ALTERRA CAPITAL REPORTS THIRD QUARTER 2012 RESULTS

Net Operating Income of \$0.33 per Diluted Share
Diluted Book Value per Share Growth including Dividends of 3.6%
Year to Date Diluted Book Value per Share Growth including Dividends of 11.5%

HAMILTON, BERMUDA, November 6, 2012—Alterra Capital Holdings Limited (NASDAQ: ALTE; BSX: ALTE.BH) ("Alterra") today reported net income of \$37.7 million, or \$0.38 per diluted share, for the third quarter of 2012, compared to net income of \$48.4 million, or \$0.46 per diluted share, for the same quarter of 2011.

Net operating income for the third quarter of 2012 was \$32.1 million, or \$0.33 per diluted share, compared to net operating income of \$50.1 million, or \$0.47 per diluted share, for the same quarter of 2011. Annualized net operating return on average shareholders' equity for the third quarter of 2012 was 4.5%.

For the nine months ended September 30, 2012, Alterra reported net income of \$195.6 million, or \$1.93 per diluted share, compared to net income of \$34.3 million, or \$0.32 per diluted share, for the same period of 2011. Net operating income for the nine months ended September 30, 2012 was \$168.8 million, or \$1.67 per diluted share, compared to net operating income of \$64.9 million, or \$0.61 per diluted share, for the same period of 2011. Annualized net operating return on average shareholders' equity for the nine months ended September 30, 2012 was 7.9%.

W. Marston (Marty) Becker, President and Chief Executive Officer of Alterra, said: "Alterra's third quarter results reflect a fundamentally sound quarter, notwithstanding negative impacts from crop and storm losses. We've seen continued growth in book value per share contributing to an 11.5% growth in diluted book value per share including dividends, since December 31, 2011.

"Premium rates continue to firm at a measured pace, but with variation across product lines. We believe our diversified underwriting strategy, by both product line and geography, positions us well to capture favorable underwriting opportunities as they arise, even as we continue to limit our exposure in lines that we think are inadequately priced.

"The investment environment remains challenging, given the global market conditions all firms are confronting. We continue to search for higher yielding opportunities without compromising the overall quality of our portfolio, in addition to actively managing our capital positions," Mr. Becker concluded.

Third quarter 2012 results for Alterra include:

- Property and casualty gross premiums written of \$385.5 million, which is unchanged compared to the same quarter of 2011;
- Net premiums written of \$262.1 million, representing a decrease of \$32.6 million, or 11.1%, compared to the same quarter of 2011. This decrease reflects increased property reinsurance premiums ceded in order to manage aggregate property exposures across all segments, partially offset by growth in gross premiums written in the global insurance and U.S. insurance segments;
- A combined ratio on property and casualty business of 99.9%, compared to 87.7% for the same quarter of 2011;
- Significant property catastrophe event net losses of \$15.0 million, net of reinstatement premiums, principally within the U.S. insurance segment, compared to net losses of \$42.1 million, net of reinstatement premiums, in the same quarter of 2011. A smaller proportion of 2012's property losses fell within the attritional loss ratio, contributing to a higher combined ratio in 2012;
- Net underwriting losses of \$22.5 million on agriculture reinsurance, net of premiums and acquisition costs

earned:

- Net favorable development on prior years' loss reserves of \$22.7 million, or 6.8 combined ratio points, compared to \$31.7 million, or 9.2 combined ratio points, in the same quarter of 2011;
- Net investment income of \$53.5 million, compared to \$60.3 million in the same quarter of 2011, a decrease of 11.3%; and
- Income of \$6.8 million from New Point Re IV Limited, a sidecar in which Alterra has an indirect 34.8% equity interest, consisting of fees and equity share earnings.

Gross premiums written and net premiums written from property and casualty underwriting for the third quarter of 2012 are shown in the following table, with the increase/decrease compared to the same quarter of 2011:

Segment (\$ in millions)	<u>GPW</u>	% Inc/(Dec)	<u>NPW</u>	% Inc/(Dec)	Combined Ratio
Global Insurance	\$ 81.6	11.4%	\$ 37.5	5.0%	86.3%
Reinsurance	172.8	(5.3)%	142.5	(14.5)%	86.5%
U.S. Insurance	88.0	3.7%	47.9	(11.7)%	129.7%
Alterra at Lloyd's	43.1	(3.9)%	34.2	(10.1)%	131.4%
Total	\$ 385.5	<u>%</u>	\$ 262.1	(11.1)%	99.9%

Results for the nine months ended September 30, 2012 include:

- Property and casualty gross premiums written of \$1,612.2 million, representing an increase of \$36.3 million, or 2.3%, compared to the same period of 2011;
- Net premiums written of \$1,074.6 million, representing a decrease of \$136.6 million, or 11.3%, compared to the same period of 2011. This decrease reflects increased property reinsurance premiums ceded in order to manage aggregate property exposures across all segments, and a decrease in net premiums written on the contract binding business in the U.S. insurance segment resulting from the sale of the renewal rights for this business in 2011;
- A combined ratio on property and casualty business of 92.9%, compared to 98.4% for the same period of 2011;
- Significant property catastrophe event net losses of \$15.0 million, net of reinstatement premiums, compared to net losses of \$197.9 million, net of reinstatement premiums, in the same period of 2011;
- Net underwriting losses of \$22.5 million on agriculture reinsurance, net of premiums and acquisition costs earned;
- Net favorable development on prior years' loss reserves of \$53.8 million, or 5.3 combined ratio points, compared to \$110.4 million, or 10.3 combined ratio points, in the same period of 2011;
- Net investment income of \$166.9 million, compared to \$177.8 million in the same period of 2011, a decrease of 6.1%; and
- Income of \$23.4 million from New Point Re IV Limited consisting of fees and equity share earnings.

Gross premiums written and net premiums written from property and casualty underwriting for the nine months ended September 30, 2012 are shown in the following table, with the increase/decrease compared to the same

period of 2011:

Segment (\$ in millions)	<u>GPW</u>	% Inc/(Dec)	<u>NPW</u>	% Inc/(Dec)	Combined Ratio
Global Insurance	\$ 273.7	2.1%	\$ 133.0	(2.8)%	66.8%
Reinsurance	772.8	(4.6)%	612.5	(16.0)%	88.5%
U.S. Insurance	304.5	11.8%	142.4	(18.8)%	110.0%
Alterra at Lloyd's	261.2	16.0%	186.7	9.6%	115.2%
Total	\$1,612.2	2.3%	\$1,074.6	(11.3)%	92.9%

With the total impact and ramifications of Hurricane Sandy unclear, it is too early for Alterra to make a reliable estimate of losses for this event. However, the social and economic loss has already shown itself to be meaningful. In accordance with Alterra's normal practice, a loss estimate will be released once more information is available.

Balance Sheet

Total invested assets, including cash and cash equivalents, were \$7,970.9 million as of September 30, 2012, an increase of \$156.2 million from December 31, 2011. As of September 30, 2012, 96.3% of the fixed maturities portfolio (by carrying value) was investment-grade, an increase from 94.4% as of December 31, 2011. As of September 30, 2012, the weighted average book yield of Alterra's cash and fixed maturities portfolio was 3.21%, and the weighted average duration was 4.4 years.

