

**TOKIO MILLENNIUM RE LTD.**

**Consolidated Financial Statements**  
(With Independent Auditors' Report Thereon)

Years Ended December 31, 2009 and 2008



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## INDEPENDENT AUDITORS' REPORT

To the Board of Directors and Shareholder  
Tokio Millennium Re Ltd.

We have audited the accompanying consolidated balance sheets of Tokio Millennium Re Ltd. and subsidiary as of December 31, 2009 and 2008 and the related consolidated statements of operations and comprehensive income, changes in shareholder's equity and cash flows for the years then ended. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements 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 consolidated financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements, 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, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Tokio Millennium Re Ltd. and subsidiary as of December 31, 2009 and 2008, and the results of their operations and their cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Chartered Accountants  
Hamilton, Bermuda  
March 12, 2010

**TOKIO MILLENNIUM RE LTD.**

## Consolidated Balance Sheets

December 31, 2009 and 2008  
(Expressed in United States Dollars)

	<u>2009</u>	<u>2008</u>
<b>Assets</b>		
Cash and cash equivalents (Note 3)	\$ 81,981,924	\$ 322,034,210
Short term investments (Notes 3, 4 and 10)	100,000,000	69,747,829
Investments in fixed interest securities (Notes 3 and 4)	991,791,061	637,737,790
Investments in catastrophe bonds (Note 4)	81,889,015	62,421,123
Collateral held on behalf of counterparties (Note 3)	21,111,199	58,896,420
Accrued interest receivable	10,540,025	10,135,908
Premiums receivable (Note 3)	104,622,676	87,635,630
Prepaid reinsurance premiums (Note 3)	17,440,143	25,652,906
Fair value of derivatives (Note 3)	29,976,231	23,232,188
Outstanding losses recoverable from reinsurers (Notes 3 and 5)	17,082,962	20,499,995
Deferred acquisition expenses	10,107,190	10,997,706
Unearned profit commission	539,536	599,521
Prepaid expenses	2,610,628	2,055,435
Capital assets (Note 7)	9,591,867	9,374,663
Funds withheld (Note 3)	21,592,153	40,609,967
Other assets	<u>330,860</u>	<u>208,965</u>
Total assets	<u>\$ 1,501,207,470</u>	<u>\$ 1,381,840,256</u>
<b>Liabilities</b>		
Outstanding losses and loss expenses (Note 5)	\$ 84,411,700	\$ 103,938,977
Liability for collateral held on behalf of counterparties (Note 3)	22,611,199	60,144,774
Reinsurance balances payable	43,304,698	50,251,890
Unearned premiums	102,796,794	107,117,974
Deferred commission income	2,189,915	3,565,964
Accounts payable and accrued expenses (Note 11)	4,383,592	2,802,397
Deferred fee income	<u>5,696</u>	<u>4,062</u>
Total liabilities	<u>259,703,594</u>	<u>327,826,038</u>
<b>Shareholder's equity</b>		
Authorised, issued and fully paid, shares of \$1 par value each	250,000,000	250,000,000
Contributed surplus (Note 8)	400,000,000	400,000,000
Retained earnings	569,687,078	369,166,805
Accumulated other comprehensive income	<u>21,816,798</u>	<u>34,847,413</u>
Total shareholder's equity	<u>1,241,503,876</u>	<u>1,054,014,218</u>
Total liabilities and shareholder's equity	<u>\$ 1,501,207,470</u>	<u>\$ 1,381,840,256</u>

*See accompanying notes to consolidated financial statements*

Signed on behalf of the Board

\_\_\_\_\_  
Director\_\_\_\_\_  
Director

**TOKIO MILLENNIUM RE LTD.**

## Consolidated Statements of Operations and Comprehensive Income

For the Years Ended December 31, 2009 and 2008

*(Expressed in United States Dollars)*

	<u>2009</u>	<u>2008</u>
<b>Income</b>		
Reinsurance premiums assumed	\$ 417,621,522	\$ 369,785,794
Change in unearned premiums	<u>4,321,180</u>	<u>(14,289,088)</u>
Reinsurance premiums earned	<u>421,942,702</u>	<u>355,496,706</u>
Reinsurance premiums ceded (Note 6)	57,043,729	51,510,118
Change in prepaid reinsurance	<u>8,212,763</u>	<u>3,023,403</u>
Reinsurance premiums ceded	<u>65,256,492</u>	<u>54,533,521</u>
Net premiums earned	356,686,210	300,963,185
Catastrophe bond income	6,372,778	5,096,952
Agency fee income	<u>22,144</u>	<u>15,116</u>
Total operating income	363,081,132	306,075,253
Net investment income (Note 4)	<u>28,833,291</u>	<u>36,204,641</u>
Total income	<u>391,914,423</u>	<u>342,279,894</u>
<b>Expenses</b>		
Loss and loss expenses incurred	37,328,934	80,552,537
Losses recoverable from reinsurers	<u>(16,544,253)</u>	<u>(21,203,291)</u>
Net loss and loss expenses incurred (Note 5)	20,784,681	59,349,246
Acquisition expenses	53,633,296	51,260,453
Profit commission	33,669,933	26,951,543
Net derivative expense (Note 9)	54,093,135	37,012,327
General and administrative expenses (Note 10)	33,390,807	27,058,865
Foreign exchange (gains) losses (Note 4)	<u>(4,177,702)</u>	<u>14,020,362</u>
Total expenses	<u>191,394,150</u>	<u>215,652,796</u>
Net income	200,520,273	126,627,098
<b>Other comprehensive income</b>		
Net change in unrealised gains and losses on investments	<u>(13,030,615)</u>	<u>21,019,261</u>
Other comprehensive (loss) income	<u>(13,030,615)</u>	<u>21,019,261</u>
Comprehensive income	<u>\$ 187,489,658</u>	<u>\$ 147,646,359</u>

