positions while at Continental Insurance Company, and at the time of his departure was the Assistant Vice President of Environmental Claims.

Andrea Giannetta has served as Vice President of Enstar (US) Inc. since April 2007 and as Senior Vice President since 2012. She also serves as Senior Litigation Counsel and in that role is responsible for the management of the Company s arbitrations and litigations venued in the U.S. She serves as a director and officer of several of our U.S. regulated entities. From 2003 until April 2007, she served as Assistant Vice President for RiverStone Claims Management.

Ewen Gilmour joined Shelbourne Syndicate Services as a non-executive director in October 2009 and was appointed as an executive director and Chief Executive Officer in 2011. He is also a non-executive director of a number of other Lloyd s-based companies, including Antares Underwriting Services, Hampden Agencies, and Xchanging Insurance Services Group. In addition, he serves on the Council of Lloyd s and was Deputy Chairman of Lloyd s from 2006 to 2010. He is a Chartered Accountant and was Chief Executive of Chaucer Holdings plc until his retirement in December 2009. Formerly a corporate financier with Charterhouse Bank, he moved to the Lloyd s market in 1993 to help facilitate the introduction of corporate capital.

James Grajewski has served as Senior Vice-President of Capital Assurance Company and Capital Assurance Services, Inc. since August 2008. He has served as Executive Vice President of Enstar (US) Inc. since January 2007. He also served as Executive Vice President of International Solutions, LLC in Florida from April 2000 to December 2006. From January 1992 until March 2000, he served as Reinsurance Manager for Royal Sun Alliance Insurance Company in North Carolina.

Adam Grange has been with the Company since 2007 and is currently a Director of Cranmore (UK) Limited. From April 2007 to September 2014, he held the position of Associate Director also at Cranmore. From April 2000 to March 2007, he worked as Audit Manager at Global Resource Managers, a business unit of the CNA Insurance Group. From 1997 to 2000, he worked at Bridgeway Management Ltd, from 1994 to 1997 at Lloyd s Claims Office and from 1993 to 1994 at Roy T. Ward Consultants Ltd. He has a BSc (Hons) and is an Associate of the Chartered Insurance Institute.

Lee Greenway is the President of Atrium Risk Management Services (Washington) Ltd. and Atrium Risk Management Services (British Columbia) Ltd., a role he has undertaken since January 2010. He was previously the North American Property and Casualty binding authority underwriter for Atrium Syndicate 570. Prior to joining Atrium in 1998, Lee was responsible for worldwide binding authorities for Ace Lloyd s Syndicate 47.

Gary Griffiths is currently an independent non-executive director of Shelbourne Syndicate Services and has been since December 2013. From December 1994 to August 2012, he worked for Whittington Capital Management (now Asta Managing Agency Ltd) holding various roles including

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Managing Director, Chief Operating Officer and Claims Director. He is Deputy Chairman of the Lloyd s Market Association (LMA) Academy Committee.

David Grisley serves as Group Chief Information Officer, and has been with Enstar since 1996. From 1993 until 1996, he served as IT Manager for Powerscourt Group Limited in Bermuda. Prior to 1993, he was the IT Manager for Anchor Underwriting Managers in Bermuda from 1988 and a senior IT consultant for the Bermuda office of Coopers & Lybrand from 1984 to 1987.

David Hackett has been the Financial Director of Enstar (EU) Limited since 1996. He also served as Vice President of Enstar Limited from 1993 to 1996. From 1991 until 1993, he served as Vice President for Anchor Underwriting Managers Limited in Bermuda. He was Senior Vice President for International Risk Management Limited in Bermuda from 1979 to 1991.

Anna Hajek is an external director for SeaBright Insurance Company and the Clarendon Companies. She is a co-founder and the President and CEO of Clarity Group, Inc., which was formed in 2002. Prior to the Clarity Group, Ms. Hajek was the President of the Healthcare Risk Services Group and EVP of MMI Companies, Inc. Prior to joining MMI, Ms. Hajek worked in hospital and academic settings. She is a certified Medical Technologist and holds a Masters Degree in Health Professions Education from the University of Illinois College of Medicine at Chicago and a Certificate in E-Business from Lewis University, Graduate School of Management.

Nicholas Hall was appointed a director of Enstar Australia Limited effective February 2009. In addition to his role as a Director, he has served as Direct Claims and Ceded Reinsurance Manager of Enstar Australia Limited since his appointment in March 2008. He served as Senior Auditor of Cranmore Adjusters Limited from March 2003 to March 2008 in London and Sydney. From March 1997 until March 2003, he served in various roles for Gordian Run-off Limited and Cobalt Solutions Services Ltd. in London and Sydney.

Michael H.P. Handler is a non-executive director of Harper Insurance Limited and is the Chairman and Managing Director of Guy Carpenter Continental Europe and a member of the Guy Carpenter International Management Board. He has been on the Board of Directors of Russian Reinsurance Company since 1997 and has served as its Non-Executive Chairman since 2003. He began his career with Guy Carpenter in 1974, working in New York and briefly in Copenhagen until his transfer to Zurich in 1996.

