



*Specialty Insurance & Reinsurance*

# Investor Presentation

Quarter Ended December 31, 2011

## Cautionary Note Regarding Forward-Looking Statements



This presentation may include forward-looking statements that reflect Alterra's current views with respect to future events and financial performance. Statements that include the words "expect," "intend," "plan," "believe," "project," "anticipate," "will," "may" and similar statements of a future or forward-looking nature identify forward-looking statements. All forward-looking statements address matters that involve risks and uncertainties. Accordingly, there are important factors that could cause actual results to differ materially from those indicated in such statements and you should not place undue reliance on any such statements.

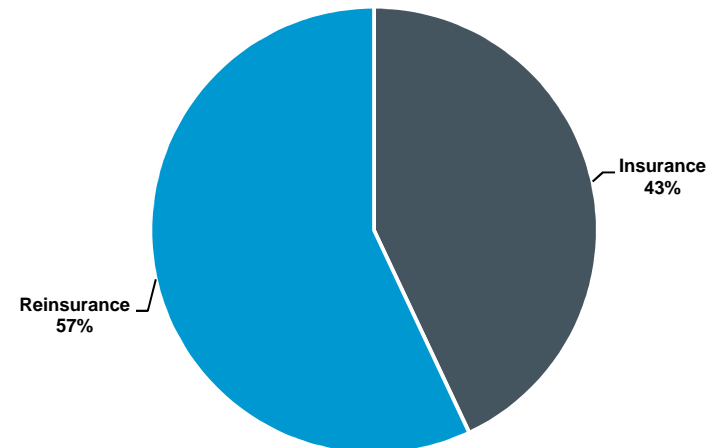
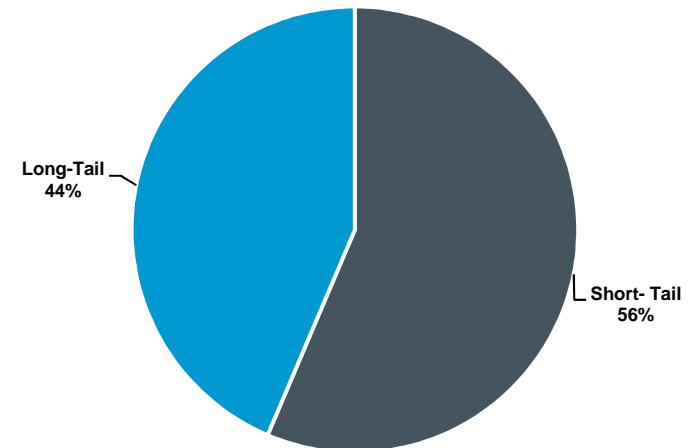
These factors include, but are not limited to, the following: (1) the adequacy of loss and benefit reserves and the need to adjust such reserves as claims develop over time; (2) the failure of any of the loss limitation methods employed; (3) the effect of cyclical trends, including with respect to demand and pricing in the insurance and reinsurance markets; (4) changes in general economic conditions, including changes in capital and credit markets; (5) any lowering or loss of financial ratings; (6) the occurrence of natural or man-made catastrophic events with a frequency or severity exceeding expectations; (7) actions by competitors, including consolidation; (8) the effects of emerging claims and coverage issues; (9) the loss of business provided to Alterra by its major brokers; (10) the effect on Alterra's investment portfolio of changing financial market conditions, including inflation, interest rates, liquidity and other factors; (11) tax and regulatory changes and conditions; (12) retention of key personnel; (13) the integration of new business ventures Alterra may enter into; and (14) management's response to any of the aforementioned factors.

The foregoing review of important factors should not be construed as exhaustive and should be read in conjunction with the other cautionary statements that are included herein and elsewhere, including the Risk Factors included in Alterra's most recent reports on Form 10-K and Form 10-Q and other documents on file with the Securities and Exchange Commission. Any forward-looking statements made in this presentation are qualified by these cautionary statements, and there can be no assurance that the actual results or developments anticipated by Alterra will be realized or, even if substantially realized, that they will have the expected consequences to, or effects on, Alterra or its business or operations. Alterra undertakes no obligation to update publicly or revise any forward-looking statement, whether as a result of new information, future developments or otherwise.

# Alterra's Franchise is Well Positioned For Success

- ▲ Global underwriter of specialty insurance and reinsurance
  - Multiple operating platforms - Bermuda, Ireland, United States, Lloyd's and Latin America
  - Strong franchise positions across multiple specialty classes of business
- ▲ Opportunistic and disciplined underwriting strategy
  - Strong culture of risk management
  - Analytical and quantitative underwriting orientation
  - Business mix shift towards shorter-tail lines
  - 5 year average combined ratio (including cats) of 91.2%
- ▲ Liquid balance sheet with conservative reserving track record
  - Shareholders' equity ~ \$2.8 billion at 12/31/11
  - Low operating and financial leverage
- ▲ S&P rating upgraded to "A" from "A-"; AM Best rating of "A"
- ▲ Proven track record of active capital management
  - 2011 repurchases of \$223.3 million and dividends of \$54.5 million, or 9.5% of 1/1/11 shareholders' equity
  - Returned \$559 million or ~18% of pro forma 1/1/10 opening shareholders' equity<sup>(1)</sup> in 2010 through dividends and share repurchases
  - Raised quarterly dividend by 17% in August 2011 to \$0.14 per share

2011 GPW



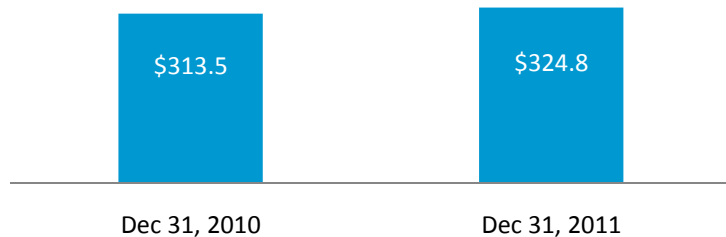
(1) Shareholders' equity of Max Capital and Harbor Point on a combined pro forma basis.

# Fourth Quarter 2011 Results



## Expansion into new lines and regions

P&C GPW  
(3.6% increase)



Combined Ratio	2010	2011
Combined Ratio	84.8%	97.4%

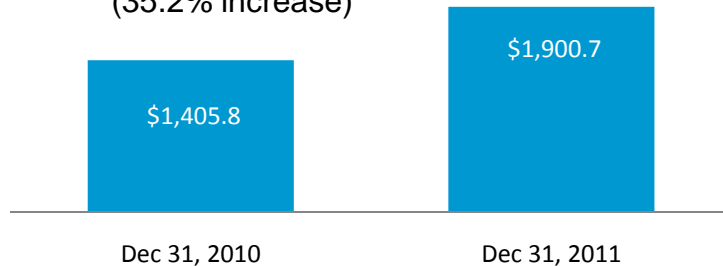
- ▲ Fourth quarter 2011 net operating diluted EPS of \$0.30 per share
  - Decrease from 2010 due to higher catastrophe losses and lower investment yields
- ▲ P&C gross premiums written grew 3.6% to \$324.8 million
  - Driven by new underwriting teams and new reinsurance business opportunities and new business in Latin America
- ▲ Net investment income of \$57.1 million compared to \$61.1 million in 2010
- ▲ Combined ratio of 97.4%
- ▲ Catastrophe losses of \$55.5 million, net of reinstatement premium
- ▲ Diluted book value per share of \$26.91 at 12/31/11.