Under a Board-approved share repurchase authorization, Alterra repurchased 921,707 common shares during the third quarter of 2012 at an average price of \$23.11 per share for a total of \$21.3 million. Share repurchases under the Board-approved share repurchase authorization for the nine months ended September 30, 2012 were 6,626,684 common shares at an average price of \$23.03 per share for a total of \$152.6 million. As of September 30, 2012, \$201.7 million remained under the Board-approved share repurchase authorization.

Shareholders' equity was \$2,923.2 million as of September 30, 2012, an increase of 4.1% from December 31, 2011. Diluted book value per share as of September 30, 2012 was \$29.57. Including dividends declared, diluted book value per share growth for the third quarter of 2012 was 3.6%, and was 11.5% for the nine months ended September 30, 2012. Not included in shareholders' equity as of September 30, 2012 were \$194.8 million of unrecognized gains on held-to-maturity securities, which represented \$1.97 in unrecognized diluted book value per share.

A copy of Alterra's third quarter financial supplement is available on Alterra's website at www.alterracap.com.

Alterra will host a conference call on Wednesday, November 7, 2012 at 11:00 am (EDT) to discuss these results and related matters. The conference call can be accessed via telephone by dialing 1-866-700-7173 (toll-free U.S.) or 1-617-213-8838 (international) and using access code 15493660. A live broadcast of the conference call will also be available through Alterra's website at www.alterracap.com.

Alterra Capital Holdings Limited is a global enterprise dedicated to providing diversified specialty insurance and reinsurance products to corporations, public entities and property and casualty insurers.

Non-GAAP Financial Measures

In presenting Alterra's results, management has included and discussed net operating income, net operating income per diluted share, annualized net operating return on average shareholders' equity and diluted tangible book value per share. These measures are "non-GAAP financial measures" as defined in Regulation G. Management believes that these non-GAAP financial measures, which may be defined differently by other companies, allow for a more complete understanding of Alterra's business. These measures, however, should not be viewed as a substitute for measures determined in accordance with U.S. GAAP. The reconciliation of these measures to their respective most directly comparable U.S. GAAP financial measures is presented in the attached financial information in accordance

with Regulation G.

Cautionary Note Regarding Forward-Looking Statements

This release includes forward-looking statements that reflect Alterra's current views with respect to future events and financial performance. In particular, statements regarding future rate movements are forward looking statements. These forward-looking statements are subject to certain risks and uncertainties that could cause actual results to differ materially from those suggested by such statements. For further information regarding cautionary statements and factors affecting Alterra's future results, please refer to the most recent reports on Form 10-K and Form 10-Q and other documents filed by Alterra with the SEC. Alterra undertakes no obligation to update or revise publicly any forward-looking statement whether as a result of new information, future developments or otherwise.

CONSOLIDATED BALANCE SHEETS

(Expressed in thousands of United States Dollars, except per share and share amounts)

	S	eptember 30, 2012	December 31, 2011
		(Unaudited)	
ASSETS			
Cash and cash equivalents	\$	405,809	\$ 469,477
Fixed maturities, trading, at fair value		376,498	229,206
Fixed maturities, available for sale, at fair value		5,728,640	5,501,925
Fixed maturities, held to maturity, at amortized cost (fair value \$1,032,100)		837,348	874,259
Other investments		376,870	286,515
Restricted cash and cash equivalents		245,747	453,367
Accrued interest income		65,236	71,322
Premiums receivable		872,948	715,154
Losses and benefits recoverable from reinsurers		1,149,684	1,068,119
Deferred acquisition costs		166,128	145,850
Prepaid reinsurance premiums		303,171	212,238
Trades pending settlement		77,802	22,887
Goodwill and intangible assets		55,371	56,111
Other assets		72,758	79,417
Total assets	\$	10,734,010	\$ 10,185,847
LIABILITIES			
Property and casualty losses	\$	4,460,045	\$ 4,216,538
Life and annuity benefits		1,148,317	1,190,697
Deposit liabilities		139,518	151,035
Funds withheld from reinsurers		93,190	112,469
Unearned property and casualty premiums		1,192,203	1,020,639
Reinsurance balances payable		214,202	134,354
Accounts payable and accrued expenses		93,810	110,380
Trades pending settlement		29,022	_
Senior notes		440,527	440,500
Total liabilities		7,810,834	 7,376,612
SHAREHOLDERS' EQUITY			
Common shares (par value \$1.00 per share);			
95,985,461 (2011—102,101,950) shares issued and outstanding		95,985	102,102
Additional paid-in capital		1,715,748	1,847,034
Accumulated other comprehensive income		265,232	166,957
Retained earnings		846,211	693,142
Total shareholders' equity		2,923,176	2,809,235
Total liabilities and shareholders' equity	\$	10,734,010	\$ 10,185,847
Book value per share	\$	30.45	\$ 27.51
Diluted book value per share	\$	29.57	\$ 26.91
Diluted tangible book value per share [a]	\$	29.01	\$ 26.37
Diluted shares outstanding		98,850,961	104,406,779

[[]a] Non-GAAP financial measure as defined by Regulation G.

CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME (Unaudited)

(Expressed in thousands of United States Dollars, except per share and share amounts)

		Three Mor Septen			Nine Months Ended September 30,					
		2012		<u>2011</u>		2012		<u>2011</u>		
REVENUES										
Gross premiums written	\$	386,228	\$	386,328	\$	1,614,415	\$	1,578,083		
Reinsurance premiums ceded Net premiums written	\$	(123,477)	Φ.	(90,891)	•	(537,818)	•	(364,874)		
Net premiums whiten	<u> </u>	262,751	<u>\$</u>	295,437	<u> </u>	1,076,597	<u> </u>	1,213,209		
Earned premiums	\$	483,222	\$	452,931	\$	1,457,928	\$	1,385,201		
Earned premiums ceded		(150,584)		(105,889)		(436,337)		(309,331)		
Net premiums earned		332,638		347,042		1,021,591		1,075,870		
Net investment income		53,518		60,335		166,925		177,766		
Net realized and unrealized gains (losses) on investments		20,436		(7,972)		59,410		(32,564)		
Total other-than-temporary impairment losses		(522)		(692)		(6,409)		(2,003)		
Portion of loss recognized in other comprehensive income (loss), before taxes		(70)		(169)	_	(122)		(240)		
Net impairment losses recognized in earnings		(592)		(861)		(6,531)		(2,243)		
Other income		1,586		1,473		8,876		3,379		
Total revenues		407,586		400,017		1,250,271		1,222,208		
LOSSES AND EXPENSES										
Net losses and loss expenses		228,529		198,521		631,322		714,060		
Claims and policy benefits		11,838		14,538		38,576		44,818		
Acquisition costs		61,923		61,434		183,818		196,722		
Interest expense		9,026		11,303		27,289		30,392		
Net foreign exchange (gains) losses		(82)		(147)		(89)		2,065		
General and administrative expenses		57,515		61,555		176,374		202,417		
Total losses and expenses		368,749	_	347,204	_	1,057,290	_	1,190,474		
INCOME BEFORE TAXES		38,837		52,813		192,981		31,734		
Income tax expense (benefit)	_	1,185		4,427		(2,635)		(2,600)		
NET INCOME		37,652		48,386		195,616		34,334		
Holding gains on available for sale securities arising in period [a]		57,314		66,329		117,251		97,610		
Net realized gains on available for sale securities included in net income [a]		(3,083)		(4,958)		(22,809)		(8,076)		
Portion of other-than-temporary impairment losses recognized in other comprehensive income [a]		70		169		122		240		
Foreign currency translation adjustment		8,702		(20,733)		3,711		(15,695)		
Other comprehensive income		63,003		40,807		98,275		74,079		
COMPREHENSIVE INCOME	\$	100,655	\$	89,193	\$	293,891	\$	108,413		
Net income per share	\$	0.39	\$	0.46	\$	1.98	\$	0.32		
Net income per diluted share	\$	0.38	\$	0.46	\$	1.93	\$	0.32		
Net operating income per diluted share [b]	\$	0.33	\$	0.47	\$	1.67	\$	0.61		
Weighted average common shares outstanding—basic		5,791,466	_	4,830,300		98,785,999		05,866,771		
Weighted average common shares outstanding—diluted	9	8,610,267	10	5,665,282	10	01,252,927	10	7,092,882		

[[]a] Net of tax.