*See accompanying notes to consolidated financial statements*

**TOKIO MILLENNIUM RE LTD.**

## Consolidated Statements of Changes in Shareholder's Equity

For the Years Ended December 31, 2009 and 2008

*(Expressed in United States Dollars)*

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	<u>2009</u>	<u>2008</u>
<b>Share capital</b>		
Balance at beginning and end of year	\$ <u>250,000,000</u>	\$ <u>250,000,000</u>
<b>Contributed surplus</b>		
Balance at beginning and end of year	<u>400,000,000</u>	<u>400,000,000</u>
<b>Retained earnings</b>		
Balance at beginning of year	369,166,805	242,539,707
Net income	<u>200,520,273</u>	<u>126,627,098</u>
Balance at end of year	<u>569,687,078</u>	<u>369,166,805</u>
<b>Accumulated other comprehensive income</b>		
Balance at beginning of year	34,847,413	13,828,152
Net change in unrealised gains and losses on investments	<u>(13,030,615)</u>	<u>21,019,261</u>
Balance at end of year	<u>21,816,798</u>	<u>34,847,413</u>
Total shareholder's equity	<u>\$ 1,241,503,876</u>	<u>\$ 1,054,014,218</u>

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*See accompanying notes to consolidated financial statements*

**TOKIO MILLENNIUM RE LTD.**

## Consolidated Statements of Cash Flows

For the Years Ended December 31, 2009 and 2008  
(Expressed in United States Dollars)

	<u>2009</u>	<u>2008</u>
<b>Cash flows from operating activities</b>		
Net income	\$ 200,520,273	\$ 126,627,098
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation of capital assets	3,804,241	2,170,146
Loss on disposal of fixed assets	-	7,663
Amortisation of fixed interest securities	2,967,816	1,765,076
Amortisation of catastrophe bonds	4,167	5,833
Foreign exchange (gains) losses on cash and cash equivalents	(6,372,543)	331,960
Other than temporary impairment charge on short term investments	-	12,333,958
Change in:		
Collateral held on behalf of counterparties	37,785,221	52,723,641
Accrued interest receivable	(404,117)	(1,158,004)
Premiums receivable	(16,987,046)	(9,833,874)
Prepaid reinsurance premiums	8,212,763	3,023,403
Fair value of derivatives	(6,744,043)	(4,557,042)
Outstanding losses recoverable from reinsurers	3,417,033	(14,727,077)
Deferred acquisition expenses	890,516	(728,468)
Unearned profit commission	59,985	(54,624)
Prepaid expenses	(555,193)	(484,198)
Funds withheld	19,017,814	(8,612,219)
Other assets	(121,895)	47,631
Outstanding losses and loss expenses	(19,527,277)	40,974,606
Liability for collateral held on behalf of counterparties	(37,533,575)	(51,475,287)
Reinsurance balances payable	(6,947,192)	(12,449,766)
Unearned premiums	(4,321,180)	14,289,088
Deferred commission income	(1,376,049)	94,744
Accounts payable and accrued expenses	1,581,195	341,805
Deferred fee income	1,634	(1,137)
Cash provided by operating activities	<u>177,372,548</u>	<u>150,654,956</u>
<b>Cash flows from investing activities</b>		
Purchase of short term investments	(200,000,000)	(82,081,787)
Proceeds on maturity of short term investments	169,747,829	-
Purchase of fixed interest securities	(486,827,256)	(138,564,936)
Proceeds on maturity of fixed interest securities	112,897,395	146,890,000
Purchase of catastrophe bonds	(57,093,900)	(28,814,000)
Proceeds on maturity of catastrophe bonds	41,500,000	21,141,167
Purchase of capital assets, net of sales proceeds	<u>(4,021,445)</u>	<u>(4,988,060)</u>
Cash used in investing activities	<u>(423,797,377)</u>	<u>(86,417,616)</u>

**TOKIO MILLENNIUM RE LTD.**

## Consolidated Statements of Cash Flows (continued)

For the Years Ended December 31, 2009 and 2008  
*(Expressed in United States Dollars)*

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	<u>2009</u>	<u>2008</u>
<b>Cash flows from financing activities</b>		
Dividends paid	—	<u>(50,313,163)</u>
Cash used in financing activities	—	<u>(50,313,163)</u>
Net (decrease) increase in cash and cash equivalents	(246,424,829)	13,924,177
Foreign exchange gains (losses) on cash and cash equivalents	6,372,543	(331,960)
Cash and cash equivalents at beginning of year	<u>322,034,210</u>	<u>308,441,993</u>
Cash and cash equivalents at end of year	\$ 81,981,924	\$ <u>322,034,210</u>

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*See accompanying notes to consolidated financial statements*

## TOKIO MILLENNIUM RE LTD.

### Notes to Consolidated Financial Statements

December 31, 2009 and 2008

*(Amounts in tables expressed in United States Dollars)*

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#### 1. General

Tokio Millennium Re Ltd. (the "Company") was incorporated under the laws of Bermuda on March 15, 2000 and is licenced as a Class 3B reinsurer under the Insurance Act, 1978 of Bermuda and related regulations to write all classes of property and casualty business. The Company is a wholly-owned subsidiary of the Tokio Marine and Nichido Fire Insurance Co., Ltd. The ultimate parent company is Tokio Marine Holdings, Inc. (formerly Millea Holdings, Inc.), a company incorporated in Japan.

The Company participates in various excess of loss property catastrophe, workers' compensation catastrophe, crop/hail and terrorism reinsurance contracts. Catastrophe reinsurance covers unpredictable events such as hurricanes, windstorms, hailstorms, earthquakes, fires, freezes, floods and other man-made or natural disasters. Because the Company has large aggregate exposures to these risks, the Company expects that its claims experience will be characterised by relatively low frequency and high severity claims. The occurrence of claims from catastrophic events is likely to result in substantial volatility in the Company's financial results for any particular period. The Company endeavours to manage its exposures to catastrophic events by limiting the amount of its exposure in each geographic zone.

The Company also provides non-traditional customised reinsurance and financial solutions for its clients' world-wide property and casualty exposures on both a treaty and facultative basis.

Tokio Millennium Agency Ltd. ("TMA"), a wholly-owned subsidiary of the Company, was incorporated in Bermuda on June 6, 2003, with an initial share capital of \$12,000. Its primary activity is to facilitate risk swap agreements between Tokio Marine and Nichido Fire Insurance Co., Ltd. and other insurance companies for which it receives agency fees.