# Calendar 2011 Results



## Expansion into new lines and regions

P&C GPW  
(35.2% increase)



Period	Combined Ratio
Dec 31, 2010	85.7%
Dec 31, 2011	98.2%

## Growth in Book Value

Diluted Book Value per Share  
(3.5% increase)



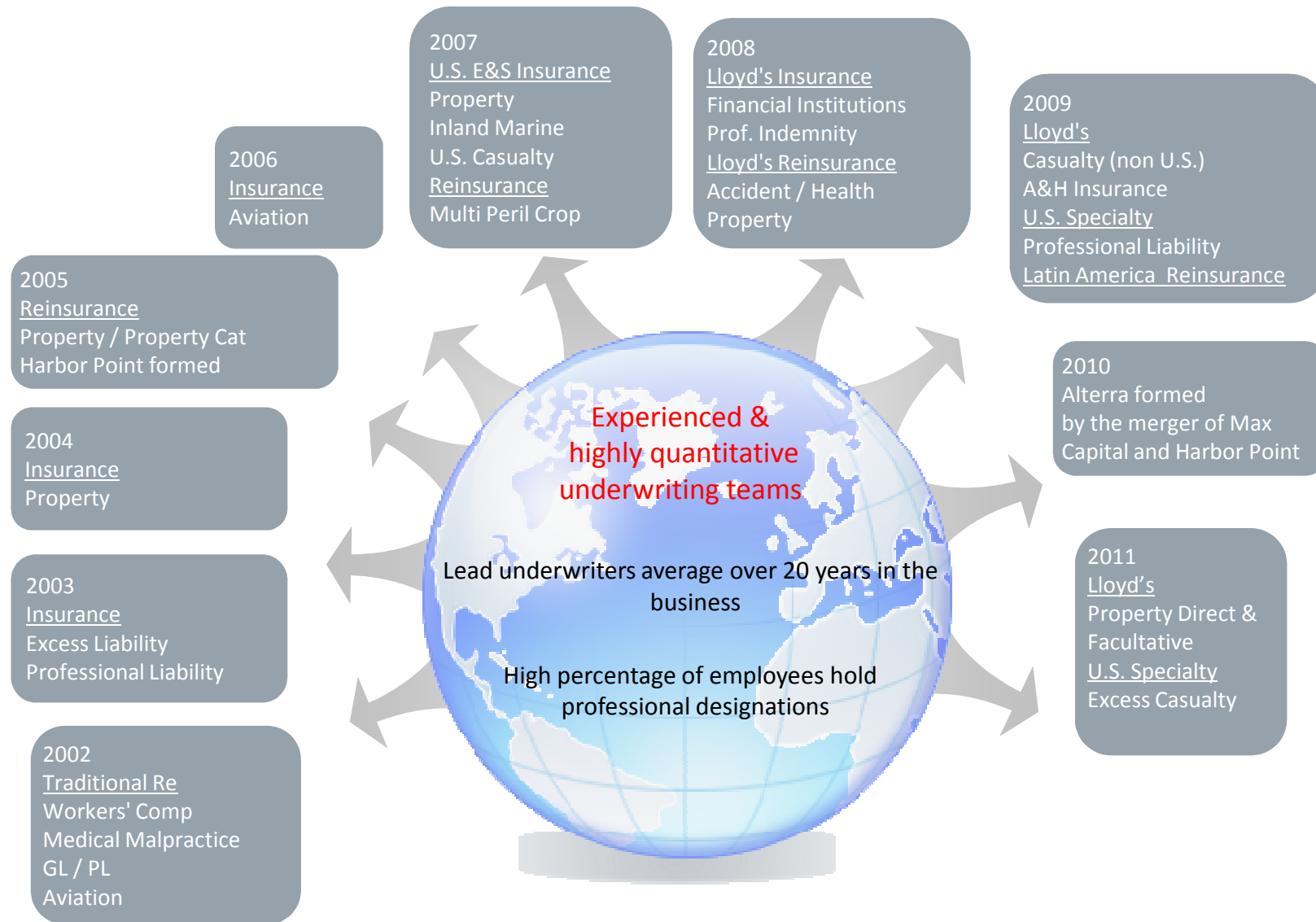
- ▲ Calendar 2011 net operating diluted EPS of \$0.91 per share
  - Decrease from 2010 due to higher catastrophe losses and lower investment yields
- ▲ P&C gross premiums written grew 35.2% to \$1,900.7 million
  - Driven by additional premium from the merger with Harbor Point on May 12, 2010;
  - Also new underwriting teams, new reinsurance business opportunities and new business in Latin America
- ▲ Net investment income of \$234.8 million compared to \$222.5 million in 2010
- ▲ Combined ratio of 98.2%
- ▲ Catastrophe losses of \$253.4 million, net of reinstatement premium
- ▲ Diluted book value per share of \$26.91 at 12/31/11 up from \$25.99 at 12/31/10

# Market on the Cusp of Change

- 2011 global industry cat losses estimated over \$105 billion
- Market stressed by historic low returns on invested assets
- Cash flow levels deteriorating
- Industry reserve redundancies diminishing
- Property cat underwriting markets improving
- Casualty lines showing flat to modest improvement
- Pricing poised to positively move further with the next catalyst

**Alterra is positioned to be a beneficiary of improving market conditions**

# Identifying & Recruiting "Franchise Players" Has Been Instrumental In Our Success



# Local Knowledge — Global Reach

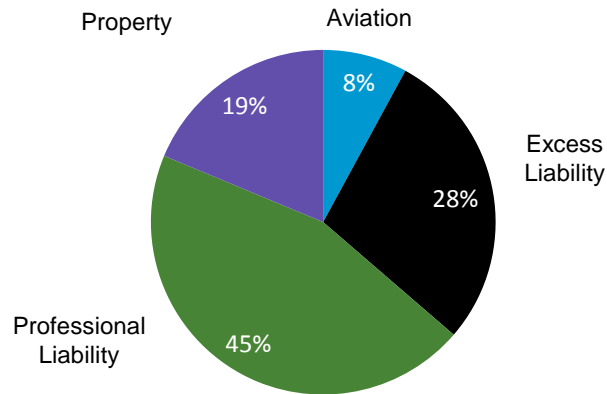


	Reinsurance	Insurance	Lloyd's	US Specialty Insurance
<b>Major Classes</b>	<ul style="list-style-type: none"> <li>- Agriculture</li> <li>- Auto</li> <li>- Aviation</li> <li>- General Casualty</li> <li>- Marine and Energy</li> <li>- Medical Malpractice</li> <li>- Professional Liability</li> <li>- Property</li> <li>- Surety, Credit and Political Risk</li> <li>- Whole Account</li> <li>- Workers' compensation</li> </ul>	<ul style="list-style-type: none"> <li>- Aviation</li> <li>- Excess Liability</li> <li>- Professional Liability</li> <li>- Property</li> </ul>	<ul style="list-style-type: none"> <li>- Accident &amp; Health</li> <li>- Agriculture</li> <li>- Aviation</li> <li>- Casualty</li> <li>- Financial Institutions</li> <li>- Marine</li> <li>- Professional Lines</li> <li>- Property</li> <li>- Surety</li> </ul>	<ul style="list-style-type: none"> <li>- Excess Casualty</li> <li>- General Liability</li> <li>- Marine</li> <li>- Professional Liability</li> <li>- Property</li> </ul>
<b>Operating Regions</b>	<ul style="list-style-type: none"> <li>- Worldwide</li> </ul>	<ul style="list-style-type: none"> <li>- European Union</li> <li>- United States</li> </ul>	<ul style="list-style-type: none"> <li>- Worldwide</li> </ul>	<ul style="list-style-type: none"> <li>- United States</li> </ul>
<b>Offices</b>	<ul style="list-style-type: none"> <li>- Bermuda</li> <li>- Bogotá</li> <li>- Buenos Aires</li> <li>- Dublin</li> <li>- London</li> <li>- Rio de Janeiro</li> <li>- Summit, NJ</li> </ul>	<ul style="list-style-type: none"> <li>- Bermuda</li> <li>- Chicago</li> <li>- Dublin</li> <li>- Hamburg</li> <li>- London</li> <li>- New York</li> <li>- Sebastopol, CA</li> <li>- Zurich</li> </ul>	<ul style="list-style-type: none"> <li>- Copenhagen</li> <li>- London</li> <li>- Rio de Janeiro</li> <li>- Tokyo</li> <li>- Zurich</li> </ul>	<ul style="list-style-type: none"> <li>- Atlanta</li> <li>- Chicago</li> <li>- Dallas</li> <li>- New York</li> <li>- Richmond</li> <li>- San Francisco</li> </ul>

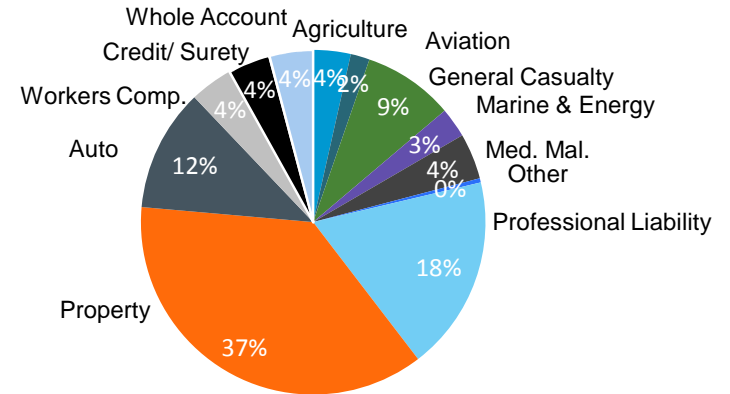
# Alterra Has a Strong Market Position in Specialty Classes ...