[[]b] Non-GAAP financial measure as defined by Regulation G.

CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY (Unaudited)

(Expressed in thousands of United States Dollars)

	Nine Months Ended September 30,								
		2012		<u>2011</u>					
Common shares									
Balance, beginning of period	\$	102,102	\$	110,963					
Issuance of common shares, net		765		1,384					
Repurchase of shares		(6,882)		(8,023)					
Balance, end of period		95,985		104,324					
Additional paid-in capital									
Balance, beginning of period		1,847,034		2,026,045					
Issuance of common shares, net		2,483		632					
Stock based compensation expense		18,005		28,014					
Repurchase of shares		(151,774)		(163,928)					
Balance, end of period		1,715,748		1,890,763					
Accumulated other comprehensive income									
Unrealized holdings gains on investments:									
Balance, beginning of period		204,301		118,197					
Holding gains on available for sale fixed maturities arising in period, net of tax		117,251		97,610					
Net realized gains on available for sale securities included in net income, net of tax		(22,809)		(8,076)					
Portion of other-than-temporary impairment losses recognized in other comprehensive income, net of tax		122		240					
Balance, end of period		298,865		207,971					
Cumulative foreign currency translation adjustment:									
Balance, beginning of period		(37,344)		(19,251)					
Foreign currency translation adjustment		3,711		(15,695)					
Balance, end of period		(33,633)		(34,946)					
Total accumulated other comprehensive income, end of period		265,232		173,025					
Retained earnings									
Balance, beginning of period		693,142		682,316					
Net income		195,616		34,334					
Dividends		(42,547)		(40,024)					
Balance, end of period		846,211		676,626					
Total shareholders' equity	\$	2,923,176	\$	2,844,738					

CONSOLIDATED STATEMENTS OF CASHFLOWS (Unaudited)

(Expressed in thousands of United States Dollars)

	Nine Months Ended September 30,				
		2012		<u>2011</u>	
OPERATING ACTIVITIES					
Net income	\$	195,616	\$	34,334	
Adjustments to reconcile net income to net cash provided by operating activities:		40.005		00.044	
Stock based compensation		18,005		28,014	
Amortization of premium on fixed maturities		23,282		15,383	
Accretion of deposit liabilities		2,430		4,245	
Net realized and unrealized (gains) losses on investments		(59,410)		32,564	
Net impairment losses recognized in earnings		6,531		2,243	
Changes in:		6 107		4 270	
Accrued interest income Premiums receivable		6,127		4,370	
Losses and benefits recoverable from reinsurers		(154,967)		(188,751) (123,268)	
Deferred acquisition costs		(77,861) (19,764)		(54,495)	
Prepaid reinsurance premiums		(90,053)		(65,156)	
Other assets		(513)		5,652	
Property and casualty losses		231,665		293,119	
Life and annuity benefits		(35,517)		(47,023)	
Funds withheld from reinsurers		(19,279)		3,524	
Unearned property and casualty premiums		168,203		244,206	
Reinsurance balances payable		79,739		75,643	
Accounts payable and accrued expenses		(16,996)		10,871	
Cash provided by operating activities		257,238	-	275,475	
INVESTING ACTIVITIES		·			
Purchases of available for sale securities		(1,701,243)		(1,929,474)	
Sales of available for sale securities		754,150		1,126,984	
Redemptions/maturities of available for sale securities		852,480		660,245	
Purchases of trading securities		(358,770)		(50,971)	
Sales of trading securities		194,355		24,563	
Redemptions/maturities of trading securities		27,219		44,231	
Purchases of held to maturity securities				(2,580)	
Redemptions/maturities of held to maturity securities		28,667		18,251	
Net (purchases) sales of other investments		(121,706)		27,353	
Dividends from equity method investments		8,694		´ —	
Change in restricted cash and cash equivalents		207,620		(98,165)	
Cash used in investing activities		(108,534)		(179,563)	
FINANCING ACTIVITIES		_		_	
Net proceeds from issuance of common shares		3,248		2,016	
Repurchase of common shares		(158,656)		(171,951)	
Dividends paid		(42,317)		(39,894)	
Additions to deposit liabilities		8,725		334	
Payments of deposit liabilities		(22,672)		(5,056)	
Cash used in financing activities		(211,672)		(214,551)	
Effect of exchange rate changes on foreign currency cash and cash equivalents		(700)		(15,157)	
Net decrease in cash and cash equivalents		(63,668)		(133,796)	
Cash and cash equivalents, beginning of period		469,477		561,694	
CASH AND CASH EQUIVALENTS, END OF PERIOD	\$	405,809	\$	427,898	

SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION

Interest paid totaled \$25,138 and \$25,320 for the nine months ended September 30, 2012 and 2011, respectively. Income taxes paid totaled \$7,013 and \$172 for the nine months ended September 30, 2012 and 2011, respectively.

SCHEDULE OF SUPPLEMENTAL SEGMENT DATA - THREE MONTHS ENDED SEPTEMBER 30, 2012 (Unaudited)

(Expressed in thousands of United States Dollars)