#### 2. Summary of significant accounting policies

The consolidated financial statements are prepared in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP"). The consolidated financial statements include the accounts of the Company and its wholly-owned subsidiary, TMA. All significant intercompany transactions and balances are eliminated on consolidation. To facilitate comparison of information across periods, certain prior year amounts may be reclassified to conform to the current year presentation.

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported and disclosed amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. The major estimates reflected in the Company's consolidated financial statements include, but are not limited to, the outstanding losses and loss expenses, outstanding losses recoverable from reinsurers, estimates of written and earned premiums and the fair value of catastrophe swap derivatives.

The following are the significant accounting policies adopted by the Company:

##### *(a) Premiums earned and acquisition expenses*

Premiums assumed are recorded on the accruals basis and are included in income over the period of exposure to risk with the unearned portion deferred in the balance sheet. Reinsurance premiums ceded are similarly earned over the period of exposure to risk with the unearned portion being deferred in the balance sheet as prepaid reinsurance premiums.

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## TOKIO MILLENNIUM RE LTD.

Notes to Consolidated Financial Statements

December 31, 2009 and 2008

*(Amounts in tables expressed in United States Dollars)*

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### 2. Summary of significant accounting policies (continued)

#### *(a) Premiums earned and acquisition expenses (continued)*

For excess of loss contracts, the ultimate premium is estimated at contract inception. Subsequent premium adjustments, if any, are recorded in the period in which they are determined. For proportional treaties, the amount of premium is normally estimated at inception by the ceding company. The Company accounts for such premium using initial estimates, which are reviewed regularly with respect to the actual premium reported by the ceding company.

The Company earns reinstatement premiums upon the occurrence of a loss under the reinsurance contract. Reinstatement premiums are calculated in accordance with the contract terms based upon the ultimate loss estimate associated with each contract.

Acquisition expenses, mainly commissions and brokerage, related to unearned premiums are deferred and amortised to income over the periods in which the premiums are earned. The method followed in determining the deferred acquisition expenses limits the amount of the deferral to its realisable value by giving consideration to losses and expenses expected to be incurred as premiums are earned.

Where applicable, no claims bonuses and profit commissions are accrued based on claim experience.

#### *(b) Outstanding losses and loss expenses*

Losses and loss expenses paid are recorded when advised by the ceding insurance companies. Outstanding losses comprise estimates of the amount of reported losses and loss expenses received from the ceding insurance companies plus a provision for losses incurred but not reported ("IBNR"). The IBNR provision is estimated by management based on reports from industry sources, including initial estimates of aggregate industry losses, individual loss estimates received from ceding companies and brokers, output from commercially available catastrophe loss models and actuarial analysis using historical data available to the Company on the business assumed together with industry data.

Given the inherent nature of major catastrophic events, considerable uncertainty underlies the assumptions and associated estimated reserve for losses and loss expenses. These estimates are reviewed regularly and, as experience develops and new information becomes known, the reserves are adjusted as necessary. Such adjustments, if any, are reflected in income in the period in which they are determined. Due to the inherent uncertainty in estimating the liability for losses and loss expenses, there can be no assurance that the ultimate liability will not be settled for a significantly greater or lesser amount than that recorded. Based on the current assumptions used, management believes that the Company's recorded amount is a reasonable estimate of the ultimate cost of losses incurred to the balance sheet date.

Amounts recoverable from reinsurers are estimated in a manner consistent with the underlying liabilities.

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## TOKIO MILLENNIUM RE LTD.

### Notes to Consolidated Financial Statements

December 31, 2009 and 2008

*(Amounts in tables expressed in United States Dollars)*

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#### 2. Summary of significant accounting policies (continued)

##### *(c) Investments*

Short term investments, investments in fixed interest securities and investments in catastrophe bonds are classified as available for sale and are carried at fair value, with any unrealised gains and losses included in accumulated other comprehensive income as a separate component of shareholder's equity. Short term investments represent bank deposits with an original term of greater than 90 days but less than one year. The carrying value reported in the consolidated balance sheets for these instruments approximates their fair value due to the short term nature of the investments. The fair value of fixed interest securities is based on quoted market prices, if available. If a quoted price is not available, fair value is estimated using quoted prices for similar securities or other market-corroborated data. Fair value for catastrophe bonds is based on independent broker quotes. The cost of investments is adjusted for amortisation of premiums and discounts. Realised gains and losses on investments are recognised in net income using the specific identification method. Interest income on short term investments, fixed interest securities and catastrophe bonds is accrued to the balance sheet date.

Impairment losses are recognized on investments on an individual security basis when the investment is considered to be other than temporarily impaired. Impairment occurs when it is deemed probable that the Company will be unable to collect all amounts due according to contractual terms of the individual security. If there is no objective evidence to support recovery in value before disposal and the Company intends to sell the security or more likely than not will be required to sell the security before recovery of its adjusted amortized cost basis, these impairments will be included within realized losses and the cost basis of the investment reduced accordingly.

If the Company does not intend to sell the security and it is unlikely that the Company will be required to sell the security before recovery of its adjusted amortized cost basis, the other than temporary impairment is separated into the amount representing the credit loss and the amount related to all other factors. The amount of the total other than temporary impairment related to credit loss is recognized in earnings. The amount of the total other than temporary impairment related to other factors is recognized in other comprehensive income. The Company will not change the revised cost basis for subsequent recoveries in value.

The Company's investments are managed following prudent standards of diversification. Specific provisions limit the allowable holdings of a single issue and issuers.

##### *(d) Derivative financial instruments*

From time to time, the Company enters into catastrophe swap derivatives, under which certain catastrophe reinsurance exposures are ceded to or assumed from the swap counterparty. The Company does this to facilitate institutional investors who seek to diversify their portfolios by adding non-correlated reinsurance risks to their portfolio. The Company has accumulated considerable experience in the transformation of such risks by selling reinsurance and buying derivatives from the institutional investors, or vice versa. The Company earns a fee for its role in facilitating such transactions. Since there is no right of offset all transactions are presented on a gross basis in the financial statements. The Company designates its derivatives as non-hedging derivative instruments based upon criteria established by FASB ASC 815, *Derivative and Hedging Activities*. Catastrophe swaps are recorded at fair value with changes in fair values recorded in the income statement.

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## TOKIO MILLENNIUM RE LTD.