## Insurance (21.6% of 2011 P&C GPW)



## Reinsurance (45.7% of 2011 P&C GPW)



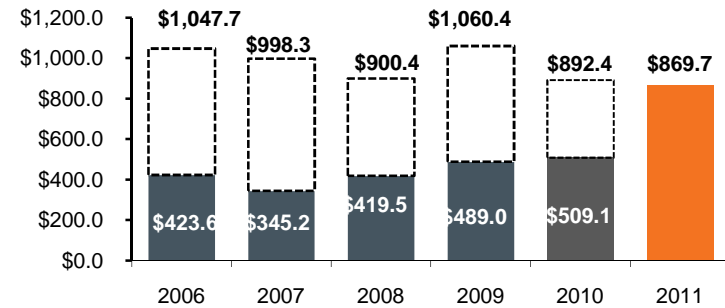
2011 GPW: \$410.3 million

2010 GPW: \$399.6 million



2011 GPW: \$869.7 million

2010 Pro forma GPW: \$892.4 million



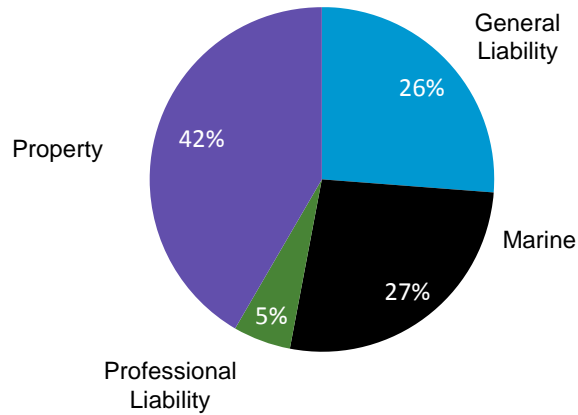
⊠ = pro forma

Note: Pro forma gross premium written ("GPW") represents the combined GPW of Max Capital and Harbor Point net of intercompany eliminations of GPW.