	Property & Casualty									_						
		Global nsurance			R	einsurance		Alterra at Lloyd's		Total	Life Re	& Annuity insurance	С	orporate	te Consolidat	
Gross premiums written	\$	81,627	\$	88,006	\$	172,796	\$	43,074	\$	385,503	\$	725	\$	_ :	\$	386,228
Reinsurance premiums ceded		(44,157)		(40,083)		(30,318)		(8,835)		(123,393)		(84))	_		(123,477)
Net premiums written	\$	37,470	\$	47,923	\$	142,478	\$	34,239	\$	262,110	\$	641	\$	_ ;	\$	262,751
Earned premiums	\$	92,526	\$	100,187	\$	223,231	\$	66,553	\$	482,497	\$	725	\$	_ :	\$	483,222
Earned premiums ceded		(48,392)		(52,222)		(36,446)		(13,440)		(150,500)		(84))	_		(150,584)
Net premiums earned		44,134		47,965		186,785		53,113		331,997		641		_		332,638
Net losses and loss expenses		(31,631)		(46,489)		(98,067)		(52,342)		(228,529)		_		_		(228,529)
Claims and policy benefits		_		_		_		_		_		(11,838))	_		(11,838)
Acquisition costs		(124)		(4,404)		(47,159)		(10,104)		(61,791)		(132))	_		(61,923)
General and administrative expenses		(6,328)		(11,337)		(16,259)		(7,342)		(41,266)		(74))	_		(41,340)
Other income						1,560		1		1,561		_		_		1,561
Underwriting income (loss)	\$	6,051	\$	(14,265)	\$	26,860	\$	(16,674)	\$	1,972		n/a		_		n/a
Net investment income												13,224		40,294		53,518
Net realized and unrealized gains on in	vestm	ents												20,436		20,436
Net impairment losses recognized in earnings														(592)		(592)
Corporate other income														25		25
Interest expense														(9,026)		(9,026)
Net foreign exchange gains														82		82
Corporate general and administrative expenses														(16,175)		(16,175)
Income before taxes											\$	1,821	\$	35,044	\$	38,837
Loss ratio (a)		71.7%	·	96.9%	·	52.5%	, D	98.5%	0	68.8%						
Acquisition cost ratio (b)		0.3%	•	9.2%)	25.2%	Ď	19.0%	0	18.6%	•					
General and administrative expense ratio (c)		14.3%	,)	23.6%	,)	8.7%	, D	13.8%	, 0	12.4%))					
Combined ratio (d)		86.3%		129.7%		86.5%	<u> </u>	131.4%	0	99.9%	2					

SCHEDULE OF SUPPLEMENTAL SEGMENT DATA - NINE MONTHS ENDED SEPTEMBER 30, 2012 (Unaudited)

(Expressed in thousands of United States Dollars)

	Property & Casualty															
		Global Insurance		U.S. Insurance	F	Reinsurance		Alterra at Lloyd's		Total		& Annuity insurance	Co	orporate	Со	nsolidated
Gross premiums written	\$	273,674	\$	304,474	\$	772,823	\$	261,225	\$	1,612,196	\$	2,219	\$	_	\$	1,614,415
Reinsurance premiums ceded		(140,632)		(162,101)		(160,335)		(74,493)		(537,561)		(257)		_		(537,818)
Net premiums written	\$	133,042	\$	142,373	\$	612,488	\$	186,732	\$	1,074,635	\$	1,962	\$	_	\$	1,076,597
Earned premiums	\$	279,432	\$	296,728	\$	670,767	\$	208,782	\$	1,455,709	\$	2,219	\$	_	\$	1,457,928
Earned premiums ceded		(140,892)		(137,168)		(101,423)		(56,597)		(436,080)		(257)		_		(436,337)
Net premiums earned		138,540		159,560		569,344		152,185		1,019,629		1,962		_		1,021,591
Net losses and loss expenses		(72,437)		(121,386)		(313,452)		(124,047)		(631,322)		_		_		(631,322)
Claims and policy benefits		_		_		_		_		_		(38,576)		_		(38,576)
Acquisition costs		(422)		(18,269)		(137,739)		(26,981)		(183,411)		(407)		_		(183,818)
General and administrative expenses		(19,722)		(35,809)		(52,631)		(24,293)		(132,455)		(227)		_		(132,682)
Other income		816		81		7,896		8		8,801		_		_		8,801
Underwriting income (loss)	\$	46,775	\$	(15,823)	\$	73,418	\$	(23,128)	\$	81,242		n/a				n/a
Net investment income												41,466		125,459		166,925
Net realized and unrealized gains on in	vestn	nents												59,410		59,410
Net impairment losses recognized in earnings														(6,531)		(6,531)
Corporate other income														75		75
Interest expense														(27,289)		(27,289)
Net foreign exchange gains														89		89
Corporate general and administrative expenses														(43,692)		(43,692)
Income before taxes											\$	4,218	\$	107,521	\$	192,981
Loss ratio (a)		52.3%	0	76.1%	ò	55.1%	•	81.5%	ó	61.9%	-					
Acquisition cost ratio (b)		0.3%	0	11.4%	ò	24.2%	·	17.7%	, D	18.0%	•					
General and administrative expense ratio (c)		14.2%	, 0	22.4%	ò	9.2%	·	16.0%	, 0	13.0%	,)					
Combined ratio (d)		66.8%	0	110.0%	<u> </u>	88.5%		115.2%	0	92.9%	2					

⁽a) The loss ratio is calculated by dividing net losses and loss expenses by net premiums earned.

Segment Re-presentation

Effective July 1, 2012, the Company redefined its reporting segments by combining the reinsurance and Latin America segments into a single reinsurance segment. The Latin America segment comprised reinsurance business written for clients in Latin America through the Company's Rio de Janeiro, Bogota and Buenos Aires offices. This business will now be combined with and reported as part of the reinsurance segment. Segment disclosures for comparative periods have been re-presented to reflect this change.

⁽b) The acquisition cost ratio is calculated by dividing acquisition costs by net premiums earned.

(c) The general and administrative expense ratio is calculated by dividing general and administrative expenses by net premiums earned.

(d) The combined ratio is calculated by dividing the sum of net losses and loss expenses, acquisition costs and general and administrative expenses by net premiums earned.

n/a Not applicable

Percentage totals may not add due to rounding.

SCHEDULE OF SUPPLEMENTAL SEGMENT DATA - THREE MONTHS ENDED SEPTEMBER 30, 2011 (Unaudited)

(Expressed in thousands of United States Dollars)