### Notes to Consolidated Financial Statements

December 31, 2009 and 2008

(Amounts in tables expressed in United States Dollars)

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#### 2. Summary of significant accounting policies (continued)

##### (e) Capital assets

Capital assets are stated at cost less accumulated depreciation calculated on a straight-line basis over the estimated useful lives of the assets which are as follows:

Computer equipment	3 years
Computer software	3 years
Fixtures and fittings	5 years
Leasehold improvements	Over the term of each lease
Motor vehicles	5 years
Office equipment	4 years

##### (f) Translation of foreign currencies

Foreign currency assets and liabilities considered monetary items are translated at exchange rates in effect at the balance sheet date. Foreign currency revenues and expenses are translated at the transaction date exchange rates. Exchange gains and losses are included in the determination of net income.

##### (g) Cash and cash equivalents

For purposes of the statements of cash flows, the Company considers all instruments and deposits with a maturity of ninety days or less at the date of purchase, and money market funds which can be redeemed without penalty, as equivalent to cash.

##### (h) Fair value measurements

FASB ASC 820, *Fair Value Measurements and Disclosures* ("FASB ASC 820"), clarifies the definition of fair value, establishes a framework for measuring fair value and expands disclosures about fair value measurements. FASB ASC 820 clarifies that fair value is a market-based measurement, not an entity-specific measurement, and sets out a fair value hierarchy with the highest priority being quoted prices in active markets and the lowest priority being unobservable data. Further, FASB ASC 820 requires tabular disclosures of the fair value measurements by level within the fair value hierarchy. The Company adopted FASB ASC 820 effective January 1, 2008. The adoption did not have a significant impact on the Company's consolidated statements of operations or financial condition, except for additional required disclosures in the consolidated financial statements.

The following are the levels within the fair value hierarchy:

- Level 1—Valuations based on quoted prices in active markets for identical assets or liabilities that the Company has the ability to access. Since valuations are based on quoted prices that are readily and regularly available in an active market, valuation of these instruments does not entail a significant degree of judgment.
  - Level 2—Valuations based on quoted prices in markets that are not active or for which all significant inputs are observable, directly or indirectly. Level 2 inputs include quoted prices for similar assets and liabilities in active markets and inputs other than quoted prices that are observable for the asset or liability, such as interest rates and yield curves that are observable at commonly quoted intervals, broker quotes and certain pricing indices.
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**TOKIO MILLENNIUM RE LTD.**

Notes to Consolidated Financial Statements

December 31, 2009 and 2008

(Amounts in tables expressed in United States Dollars)

**2. Summary of significant accounting policies (continued)**

*(h) Fair value measurements (continued)*

- Level 3—Valuations based on inputs that are unobservable and significant to the overall fair value measurement. These measurements include circumstances where there is little, if any, market activity for the asset or liability. In these cases, significant management assumptions can be used to establish management's best estimate of the assumptions used by other market participants in determining the fair value of the asset or liability.

There have been no material changes in the Company's valuation techniques since the adoption of FAS ASC 820.

In certain cases, the inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, the level in the fair value hierarchy within which the fair value measurement in its entirety falls has been determined based on the lowest level input that is significant to the fair value measurement of the asset or liability. The Company's assessment of the significance of a particular input to the fair value measurement in its entirety requires judgment, and the Company considers factors specific to the asset or liability.

Below is a summary of the assets and liabilities that are measured at fair value on a recurring basis:

<u>At December 31, 2009</u>	<u>Total</u>	<u>Quoted prices in active markets for identical assets (Level 1)</u>	<u>Significant other observable inputs (Level 2)</u>	<u>Significant unobservable inputs (Level 3)</u>
Short term investments	\$ 100,000,000	\$ 100,000,000	\$ —	\$ —
Investments in fixed maturity securities	991,791,061	418,554,362	573,236,699	—
Investments in catastrophe bonds	81,889,015	—	81,889,015	—
Collateral held on behalf of counterparties	21,111,199	21,111,199	—	—
Fair value of derivatives	29,976,231	—	—	29,976,231
Liability for collateral held on behalf of counterparties	<u>(22,611,199)</u>	<u>(22,611,199)</u>	<u>—</u>	<u>—</u>
	<u>\$ 1,202,156,307</u>	<u>\$ 517,054,362</u>	<u>\$ 655,125,714</u>	<u>\$ 29,976,231</u>

Investments in fixed interest securities included in Level 1 consist of the Company's investments in U.S. Treasuries; also included in Level 1 are short term investments and collateral held on behalf of counterparties, which consists of cash and cash equivalents.

Investments in fixed interest securities included in Level 2 consist of the Company's investments in U.S. agency debentures, non-U.S. government bonds, U.S. agency mortgage-backed securities and corporate bonds. Investments in catastrophe bonds are also included in Level 2. The fair value of catastrophe bonds is determined using the midpoint of the bid and offer price provided by an independent pricing agent.

Included in Level 3 are the Company's catastrophe swap derivatives. Catastrophe swap derivatives are stated at fair value as estimated by management primarily based on the unexpired period of risk, an evaluation of the probability of loss and other unobservable inputs. The inputs for catastrophe swap derivatives are purely based on management's evaluation and are unobservable.

**TOKIO MILLENNIUM RE LTD.**

## Notes to Consolidated Financial Statements

December 31, 2009 and 2008

*(Amounts in tables expressed in United States Dollars)***2. Summary of significant accounting policies (continued)***(h) Fair value measurements (continued)*

Below is a reconciliation of the beginning and ending balances of derivatives measured at fair value on a recurring basis using Level 3 inputs:

<b>Year ended December 31, 2009</b>	<b>Fair Value Measurements Using Significant Unobservable Inputs (Level 3)</b>
	<b>Fair Value of Derivatives</b>
Balance – January 1	\$ 23,232,188
Total unrealized losses Included in net derivative expense	(30,877,711)
Total realized losses Included in net derivative expense	(23,232,188)
Total foreign exchange gains Included in net derivative expense	16,763
Net purchases, issuances, and settlements	60,837,179
Net transfers in and/or out of Level 3	–
Balance – December 31	<u>\$ 29,976,231</u>

The following methods and assumptions are used by the Company in estimating fair value disclosures for other financial instruments:

*Cash and cash equivalents:* The carrying amounts reported in the balance sheet for these instruments approximate their fair values.

