



Max Capital Group Ltd.

Investor Financial Supplement

**Fourth Quarter 2009
(Unaudited)**

This supplement is for information purposes only. It should be read in conjunction with documents filed by Max Capital Group Ltd with the U.S. Securities Exchange Commission pursuant to the Securities Act of 1933 and the Securities Exchange Act 1934.

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MAX CAPITAL GROUP LTD.

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Cautionary note regarding forward-looking information

This financial supplement includes statements about future economic performance, finances, expectations, plans and prospects of Max Capital Group Ltd. that constitute forward-looking statements for purposes of the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. Such forward-looking statements are subject to certain risks and uncertainties that could cause actual results to differ materially from those suggested by such statements. For further information regarding cautionary statements and factors affecting future results, please refer to the Company's most recent Annual Report on Form 10-K, Quarterly Reports on Form 10-Q filed subsequent to the Annual Report and other documents filed by the Company with the SEC. The Company undertakes no obligation to update or revise publicly any forward-looking statement whether as a result of new information, future developments or otherwise.

MAX CAPITAL GROUP LTD.

FINANCIAL HIGHLIGHTS

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

| | Quarter Ended | | Year Ended | | Previous Year Quarter Change | Previous Year to Date Change |
|--|---------------|--------------|--------------|--------------|------------------------------------|------------------------------------|
| | Dec 31, 2009 | Dec 31, 2008 | Dec 31, 2009 | Dec 31, 2008 | | |
| HIGHLIGHTS | | | | | | |
| Net income | \$ 62,592 | \$ (94,083) | \$ 246,215 | \$ (175,318) | n/a | n/a |
| Net operating income [a] | 60,474 | (85,520) | 208,907 | (143,752) | n/a | n/a |
| Operating cashflow | (56,699) | 132,352 | 193,152 | 481,985 | n/a | (59.9%) |
| Gross premiums written | 278,333 | 372,065 | 1,375,001 | 1,254,250 | (25.2%) | 9.6% |
| Net premiums earned | 207,273 | 301,499 | 834,356 | 813,510 | (31.3%) | 2.6% |
| Total assets | 7,339,746 | 7,251,995 | 7,339,746 | 7,251,995 | 1.2% | 1.2% |
| Total shareholders' equity | 1,564,633 | 1,280,331 | 1,564,633 | 1,280,331 | 22.2% | 22.2% |
| PER SHARE | | | | | | |
| Basic earnings per share | | | | | | |
| Net income | \$ 1.10 | \$ (1.67) | \$ 4.32 | \$ (3.10) | | |
| Net operating income [a] | 1.06 | (1.52) | 3.66 | (2.54) | | |
| Diluted earnings per share | | | | | | |
| Net income | \$ 1.08 | \$ (1.67) | \$ 4.26 | \$ (3.10) | | |
| Net operating income [a] | 1.04 | (1.52) | 3.62 | (2.54) | | |
| Weighted average shares outstanding - basic | 57,090,930 | 56,296,064 | 57,006,908 | 56,565,588 | | |
| Weighted average shares outstanding - diluted | 58,035,775 | 56,296,064 | 57,767,137 | 56,565,588 | | |
| Book value per common share [b] | \$ 28.01 | \$ 22.94 | \$ 28.01 | \$ 22.94 | 22.1% | 22.1% |
| Diluted book value per share (treasury stock method) [b] | 27.36 | 22.46 | 27.36 | 22.46 | 21.8% | 21.8% |
| RATIOS | | | | | | |
| Annualized return on average shareholders equity [c] | 16.1% | (29.5%) | 17.3% | (12.2%) | | |
| Annualized net operating return on average shareholders equity [c] | 15.5% | (26.8%) | 14.7% | (10.0%) | | |
| Loss ratio [d] | 55.9% | 74.9% | 62.4% | 68.9% | | |
| Acquisition cost ratio [d] | 11.1% | 11.2% | 12.1% | 9.2% | | |
| General and administrative expense ratio [d] | 14.2% | 13.5% | 13.6% | 13.8% | | |
| Combined ratio [d] | 81.2% | 99.6% | 88.1% | 91.9% | | |

[a] Net operating income represents net income excluding, as applicable, after-tax net realized and unrealized gains and losses on fixed maturities, after-tax net foreign exchange gains or losses, and after-tax merger and acquisition expenses.