Grown Find Instruction Instruction (Instruction) Reinstruction Reinstruction <th></th> <th colspan="11">Property & Casualty</th> <th></th> <th></th> <th></th> <th></th> <th></th>		Property & Casualty															
Reinsurance premiums ceded 37,625 30,579 15,874 6,723 90,801 70,000					U.S. Insurance		Reinsurance		Alterra at Lloyd's		Total	Lif	e & Annuity einsurance	Co	orporate	Consolidated	
Net premiums written	Gross premiums written	\$	73,297	\$	84,858	\$	182,535	\$	44,816	\$	385,506	\$	822	\$	_	\$	386,328
Earned premiums \$ 93,467 \$ 83,279 \$ 224,829 \$ 50,534 \$ 452,109 \$ 822 \$ - \$ 452,931 Earned premiums ceded (48,456) (28,004) (18,489) (10,850) (105,799) (90) - (105,899) Net premiums earned 45,011 55,275 206,340 39,684 346,310 732 - 347,042 Net losses and loss expenses (21,288) (36,002) (116,769) (22,462) (198,521) (14,538)	Reinsurance premiums ceded		(37,625)		(30,579)		(15,874)		(6,723)		(90,801)		(90)		_		(90,891)
Earned premiums ceded (48,456) (28,004) (18,489) (10,850) (105,799) (90) — (105,889) Net premiums earned 45,011 55,275 206,340 39,684 346,310 732 — 347,042 Net losses and loss expenses (21,288) (36,002) (116,769) (24,462) (198,521) — — (198,521) — (198,521) Claims and policy benefits — — — — — — — — — — (14,538) — — (61,438) — (61,434) — — (61,438) — (61,434) —	Net premiums written	\$	35,672	\$	54,279	\$	166,661	\$	38,093	\$	294,705	\$	732	\$		\$	295,437
Net premiums earned 45,011 55,275 206,340 39,684 346,310 732 — 347,042 Net losses and loss expenses (21,288) (36,002) (116,769) (24,462) (198,521) — — — (198,521) Claims and policy benefits — — — — — — (14,538) — (14,538) Acquisition costs 748 (9,669) (46,138) (6,230) (61,289) (145) — (61,434) General and administrative expenses (6,699) (10,228) (18,901) (8,007) (43,835) (145) — (43,980) Other income — 58 777 (27) 808 (8) — 800 Underwriting income (loss) \$17,772 \$ (566) \$ 25,309 \$ 958 \$ 43,473 n/a — n/a Net investment income Net realized and unrealized losses on investments Net realized and unrealized losses on investments Net realized and unrealized losses on investments Net realized other income Corporate other income Interest expense Net foreign exchange gains Corporate general and administrative expenses (Loss) income before taxes Los ratio (a) 47.3 % 65.1% 56.6% 61.6% 57.3% Acquisition cost ratio (b) (1.7)% 17.5% 22.4% 15.7% 17.7% Ceneral and administrative expense ratio (c) 14.9 % 18.5% 9.2% 20.2% 12.7%	Earned premiums	\$	93,467	\$	83,279	\$	224,829	\$	50,534	\$	452,109	\$	822	\$	_	\$	452,931
Net losses and loss expenses \$\ (21,288 \) \$\ (36,002 \) \$\ (116,769 \) \$\ (24,462 \) \$\ (198,521 \) \$\ (-14,538 \) \$\ (14,538	Earned premiums ceded		(48,456)		(28,004)		(18,489)		(10,850)		(105,799)		(90)		_		(105,889)
Claims and policy benefits	Net premiums earned		45,011		55,275		206,340		39,684		346,310		732				347,042
Acquisition costs 748 (9,669) (10,228) (18,901) (8,007) (43,835) (145) — (43,980) (14,980) (18,901) (14,980) (14,980) (14,980) (18,901) (18,901) (14,980) (14,980) (14,980) (18,901) (18,901) (14,980) (1	Net losses and loss expenses		(21,288)		(36,002)		(116,769)		(24,462)		(198,521)		_		_		(198,521)
General and administrative expenses (6,699) (10,228) (18,901) (8,007) (43,835) (145) — (43,980) Other income — 58 777 (27) 808 (8) — 800 Underwriting income (loss) \$ 17,772 \$ (566) \$ 25,309 \$ 958 \$ 43,473 n/a — n/a Net investment income \$ 12,131 48,204 60,335 60,335 66,407 (1,565) (7,972) 806 (801) (861) (8	Claims and policy benefits		_		_		_		_		_		(14,538)		_		(14,538)
Other income — 58 777 (27) 808 (8) — 800 Underwriting income (loss) \$17,772 \$ (566) \$ 25,309 \$ 958 \$ 43,473 n/a — n/a Net investment income 12,131 48,204 60,335 60,335 66,407 (1,565) (7,972) Net impairment losses recognized in earnings 801 801 801 801 803 802 803	Acquisition costs		748		(9,669)		(46,138)		(6,230)		(61,289)		(145)		_		(61,434)
Underwriting income (loss) \$ 17,772 \$ (566) \$ 25,309 \$ 958 \$ 43,473	General and administrative expenses		(6,699)		(10,228)		(18,901)		(8,007)		(43,835)		(145)		_		(43,980)
Net investment income 12,131 48,204 60,335 Net realized and unrealized losses on investments (6,407) (1,565) (7,972) Net impairment losses recognized in earnings (861) (861) (861) Corporate other income 673 673 673 Interest expense (11,303) (11,303) (11,303) Net foreign exchange gains 147 147 147 Corporate general and administrative expenses (17,575) (17,575) (17,575) (Loss) income before taxes (17,575) 17,720 52,813 Acquisition cost ratio (b) (17,0% 17.5% 22.4% 15.7% 17.7% General and administrative expense ratio (c) 14.9% 18.5% 9.2% 20.2% 12.7%	Other income		_		58		777		(27)		808		(8)		_		800
Net realized and unrealized losses on investments (6,407) (1,565) (7,972) Net impairment losses recognized in earnings (861) (861) Corporate other income 673 673 Interest expense (11,303) (11,303) Net foreign exchange gains 147 147 Corporate general and administrative expenses (17,575) (17,575) (Loss) income before taxes (8,380) 17,720 52,813 Loss ratio (a) 47.3 % 65.1% 56.6% 61.6% 57.3% Acquisition cost ratio (b) (17.7% 17.5% 22.4% 15.7% 17.7% General and administrative expense ratio (c) 14.9 % 18.5% 9.2% 20.2% 12.7%	Underwriting income (loss)	\$	17,772	\$	(566)	\$	25,309	\$	958	\$	43,473		n/a				n/a
Net impairment losses recognized in earnings	Net investment income												12,131		48,204		60,335
Corporate other income	Net realized and unrealized losses on in	nvest	ments										(6,407)		(1,565)		(7,972)
Interest expense Corporate general and administrative expenses Corporate general and administrative expense															(861)		(861)
Net foreign exchange gains 147 147 147 147 147 147,575) (17,575) (17,575) (17,575) (17,575) (17,575) (17,575) (17,575) (17,575) (17,575) 52,813 Loss ratio (a) 47.3 % 65.1% 56.6% 61.6% 57.3% Acquisition cost ratio (b) (1.7)% 17.5% 22.4% 15.7% 17.7% General and administrative expense ratio (c) 14.9 % 18.5% 9.2% 20.2% 12.7%	Corporate other income														673		673
Corporate general and administrative expenses (17,575) (17,575	Interest expense														(11,303)		(11,303)
Closs) income before taxes	Net foreign exchange gains														147		147
Loss ratio (a) 47.3 % 65.1% 56.6% 61.6% 57.3% Acquisition cost ratio (b) (1.7)% 17.5% 22.4% 15.7% 17.7% General and administrative expense ratio (c) 14.9 % 18.5% 9.2% 20.2% 12.7%															(17,575)		(17,575)
Acquisition cost ratio (b) (1.7)% 17.5% 22.4% 15.7% 17.7% General and administrative expense ratio (c) 14.9 % 18.5% 9.2% 20.2% 12.7%	(Loss) income before taxes											\$	(8,380)	\$	17,720	\$	52,813
General and administrative expense ratio (c) 14.9 % 18.5% 9.2% 20.2% 12.7%	Loss ratio (a)		47.3 %	6	65.1%)	56.6%)	61.6%	Ď	57.3%						
ratio (c) 14.9 % 18.5% 9.2% 20.2% 12.7%	Acquisition cost ratio (b)		(1.7)%	6	17.5%)	22.4%	·	15.7%	ò	17.7%	,					
Combined ratio (d) 60.5 % 101.1% 88.1% 97.5% 87.7%			14.9 %	6	18.5%)	9.2%		20.2%	, D	12.7%	,					
	Combined ratio (d)		60.5 %	6	101.1%		88.1%		97.5%	5	87.7%	_					

SCHEDULE OF SUPPLEMENTAL SEGMENT DATA - NINE MONTHS ENDED SEPTEMBER 30, 2011 (Unaudited)

(Expressed in thousands of United States Dollars)