*Other assets and liabilities:* The fair value of accrued interest receivable, premiums receivable, funds withheld, other assets, reinsurance balances payable, accounts payable and accrued expenses approximates their carrying value due to their short term nature. The estimates of fair values are subjective in nature and are not necessarily indicative of the amounts that the Company would actually realize in a current market exchange. However, any differences would not be expected to be material. Certain instruments such as prepaid reinsurance premiums, deferred acquisition expenses, outstanding losses recoverable from reinsurers, unearned profit commission, prepaid expenses, capital assets, outstanding losses and loss expenses, unearned premiums, deferred fee income and deferred commission income are excluded from fair value disclosure. Thus, the total fair value amounts cannot be aggregated to determine the underlying economic value of the Company.

*(i) Bad debt provision*

The company reviews receivables on a quarterly basis. A bad debt provision is generally provided for any receivables that are greater than six months overdue. In addition the company considers known and emerging credit events to determine if other provisions are necessary.

## TOKIO MILLENNIUM RE LTD.

### Notes to Consolidated Financial Statements

December 31, 2009 and 2008

(Amounts in tables expressed in United States Dollars)

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#### 2. Summary of significant accounting policies (continued)

##### (j) Long term incentive compensation plan

In 2008, the Board approved a compensation program for employees. The compensation program consists of accumulation units which are based on movements in the net asset value of the Company and are settled in cash once the cliff vesting service period has been rendered. The Company is required to account for the compensation program in accordance with FASB ASC 718, *Compensation – Stock Compensation* (“FASB ASC 718”). FASB ASC 718 requires the Company to measure the cost of employee services received in exchange for an accumulation unit award based on the grant-date fair value of the award and as a liability award is remeasured each reporting period. The cost of such services will be recognized over the period during which an employee is required to provide service in exchange for the award. The fair value of the accumulation units is accounted for as a liability classified award. The Company has applied a narrow based interpretation of authorisation, as defined in FASB ASC 718, for the determination of the grant date of the awards. As such, the grant date of the units is determined to be upon authorisation of the awards in accordance with the Company’s governance structure.

##### (k) Taxation

In July 2006, the Financial Accounting Standards Board (“FASB”) issued an update to FASB ASC 740 (FASB statement No.109). This interpretation provides detailed guidance for the financial statement recognition, measurement and disclosure of uncertain tax positions recognised in an enterprise’s financial statements. The Company has adopted FASB ASC 740 (FIN 48) for the fiscal year beginning on January 1, 2009 with no resulting impact on the Company’s operating results or financial condition.

#### 3. Concentration of credit risk

As at December 31, 2009, cash and cash equivalents of \$2,051,167 (2008 - \$322,034,210) and short term investments of \$100,000,000 (2008 - \$69,747,829) are held with a single banking institution with a credit rating of AA-. Money market funds totaling \$79,930,757 (2008 - \$ nil) are held with three banking institutions. The money market funds are all rated AAA. All ratings have been assigned by leading rating agencies. The Company’s management evaluates the financial strength and stability of these institutions on a periodic basis.

As at December 31, 2009, 71% of the Company’s funds withheld is held in trust by a ceding company with a credit rating of A-. At December 31, 2008, 78% of the Company’s funds withheld was held in trust by two ceding companies with credit ratings of A- and A, respectively.

The Company’s investment portfolio is managed by an external investment manager in accordance with the Company’s investment guidelines. These guidelines follow prudent standards of diversification and a prudent investment philosophy. Within the fixed income portfolio, the Company attempts to limit credit exposure by purchasing fixed income securities rated AA- and higher. The Company is not exposed to any significant concentration risk on its investments.

The Company has exposure to credit risk related to premiums receivable and reinsurance recoverable on paid and unpaid losses. The credit risk exposure related to these balances is mitigated by several factors, including but not limited to, collateralisation of exposures ceded to unrated counterparties, credit checks performed as part of the underwriting process and monitoring of aged receivables. As of December 31, 2009 and 2008, the Company has no significant aged receivables.

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## TOKIO MILLENNIUM RE LTD.

### Notes to Consolidated Financial Statements

December 31, 2009 and 2008

(Amounts in tables expressed in United States Dollars)

#### 3. Concentration of credit risk (continued)

The creditworthiness of any counterparty is evaluated by the Company, taking into account credit ratings assigned by rating agencies. The credit approval process involves an assessment of factors including, among others, the counterparty, country and credit exposure limits.

At December 31, 2009, the maximum credit risk exposure in relation to unrated counterparties for reinsurance ceded agreements is \$290.8 million (2008 - \$416.7 million). The Company's credit risk in relation to reinsurance ceded is fully collateralised. The collateral consists of assets held in trusts by the reinsurance counterparty for the benefit of the Company of \$95.3 million (2008 - \$219.6 million), collateral held on behalf of counterparties of \$16.6 million (2008 - \$56.6 million), and letters of credit of \$258.0 million (2008 - \$140.4 million). The Company has no entitlement to income earned on the collateral held on behalf of counterparties, and any diminution in the market value of these assets is the responsibility of the counterparty and results in a reduction in the liability for collateral held on behalf of counterparties.

At December 31, 2009, prepaid reinsurance premiums of \$17.4 million (2008 - \$25.7 million) are related to exposures ceded to unrated reinsurers.

At December 31, 2009, the maximum exposure to credit risk of the counterparties for catastrophe swap agreements is \$415.4 million (2008 - \$422.8 million) which is fully collateralised. The collateral consists of assets held in trust by the swap counterparty for the benefit of the Company of \$2.5 million (2008 - \$15.9 million), letters of credit of \$408.4 million (2008 - \$403.3 million) and collateral held on behalf of counterparties of \$4.5 million (2008 - \$3.5 million). The Company has no entitlement to income earned on the collateral held on behalf of counterparties, and any diminution in the market value of these assets is the responsibility of the counterparty and results in a reduction in the liability for collateral held on behalf of counterparties.

The Company also has exposure to credit risk as it relates to its business written through brokers, if any of the Company's brokers is unable to fulfill their contractual obligations with respect to payments to the Company. In addition, in some jurisdictions, if the broker fails to make payments to the insured under the Company's policy, the Company might remain liable to the insured for any deficiency.

