

**TOKIO MILLENNIUM RE LTD.**

**Unconsolidated Financial Statements**  
(Unaudited)

Nine Months Ended September 30, 2010 and 2009

**TOKIO MILLENNIUM RE LTD.**

Unconsolidated Balance Sheets (Unaudited)

September 30, 2010 and 2009  
(Expressed in United States Dollars)

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	<u>2010</u>	<u>2009</u>
<b>Assets</b>		
Cash and cash equivalents	\$ 119,111,105	\$ 261,819,689
Short term investments	-	200,000,000
Investments in fixed interest securities	1,090,192,907	824,849,116
Investments in catastrophe bonds	106,179,630	77,168,446
Collateral held on behalf of counterparties	1,507,526	25,547,195
Accrued interest receivable	8,426,201	8,871,145
Premiums receivable	163,242,066	136,090,527
Prepaid reinsurance premiums	50,274,915	26,359,213
Fair value of derivatives	19,283,851	34,281,014
Outstanding losses recoverable from reinsurers	14,367,360	26,472,639
Deferred acquisition expenses	68,158,760	23,544,534
Unearned profit commission	2,159,507	8,388,778
Prepaid expenses	2,388,703	3,699,697
Capital assets	10,107,716	9,631,448
Funds withheld	23,695,622	27,338,473
Other assets	<u>396,091</u>	<u>359,819</u>
Total assets	<u>\$ 1,679,491,960</u>	<u>\$ 1,694,421,733</u>
<b>Liabilities</b>		
Outstanding losses and loss expenses	\$ 130,715,836	\$ 108,408,761
Liability for collateral held on behalf of counterparties	3,007,526	25,547,195
Reinsurance balances payable	25,471,131	43,031,985
Amounts due to investment brokers	-	132,250,185
Unearned premiums	278,117,348	183,861,666
Deferred commission income	4,910,447	3,182,753
Funds withheld payable	-	1,500,000
Accounts payable and accrued expenses	<u>5,010,191</u>	<u>3,361,232</u>
Total liabilities	<u>447,232,479</u>	<u>501,143,777</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	400,000,000	400,000,000
Retained earnings	530,191,297	516,811,760
Accumulated other comprehensive income	<u>52,068,184</u>	<u>26,466,196</u>
Total shareholder's equity	<u>1,232,259,481</u>	<u>1,193,277,956</u>
Total liabilities and shareholder's equity	<u>\$ 1,679,491,960</u>	<u>\$ 1,694,421,733</u>

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**TOKIO MILLENNIUM RE LTD.**

## Unconsolidated Statements of Operations and Comprehensive Income (Unaudited)

For The Nine Months Ended September 30, 2010 and 2009  
(Expressed in United States Dollars)

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	<u>2010</u>	<u>2009</u>
<b>Income</b>		
Reinsurance premiums assumed	\$ 487,613,466	\$ 385,049,011
Change in unearned premiums	<u>(175,320,554)</u>	<u>(76,743,813)</u>
Reinsurance premiums earned	<u>312,292,912</u>	<u>308,305,198</u>
Reinsurance premiums ceded	87,341,992	44,596,984
Change in prepaid reinsurance	<u>(32,834,771)</u>	<u>(706,271)</u>
Reinsurance premiums ceded	<u>54,507,221</u>	<u>43,890,713</u>
Net premiums earned	257,785,691	264,414,485
Catastrophe bond income	<u>5,912,206</u>	<u>4,539,492</u>
Total operating income	263,697,897	268,953,977
Net investment income	<u>24,862,543</u>	<u>20,634,851</u>
Total income	<u>288,560,440</u>	<u>289,588,828</u>
<b>Expenses</b>		
Loss and loss expenses incurred	102,364,625	41,614,229
Losses recoverable from reinsurers	<u>(7,272,686)</u>	<u>(19,990,434)</u>
Net loss and loss expenses incurred	95,091,939	21,623,795
Acquisition expenses	38,078,399	39,877,596
Profit commission	2,320,083	23,635,361
Net derivative expense	34,636,471	38,873,050
General and administrative expenses	31,131,786	22,964,712
Foreign exchange losses (gains)	<u>2,122,627</u>	<u>(5,062,240)</u>
Total expenses	<u>203,381,305</u>	<u>141,912,274</u>
Net income	85,179,135	147,676,554
<b>Other comprehensive income (loss)</b>		
Net change in unrealized gains (losses) on investments	<u>30,251,386</u>	<u>(8,381,216)</u>
Other comprehensive income (loss)	<u>30,251,386</u>	<u>(8,381,216)</u>
Comprehensive income	<u>\$ 115,430,521</u>	<u>\$ 139,295,338</u>