	Property & Casualty															
		Global Insurance		U.S. Insurance		Reinsurance		Alterra at Lloyd's		Total	Life Re	e & Annuity einsurance	С	Corporate	Co	onsolidated
Gross premiums written	\$	268,101	\$	272,417	\$	810,244	\$	225,134	\$	1,575,896	\$	2,187	\$	_ ;	\$	1,578,083
Reinsurance premiums ceded		(131,282)		(97,123)		(81,438)		(54,820)		(364,663)		(211)		_		(364,874)
Net premiums written	\$	136,819	\$	175,294	\$	728,806	\$	170,314	\$	1,211,233	\$	1,976	\$:	\$	1,213,209
Earned premiums	\$	273,010	\$	246,993	\$	691,196	\$	171,815	\$	1,383,014	\$	2,187	\$	_ :	\$	1,385,201
Earned premiums ceded		(132,521)		(79,640)		(50,989)		(45,970)		(309,120)		(211)	1	_		(309,331)
Net premiums earned		140,489		167,353		640,207		125,845		1,073,894		1,976		_		1,075,870
Net losses and loss expenses		(76,601)		(108,429)		(435,053)		(93,977)		(714,060)		_		_		(714,060)
Claims and policy benefits		_		_		_		_		_		(44,818)		_		(44,818)
Acquisition costs		1,601		(28,055)		(141,014)		(28,828)		(196,296)		(426)		_		(196,722)
General and administrative expenses		(21,425)		(32,872)		(68,329)		(24,033)		(146,659)		(581)		_		(147,240)
Other income		814		195		1,325		353		2,687		(31)		_		2,656
Underwriting income (loss)	\$	44,878	\$	(1,808)	\$	(2,864)	\$	(20,640)	\$	19,566		n/a				n/a
Net investment income												37,019		140,747		177,766
Net realized and unrealized losses on in	nves	tments										(4,899)		(27,665)		(32,564)
Net impairment losses recognized in earnings														(2,243)		(2,243)
Corporate other income														723		723
Interest expense														(30,392)		(30,392)
Net foreign exchange losses														(2,065)		(2,065)
Corporate general and administrative expenses														(55,177)		(55,177)
(Loss) income before taxes											\$	(11,760)	\$	23,928	\$	31,734
Loss ratio (a)		54.5 %	6	64.8%)	68.0%)	74.7%	ó	66.5%	,—					
Acquisition cost ratio (b)		(1.1)%	0	16.8%	•	22.0%)	22.9%	0	18.3%)					
General and administrative expense ratio (c)		15.3 %	6	19.6%		10.7%)	19.1%	, 0	13.7%						
Combined ratio (d)		68.6 %	6	101.2%	5	100.7%		116.7%	, 0	98.4%	<u> </u>					
	_						_		_		-					

⁽a) The loss ratio is calculated by dividing net losses and loss expenses by net premiums earned.
(b) The acquisition cost ratio is calculated by dividing acquisition costs by net premiums earned.
(c) The general and administrative expense ratio is calculated by dividing general and administrative expenses by net premiums earned.
(d) The combined ratio is calculated by dividing the sum of net losses and loss expenses, acquisition costs and general and administrative expenses by net premiums earned.
n/a Not applicable
Percentage totals may not add due to rounding.

SCHEDULE OF SUPPLEMENTAL PREMIUM DATA - NINE MONTHS ENDED SEPTEMBER 30, 2012 (Unaudited)

(Expressed in thousands of United States Dollars)

		Nine I		led September 30, 012		Nine		led September 30,
		Gross W	Premiums /ritten	Percentage of Total Gross Premiums Written	Movement on Prior Year Period	Gros:	s Premiums ritten [a]	Percentage of Total Gross Premiums Written [a]
Property & Casualty:								
Global Insurance:								
Aviation	S	\$	11,252	0.7%	(6.0)%	\$	11,966	0.8%
Excess Liability	L		80,367	5.0%	4.0 %		77,301	4.9%
Professional Liability	L		120,431	7.5%	2.5 %		117,521	7.4%
Property	S		61,624	3.8%	0.5 %		61,313	3.9%
			273,674	17.0%	2.1 %		268,101	17.0%
U.S. Insurance:								
General/Excess Liability	L		76,590	4.7%	4.9 %		73,036	4.6%
Marine	S		79,168	4.9%	22.4 %		64,687	4.1%
Professional Liability	L		41,526	2.6%	46.0 %		28,449	1.8%
Property	S		107,190	6.6%	0.9 %		106,245	6.7%
			304,474	18.9%	11.8 %		272,417	17.3%
Reinsurance:								
Agriculture	S		23,379	1.4%	(23.3)%		30,496	1.9%
Auto	S		42,593	2.6%	(45.3)%		77,812	4.9%
Aviation	S		27,801	1.7%	77.6 %		15,654	1.0%
Credit/Surety	S		58,134	3.6%	68.8 %		34,446	2.2%
General Casualty	L		49,763	3.1%	(19.1)%		61,522	3.9%
Marine & Energy	S		23,264	1.4%	12.9 %		20,605	1.3%
Medical Malpractice	L		24,946	1.5%	(30.1)%		35,672	2.3%
Other	S		4,104	0.3%	26.2 %		3,252	0.2%
Professional Liability	L		131,289	8.1%	(5.6)%		139,023	8.8%
Property	S		347,019	21.5%	5.1 %		330,146	20.9%
Whole Account	S/L		4,478	0.3%	(86.6)%		33,392	2.1%
Workers' Compensation	L		36,053	2.2%	27.7 %		28,224	1.8%
			772,823	47.9%	(4.6)%		810,244	51.3%
Alterra at Lloyd's:								
Accident & Health	S		35,256	2.2%	12.1 %		31,447	2.0%
Agriculture	S		18,355	1.1%	n/m		_	—%
Aviation	S		8,620	0.5%	11.8 %		7,707	0.5%
Financial Institutions	L		18,870	1.2%	(1.0)%		19,068	1.2%
International Casualty	L		63,784	4.0%	27.7 %		49,955	3.2%
Marine	S		7,022	0.4%	n/m		_	—%
Professional Liability	L		17,539	1.1%	(6.8)%		18,828	1.2%
Property	S		91,779	5.7%	(6.5)%		98,129	6.2%
			261,225	16.2%	16.0 %		225,134	14.3%
Aggregate Property & Casualty		\$	1,612,196	99.9%	2.3 %	\$	1,575,896	99.9%
Life & Annuity:								
Annuity		\$	_	—%	n/m	\$	1,131	0.1%
Life		Ψ	2,219	0.1%	110.1 %	Ψ	1,056	0.1%
Aggregate Life & Annuity		\$	2,219	0.1%	1.5 %	\$	2,187	0.1%
,		_						
Aggregate Property & Casualty and Life & Annuity		3	1,614,415	100.0%	2.3 %	3	1,578,083	100.0%
S = Short tail lines		\$	948,799	58.9%		\$	910,601	57.8%
L = Long tail lines			663,397	41.1%			665,295	42.2%
Aggregate Property & Casualty		\$	1,612,196			\$	1,575,896	
Property [b]		\$	607,612	37.7%		\$	595,833	37.8%
Casualty [c]		-	661,158	41.0%		+	648,599	41.2%
Specialty [d]			343,426	21.3%			331,464	21.0%
Aggregate Property & Casualty		\$	1,612,196	21.370		\$	1,575,896	21.570
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[[]a] Comparative period has been re-presented to conform with the current period's presentation.