Peter Hargrave joined the Atrium Group as Head of Human Resources in 2006. He is currently HR Director and a Director of Atrium s overseas companies. Prior to joining AUGL he ran an HR consulting practice and before that held various senior HR positions in the Financial Services sector.

Richard Harries was appointed Active Underwriter of Syndicate 609 in January 2008 having worked at the Syndicate for ten years primarily on the energy account. Prior to joining AUL, Richard was a broker at Willis, becoming an Executive Director of the Oil and Gas Department. Richard was appointed a Director of AUGL and AUL in January 2008.

Kieran J. Hayes has served as Director and Chief Executive Officer of Laguna Life Limited since March 2011. Prior to that, from June 2004 to March 2011, he held a number of senior management roles with Citigroup, most recently as Managing Director of Citigroup s life insurance business. From January 1998 to December 2002, he worked at Old Republic Insurance in Chicago, Illinois as senior Vice President of Operations, and prior to that was with Great West Life Insurance Company, also in Chicago.

Shaun Holden has been a Director of Enstar (EU) Limited since August 2012. He has served as Financial Controller of Enstar (EU) Limited since 2004. From 1995 until 2004, he served as an Audit Manager for Menzies Chartered Accountants.

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Andreas K. Iselin joined the board of Harper Insurance Limited in November 2009. Since 2008, he has worked as an independent management consultant providing services to the insurance industry. From 1998 to 2007, he was the Chief Reinsurance Executive of the Helvetia Insurance Group in St. Gallen, Switzerland. Before that, he held senior positions with both Winterthur Insurance Group and Swiss Re Group.

Adrian C. Kimberley has been with the Company since 2000 and is currently its Chief Accounting Officer. From 1995 until 1999, he served as Senior Account Manager for Powerscourt Management Limited in Bermuda. He was the Controller for Techware Systems Corporation in Vancouver, B.C., Canada from 1992 to 1995 and a senior auditor in the Vancouver office of KPMG Peat Marwick from 1986 to 1992.

Max Lewis is currently an independent consultant who has been a non-executive director of River Thames Insurance Company since 2002 and Brampton Insurance Company since 2006. He is also a non-executive director of Motors Insurance Company U.K. He worked in various senior executive positions at Marsh & McLennan Companies (formerly Sedgwick Group) from 1979 to 2001 and in December 2006 retired as chairman of the Medisure Group of Companies.

William Latza is a partner in the law firm of Stroock & Stroock & Lavan LLP in New York City. Mr. Latza is engaged in insurance and reinsurance law, principally in the areas of corporate transactions, holding company and financial condition regulation, insurance-related acquisitions and financings, alternative and capital markets risk transfer, discontinued operations and reinsurance transactions. Mr. Latza received his law degree from Georgetown University Law Center. He is a member of the board of directors of Pavonia Life Insurance Company of New York and also serves on the audit committee of its board.

James Lee is the Chief Operating Officer for AUGL and AUL, having been with Atrium since April 2001. He was previously the Compliance Director and serves on the Lloyd s Managing Agents (LMA) Regulatory Committee (Chairman for two years) and the LMA Solvency ll Committee, leading the governance work-stream.

Oscar Lolato joined Torus in 2010 as representative of TSIC and Director/President of the subsidiary in Brazil responsible for the local aspects of the admitted reinsurance operation. He has also participated in other relevant Torus projects. Oscar has 23 years experience in insurance, formerly with XL insurance as CFO Latin America responsible for Brazil, Mexico and Argentina, Director of Controls at Itau-XL, and Director/Officer at Winterthur International and Zurich Insurance. Oscar holds a Master degree in Economics and a Postgraduate degree in Strategic Intelligence.

Michael Lynagh joined the board of Enstar (EU) Limited in March 2012. Since 1998, he has held various senior positions in investment companies based in the United Kingdom. During this time, he has also gained extensive media experience including being employed by BSKYB as a rugby commentator since 1998. He played international rugby for Australia from 1983 to 1995, holding the position of captain from 1992 to 1995, and was part of the Australia Rugby World Cup winning team in 1991.

Scott Maries has served as Executive Vice President of Enstar Limited since September 2014. Prior to joining Enstar, Mr. Maries served as a Managing Director within the investment banking team at JP Morgan, specializing in the (re)insurance industry. Prior to JP Morgan, Mr. Maries worked as a Managing Director at Aon Benfield Securities, a corporate finance boutique focused on the (re)insurance market.

Philip Martin is the Chief Operating Officer of Shelbourne Syndicate Services Limited, having assumed this position in August 2009. He has served as a Director of Shelbourne Group Limited since

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2008. He served as an Executive Director of Goldman Sachs International from 2007 to 2008 in London. From 1996 until 2007, he served as Managing Director for Guy Carpenter & Co. Ltd. in London.

Donat Marxer is a Non-Executive Director of Torus Insurance (Europe) AG. Donat was appointed Non-Executive Director and member of the board of Glacier Insurance AG in October 2006. With Torus 2010 acquisition of Glacier (now Torus Insurance (Europe) AG), he became non-executive director and a member of the board. He is a Liechtenstein citizen and holds several other local non-executive directorships while running his own consultancy business. He also acts as Honorary Consul for Slovenia in Liechtenstein.