# ...With an Attractive Position in the U.S. Market and Lloyd's

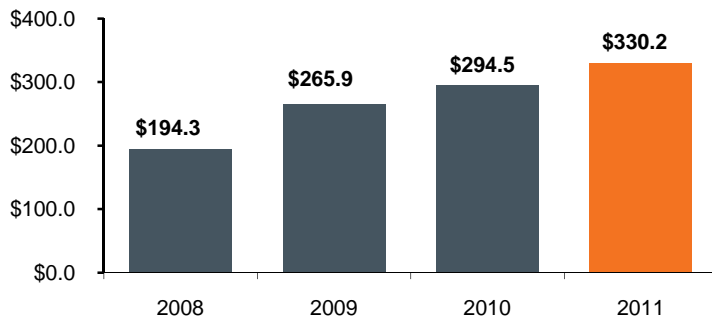


## U.S. Specialty (17.4% of 2011 P&C GPW)

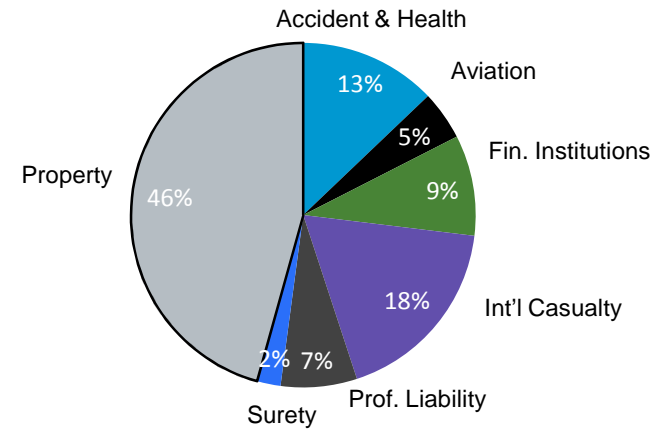


2011 GPW: \$330.2 million

2010 GPW: \$294.5 million

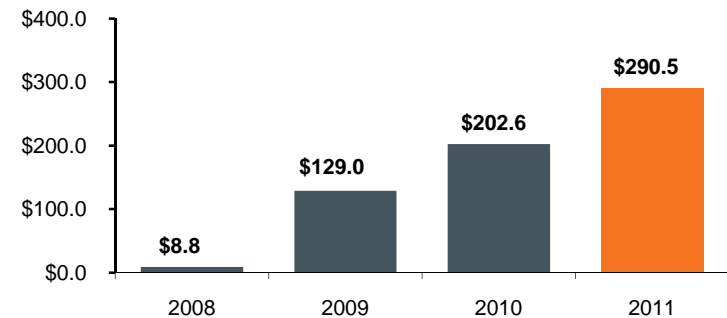


## Alterra at Lloyd's (15.3% of 2011 P&C GPW)



2011 GPW: \$290.5 million

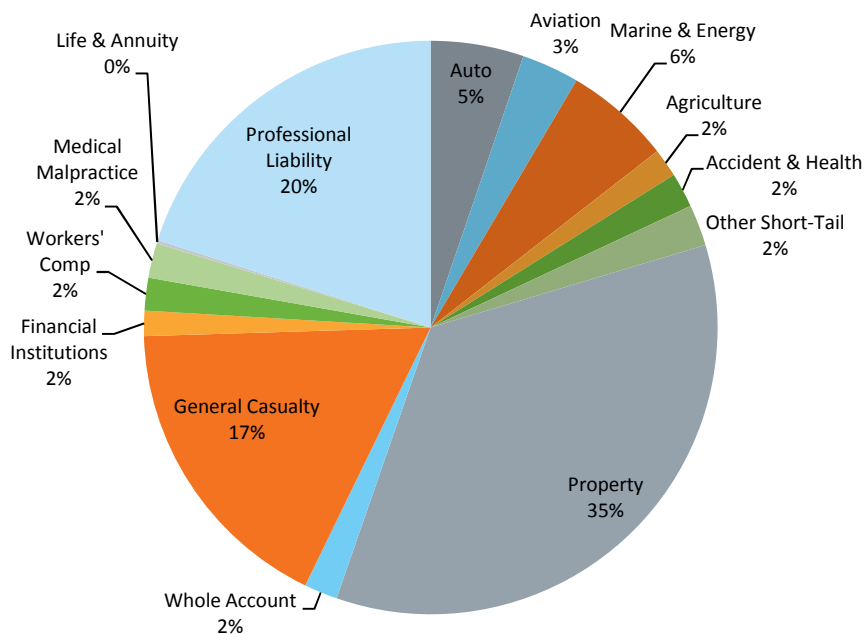
2010 GPW: \$202.6 million



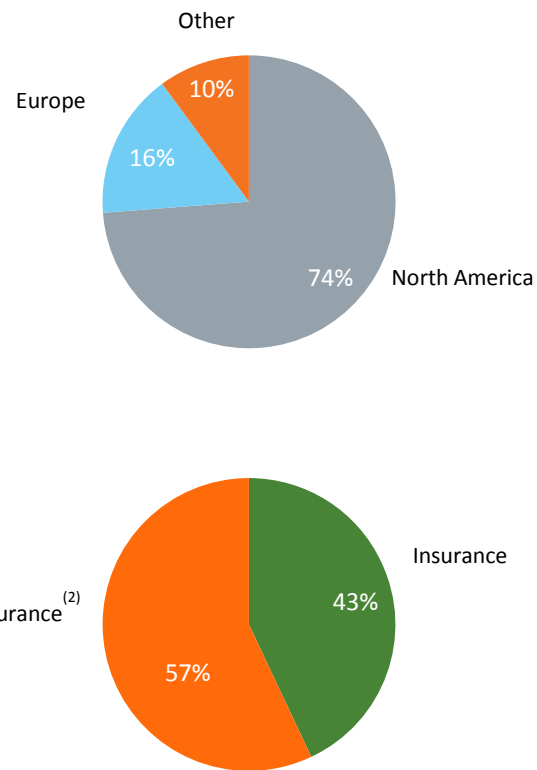
# Diversified and Balanced Business Mix



Line of Business  
2011



Global Platform  
2011



2011 GPW = \$1,904.1 million  
 2010 GPW = \$1,410.7 million  
 2010 pro forma GPW = \$1,794.1 million <sup>(1)</sup>

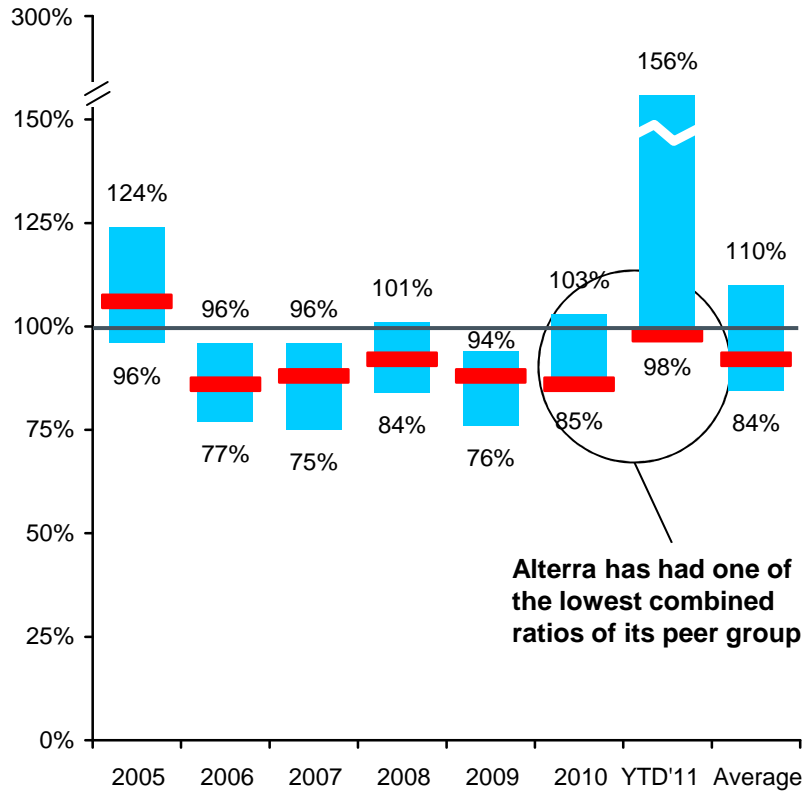
(1) Pro forma as if Harbor Point merger occurred on January 1, 2010.

(2) Includes Reinsurance segment, Life & Annuity reinsurance and reinsurance written through Lloyd's platform.

# Diversified Platforms Generate More Consistent Margins

Alterra has performed well within its diversified peer group with less volatility than property focused reinsurers

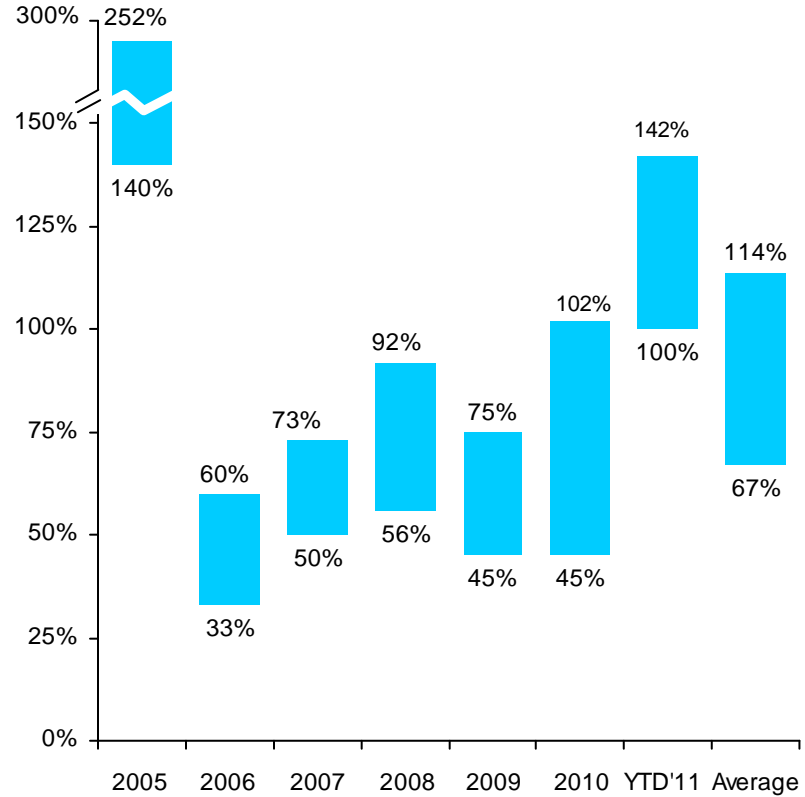
## Diversified Reinsurers



Alterra has had one of the lowest combined ratios of its peer group

<b>Median</b>	116%	84%	82%	95%	84%	91%	115%	95%
<b>Alterra</b>	106%	86%	88%	92%	88%	86%	98%	92%

## Property Focused Reinsurers



<b>Median</b>	201%	55%	61%	89%	66%	84%	138%	99%
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Source: Company filings, SNL Financial. As of September 30, 2011.

Diversified reinsurers include RE, AXS, ACGI, TRH, PRE, AWH, ENH, AHL, PTP, AGII, ALTE and ORH for historical years. Property focused reinsurers include RNR, VR, MRH, FSR and IPCR for historical years.

# 3 Year Return on Equity



## Alterra's ROEs Have Been Less Volatile Than Most Peers



Source: JMP Research, SNL Financial. 2011 ROE is estimated.  
Alterra ROE reflects Pro-Forma data for Max and Harbor Point prior to the merger in May 2010.

# Superior Risk Management

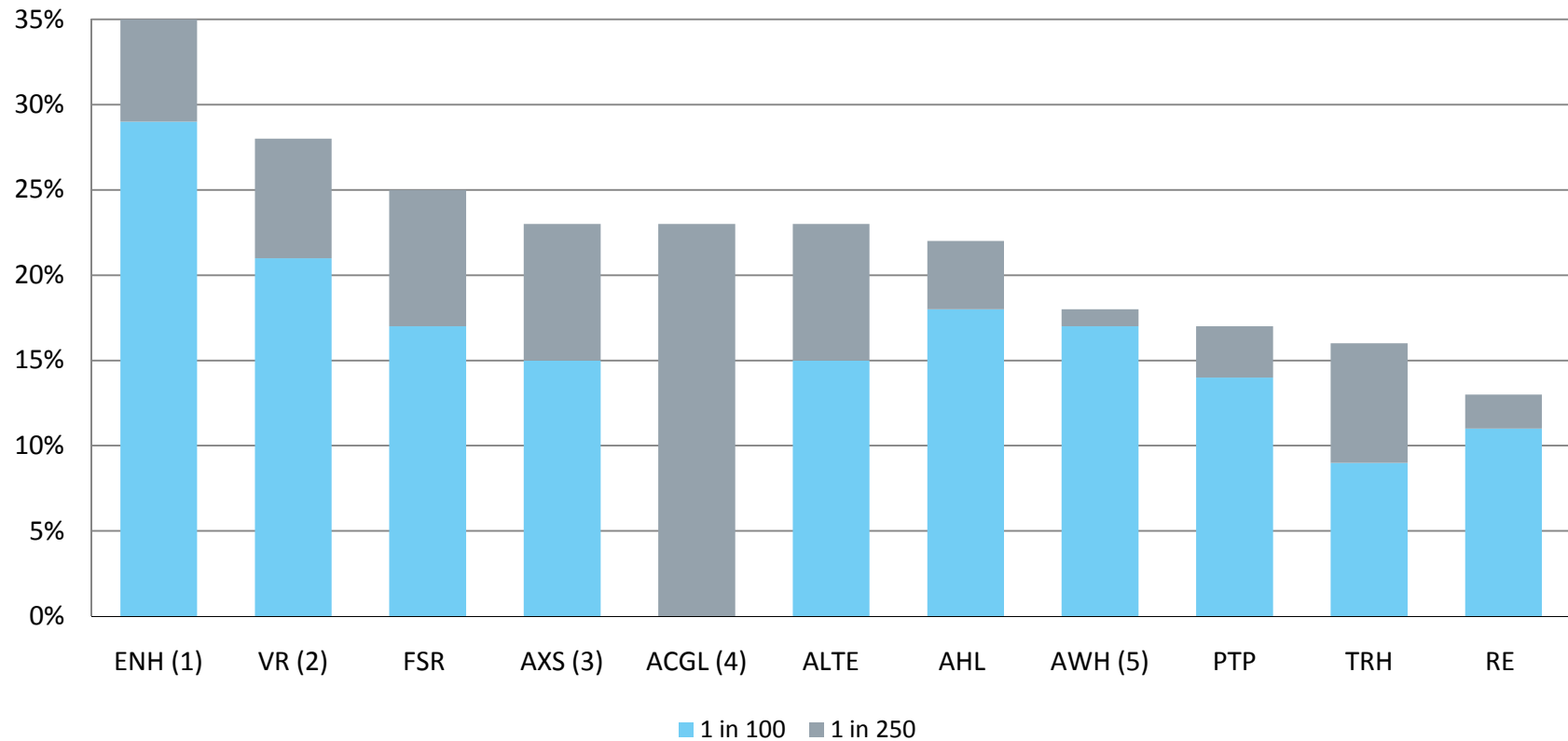
- ▲ Our strategy is to diversify our book of business so that property cat is one of many components of our business
- ▲ Results demonstrate that we adequately manage our risk exposure
- ▲ Our reserving process has been tested by large, recent loss events including:
  - 2011 Australian floods, New Zealand earthquake, Japanese earthquake and tsunami, US spring storms, Hurricane Irene
  - 2010 Chilean earthquake, New Zealand earthquake
  - 2008 Hurricanes Ike/Gustav