[b] For detailed calculations see page 29.

[c] For detailed calculations see page 26.

[d] For property and casualty business only.

MAX CAPITAL GROUP LTD.

CONSOLIDATED BALANCE SHEETS

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

| | Dec. 31, 2009 (Unaudited) | Sept. 30, 2009 (Unaudited) | June 30, 2009 (Unaudited) | Mar. 31, 2009 (Unaudited) | Dec. 31, 2008 |
|--|------------------------------|-------------------------------|------------------------------|------------------------------|---------------------|
| ASSETS | | | | | |
| Cash and cash equivalents | \$ 702,278 | \$ 1,056,011 | \$ 1,008,178 | \$ 955,577 | \$ 949,404 |
| Fixed maturities, trading at fair value | 228,696 | 74,337 | 63,666 | 56,041 | 61,820 |
| Fixed maturities, available for sale at fair value | 3,007,356 | 2,872,146 | 3,615,549 | 3,424,866 | 3,592,039 |
| Fixed maturities, held to maturity at amortized cost (fair value \$1,033,551) | 1,005,947 | 1,026,244 | - | - | - |
| Other investments, at fair value | 314,849 | 389,515 | 436,603 | 599,485 | 753,658 |
| Accrued interest income | 57,215 | 52,145 | 47,432 | 45,816 | 52,882 |
| Premiums receivable | 567,301 | 546,195 | 670,443 | 673,551 | 554,845 |
| Losses and benefits recoverable from reinsurers | 1,001,373 | 985,614 | 930,483 | 879,823 | 846,622 |
| Deferred acquisition costs | 65,648 | 66,451 | 70,097 | 64,000 | 51,337 |
| Prepaid reinsurance premiums | 190,613 | 206,924 | 246,068 | 238,700 | 192,889 |
| Trades pending settlement | 76,031 | 38,217 | 95,919 | 131,325 | 85,727 |
| Other assets | 122,439 | 114,947 | 108,121 | 108,190 | 110,772 |
| Total assets | \$ 7,339,746 | \$ 7,428,746 | \$ 7,292,559 | \$ 7,177,374 | \$ 7,251,995 |
| LIABILITIES | | | | | |
| Property and casualty losses | \$ 3,178,094 | \$ 3,159,156 | \$ 3,058,337 | \$ 3,005,125 | \$ 2,938,171 |
| Life and annuity benefits | 1,372,513 | 1,415,836 | 1,389,052 | 1,306,573 | 1,366,976 |
| Deposit liabilities | 152,629 | 152,638 | 153,109 | 153,265 | 219,260 |
| Funds withheld from reinsurers | 140,079 | 142,384 | 140,826 | 148,942 | 164,157 |
| Unearned property and casualty premiums | 628,161 | 676,342 | 745,948 | 690,122 | 574,134 |
| Reinsurance balances payable | 146,085 | 151,615 | 190,479 | 165,008 | 160,686 |
| Accounts payable and accrued expenses | 67,088 | 92,722 | 54,964 | 54,108 | 81,916 |
| Bank loans | - | - | 105,000 | 300,000 | 375,000 |
| Senior notes | 90,464 | 91,379 | 91,375 | 91,369 | 91,364 |
| Total liabilities | 5,775,113 | 5,882,072 | 5,929,090 | 5,914,512 | 5,971,664 |
| SHAREHOLDERS' EQUITY | | | | | |
| Preferred shares (par value \$1.00) 20,000,000 shares authorized; no shares issued or outstanding | - | - | - | - | - |
| Common shares (par value \$1.00) 200,000,000 shares authorized; 55,867,125 shares issued and outstanding | 55,867 | 57,013 | 56,599 | 55,883 | 55,806 |
| Additional paid-in capital | 752,309 | 773,923 | 772,047 | 768,585 | 763,391 |
| Accumulated other comprehensive income (loss) | 25,431 | 41,602 | (49,730) | (107,588) | (45,399) |
| Retained earnings | 731,026 | 674,136 | 584,553 | 545,982 | 506,533 |
| Total shareholders' equity | 1,564,633 | 1,546,674 | 1,363,469 | 1,262,862 | 1,280,331 |
| Total liabilities and shareholders' equity | \$ 7,339,746 | \$ 7,428,746 | \$ 7,292,559 | \$ 7,177,374 | \$ 7,251,995 |
| Book Value Per Share | \$ 28.01 | \$ 27.13 | \$ 24.09 | \$ 22.60 | \$ 22.94 |
| Diluted Book Value Per Share (treasury stock method) | \$ 27.36 | \$ 26.54 | \$ 23.53 | \$ 21.88 | \$ 22.46 |
| Debt-to-capital ratio [a] | 5.5% | 5.6% | 6.3% | 16.0% | 15.9% |