Ruth McDiarmid has been with the Company since 2004 and is currently a Client Manager within the Company s U.K. Finance team. Previously, she served on the finance team as a Financial Controller. From September 2001 to August 2004, she was on a Graduate Trainee Scheme at Allianz Cornhill Insurance. She is an associate of the Chartered Institute of Management Accountants.

Kenny McManus has been with the Company since 2000 and is currently Head of Ceded Reinsurance (UK and Europe), with full responsibility for all aspects of the ceded technical and debt collection operations. He has 25 years reinsurance claims experience, including service in a number of senior roles within Equitas and its predecessor agencies, where he was employed prior to joining Enstar.

Goh Mei Xuan Michelle has been a Relationship Manager of Rikvin Pte Ltd. since August 2010. She currently holds directorship positions in several companies in Singapore. She worked previously for Drew & Napier LLC as a Secretary.

Brendan Merriman joined Atrium in July 2014 as its Group Chief Financial Officer having acted as Interim CFO since December 2012. Mr. Merriman sits on the Boards of all Atrium group companies. Previously, Mr. Merriman served as CFO of the European operations of HCC Insurance Holdings (International) Ltd. from 2000 to 2012.

David Message has been with Torus since 2009 and is currently Chief Underwriting Officer of Torus International business and Global Head of Property and Energy. He has over 25 years of experience in the specialty insurance market, beginning his career in the late 1980s at Willis. He later moved into the offshore energy field with Hiscox. Prior to Torus, he was Global Head of Offshore Energy and Regional Head of Marine at XL Group, which he joined in 2000.

Ian Millar has been with the Company since 2004 and is currently Client Director in the U.S. From 2004 to 2013, he held Client Manager and Client Director positions for various companies within our UK Group. From 2002 to 2004, he worked within the insurance division of Deloitte & Touche s Bermuda office. He is a member of the Chartered Professional Accountants Canada.

Jeanne Mitchell has been with the Company since 2013 and is currently Vice President and Director of Financial Reporting of Enstar subsidiary Pavonia Holding (US), Inc. and its affiliates. From September 2005 to March 2013, she held the same position with HSBC (before our acquisition of Pavonia). From July 2003 to August 2005, she held the position of Manager Financial Reporting with HSBC, which acquired Household International in 2003. From June 1994 to June 2003, she held the position of Supervisor-Financial Reporting with Household International, which acquired Beneficial Management in 1998. Since 1980, she worked in various financial capacities for Beneficial Management including Accounting, Financial Planning and Financial Reporting.

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Jennifer Miu has been with the Company since 2011 and is currently the VP Client Manager of the Clarendon companies. Following Enstar s acquisition of Clarendon, she served as accounting controller until 2014 before being made Client Manager. From 2008 to 2011 she was accounting controller for Clarendon s property and casualty insurance books and from 2006 to 2008 she was an accounting manager. Ms. Miu joined Clarendon s workers compensation accounting team in 2003 after obtaining her undergraduate degree from the Leonard N. Stern School of Business at New York University.

John Moran has been with the Company since 2013 and is currently CFO of Enstar Subsidiary Pavonia Holdings Inc. and its affiliates. From July 2006 to March 2013, he held the position of Senior Vice President with HSBC (before our acquisition of Pavonia). From October 1998 to July 2006, he held the position of Controller with a medium-sized privately held healthcare company and from May 1992 to October 1998 he held various finance positions with a publicly traded healthcare company. He is a certified public accountant and a member of the American Institute of Certified Public Accountants and the New Jersey Society of Certified Public Accountants.

Sue Newman is Chief Finance Officer, Torus Insurance (Europe) AG. Sue joined Torus in 2009, assuming the role of CFO Torus Insurance (Europe) AG shortly after the acquisition of this company in 2010. Sue has over 25 years experience in insurance financial operations, having previously worked at XL Group PLC in Bermuda for over 10 years, including as a member of its Executive Management Group.

Alastair Nicoll is a non-executive director of Laguna Life Limited. He is currently the Chief Operating Officer of Aon Global Risk Consulting in Ireland, a position he has held since 2005. From 1996 to 2005, he held risk consulting roles with Aon in the United Kingdom, working mainly with European clients. Prior to that, he worked in captive management with Aon Bermuda from 1986 to 1995. He is responsible for the risk consulting business in Ireland and currently serves on several client boards.

Thomas Nichols has been Chief Financial Officer of Enstar Holdings (US) Inc. and its subsidiaries since July 2012. He had previously been Client Director for a number of run-off clients of Enstar (EU) Limited. Before joining Enstar (EU) Limited in 2003, he served as a manager in the insurance division of PricewaterhouseCoopers from 1999 to 2003. He is a member of the Institute of Chartered Accountants for England and Wales.

Gareth Nokes has been with the Company since 2006 and is currently Senior Vice President Finance. From January 2006 to July 2012, he held the position of Chief Financial Officer for our UK Group. From March 2005 to January 2006, he worked as Group Manager within the Integrated Business Solutions team of Deloitte & Touche s Cambridge, UK office. From 2001 to 2005, he worked within the insurance division of Deloitte & Touche s Bermuda office. He is a fellow of the Association of Certified Chartered Accountants.

