

TOKIO MILLENNIUM RE LTD.

Unconsolidated Financial Statements
(Unaudited)

Nine Months Ended September 30, 2009 and 2008

TOKIO MILLENNIUM RE LTD.

Unconsolidated Balance Sheets (Unaudited)

September 30, 2009 and 2008
(Expressed in United States Dollars)

	<u>2009</u>	<u>2008</u>
Assets		
Cash and cash equivalents	\$ 261,819,689	\$ 314,039,687
Short term investments	200,000,000	76,131,243
Investments in fixed maturity securities	824,849,116	616,483,240
Investments in catastrophe bonds	77,168,446	72,011,466
Collateral held on behalf of counterparties	25,547,195	76,066,099
Accrued interest receivable	8,871,145	9,382,093
Reinsurance balances receivable	136,090,527	127,245,360
Prepaid reinsurance premiums	26,359,213	38,968,647
Fair value of derivatives	34,281,014	19,581,069
Outstanding losses recoverable from reinsurers	26,472,639	15,522,270
Deferred acquisition expenses	23,544,534	24,162,632
Unearned profit commission	8,388,778	9,005,815
Prepaid expenses	3,699,697	874,579
Capital assets	9,631,448	8,692,609
Funds withheld	27,338,473	24,101,324
Other assets	<u>359,819</u>	<u>202,497</u>
Total assets	\$ 1,694,421,733	\$ 1,432,470,630
Liabilities		
Outstanding losses and loss expenses	\$ 108,408,761	\$ 101,898,398
Liability for collateral held on behalf of counterparties	25,547,195	76,066,099
Reinsurance balances payable	43,031,985	69,973,885
Amounts due to investment brokers	132,250,185	-
Unearned premiums	183,861,666	176,912,875
Deferred commission income	3,182,753	5,286,254
Deferred profit commission income	-	46,320
Funds withheld payable	1,500,000	-
Accounts payable and accrued expenses	<u>3,361,232</u>	<u>2,709,421</u>
Total liabilities	501,143,777	432,893,252
Shareholder's equity		
Authorised, issued and fully paid, shares of \$1 par value each	\$ 250,000,000	\$ 250,000,000
Contributed surplus	400,000,000	400,000,000
Retained earnings	516,811,760	334,920,234
Accumulated other comprehensive income	<u>26,466,196</u>	<u>14,657,144</u>
Total shareholder's equity	1,193,277,956	999,577,378
Total liabilities and shareholder's equity	\$ 1,694,421,733	\$ 1,432,470,630

TOKIO MILLENNIUM RE LTD.

Unconsolidated Statements of Operations and Comprehensive Income (Unaudited)

Nine Months Ended September 30, 2009 and 2008
(Expressed in United States Dollars)

	<u>2009</u>	<u>2008</u>
Income		
Reinsurance premiums assumed	\$ 385,049,011	\$ 341,896,078
Change in unearned premiums	<u>(76,743,813)</u>	<u>(84,083,989)</u>
Reinsurance premiums earned	<u>308,305,198</u>	<u>257,812,089</u>
Reinsurance premiums ceded	44,596,984	45,976,986
Change in prepaid reinsurance	<u>(706,271)</u>	<u>(10,292,338)</u>
Reinsurance premiums ceded	<u>43,890,713</u>	<u>35,684,648</u>
Net premiums earned	264,414,485	222,127,441
Catastrophe bond income	<u>4,539,492</u>	<u>3,760,094</u>
Total operating income	268,953,977	225,887,535
Net investment income	<u>20,634,851</u>	<u>27,321,135</u>
Total income	<u>289,588,828</u>	<u>253,208,670</u>
Expenses		
Loss and loss expenses incurred	41,614,229	64,162,032
Losses recoverable from reinsurers	<u>(19,990,434)</u>	<u>(15,168,067)</u>
Net loss and loss expenses incurred	21,623,795	48,993,965
Acquisition expenses	39,877,596	38,494,192
Profit commission	23,635,361	19,644,940
Net derivative expense	38,873,050	28,169,419
General and administrative expenses	22,964,712	19,585,891
Foreign exchange (gains) losses	<u>(5,062,240)</u>	<u>5,907,866</u>
Total expenses	<u>141,912,274</u>	<u>160,796,273</u>
Net income	147,676,554	92,412,397
Other comprehensive (loss) income		
Net change in unrealised (losses) gains on investments	<u>(8,381,216)</u>	<u>828,994</u>
Other comprehensive (loss) income	<u>(8,381,216)</u>	<u>828,994</u>
Comprehensive income	<u>\$ 139,295,338</u>	<u>\$ 93,241,391</u>

TOKIO MILLENNIUM RE LTD.