#### 4. Investments

##### (a) Fixed interest securities

(i) The amortised cost, fair value and unrealised gains and losses of investments in fixed interest securities are as follows:

<u>At December 31, 2009</u>	<u>Amortised Cost</u>	<u>Unrealised Gains</u>	<u>Unrealised Losses</u>	<u>Fair Value</u>
U.S. government and government agency securities	\$ 615,487,076	\$ 19,716,400	\$ (1,706,480)	\$ 633,496,996
Non U.S. government and government agency securities	30,023,014	744,695	—	30,767,709
U.S. corporate securities	64,150,731	1,202,429	(126,778)	65,226,382
Non U.S. corporate securities	65,583,923	622,312	(147,479)	66,058,756
Agency mortgage-backed securities	<u>197,361,803</u>	<u>—</u>	<u>(1,120,585)</u>	<u>196,241,218</u>
	<u>\$ 972,606,547</u>	<u>\$ 22,285,836</u>	<u>\$ (3,101,322)</u>	<u>\$ 991,791,061</u>

**TOKIO MILLENNIUM RE LTD.**

Notes to Consolidated Financial Statements

December 31, 2009 and 2008

(Amounts in tables expressed in United States Dollars)

4. **Investments** (continued)

(a) *Fixed interest securities* (continued)

<u>At December 31, 2008</u>	<u>Amortised Cost</u>	<u>Unrealised Gains</u>	<u>Unrealised Losses</u>	<u>Fair Value</u>
U.S. government and government agency securities	\$ 529,736,675	\$ 35,427,085	\$ —	\$ 565,163,760
Non U.S. government and government agency securities	30,255,374	1,207,375	—	31,462,749
U.S. corporate securities	12,885,978	355,182	—	13,241,160
Non U.S. corporate securities	<u>28,766,474</u>	<u>23,249</u>	<u>(919,602)</u>	<u>27,870,121</u>
	<u>\$ 601,644,501</u>	<u>\$ 37,012,891</u>	<u>\$ (919,602)</u>	<u>\$ 637,737,790</u>

(ii) The following table summarises for all fixed interest securities in an unrealised loss position at December 31, 2009, the unrealised loss and fair value by the length of time the security has been continuously in an unrealised loss position.

<u>At December 31, 2009</u>	<u>Less than 12 months</u>		<u>Greater than 12 months</u>	
	<u>Fair value</u>	<u>Unrealised losses</u>	<u>Fair value</u>	<u>Unrealised losses</u>
U.S. government and government agency securities	\$ 102,458,640	\$ (1,706,480)	\$ —	\$ —
Non U.S. government and government agency securities	—	—	—	—
U.S. corporate securities	19,962,890	(126,778)	—	—
Non U.S. corporate securities	20,692,090	(147,479)	—	—
Agency mortgage-backed securities	<u>196,241,218</u>	<u>(1,120,585)</u>	<u>—</u>	<u>—</u>
	<u>\$ 339,354,838</u>	<u>\$ (3,101,322)</u>	<u>\$ —</u>	<u>\$ —</u>

<u>At December 31, 2008</u>	<u>Less than 12 months</u>		<u>Greater than 12 months</u>	
	<u>Fair value</u>	<u>Unrealised losses</u>	<u>Fair value</u>	<u>Unrealised losses</u>
U.S. government and government agency securities	\$ —	\$ —	\$ —	\$ —
Non U.S. government and government agency securities	—	—	—	—
U.S. corporate securities	—	—	—	—
Non U.S. corporate securities	<u>26,047,440</u>	<u>(919,602)</u>	<u>—</u>	<u>—</u>
	<u>\$ 26,047,440</u>	<u>\$ (919,602)</u>	<u>\$ —</u>	<u>\$ —</u>

**TOKIO MILLENNIUM RE LTD.**

Notes to Consolidated Financial Statements

December 31, 2009 and 2008

(Amounts in tables expressed in United States Dollars)

4. **Investments** (continued)

(a) *Fixed interest securities* (continued)

As of December 31, 2009, the Company held 31 out of a total of 87 fixed interest securities in an unrealised loss position, which carried total gross unrealised losses of \$3,101,322. The securities have been in an unrealised loss position for one to two months. These 31 fixed interest securities in an unrealised loss position, for which an other-than-temporary impairment charge has not been taken, are rated between AA- and AAA.

Unrealised losses on investments held as of December 31, 2009 and 2008 comprise an accumulation of relatively small unrealised losses on a security by security basis caused by general interest rate movements rather than credit events. As of December 31, 2009 and 2008, the Company had no significant unrealised losses caused by other factors or circumstances, including an issuer specific credit risk or due to industry or geographic risk. There are no amounts in respect of declines in the value of individual securities considered to be other than temporary that were included in gross realised losses on fixed interest investments for the years ended December 31, 2009 and 2008.

(iii) The amortised cost and estimated fair value of fixed interest securities as of December 31, 2009, by contractual maturity, are shown below. Actual maturities may differ from contractual maturities because borrowers may have the right to repay obligations with or without prepayment penalties:

	Amortised cost	Fair value
Within one year	\$ 185,643,462	\$ 187,564,200
From one to five years	499,304,973	517,132,260
From five to ten years	<u>90,296,309</u>	<u>90,853,383</u>
Subtotal	775,244,744	795,549,843
Agency mortgage-backed securities	<u>197,361,803</u>	<u>196,241,218</u>
Total	<u>\$ 972,606,547</u>	<u>\$ 991,791,061</u>

(iv) The Company's investments in fixed interest securities carry a weighted average credit rating of AAA, as assigned by Standard & Poor's. The minimum credit rating of securities within the fixed interest securities portfolio is AA-.

(v) The components of net investment income for the years ended December 31, 2009 and 2008 were as follows:

	2009	2008
Interest on fixed interest securities	\$ 28,048,300	\$ 27,662,307
Amortisation of fixed interest securities	(2,967,816)	(1,765,076)
Interest on cash and cash equivalents	1,732,547	8,618,031
Interest on short term investments	1,971,272	1,344,690
Interest on funds withheld	569,929	701,687
Investment management fees	<u>(520,941)</u>	<u>(356,998)</u>
Net investment income	<u>\$ 28,833,291</u>	<u>\$ 36,204,641</u>

**TOKIO MILLENNIUM RE LTD.**

## Notes to Consolidated Financial Statements

December 31, 2009 and 2008

*(Amounts in tables expressed in United States Dollars)***4. Investments (continued)***(a) Fixed interest securities (continued)*

(vi) In the normal course of business, fixed interest securities and cash and cash equivalents with fair values of \$67,718,380 as at December 31, 2009 (2008 - \$101,871,968), were deposited in trust for the benefit of ceding companies.