Steven Norrington is based in the U.S. and is the Chief Executive Officer of the Cranmore Group of Companies and the President of Cranmore (US) Inc. Prior to this promotion, he was the Managing Director of Cranmore Adjusters Limited from 1999 to December 2009. From 1993 to 1999, he served as a Reinsurance Consultant and Director of Peter Blem Adjusters Limited. From 1991 to 1993, he served as a Reinsurance Auditor for Insurance & Reinsurance Services Ltd., formerly the audit team of Walton Insurance Ltd. for whom he served from 1990. Prior to 1990, he worked for the Liquidator of Mentor Insurance Ltd. from 1988 to 1990 and for Alexander Howden Group in various roles from 1983 to 1988.

Daniel R. O Brien joined Beneficial Corporation in 1984 as assistant vice president of internal audit of the Beneficial Insurance Group, and ascended to the position of chief executive officer. In

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1998, Beneficial merged with Household International Inc. At that time, Mr. O Brien was named managing director and CEO of Household s insurance group and assumed responsibility for the combined insurance operations of the merged companies. He served in that capacity until his retirement from Household in 2002. Mr. O Brien currently serves as a member of the Board of Pavonia Life Insurance Company of New York, and is chairman of its audit committee.

Kevin O Connor has been the General Manager of Inter-Ocean Reinsurance (Ireland) Ltd. since April 2006. He has been a Senior Partner in O Connor, Crossan & Co., a chartered certified accountancy practice in Ireland, since 2005. He worked previously as a sole practitioner from 1995 to 2004. In 1994, he worked as Assistant Financial Controller at Belvedere Insurance Company Ltd. in Bermuda. From 1978 to 1993, he worked in practice for a number of audit and accountancy firms in Ireland.

Francis Ortiz is a non-executive director of Pavonia Life Insurance Company of Michigan and has been a Michigan attorney since 1980 following his graduation from Harvard Law School. He has been a partner and member in the Detroit-based law firm Dickinson Wright PLLC for more than 30 years, with a concentration in the insurance industry.

Sandra O Sullivan is the Chief Executive Officer of Enstar Australia Limited. She has also served as its Chief Financial Officer since March 2008. Between 2001 and March 2008, she was employed by AMP Limited in the capacity of Manager of Statutory and Management Reporting, Finance Executive and Finance Manager. Prior to her employment with AMP Limited, she was employed by GIO Australia Ltd. in several finance roles in insurance and investment services.

Richard Phinn has been with the company since 2012 and is currently the Chief Financial Officer for Shelbourne Syndicate Services Limited. With 12 years of industry experience, he previously held the position of Vice President for Beecher Carlson from 2009 to 2011 and before that he was Vice President for Swiss Reinsurance Company from 2006 to 2009. He trained as a Chartered Accountant with Allotts Accountants and is a fellow of the Institute of Chartered Accountants in England and Wales and a Chartered Financial Analyst.

Gary Potts is a non-executive director of several of the Company s Australian subsidiaries and was appointed as a part-time Commissioner (Australia) for three years in April 2006. Prior to his appointment, he had been an Associate Commissioner since 2002. Prior to 2002, he was an Executive Director and Deputy Secretary in the Australian Department of the Treasury for ten years, with responsibility for domestic economic forecasting, monetary and fiscal policy issues and policy development as it related to the financial sector, corporations law, the Trade Practices Act and foreign investment. In earlier years he held senior positions in the areas of tax policy and international economic policy. He was the Treasury s representative in Tokyo from 1984 to 1987.

Walker Rainey is a Non-Executive Director of Torus Insurance Holdings Limited. Mr. Rainey has over 30 years of experience in the insurance industry, including eight years as Managing Director of Alterra Capital Europe Ltd, and eleven years as CFO of XL Europe Limited.

Teresa Reali has worked for Enstar (US) Inc. since March 2006. She serves as a Vice President Client Manager since April 2013. From August 2012 to March 2013, she held the position of Assistant Vice President Client Manager and from March 2006 to July 2012 she held the position of Senior Accountant. From July 2005 to March 2006, she was a Senior Accountant with FirstComp Insurance Company in Rhode Island. From 1995 to 2005, she worked for Providence Washington Insurance Company in Rhode Island.

Robert Redpath is currently a Senior Vice President of Enstar (US) Inc. Prior to joining Enstar in 2011, he served as the General Counsel of Clarendon National Insurance Company and subsidiaries from April 2006. From January 2002 until April 2006, he was Vice President in charge of litigation at Clarendon. From 1996 until 2002, he worked for Hannover Re in Hannover, Germany in the legal and claims departments. Prior to that, he worked for four years at the London law firm of Lawrence Graham specializing in insurance litigation. He has an LLB from University College, London, an LLM from the University of Mainz, Germany and a Diploma in Business Studies from the London School of Economics. He is licensed as an attorney (solicitor) both in England and in the State of New York.

Derek Reid has been the Legal Director of Enstar (EU) Limited since January 2004. Previously, he was a partner in the insurance/reinsurance group at Clyde & Co in England handling a mixture of contentious and non-contentious insurance/reinsurance run-off work. He qualified as a solicitor in 1991 and joined Clyde & Co in 1994.