**Alterra's losses from catastrophe events as a % of equity are below our peer group average**

# Peer PML's as a Percent of Common Equity



PML's as a Percentage of September 30, 2011 Shareholders' Equity



Source: Dowling & Partners Research

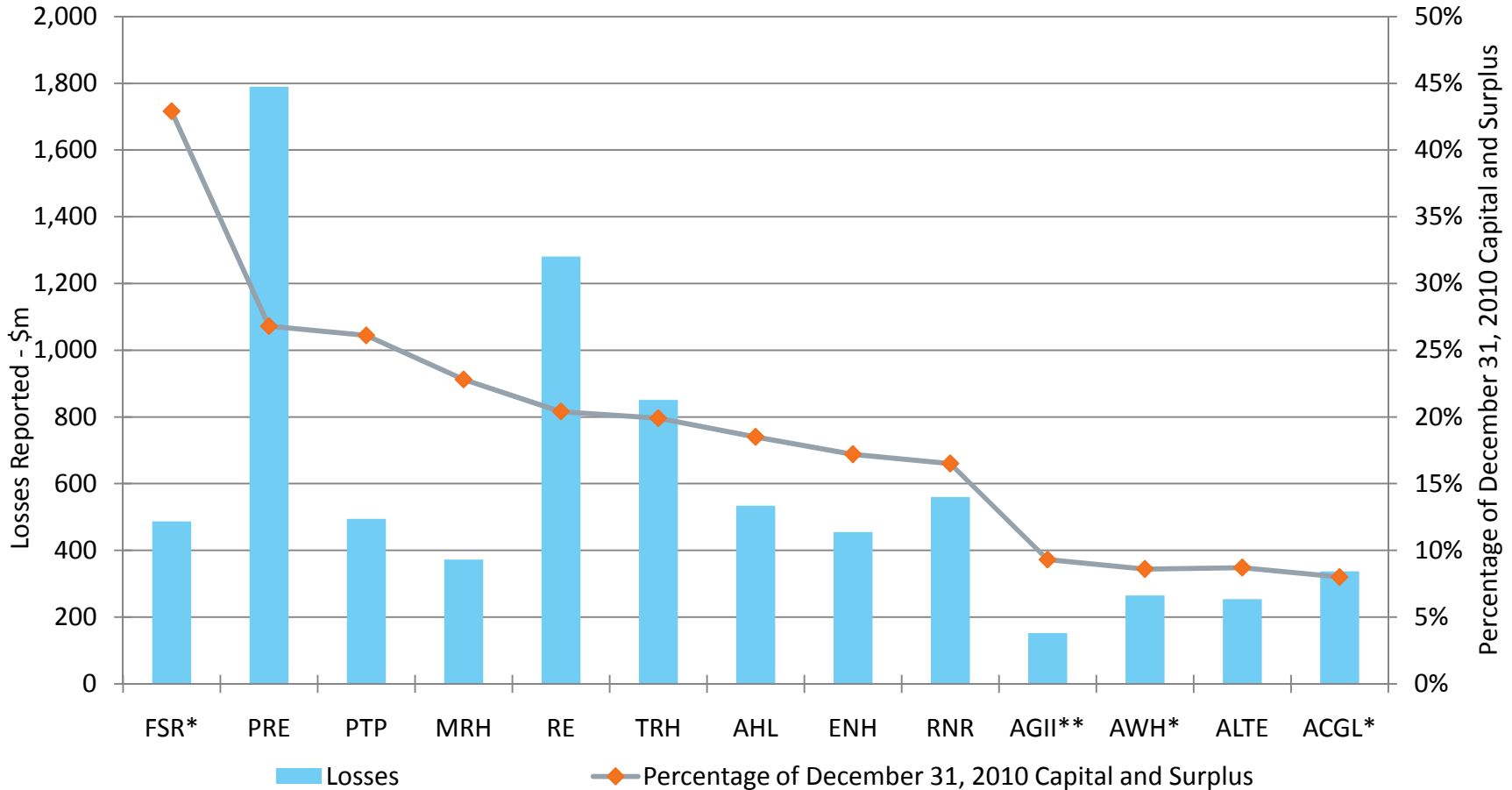
Note: RNR, MRH and PRE do not disclose their PMLs for either 1-in-100 year events or 1-in-250 year events. All data is based on RMS 11. RE and TRH utilize AIR.

- (1) 1-in-100 Self-imposed limit of 25% of total capital.
- (2) 1-in-100 PML and 1-in-250 for U.S. hurricane is \$736 mm and \$965 mm, respectively.
- (3) Single Zone 1-in-250 Tolerance is 25% of common S/E.
- (4) 1-in-250 Tolerance is 25% of common S/E.
- (5) 1-in-250 Tolerance is 20% of total capital.

# 2011 – “The Year of The Cat”

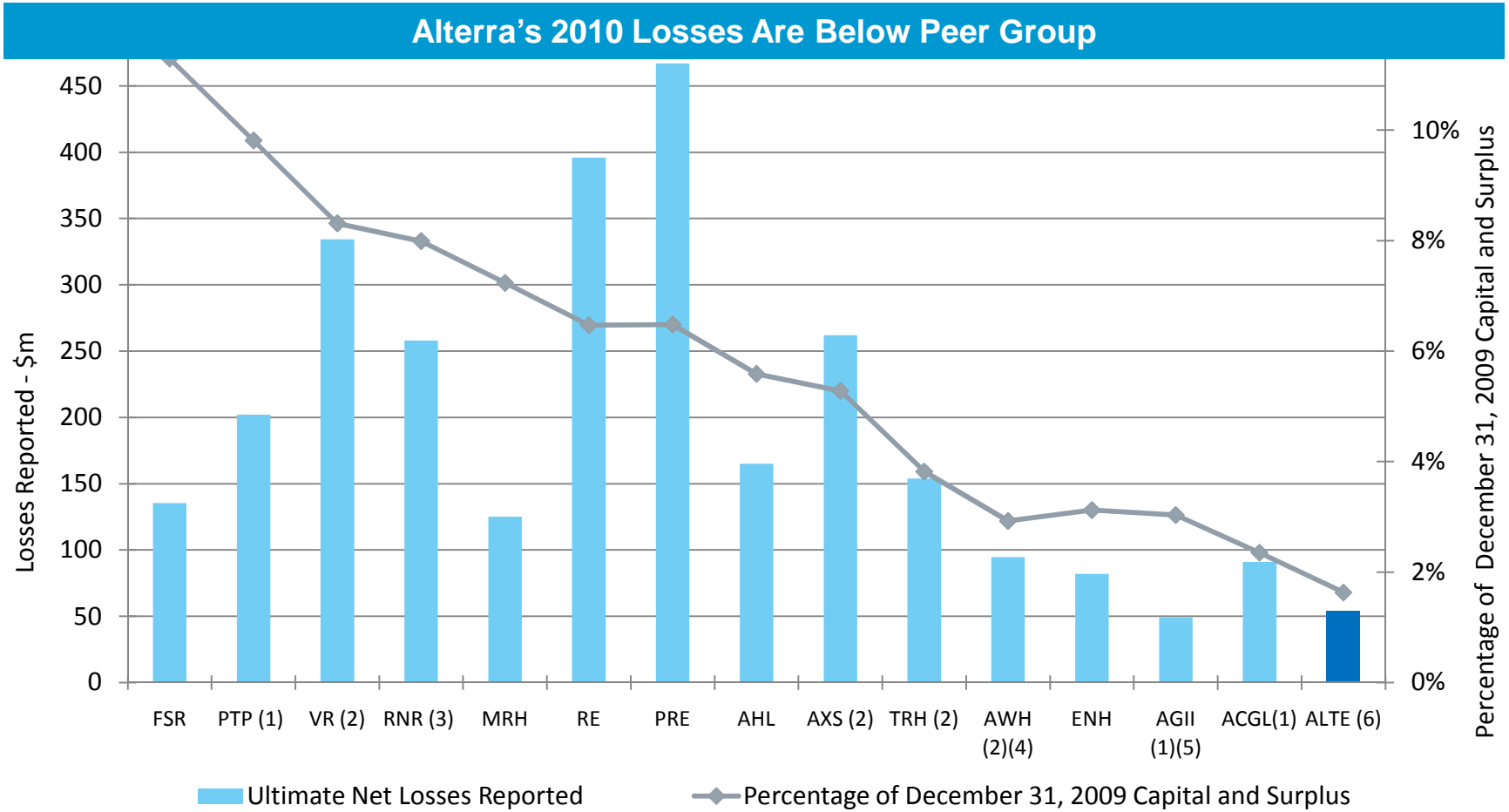


## Alterra's Losses are Below The Peer Group



Source: Company reports and SNL Financial  
 \*Includes estimated Q4 2011 catastrophe losses  
 \*\*As of September 30, 2011

# 2010 – Chilean Earthquake / Windstorm Xynthia / September New Zealand Earthquake



Source: Company filings and press releases; losses are generally disclosed net of tax and net of reinstatement premiums.