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**TOKIO MILLENNIUM RE LTD.**

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

For The Nine Months Ended September 30, 2010 and 2009  
(Expressed in United States Dollars)

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	<u>2010</u>	<u>2009</u>
<b>Share capital</b>		
Balance at beginning of year and end of period	\$ <u>250,000,000</u>	\$ <u>250,000,000</u>
<b>Contributed surplus</b>		
Balance at beginning of year and end of period	<u>400,000,000</u>	<u>400,000,000</u>
<b>Retained earnings</b>		
Balance at beginning of year	569,653,425	369,135,206
Net income	85,179,135	147,676,554
Dividends	<u>(124,641,263)</u>	<u>-</u>
Balance at end of period	<u>530,191,297</u>	<u>516,811,760</u>
<b>Other comprehensive income</b>		
Balance at beginning of year	21,816,798	34,847,412
Net change in unrealized gains (losses) on investments	<u>30,251,386</u>	<u>(8,381,216)</u>
Balance at end of period	<u>52,068,184</u>	<u>26,466,196</u>
Total shareholder's equity	<u>\$ 1,232,259,481</u>	<u>\$ 1,193,277,956</u>

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**TOKIO MILLENNIUM RE LTD.**

## Unconsolidated Statements of Cash Flows (Unaudited)

For The Nine Months Ended September 30, 2010 and 2009  
(Expressed in United States Dollars)

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	<u>2010</u>	<u>2009</u>
<b>Cash flows from operating activities</b>		
Net income	\$ 85,179,135	\$ 147,676,554
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation of capital assets	3,223,565	2,726,596
Amortisation of fixed interest securities	3,167,187	1,865,094
Amortisation of catastrophe bonds	-	4,167
Net loss on disposal of investments	543,144	-
Change in:		
Collateral held on behalf of counterparties	19,603,673	33,349,225
Accrued interest receivable	2,113,824	1,264,763
Premiums receivable	(58,619,390)	(48,454,898)
Prepaid reinsurance premiums	(32,834,772)	(706,307)
Fair value of derivatives	10,692,380	(11,048,825)
Outstanding losses recoverable from reinsurers	2,715,602	(5,972,644)
Deferred acquisition expenses	(58,051,570)	(12,546,828)
Unearned profit commission	(1,619,971)	(7,789,257)
Prepaid expenses	216,501	(1,649,135)
Funds withheld	(2,103,469)	13,271,494
Other assets	(64,678)	(147,391)
Outstanding losses and loss expenses	46,304,136	4,469,784
Liability for collateral held on behalf of counterparties	(19,603,673)	(34,597,579)
Reinsurance balances payable	(17,833,567)	(7,219,905)
Unearned premiums	175,320,554	76,743,692
Deferred commission income	2,720,532	(383,211)
Funds withheld payable	-	1,500,000
Accounts payable and accrued expenses	<u>626,599</u>	<u>559,839</u>
Cash provided by operating activities	<u>161,695,742</u>	<u>152,915,228</u>
<b>Cash flows from investing activities</b>		
Net sale/(purchase) of short-term investments	100,000,000	(130,252,170)
Net (purchase) of fixed interest securities	(71,961,404)	(200,015,226)
Net (purchase) of catastrophe bonds	(24,190,000)	(12,093,900)
Net (purchase) of capital assets	(3,739,414)	(2,983,382)
Amounts due to investment brokers	<u>-</u>	<u>132,250,185</u>
Cash generated from (used by) investing activities	<u>109,182</u>	<u>(213,094,493)</u>
<b>Cash flows from financing activities</b>		
Dividend paid	<u>(124,641,263)</u>	<u>-</u>
Cash used by financing activities	<u>(124,641,263)</u>	<u>-</u>
Net increase/(decrease) in cash and cash equivalents	37,163,661	(60,179,265)
Cash and cash equivalents at beginning of year	<u>81,947,444</u>	<u>321,998,954</u>
Cash and cash equivalents at end of period	<u>\$ 119,111,105</u>	<u>\$ 261,819,689</u>

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