Jeremy Riley is an independent non-executive director of Knapton Insurance Limited and Unionamerica Insurance Company Limited, having been appointed in May 2010. He has held a number of roles in the global Insurance markets, working at a strategic and senior executive level. Most recently, he was the Regional CEO of a multinational insurance company and has worked as an advisor to a number of private equity firms.

David Rocke is currently a director and Executive Vice President of Enstar Limited. From 2002 to 2006, he served as a director of Enstar (EU) Limited and of the Company s U.K. insurance subsidiaries and has been a senior officer with the Company since 1996. Immediately prior to joining the Company in 1996, he held the position of Insolvency Manager at Deloitte & Touche in Bermuda, having previously been a senior auditor with that firm.

Duncan M. Scott has been a Vice President of Run-Off and Insolvency Operations of the Company since 2001. From 1995 until 2000, he served as Controller & General Manager of Stockholm Re (Bermuda) Ltd. From 1993 to 1994, he served as AVP Reinsurance of Stockholm Re (Bermuda) Ltd. He was a senior auditor in the Bermuda office of Ernst & Young from 1990 to 1992 and in the Newcastle, U.K. office of KPMG from 1986 to 1989.

Richard Seelinger has served as Senior Vice President and US Head of Claims since 2013 and as Senior Vice President of SeaBright Insurance Company since October 2003. Mr. Seelinger previously served as Chief Executive Officer of Paladin Managed Care Services, a wholly owned subsidiary of SeaBright Insurance Holdings, from 2007 to 2010. He had previously been Senior Vice President of Eagle Insurance Company from 2000 to 2003 and Worker s Compensation Claim Officer of Kemper Insurance Company from 1994 to 1999. Prior to 1999, he held a variety of management positions at Kemper Insurance Company, including Director of Corporate Planning and Research.

Dominic Sharp has been with Shelbourne Syndicate Services Limited since August 2011 and is currently its UK Chief Actuary. From July 2007 to July 2011, he worked as Chief Actuary of Centrally Managed Businesses UK within Zurich Financial Services. From 1996 to 2007, he worked within the Actuarial & Insurance Management Solutions department of PricewaterhouseCoopers. He is a fellow of the Institute & Faculty of Actuaries in the UK.

Michael Sheehan joined Clarendon Insurance Group in September 2002 as a Vice President of program business. Since 2006, he has been a Senior Vice President of program business at Clarendon. From 2000 to 2002, he worked for Realm National Insurance Company as a Senior Vice President. From 1994 to 2000, he worked as Claims Manager for an underwriting agency in Bermuda, and from 1988 to 1994, he worked for various syndicates at Lloyd s in the claims and reinsurance areas.

John Shettle is an Operating Partner of Stone Point Capital. He also serves as the interim CEO and President of the U.S. operations of Torus Insurance Holdings Limited and is a director of AUGL.

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Mr. Shettle has more than thirty years of experience in the global insurance industry. Prior to joining Stone Point, he was the President and CEO of the Victor O. Schinnerer Company, where he was responsible for running Victor O. Schinnerer & Company, Inc. and ENCON Group Inc. Mr. Shettle holds a B.A. from Washington and Lee University and an Executive M.B.A from The Sellinger School of Business and Management at Loyola College in Maryland.

Jason Shortt has been with the Company since April 2014 and is currently Managing Director, Cranmore Insurance & Reinsurance Services (Europe) Ltd. Jason has in excess of 24 years insurance industry experience. From 2006 to 2014, he held the position of Reinsurance & Aviation Insurance Claims Manager at Markel International (formerly Alterra) and from 2001 to 2006, he held various claims management positions with QBE in London and Dublin. Prior to that, Jason held various claims positions in London and Dublin. He is a Chartered Insurance Practitioner and an Associate of the Chartered Insurance Institute.

Jann Skinner has served as a director of Gordian Runoff Limited, TGI Australia Limited, Church Bay Limited and Enstar Australia Holdings Pty Limited since November 2008. She also served as a Partner of PricewaterhouseCoopers from July 1987 until June 2004 in Sydney. From 1975 to 1987, she worked in the audit division of PricewaterhouseCoopers (formerly Coopers & Lybrand) in both its Sydney and London offices.

Ann Slade has been with the Company since 2007 and is currently Enstar (EU) Head of Finance. Prior to this, she held the position of Client Manager for Unionamerica Insurance Company Limited. Before joining Enstar (EU) Ltd, she was Senior Finance Manager at Scottish Re (from 2004 to 2006) and Insurance Group Controller at GE Life (from 2000 to 2004). She trained as a Chartered Accountant with PricewaterhouseCoopers and is a fellow of the Institute of Chartered Accountants in England and Wales.

Demian Smith is currently Chief Executive Officer of Torus International Operations. He joined Torus as Global Head of Marine in 2010 from the Navigators Group-owned Lloyd s Specialist Marine Syndicate 1221, where he was responsible for Marine and Energy Liabilities. In 2014, he was appointed Chief Executive Officer of Torus International operations, which includes Torus Lloyd s, London market and Continental Europe operations. An Associate of the Chartered Insurance Institute, Mr. Smith holds an MBA from Edinburgh University Management School and a B. Eng. (Hons) in Naval Architecture from the University of Strathclyde, Glasgow. He began his career at Miller in 1995. Demian also serves as Chairman of Torus Group Underwriting Committee.