(1) Q2 net losses reflect Q1 estimates plus reported development, if any.

(2) Q2 net losses reflect only losses from the Chilean earthquake. Initial losses include the Chilean earthquake and Windstorm Xynthia.

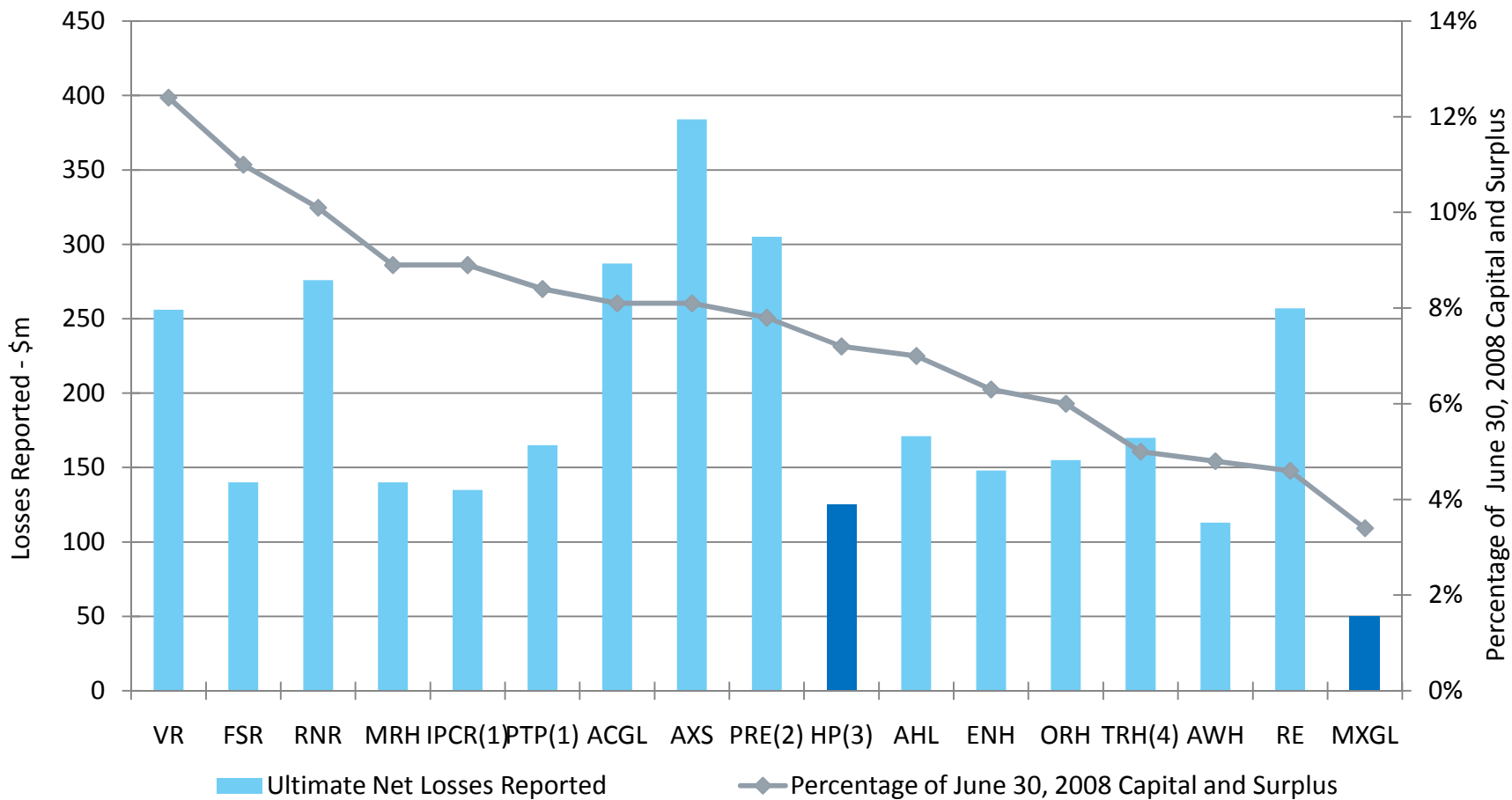
(3) Initial loss estimate reflects 50% to 90% of Reuters consensus net operating earnings prior to the earthquake, based on disclosure that net income would remain positive for the quarter.

(4) Initial estimates based on Chile and Xynthia, ultimate losses include the Chilean, Haitian, and Baja earthquakes, Xynthia and the Australian hailstorms. Based on international catastrophe losses being two-thirds of total catastrophe losses as disclosed in the earnings conference call.

(5) Initial estimate is as of the first quarter conference call. Both initial and revised estimates reflect only the Chilean earthquake.

(6) Pro forma; includes losses from Harbor Point and Max Capital prior to the merger. Expressed as a percentage of combined 12/31/09 equity prior to the special dividend.