Unconsolidated Statements of Changes in Shareholder's Equity (Unaudited)

Nine Months Ended September 30, 2009 and 2008
(Expressed in United States Dollars)

	<u>2009</u>	<u>2008</u>
Share capital		
Balance at beginning of year and end of period	\$ <u>250,000,000</u>	\$ <u>250,000,000</u>
Contributed surplus		
Balance at beginning of year and end of period	<u>400,000,000</u>	<u>400,000,000</u>
Retained earnings		
Balance at beginning of year	369,135,206	242,507,837
Net income	<u>147,676,554</u>	<u>92,412,397</u>
Balance at end of period	<u>516,811,760</u>	<u>334,920,234</u>
Other comprehensive income		
Balance at beginning of year	34,847,412	13,828,150
Net change in unrealised losses gains on investments	<u>(8,381,216)</u>	<u>828,994</u>
Balance at end of period	<u>26,466,196</u>	<u>14,657,144</u>
Total shareholder's equity	<u>\$ 1,193,277,956</u>	<u>\$ 999,577,378</u>

TOKIO MILLENNIUM RE LTD.

Unconsolidated Statements of Cash Flows (Unaudited)

Nine Months Ended September 30, 2009 and 2008
(Expressed in United States Dollars)

	<u>2009</u>	<u>2008</u>
Cash flows from operating activities		
Net income	\$ 147,676,554	\$ 92,412,397
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation of capital assets	2,726,596	1,564,281
Amortisation of fixed maturity securities	1,865,094	1,257,020
Amortisation of catastrophe bonds	4,167	3,333
Change in:		
Collateral held on behalf of counterparties	33,349,225	35,553,962
Accrued interest receivable	1,264,763	(404,189)
Reinsurance balances receivable	(48,454,898)	(44,401,270)
Prepaid reinsurance premiums	(706,307)	(10,292,338)
Fair value of derivatives	(11,048,825)	(5,948,257)
Outstanding losses recoverable from reinsurers	(5,972,644)	(9,749,352)
Deferred acquisition expenses	(12,546,828)	(13,893,394)
Unearned profit commission	(7,789,257)	(8,460,918)
Prepaid expenses	(1,649,135)	690,706
Funds withheld	13,271,494	7,896,424
Other assets	(147,391)	51,719
Outstanding losses and loss expenses	4,469,784	38,934,025
Liability for collateral held on behalf of counterparties	(34,597,579)	(35,553,962)
Reinsurance balances payable	(7,219,905)	7,272,229
Unearned premiums	76,743,692	84,083,989
Deferred commission income	(383,211)	1,815,034
Deferred profit commission income	-	46,320
Funds withheld payable	1,500,000	-
Accounts payable and accrued expenses	<u>559,839</u>	<u>248,829</u>
Cash provided by operating activities	<u>152,915,228</u>	<u>143,126,588</u>
Cash flows from investing activities		
Net purchase/sale of short-term investments	(130,252,170)	(76,131,243)
Net purchase/sale of fixed maturity securities	(200,015,226)	8,309,559
Net purchase/sale of catastrophe bonds	(12,093,900)	(5,368,833)
Purchase of capital assets, net of sales proceeds	(2,983,382)	(3,692,478)
Amounts due to investment brokers	<u>132,250,185</u>	<u>(10,304,000)</u>
Cash used by investing activities	<u>(213,094,493)</u>	<u>(87,186,995)</u>
Cash flows from financing activities		
Dividend paid	<u>-</u>	<u>(50,313,163)</u>
Cash used by financing activities	<u>-</u>	<u>(50,313,163)</u>
Net (decrease) increase in cash and cash equivalents	<u>(60,179,265)</u>	<u>5,626,430</u>
Cash and cash equivalents at beginning of year	<u>321,998,954</u>	<u>308,413,257</u>
Cash and cash equivalents at end of period	<u>\$ 261,819,689</u>	<u>\$ 314,039,687</u>