(vii) During the year ended December 31, 2008, the Company recorded an other-than-temporary impairment charge of \$12,333,958 on short term investments due to movements in exchange rates. The impairment charge has been recorded as part of foreign exchange losses (gains) in the consolidated statements of operations. There was no impairment charge recorded during 2009.

*(b) Catastrophe bonds*

(i) The Company's investments in catastrophe bonds comprised of thirteen bonds. Eleven of the catastrophe bonds have credit ratings with Standard and Poor's ranging from B to BB+ while the other two catastrophe bonds have credit ratings with Moody's ranging from B1 to Baa2. Maturities on these bonds range from 2010 to 2012. The issuers of these securities have used the proceeds raised to collateralize certain catastrophe reinsurance obligations, mainly North American and European wind and earthquake risks. The investment in these securities is therefore at risk of loss, in whole or in part, if a covered catastrophe occurs.

The cost, fair value and unrealised gains and losses of catastrophe bonds are as follows:

<u>At December 31, 2009</u>	<u>Cost</u>	<u>Unrealised Gains</u>	<u>Unrealised Losses</u>	<u>Fair Value</u>
Catastrophe bonds	\$ <u>79,256,733</u>	\$ <u>3,008,195</u>	\$ <u>(375,913)</u>	\$ <u>81,889,015</u>
<u>At December 31, 2008</u>	<u>Cost</u>	<u>Unrealised Gains</u>	<u>Unrealised Losses</u>	<u>Fair Value</u>
Catastrophe bonds	\$ <u>63,667,000</u>	\$ <u>—</u>	\$ <u>(1,245,877)</u>	\$ <u>62,421,123</u>

**TOKIO MILLENNIUM RE LTD.**

## Notes to Consolidated Financial Statements

December 31, 2009 and 2008

*(Amounts in tables expressed in United States Dollars)***5. Outstanding losses and loss expenses**

The summary of changes in outstanding losses and loss expenses for 2009 and 2008 is as follows:

	<u>2009</u>	<u>2008</u>
Gross balance as of January 1	\$ 103,938,977	\$ 62,964,371
Less outstanding losses recoverable from reinsurers	<u>(20,499,995)</u>	<u>(5,772,918)</u>
Net balance at January 1	<u>83,438,982</u>	<u>57,191,453</u>
Incurred losses related to:		
Current year	31,925,501	57,429,138
Prior years	<u>(11,140,820)</u>	<u>1,920,108</u>
Total incurred	<u>20,784,681</u>	<u>59,349,246</u>
Paid losses related to:		
Current year	6,352,730	12,112,262
Prior years	<u>30,542,195</u>	<u>20,989,455</u>
Total paid	<u>36,894,925</u>	<u>33,101,717</u>
Net balance at December 31	67,328,738	83,438,982
Plus outstanding losses recoverable from reinsurers	<u>17,082,962</u>	<u>20,499,995</u>
Gross balance at December 31	<u>\$ 84,411,700</u>	<u>\$ 103,938,977</u>

During 2009, the Company incurred net losses of \$20.8 million. The Company experienced favorable development of \$11.7 million related to Hurricane Ike losses, a 2008 event, which is offset by adverse development of \$2.1 million relating to the 2008 Brisbane storms. Management's initial assessment of the Brisbane storm was no impact to the Company, hence no reserves were recorded at year end 2008. The favorable development of \$11.7 million relating to Hurricane Ike is due to updated loss information received from various cedants.

During 2008, the Company incurred net losses of \$59.3 million, of which \$48.9 million related to Hurricane Ike, \$7.2 million related to quota share business written and the balance related to smaller events and development on prior year losses. Of the total incurred net losses for 2008, \$4.9 million was recoverable under catastrophe swap derivatives.

For certain catastrophic events, particularly significant events such as Hurricane Ike, there is considerable uncertainty underlying the assumptions and associated estimated reserves for losses and loss adjustment expenses. Reserves are reviewed regularly and, as experience develops and new information becomes known, the reserves are adjusted as necessary. Such adjustments could require a material change in the amount estimated. The uncertainty surrounding reserves for property catastrophe exposures arises from problems such as policy coverage issues, multiple events affecting one geographic area and the impact on claims adjusting by ceding companies. These issues can cause significant delays to the timing of notification of changes to loss estimates reported by ceding companies. Adjustments, if necessary, are reflected in results of operations in the period in which they become known.

**TOKIO MILLENNIUM RE LTD.**

## Notes to Consolidated Financial Statements

December 31, 2009 and 2008

*(Amounts in tables expressed in United States Dollars)***6. Ceded Reinsurance**

The Company uses retrocessional agreements to reduce its exposure to risk of loss on reinsurance assumed. These agreements generally provide for recovery of a portion of losses and loss expenses from retrocessionaires. The Company remains liable to its cedants to the extent that the retrocessionaires do not meet their obligations under these agreements. Failure of reinsurers to honor their obligations could result in losses to the Company. Therefore the Company evaluates the financial condition of its reinsurers and monitors concentration of credit risk, on an ongoing basis, arising from similar geographic regions, activities, or economic characteristics of the reinsurers in order to minimise its exposure to significant losses from reinsurer insolvencies. Provisions are made for amounts considered potentially uncollectible.

As discussed in Note 3, the Company's maximum exposure to unrated reinsurers is fully collateralised.

**7. Capital assets**

Capital assets comprise:

	2009			2008
	Cost	Accumulated depreciation	Net book value	Net book value
Computer equipment	\$ 3,616,553	\$ 2,945,750	\$ 670,803	\$ 911,260
Computer software	8,936,916	3,805,938	5,130,978	4,518,256
Fixtures and fittings	1,273,312	495,020	778,292	698,958
Leasehold improvements	4,742,066	1,756,711	2,985,355	3,199,883
Motor vehicles	99,325	72,886	26,439	46,306
Office equipment	8,030	8,030	—	—
	\$ 18,676,202	\$ 9,084,335	\$ 9,591,867	\$ 9,374,663

**8. Contributed surplus**

Contributed surplus represents cash contributed by the shareholder in excess of the issued share capital.