# 2008 – Hurricanes Ike / Gustav

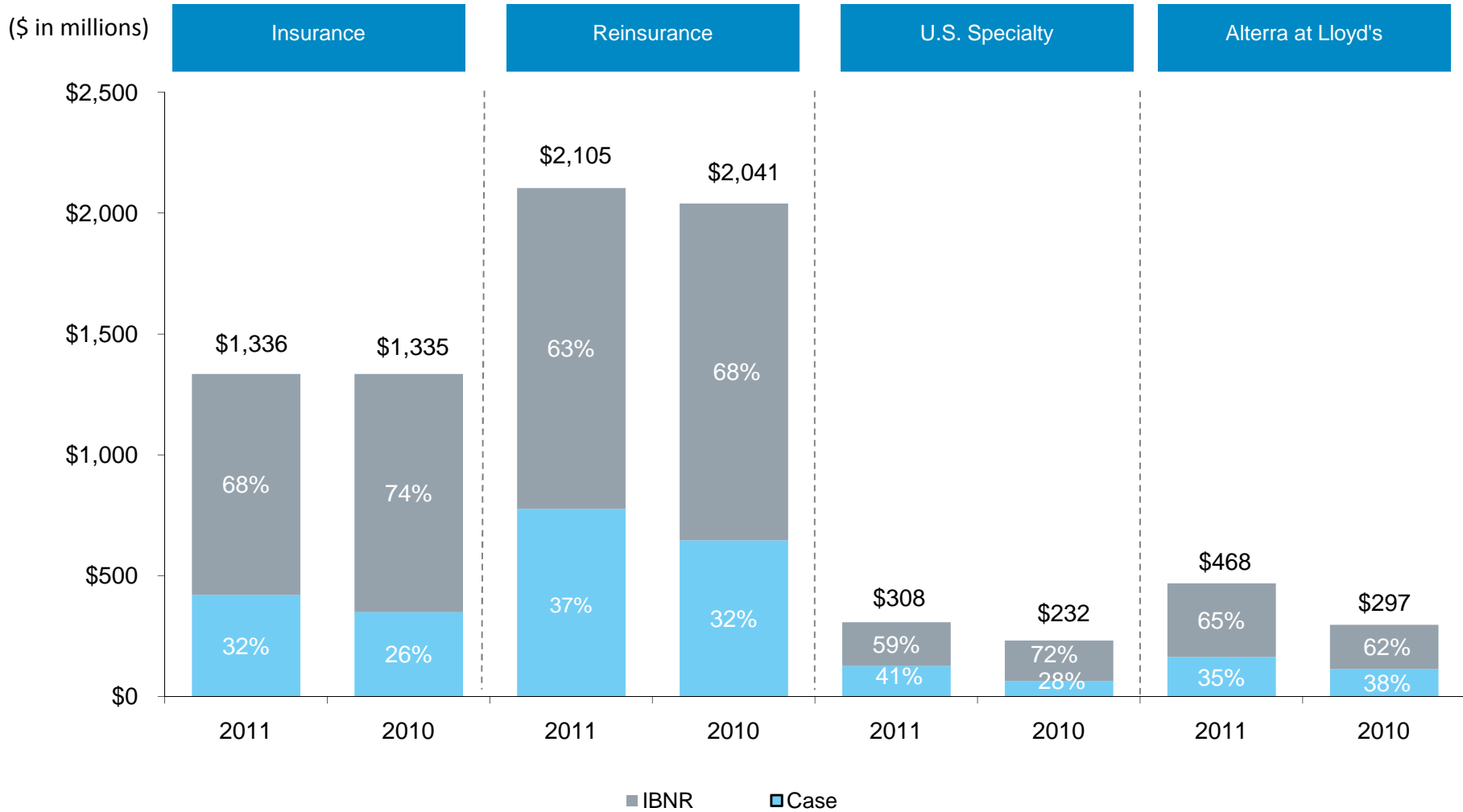


Source: Company filings, as of 12/31/08. Losses are generally disclosed net of reinstatement premiums.  
 (1) Equity includes preferred, which subsequently converted to common.  
 (2) Results reflect Ike only.  
 (3) Equity includes preferred, which subsequently converted to common.  
 (4) TRH does not disclose specific losses but did lose "\$169.7 million principally relating to Hurricane Ike."

# Cat Aggregate & PML Management

- ▲ PML goal of no more than 25% of starting capital in 1 in 250 year event
  - Adjust position as market pricing makes risk/reward attractive
  - Use RMS with “all switches on” and gross-up factors on standard model
  - Incorporate AIR, market share, industry and client historical loss data
  - Capture detailed location data and put a premium on data quality
- ▲ Historically our losses for events have been close to expected ranges
- ▲ PML and aggregate usage is incorporated into our pricing models
- ▲ Key In-force PMLs as of January 1, 2012
  - US wind
    - 1 in 100 year event - \$496 million net loss
  - California earthquake
    - 1 in 250 year event - \$364 million net loss
  - Europe wind
    - 1 in 100 year event - \$137 million net loss

# Reserves for Loss and Loss Expenses



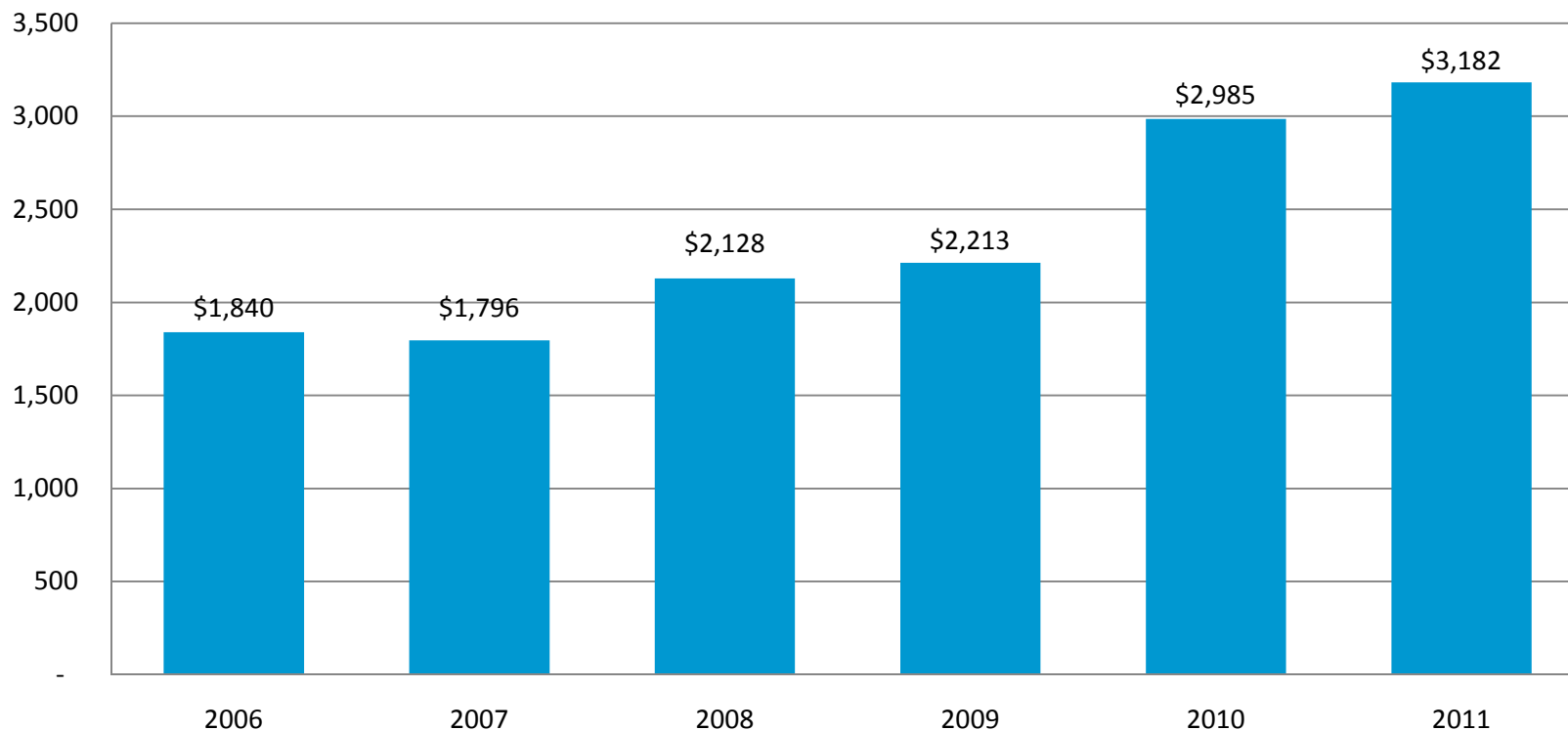
Note: As of 12/31/2011 and 12/31/2010; includes the results of Harbor Point from May 12, 2010, the closing date of the merger.

# Reserve Development History



(\$ in millions)

## Net Loss Reserves



**Favorable Reserve Development**

**\$5.9                      \$45.1                      \$90.8                      \$77.2                      \$105.5                      \$153.3**

**Development as a % of Net Reserves prior to development**

**0.3%                      2.5%                      4.1%                      3.4%                      3.4%                      4.6%**

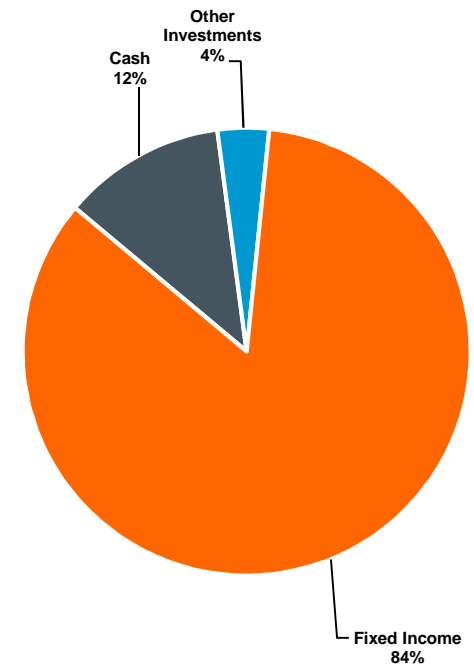
*Note: Reserve development and net reserves prior to May 12, 2010 are for Max Capital only. Reserve development excludes changes in reserves resulting from changes in premium estimates on prior years' contracts.*

# High Quality, Liquid Investment Portfolio

## As of December 31, 2011

- Alterra maintains a high quality, liquid portfolio
  - 96.3% of portfolio in fixed income/cash, which consists of highly rated securities
  - Assets are generally matched to liabilities
- Cycle management extends to investments – 2011 posture was defensive
  - Cash balance \$922.8 million or 11.8% of portfolio
  - Average fixed income duration of approximately 4.1 years, including cash
  - 58.3% of the cash and fixed maturities portfolio is held in cash, government / agency-backed securities and “AAA” securities
  - 67.1% of fixed income portfolio rated “AA” or better
  - Hedge fund investments are marked-to-market
- Minimal exposure to selected asset classes
  - CMBS of \$361.1 million (4.6% of portfolio) – average rating of AA+/Aa1
  - ABS of \$249.0 million (3.2% of portfolio)
  - RMBS of \$1,296.3 million (16.6% of portfolio) – 86.2% agency-backed
  - No CDO’s, CLO’s, SIV’s or other highly structured securities
- Less than \$9.0 million of OTTI losses over the last ten quarters