Percentage totals may not add due to rounding. n/m Not meaningful.

[[]b] Property includes property lines of business.

[[]c] Casualty includes excess liability, financial institutions, general liability, international casualty, medical malpractice, professional liability and workers' compensation lines of business.

[[]d] Specialty includes accident & health, agriculture, auto, aviation, credit, energy, marine, other, surety and whole account lines of business.

NON-GAAP FINANCIAL MEASURE RECONCILIATIONS (UNAUDITED)

Net Operating Income and Net Operating Income per Diluted Share (Expressed in thousands of United States Dollars, except per share and share amounts)

		Three Mon Septem			Nin	e Months En 30	nded September 0,				
		2012		2011		2012		2011			
Net income before tax	\$	38,837	\$	52,813	\$	192,981	\$	31,734			
Net realized and unrealized (gains) losses on investments not included in operating income, before tax [a]		(6,348)		1,164		(28,076)		28,427			
Foreign exchange (gains) losses, before tax		(82)		(147)		(89)		2,065			
Net operating income before tax	\$	32,407	\$	53,830	\$	164,816	\$	62,226			
Net income	\$	37,652	\$	48,386	\$	195,616	\$	34,334			
Net realized and unrealized (gains) losses on investments not included in operating income, net of tax [a]		(5,465)		1,807		(26,732)		29,120			
Foreign exchange (gains) losses, net of tax		(54)		(111)		(68)		1,461			
Net operating income	\$	32,133	\$	50,082	\$	168,816	\$	64,915			
Net income per diluted share	\$	0.38	\$	0.46	\$	1.93	\$	0.32			
Net realized and unrealized (gains) losses on investments not included in operating income, net of tax [a]		(0.06)		0.02		(0.26)		0.27			
Foreign exchange losses, net of tax		_		_		_		0.01			
Net operating income per diluted share	\$	0.33	\$	0.47	\$	1.67	\$	0.61			
Weighted average shares outstanding - basic	9	95,791,466	10	4,830,300	9	98,785,999	10	05,866,771			
Weighted average shares outstanding - diluted		98,610,267	10	5,665,282	2 101,252,9		107,092,882				

[a] Net realized and unrealized (gains) losses on investments not included in operating income includes realized and unrealized (gains) losses on trading securities, realized (gains) losses on available for sale securities, net impairment losses recognized in earnings, earnings from equity method investments in run-off and changes in fair value of derivatives, catastrophe bonds and structured deposits.

Per share totals may not add due to rounding.

Annualized Net Operating Return on Average Shareholders' Equity

(Expressed in thousands of United States Dollars)

	Three Months Ended September 30,				Nine Months Ended September 30,				
		2012		2011		2012		<u>2011</u>	
Net income	\$	37,652	\$	48,386	\$	195,616	\$	34,334	
Annualized net income		150,608		193,544		260,821		45,779	
Net operating income	\$	32,133	\$	50,082	\$	168,816	\$	64,915	
Annualized net operating income		128,532		200,328		225,088		86,553	
Average shareholders' equity [b]	\$	2,887,456	\$	2,818,210	\$	2,856,401	\$	2,799,260	
Annualized return on average shareholders' equity		5.2%		6.9%		9.1%		1.6%	
Annualized net operating return on average shareholders' equity		4.5%		7.1%		7.9%		3.1%	

[[]b] Average shareholders equity is computed as the average of the quarterly average shareholders' equity balances.

Diluted Tangible Book Value Per Share (Expressed in thousands of United States Dollars, except per share and share amounts)

	<u>September 30, 2012</u>			ember 31, 2011
Shareholders' equity	\$	2,923,176	\$	2,809,235
Goodwill and intangible assets		55,371		56,111
Tangible book value	\$	2,867,805	\$	2,753,124
Diluted shares outstanding		98,850,961		104,406,779
Diluted tangible book value per share	\$	29.01	\$	26.37

SCHEDULE OF SUPPLEMENTAL INVESTMENT DATA - SEPTEMBER 30, 2012 (UNAUDITED) (Expressed in thousands of United States Dollars)