C. Paul Thomas has been with the Company since 2001 and is currently the Chief Financial Officer of our UK Group. From 2001 to 2012, he held the position of client director for a number of run-off clients of Enstar (EU) Limited and was appointed a director of Enstar (EU) Limited in 2006. Prior to joining the Company, he was the Finance Director of Wasa International UK, a London Market insurance company for several years, having previously held senior financial positions within Friends Provident Group, NM Financial Management and Schroder Life. He is a fellow of the Chartered Association of Certified Accountants.

Roger Thompson joined Enstar Limited in July 2009 as Chief Investment Officer. From 2002 to 2008, he served as Senior Vice President, Treasurer and Chief Investment Officer of AXIS Capital Holdings Limited. He worked for various Zurich Financial Services subsidiaries in Bermuda from 1994 to 2002 where he ultimately served as President, Chief Financial and Administrative Officer of Zurich Investment Services Limited. He is a Chartered Accountant and Chartered Financial Analyst.

Patrick Tiernan is Chief Operating Officer of Torus Insurance Holdings Limited. Mr. Tiernan has over 16 years of experience in the insurance business, with the past 10 years spent at Zurich Insurance Group where he most recently served as CEO of Zurich s Centrally Managed Businesses.

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Philip Toohey is a director of Pavonia Life Insurance Company of New York and was Senior Executive Vice President, General Counsel and Secretary of HSBC USA Inc. and HSBC Bank USA from 1990 to May 2004. He joined HSBC in 1984 as Assistant General Counsel. From 1970 to 1984 he was a Partner in the Phillips Lytle law firm. From 1968 to 1970, he clerked for the Honorable Louis M. Greenblott, Appellate Division, Third Department, Albany, New York. Mr. Toohey is a member of the Erie County New York State and American Bar Associations. He is a director of the Better Business Bureau of Upstate New York and has served three terms as Chairman of that organization.

Cindy Traczyk has been with Torus US since 2010 and is currently the Group Head of Pricing. Previously, she held the position of SVP and Actuary, Pricing for Torus US. From August 1995 to August 2010, she worked as an insurance professional at CNA in Chicago, IL in a variety of actuarial, underwriting, and accounting roles. Her final position with CNA was SVP and Actuary, Commercial Actuarial from 2008 to 2010. She is a fellow of the Casualty Actuarial Association.

Cormac Treanor has served as Executive Vice President and Group Head of Life since December 2014. Prior to joining Enstar, he had served as Head of Longevity Solutions for Wilton Re since 2009. He previously founded and served as Chief Executive Officer of Odyssey Financial Partners Limited, an Irish based asset manager focused on the U.S. secondary life insurance market. He has also served as a Director in the Capital Markets division of Allied Irish Banks plc and as Head of the Insurance Solutions Group.

Robert L. Trimble is executive Vice President of Torus. He joined Torus in 2009 to lead its casualty group and has almost 30 years of experience in insurance, having held several senior management positions with Chubb, St. Paul and Travelers, overseeing an array of products for both the US domestic market and internationally. Additionally, he co-founded Statehouse Casualty Managers, an MGA specializing in small commercial liability business. He holds a BA in Economics from the University of Virginia.

Darren S. Truman has served as Claims and Reinsurance Director of Shelbourne Syndicate Services since September 2009, and has been a Senior Technical Manager of the Company since April 2004. He also served as a Technical Manager for Gerling Global General and Re in London from July 2003 to March 2004. From September 1994 to June 2003, he held a number of positions within RiverStone Management in London, the last four years as a Workout Specialist. From September 1987 to September 1994, He held a number of positions within Thurgood Farmer and Hackett in London, the last two years as Section Head for LMX Broking.

Alan Turner has served as Chief Executive Officer of Enstar (EU) Limited since April 2006 and is a director of a number of the Company s U.K. subsidiaries. Prior to this, he was responsible for the general management of several of the Company s U.K. reinsurance company subsidiaries. From 1989 to 2000, he was employed by Deloitte & Touche in the U.K. and then Bermuda, specializing in audit and insolvency work. He obtained a U.K. Chartered Accountant designation in 1992 and also has a BA (Hons) Business Studies degree qualification.

Kristan Van Der Meer has been with the Company since April 2013 and is currently Vice President of Operations of Enstar Subsidiary Pavonia Holdings (US), Inc. and its affiliates. Prior to the Company s acquisition, Kristan held the position of AVP, Senior Manager Marketing Project Management at HSBC Insurance Services from March 2008 through March 2013. Prior to that, from 1995 to 2008, she worked for various business units of Beneficial Finance, Household International, and HSBC in Corporate Training, Human Resources, Quality Assurance, and Partner Relationship Management. She is a member of the National Alliance of Life Companies.

Dr. Florian von Meiss is a non-executive director of Harper Insurance Limited. He opened a law firm in 1980 under the name of Thurnherr von Meiss and Partners in Zurich. He continues to practice

primarily in corporate matters and concentrates on the consumer industry. He holds law degrees from both the University of Zurich and the Columbia School of Law.