December 31, 2011



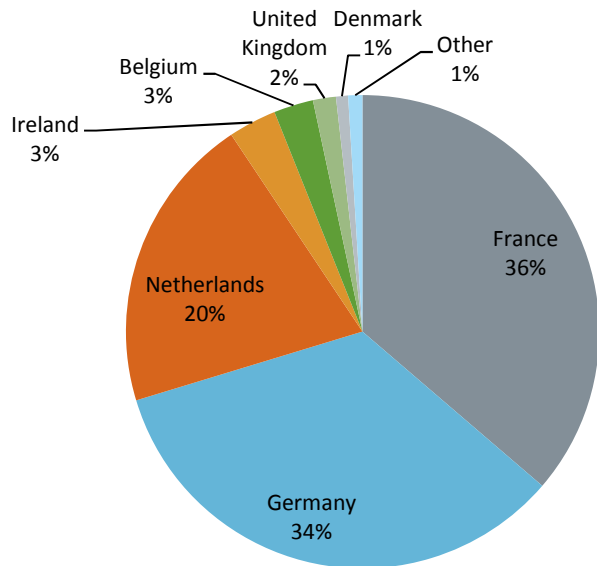
Carrying Value \$7.8 billion

# European Exposure As of December 31, 2011



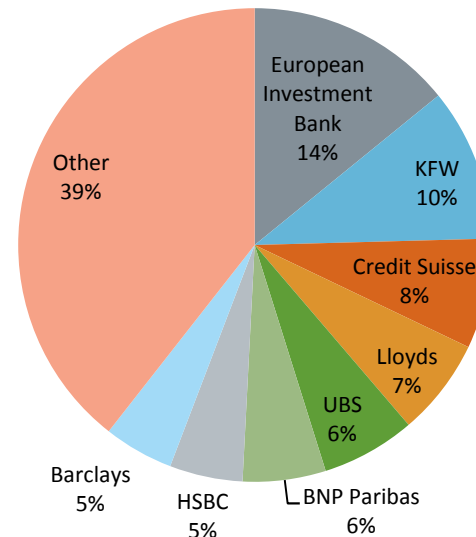
## European Government Holdings

- Total European government holdings represent \$727.1 million, or 9.3% of the investment portfolio
- No exposure to Greece, Portugal, Italy or Spain



## European financial institutions

- Total European financial institution holdings represent \$471.0 million, or 6.0% of the \$7.8 billion investment portfolio
- Two largest holdings, which total \$115.7 million, are with government-backed financial institutions.



# Well Positioned to Build Shareholder Value



- ▲ Franchise positions in attractive specialty markets
- ▲ Established operating platforms provide global access to business
- ▲ Diversified business portfolio across casualty and property lines
- ▲ Opportunistic approach – nimble and responsive to market trends
- ▲ High-quality, liquid investment portfolio
- ▲ Invested asset leverage intended to drive more consistent returns
- ▲ Balance sheet strength with low leverage / financial flexibility

**Attractive entry point – price / diluted book value of 0.90x**

*Note: Primary price / diluted book value multiple as of 2/9/12.*



# Appendices

# Strong Balance Sheet



(\$ in millions)

	December 31, 2011	December 31, 2010 <sup>(1)</sup>
Cash & Fixed Maturities	\$ 7,528	\$ 7,483
Other Investments	287	378
Premium Receivables	715	589
Losses Recoverable	1,068	956
Other Assets	588	511
Total Assets	\$ 10,186	\$ 9,917
Property & Casualty Losses	\$ 4,217	\$ 3,906
Life & Annuity Benefits	1,191	1,276
Deposit Liabilities	151	148
Funds Withheld	112	121
Unearned Premium	1,021	905
Senior Notes	441	440
Other Liabilities	244	203
Total Liabilities	\$ 7,377	\$ 6,999
Shareholders' Equity	2,809	2,918
	\$ 10,186	\$ 9,917

(1) Results for the year ended December 31, 2010 include results from Harbor Point following the close of the merger on May 12, 2010.

# YTD Results Comparison



(\$ in millions)

	Year ended <sup>(1)</sup>		Year ended <sup>(2)</sup>
	Dec. 31, 2011	Dec. 31, 2010	Dec. 31, 2010
Gross Premiums Written	<u>\$ 1,904</u>	<u>\$ 1,411</u>	<u>\$ 1,794</u>
Net Premiums Earned	1,425	1,172	1,391
Net Investment Income	235	222	247
Net Realized and Unrealized (Losses) Gains on Investments Other Than Temporary Impairment Charges	(38)	17	25
Other Income	5	6	5
Total Revenues	<u>1,624</u>	<u>1,414</u>	<u>1,665</u>
Total Losses, Expenses & Taxes	<u>1,559</u>	<u>1,112</u>	<u>1,373</u>
Net Income	<u>\$ 65</u>	<u>\$ 302</u>	<u>\$ 292</u>
Net Operating Income	<u>\$ 97</u>	<u>\$ 252</u>	
Property & Casualty Underwriting			
Loss Ratio	66.5%	56.1%	
Expense Ratio	31.7%	29.6%	
Combined Ratio	98.2%	85.7%	

(1) Results for the year ended December 31, 2010 do not include results from Harbor Point prior to the merger on May 12, 2010.

(2) Pro forma information is provided for informational purposes only to present a summary of the combined results of operations assuming the amalgamation with Harbor Point had occurred on January 1, 2010. The pro forma information assumes the elimination of intercompany transactions and the amortization of certain acquisition accounting fair value adjustments. The pro forma information does not necessarily represent results that would have occurred if the amalgamation had taken place on January 1, 2010, nor is it necessarily indicative of the future results.

# Diversified Operating Platform



Year ended December 31, 2011

(\$ in millions)

	Property & Casualty					Life & Annuity	Corporate	Consolidated
	Alterra at					Reinsurance		
	Insurance	Reinsurance	U.S. Specialty	Lloyd's	Total			
Gross premiums written	\$410.3	\$869.7	\$330.2	\$290.5	\$1,900.7	\$3.4	\$ -	\$ 1,904.10
Reinsurance premiums ceded	(200.2)	(83.1)	(123.9)	(64.5)	(471.7)	(0.4)	-	(472.1)
Net premiums written	\$210.1	\$786.6	\$206.3	\$226.0	\$1,429.0	\$3.0	\$ -	\$ 1,432.00
Earned premiums	\$398.5	\$894.0	\$302.6	\$247.3	\$1,842.5	\$3.4	\$ -	\$ 1,845.90
Earned premiums ceded	(187.7)	(70.0)	(101.3)	(61.4)	(420.5)	(0.4)	-	(420.9)
Net premiums earned	210.8	824.0	201.3	185.9	1,422.0	3.0	-	1,425.0
Net losses and loss expenses	(105.8)	(528.0)	(139.6)	(172.3)	(945.6)	-	-	(945.6)
Claims and policy benefits	-	-	-	-	-	(59.4)	-	(59.4)
Acquisition costs	(0.4)	(182.3)	(35.5)	(42.4)	(260.5)	(0.6)	-	(261.1)
General and administrative expenses	(37.7)	(79.3)	(35.8)	(37.0)	(189.9)	(0.6)	-	(190.5)
Other income	1.0	1.2	-	1.2	3.4	0.4	-	3.8
Underwriting income (loss)	67.9	35.7	(9.6)	(64.6)	29.4	n/a	-	n/a
Net investment income						48.5	186.3	234.8
Net realized and unrealized gains (losses) on investments						(10.4)	(27.9)	(38.3)
Net impairment losses recognized in earnings							(2.9)	(2.9)
Corporate other income							1.6	1.6
Interest expense							(43.7)	(43.7)
Net foreign exchange gains							(1.3)	(1.3)
Corporate general and administrative expenses							(66.6)	(66.6)
Income (loss) before taxes						(\$19.1)	\$45.5	\$55.8
Loss ratio	50.2%	64.1%	69.3%	92.7%	66.5%			
Acquisition cost ratio	0.2%	22.1%	17.6%	22.8%	18.3%			
General and administrative expense ratio	17.9%	9.6%	17.8%	19.9%	13.4%			
Combined ratio <sup>(1)</sup>	68.2%	95.8%	104.8%	135.4%	98.2%			

Totals in table may not add due to rounding.

(1) Property and Casualty only.