Type of Investment	As of September 30, 2012		ember 30, Investment		As of cember 31, 2011	Investment Distribution
Cash and cash equivalents (restricted and unrestricted)	\$	651,556	8.2%	\$	922,844	11.8%
U.S. government and agencies	\$	811,788	10.2%	\$	751,806	9.6%
Non-U.S. governments		240,463	3.0%		164,621	2.1%
Corporate securities		2,673,789	33.5%		2,646,358	33.9%
Municipal securities		270,501	3.4%		263,007	3.4%
Asset-backed securities		354,739	4.5%		247,965	3.2%
Residential mortgage-backed securities		1,310,149	16.4%		1,296,277	16.6%
Commercial mortgage-backed securities		443,709	5.6%		361,097	4.6%
Fixed maturities at fair value	\$	6,105,138	76.6%	\$	5,731,131	73.3%
U.S. government and agencies	\$	27,627	0.3%	\$	29,201	0.4%
Non-U.S. governments		516,673	6.5%		524,449	6.7%
Corporate securities		292,392	3.7%		319,609	4.1%
Asset-backed securities		656	%		1,000	_%
Fixed maturities at amortized cost	\$	837,348	10.5%	\$	874,259	11.2%
Other investments	\$	376,870	4.7%	\$	286,515	3.7%
Total invested assets	\$	7,970,912	100.0%	\$	7,814,749	100.0%
	As of September 30, 2012		ember 30, Ratings			
Credit Rating	Sep	tember 30,		De	As of ecember 31, 2011	Ratings Distribution
	Sep 	tember 30, 2012		De	cember 31,	
U.S. government and agencies [a] AAA		tember 30,	Distribution	_	2011	Distribution
U.S. government and agencies [a]		2,084,315	Distribution 30.0%	_	1,869,405	Distribution 28.3%
U.S. government and agencies [a] AAA		2,084,315 1,203,508	30.0% 17.3%	_	1,869,405 948,861	28.3% 14.4%
U.S. government and agencies [a] AAA AA		2,084,315 1,203,508 757,361	30.0% 17.3% 10.9%	_	1,869,405 948,861 883,783	28.3% 14.4% 13.4%
U.S. government and agencies [a] AAA AA A		2,084,315 1,203,508 757,361 1,480,920	30.0% 17.3% 10.9% 21.3%	_	1,869,405 948,861 883,783 1,378,361	28.3% 14.4% 13.4% 20.9%
U.S. government and agencies [a] AAA AA A BBB		2,084,315 1,203,508 757,361 1,480,920 321,374	30.0% 17.3% 10.9% 21.3% 4.6%	_	1,869,405 948,861 883,783 1,378,361 281,983	28.3% 14.4% 13.4% 20.9% 4.3%
U.S. government and agencies [a] AAA AA A BBB BB		2,084,315 1,203,508 757,361 1,480,920 321,374 67,285	30.0% 17.3% 10.9% 21.3% 4.6% 1.0%	_	1,869,405 948,861 883,783 1,378,361 281,983 84,803	28.3% 14.4% 13.4% 20.9% 4.3% 1.3%
U.S. government and agencies [a] AAA AA A BBB BB BB		2,084,315 1,203,508 757,361 1,480,920 321,374 67,285 140,223	30.0% 17.3% 10.9% 21.3% 4.6% 1.0% 2.0%	_	1,869,405 948,861 883,783 1,378,361 281,983 84,803 131,159	28.3% 14.4% 13.4% 20.9% 4.3% 1.3% 2.0%
U.S. government and agencies [a] AAA AA A BBB BB BCCCC or lower		2,084,315 1,203,508 757,361 1,480,920 321,374 67,285 140,223 33,576	30.0% 17.3% 10.9% 21.3% 4.6% 1.0% 2.0% 0.5%	_	1,869,405 948,861 883,783 1,378,361 281,983 84,803 131,159 53,157	28.3% 14.4% 13.4% 20.9% 4.3% 1.3% 2.0% 0.8%
U.S. government and agencies [a] AAA AA A BBB BB B CCC or lower Not rated	\$	2,084,315 1,203,508 757,361 1,480,920 321,374 67,285 140,223 33,576 16,576	30.0% 17.3% 10.9% 21.3% 4.6% 1.0% 2.0% 0.5% 0.2%	\$	1,869,405 948,861 883,783 1,378,361 281,983 84,803 131,159 53,157 99,619	28.3% 14.4% 13.4% 20.9% 4.3% 1.3% 2.0% 0.8% 1.5%
U.S. government and agencies [a] AAA AA A BBB BB BCCCC or lower Not rated Fixed maturities at fair value	\$	2,084,315 1,203,508 757,361 1,480,920 321,374 67,285 140,223 33,576 16,576 6,105,138	30.0% 17.3% 10.9% 21.3% 4.6% 1.0% 0.5% 0.2%	\$	1,869,405 948,861 883,783 1,378,361 281,983 84,803 131,159 53,157 99,619 5,731,131	28.3% 14.4% 13.4% 20.9% 4.3% 1.3% 2.0% 0.8% 1.5%
U.S. government and agencies [a] AAA AA A BBB BB BCCCC or lower Not rated Fixed maturities at fair value U.S. government and agencies	\$	2,084,315 1,203,508 757,361 1,480,920 321,374 67,285 140,223 33,576 16,576 6,105,138	30.0% 17.3% 10.9% 21.3% 4.6% 1.0% 0.5% 0.2% 87.9%	\$	1,869,405 948,861 883,783 1,378,361 281,983 84,803 131,159 53,157 99,619 5,731,131	28.3% 14.4% 13.4% 20.9% 4.3% 1.3% 2.0% 0.8% 1.5% 86.8%
U.S. government and agencies [a] AAA AA A BBB BB BCCCC or lower Not rated Fixed maturities at fair value U.S. government and agencies AAA AA AA	\$	2,084,315 1,203,508 757,361 1,480,920 321,374 67,285 140,223 33,576 16,576 6,105,138 27,627 583,187	30.0% 17.3% 10.9% 21.3% 4.6% 1.0% 2.0% 0.5% 0.2% 87.9% 0.4% 8.4% 1.3% 1.5%	\$	1,869,405 948,861 883,783 1,378,361 281,983 84,803 131,159 53,157 99,619 5,731,131 29,201 619,832	Distribution 28.3% 14.4% 13.4% 20.9% 4.3% 1.3% 2.0% 0.8% 1.5% 86.8% 0.4% 9.4% 1.2% 1.8%
U.S. government and agencies [a] AAA AA A BBB BB B CCCC or lower Not rated Fixed maturities at fair value U.S. government and agencies AAA AA ABBB	\$	2,084,315 1,203,508 757,361 1,480,920 321,374 67,285 140,223 33,576 6,105,138 27,627 583,187 92,473 101,119 30,567	30.0% 17.3% 10.9% 21.3% 4.6% 1.0% 2.0% 0.5% 0.2% 87.9% 0.4% 8.4% 1.3% 1.5% 0.4%	\$	1,869,405 948,861 883,783 1,378,361 281,983 84,803 131,159 53,157 99,619 5,731,131 29,201 619,832 82,511 117,600 24,117	Distribution 28.3% 14.4% 13.4% 20.9% 4.3% 1.3% 2.0% 0.8% 1.5% 86.8% 0.4% 9.4% 1.2% 1.8% 0.4%
U.S. government and agencies [a] AAA AA A BBB BB BCCCC or lower Not rated Fixed maturities at fair value U.S. government and agencies AAA AA ABBB BBB BBB	\$	2,084,315 1,203,508 757,361 1,480,920 321,374 67,285 140,223 33,576 6,105,138 27,627 583,187 92,473 101,119 30,567 2,375	30.0% 17.3% 10.9% 21.3% 4.6% 1.0% 2.0% 0.5% 0.2% 87.9% 0.4% 8.4% 1.3% 1.5% 0.4% —%	\$ \$	1,869,405 948,861 883,783 1,378,361 281,983 84,803 131,159 53,157 99,619 5,731,131 29,201 619,832 82,511 117,600 24,117	Distribution 28.3% 14.4% 13.4% 20.9% 4.3% 1.3% 2.0% 0.8% 1.5% 86.8% 0.4% 9.4% 1.2% 1.8% 0.4%%
U.S. government and agencies [a] AAA AA A BBB BB B CCC or lower Not rated Fixed maturities at fair value U.S. government and agencies AAA AA ABBB	\$	2,084,315 1,203,508 757,361 1,480,920 321,374 67,285 140,223 33,576 6,105,138 27,627 583,187 92,473 101,119 30,567	30.0% 17.3% 10.9% 21.3% 4.6% 1.0% 2.0% 0.5% 0.2% 87.9% 0.4% 8.4% 1.3% 1.5% 0.4%	\$	1,869,405 948,861 883,783 1,378,361 281,983 84,803 131,159 53,157 99,619 5,731,131 29,201 619,832 82,511 117,600 24,117	28.3% 14.4% 13.4% 20.9% 4.3% 1.3% 2.0% 0.8% 1.5% 86.8% 0.4% 9.4% 1.2% 1.8% 0.4%

[a] Included within U.S. government and agencies are agency-issued residential mortgage-backed securities with a fair value of \$1,272,527 (December 31, 2011: \$1,117,599)

Percentage totals may not add due to rounding.

	Three Months Ended September 30,				Nine Months Ended September 30,				
		2012		<u>2011</u>		2012		2011	
Net investment income	\$	53,518	\$	60,335	\$	166,925	\$	177,766	
Realized and unrealized gains on trading fixed maturities		3,621		1,663		5,274		1,268	
Net realized gains on available for sale fixed maturities		3,087		6,097		22,836		9,520	
Increase (decrease) in fair value of hedge funds		8,245		(7,668)		9,030		(6,380)	
Decrease in fair value of catastrophe bonds		_		_		_		(25,641)	
Increase (decrease) in fair value of structured deposit		1,003		(2,007)		713		(1,957)	
Income from equity method investments		5,167		579		15,677		422	
(Decrease) increase in fair value of derivatives		(687)		(6,636)		5,880		(9,796)	
Net realized and unrealized gains (losses) on investments	\$	20,436	\$	(7,972)	\$	59,410	\$	(32,564)	
Net impairment losses recognized in earnings	\$	(592)	\$	(861)	\$	(6,531)	\$	(2,243)	

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