Brian J. Walker joined Enstar (EU) Limited in 2003 and is currently client director for a number of run-off clients of Enstar (EU) Limited. From 2000 until 2003, he served as Group Finance Director of British-American (UK) Ltd. Prior to 2000, he was a Senior Audit Manager with Ernst & Young, Bermuda.

John Wardrop is non-executive director of Torus Insurance (UK) Limited and Torus Underwriting Management Limited. He retired as a Partner from KPMG LLP s insolvency practice in 2013 after a career of almost 30 years with the professional services firm. His management responsibilities as a Partner included membership on the U.K. Risk Management Panel, recruitment and mentoring of professional staff, managing team s financial performance and assessing candidates for admission to the Partnership.

Stefan Wehrenberg is a non-executive director of Harper Insurance Limited and a partner of BLUM Attorneys at Law since January 2005. He was previously a senior associate with two Zurich law firms. He continues to practice primarily in administrative law and international criminal law. He holds a law degree from the University of Zurich.

Steven Western joined Enstar (EU) Limited in 2007 and is currently client director for a number of run-off clients of Enstar (EU) Limited. Between 1995 and 2007, he held various positions within the Company including Chief Operating Officer of Castlewood Risk Management Ltd, from 1995 to 2003, and Director of Finance and Administration of Kinsale Brokers Limited between 2004 and 2007. Prior to 1995, he was Vice President of International Risk Management (Bermuda) Limited. He is a member of the Institute of Chartered Accountants in England & Wales.

Theo Wilkes is Chief Financial Officer of Torus International having previously served as Head of UK Finance of Enstar (EU) Limited. From 2004 to 2010, he worked at Catalina Services UK (formerly Alea Services UK) as Group Financial Controller and from 1998 to 2004, he was employed by Littlejohn Frazer specializing in financial services audit and related work. He is an Associate of the Institute of Chartered Accountants in England and Wales and also has a BA (Hons) English and an MA in Management Systems from the University of Hull.

Donald Woellner has served as Senior Vice President of Enstar (US) Inc. since August 2010. He is located in the East Providence, Rhode Island office. He also serves as Senior Vice President & Chief Financial Officer of several insurance companies we acquired in 2010. Prior to joining Enstar (US) Inc., he served as Senior Vice President and Treasurer of the Providence Washington Insurance Companies from 2005 to 2010.

Yoshinori Yokoo holds the position of General Manager in Financial Institutions Business Sub-Group with Shinsei Bank. He has been with Shinsei Bank since 2005.

Richard Zebleckas has been with the Company since April 2013 and currently holds the position of Vice President, Actuary. Since 2014, he has served in the capacity of Appointed Actuary for each life entity within Enstar s life holding company, Pavonia Holding (US), Inc. From 2008 to 2013, he worked within the insurance division at HSBC. He is a fellow of the Society of Actuaries as well as a member of the Academy of Actuaries.

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OTHER GOVERNANCE MATTERS

Shareholder Proposals for the 2016 Annual General Meeting

Shareholder proposals intended for inclusion in the proxy statement for the 2016 annual general meeting of shareholders pursuant to Rule 14a-8 under the Exchange Act should be sent to our Corporate Secretary at Enstar Group Limited, P.O. Box HM 2267, Windsor Place, 3rd Floor, 22 Queen Street, Hamilton, HM JX, Bermuda and must be received by November 27, 2015 and otherwise comply with the requirements of Rule 14a-8 in order to be considered for inclusion in the 2016 proxy materials. If the date of next year s annual general meeting is moved more than 30 days before or after the anniversary date of this year s annual general meeting, the deadline for inclusion of proposals in our proxy materials is instead a reasonable time before we begin to print and mail our proxy materials. If the November 27, 2015 deadline is missed, a shareholder proposal may still be submitted for consideration at the 2016 annual general meeting of shareholders if it is received no later than February 10, 2016, although it will not be included in the proxy statement. If a shareholder s proposal is not timely received, then the proxies designated by our Board for the 2016 annual general meeting of shareholders may vote in their discretion on any such proposal the ordinary shares for which they have been appointed proxies without mention of such matter in the proxy materials for such meeting.

Householding

Some banks, brokers and other nominee record holders may be participating in the practice of householding proxy statements and annual reports. This means that only one copy of the Notice and, if applicable, the proxy materials may have been sent to multiple shareholders in your household. We will promptly deliver a separate copy of the Notice and, if applicable, the proxy materials to you if you request them by calling or writing to Investor Relations at Enstar Group Limited, P.O. Box HM 2267, Windsor Place, 3rd Floor, 22 Queen Street, Hamilton, HM JX, Bermuda (Telephone: (441) 292-3645). If you want to receive separate copies of the Notice and, if applicable, the proxy materials in the future, or if you are receiving multiple copies and would like to receive only one copy for your household, you should contact your bank, broker or other nominee record holder, or you may contact the Company at the above address or phone number.

Other Matters

We know of no specific matter to be brought before the meeting that is not referred to in this proxy statement. If any other matter properly comes before the meeting, including any shareholder proposal properly made, the proxy holders will vote the proxies in accordance with their best judgment on such matter.