**9. Net derivative expense**

Net derivative expense consists of catastrophe swap derivative premiums expensed of \$54.1 million (2008 - \$41.9 million), offset by recoveries made under the Company's catastrophe swap derivatives of \$nil (2008 - \$4.9 million).

As discussed in Note 3, the Company's maximum exposure to unrated counterparties is fully collateralised.

## TOKIO MILLENNIUM RE LTD.

### Notes to Consolidated Financial Statements

December 31, 2009 and 2008

*(Amounts in tables expressed in United States Dollars)*

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#### 10. Commitments

- (a) On September 1, 2001, the Company entered into an agreement to lease office space. The term of the lease was ten years. Rent for the current year of the contract amounts to \$256,100 (2008 - \$247,034) which has been included in general and administrative expenses. This amount will increase by a factor dependent on the Bermuda consumer price index on an annual basis. Rent is payable in equal monthly installments. The Company is currently in negotiations with the lease counterparty to relieve its obligations under the terms of the lease. The Company does not anticipate it will incur any material expense associated with this action.
- (b) On October 6, 2005 the Company entered into an agreement to lease additional office premises for a period of ten years commencing in 2006. Rent for the current year of the contract amounts to \$1,308,530 (2008 - \$1,247,178) which has been included in general and administrative expenses. This amount will increase by a factor dependent on the Bermuda consumer price index on an annual basis. Rent is payable in equal monthly installments.
- (c) The above lease agreements also include a maintenance commitment. Maintenance expense for the current year amounts to \$446,885 (2008 - \$435,002) which has been included in general and administrative expenses.
- (d) On January 22, 2010 the Company entered into an agreement to lease additional office premises for a period of ten years commencing January 1, 2010. The expected annual charge per the contract amounts to \$853,423. The new lease also includes a maintenance commitment with an expected annual charge per contract amounting to \$297,965. This amount will increase by a factor dependent on the Bermuda consumer price index on an annual basis. Rent and maintenance is payable in equal monthly installments.
- (e) The Company's bankers have issued letters of credit for \$11.9 million (2008 - \$7.2 million) in favour of ceding companies. Short term investments with a fair value of \$11.9 million (2008 - \$7.2 million) have been pledged as security for these letters of credit.

#### 11. Long term incentive compensation plan

On April 1, 2009, the Company granted its first accumulation units under its long term incentive compensation plan. The value of the units are based on movements in the net asset value of the Company and will be settled in cash four years from the date of issue if the fair value of units at that date exceeds the grant date fair value. At December 31, 2009, there were 384,692 units in issue with a grant date fair value of \$3.16.

In accordance with FASB ASC 718, the fair value of options granted is estimated using a model with the following assumptions:

Expected unit life	4 years
Expected volatility	36%
Risk-free interest rate	1.5%
Forfeiture rate	0%

At year end the fair value per unit was \$4.05. This resulted in an accrued expense of \$292,074 for the year and an unrecognised expense of \$1,265,655 which will be recognised evenly over the next 39 months. The Company revises fair value on a quarterly basis based on the latest estimate of fair value and number of units in issue.

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## TOKIO MILLENNIUM RE LTD.

### Notes to Consolidated Financial Statements

December 31, 2009 and 2008

(Amounts in tables expressed in United States Dollars)

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#### 11. Long term incentive compensation plan (continued)

The activity during 2009 related to number of accumulation units is summarised as follows:

Outstanding at beginning of year	–
Granted	388,613
Exercised	–
Forfeited	<u>3,921</u>
Outstanding at end of year	<u>384,692</u>

#### 12. Statutory requirements

The Company is required by its license to maintain capital and surplus greater than a minimum statutory amount determined as the greater of a percentage of outstanding losses or a given fraction of net written premiums. At December 31, 2009, the Company is required to maintain a minimum statutory capital and surplus of \$54,386,669. Actual statutory capital and surplus is \$1,220,816,341 and accordingly there is no restriction on the amount of retained earnings available for the payment of dividends to the shareholder.

Actual statutory capital and surplus, as determined using statutory accounting principles, is as follows:

Total shareholder's equity	\$ 1,241,503,876
Less non-admitted assets:	
Deferred acquisition expenses	10,107,190
Prepaid expenses	2,605,203
Ceded deferred acquisition expenses	(2,189,915)
Unearned profit commission	539,536
Capital assets	9,591,867
Investment in subsidiary	<u>33,654</u>
Statutory capital and surplus	<u>\$ 1,220,816,341</u>

The Company is also required to maintain a minimum liquidity ratio whereby the value of its relevant assets is not less than 75% of the amount of its relevant liabilities. Relevant assets include cash and cash equivalents, short term investments, catastrophe bonds, fixed interest securities, accrued interest receivable, premiums receivable, funds withheld and other assets. Certain categories of assets do not qualify as relevant assets under the statute. Relevant liabilities are outstanding losses and loss expenses, unearned premiums, deferred fee income, fund withheld ceded, accounts payable and accrued expenses, net of outstanding losses recoverable from reinsurers and prepaid reinsurance premiums.

At December 31, 2009 the Company was required to maintain relevant assets of \$167,238,659. At that date, relevant assets were \$1,443,771,046 and the minimum liquidity ratio was therefore met.

#### 13. Taxation

Under current Bermuda law, the Company is not required to pay any taxes in Bermuda on either income or capital gains. The Company has received an undertaking from the Minister of Finance in Bermuda that in the event of any such taxes being imposed, the Company will be exempted from taxation until the year 2016.

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**TOKIO MILLENNIUM RE LTD.**

Notes to Consolidated Financial Statements

December 31, 2009 and 2008

*(Amounts in tables expressed in United States Dollars)*

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**14. Subsequent events**

The Company has completed its subsequent events evaluation for the period subsequent to the balance sheet date of December 31, 2009, through March 12, 2010, the date the consolidated financial statements were available for issuance.

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