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ENSTAR GROUP LIMITED

P.O. BOX HM 2267

WINDSOR PLACE, 3RD FLOOR

22 QUEEN STREET, HAMILTON HM JX BERMUDA

VOTE BY INTERNET - www.proxyvote.com
Use the Internet to transmit your voting instructions and for electronic delivery of information up until 11:59 P.M. Eastern Time the day before the cut-off date or meeting date. Have your proxy card in hand when you access the web site and follow the instructions to obtain your records and to create an electronic voting instruction form.

ELECTRONIC DELIVERY OF FUTURE PROXY MATERIALS

If you would like to reduce the costs incurred by our company in mailing proxy materials, you can consent to receiving all future proxy statements, proxy cards and annual reports electronically via e-mail or the Internet. To sign up for electronic delivery, please follow the instructions above to vote using the Internet and, when prompted, indicate that you agree to receive or access proxy materials electronically in future years.

VOTE BY PHONE - 1-800-690-6903

Use any touch-tone telephone to transmit your voting instructions up until 11:59 P.M. Eastern Time the day before the cut-off date or meeting date. Have your proxy card in hand when you call and then follow the instructions. If you plan to vote for subsidiary directors on an individual basis under Proposal No. 4, you can do so only via Internet or mail by following the instructions on this proxy card.

VOTE BY MAIL

Mark, sign and date your proxy card and return it in the postage-paid envelope we have provided or return it to Vote Processing, c/o Broadridge, 51 Mercedes Way, Edgewood, NY 11717. If you vote for subsidiary directors on an individual basis under Proposal No. 4, you must include the proxy card in the return envelope with the director booklet.

TO VOTE, MARK BLOCKS BELOW IN BLUE OR BLACK INK AS FOLLOWS:

M88815-P61539 KEEP THIS PORTION FOR YOUR RECORDS

DETACH AND RETURN THIS PORTION ONLY

THIS PROXY CARD IS VALID ONLY WHEN SIGNED AND DATED.

ENSTAR GROUP LIMITED

The Board of Directors recommends you vote FOR the nominees for directors:

1. Election of Directors:	**For**	**Against**	**Abstain**
Dominic F. Silvester			
Kenneth W. Moore			

The Board of Directors recommends you vote FOR Proposals No. 2 and 3.	**For**	**Against**	**Abstain**
2. Advisory vote to approve executive compensation.			
3. To ratify the appointment of KPMG Audit Limited as our independent registered public accounting firm for 2015 and to authorize the Board of Directors, acting			

through the Audit Committee, to approve the fees for the independent registered public accounting firm.

The Board of Directors recommends you vote FOR each of the subsidiary director nominees listed in Proposal No. 4.

4. Election of subsidiary directors as set forth in Proposal No. 4.

Please refer to the back of the card for special voting instructions regarding Proposal No. 4.

In their discretion, the proxies are authorized to vote upon such other matters as may properly come before the meeting and any adjournment or postponement thereof.

Please sign exactly as your name(s) appear(s) hereon. When signing as attorney, executor, administrator, or other fiduciary, please give full title as such. Joint owners should each sign personally. All holders must sign. If a corporation or partnership, please sign in full corporate or partnership name by authorized officer.

Signature [PLEASE SIGN WITHIN BOX] Date Signature (Joint Owners) Date

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Important Notice Regarding the Availability of Proxy Materials for the Annual Meeting:

The Notice, Proxy Statement, and Annual Report are available at www.proxyvote.com.

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ENSTAR GROUP LIMITED

Annual General Meeting of Shareholders

May 6, 2015

This proxy is solicited by the Board of Directors

The shareholder(s) hereby appoint(s) Dominic F. Silvester and Richard J. Harris, or either of them, as proxies, each with the power to appoint his substitute, and hereby authorize(s) them to represent and to vote, as designated on the reverse side of this ballot, all of the ordinary shares of ENSTAR GROUP LIMITED that the shareholder(s) is/are entitled to vote at the Annual General Meeting of Shareholders to be held at 9:00 AM, ADT on May 6, 2015 at Enstar Group Limited, Windsor Place, 3rd Floor, 22 Queen Street, Hamilton, Bermuda and any adjournment or postponement thereof.

This proxy, when properly executed, will be voted in the manner directed herein. If no such direction is made, this proxy will be voted in accordance with the Board of Directors recommendations.

Special Voting Instructions Regarding Proposal No. 4:

You may vote FOR the election of all subsidiary director nominees, AGAINST the election of all subsidiary director nominees, or ABSTAIN from the election of all subsidiary director nominees by selecting the appropriate box next to Proposal No. 4.

Alternatively, you may vote FOR, AGAINST, or ABSTAIN from the election of each subsidiary director nominee on an individual basis either on the accompanying sheets by selecting the boxes next to each nominee s name and submitting your vote by mail, or on the Internet by following the instructions on the Internet voting page to vote on such an individual basis. If you mark any of the boxes next to Proposal No. 4 indicating a vote with respect to all subsidiary director nominees and also mark any of the boxes on the accompanying sheets indicating a vote with respect to a particular subsidiary director nominee, then your specific vote on the accompanying sheets will be counted and your vote on the other subsidiary director nominees will be governed by your vote on the reverse side.

Continued and to be signed on reverse side

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