[a] Calculated as debt, being bank loans (excluding swap loan) and senior notes, divided by shareholders' equity plus debt.

MAX CAPITAL GROUP LTD.

CONSOLIDATED STATEMENTS OF INCOME AND COMPREHENSIVE INCOME - QUARTERLY (Unaudited)

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

| | QUARTER ENDED | | | | | |
|--|---------------|----------------|---------------|---------------|---------------|---------------|
| | Dec. 31, 2009 | Sept. 30, 2009 | June 30, 2009 | Mar. 31, 2009 | Dec. 31, 2008 | Dec. 31, 2007 |
| REVENUES | | | | | | |
| Gross premiums written | \$ 278,333 | \$ 265,886 | \$ 396,509 | \$ 434,273 | \$ 372,065 | \$ 400,197 |
| Reinsurance premiums ceded | (103,143) | (83,290) | (129,669) | (164,379) | (114,196) | (78,176) |
| Net premiums written | \$ 175,190 | \$ 182,596 | \$ 266,840 | \$ 269,894 | \$ 257,869 | \$ 322,021 |
| Earned premiums | \$ 325,078 | \$ 329,869 | \$ 354,620 | \$ 309,382 | \$ 409,572 | \$ 433,522 |
| Earned premiums ceded | (117,805) | (121,853) | (125,835) | (119,100) | (108,073) | (70,604) |
| Net premiums earned | 207,273 | 208,016 | 228,785 | 190,282 | 301,499 | 362,918 |
| Net investment income | 44,668 | 42,830 | 41,755 | 40,488 | 44,226 | 49,355 |
| Net realized and unrealized gains (losses) on investments | 17,325 | 24,528 | 21,472 | 18,441 | (88,951) | 50,080 |
| Total other-than-temporary impairment losses | (125) | - | (5,190) | - | - | (1,087) |
| Portion of loss recognized in other comprehensive income (loss) before taxes | (800) | (139) | 3,176 | - | - | - |
| Net impairment losses recognized in earnings | (925) | (139) | (2,014) | - | - | (1,087) |
| Net realized gain on retirement of senior notes | 111 | - | - | - | 2,245 | - |
| Other income | (196) | 819 | 974 | 1,306 | 457 | 158 |
| Total revenues | 268,256 | 276,054 | 290,972 | 250,517 | 259,476 | 461,424 |
| LOSSES AND EXPENSES | | | | | | |
| Net losses and loss expenses | 114,870 | 131,778 | 122,228 | 124,723 | 115,160 | 87,165 |
| Claims and policy benefits | 16,976 | 14,378 | 55,407 | 14,332 | 164,351 | 253,962 |
| Acquisition costs | 23,188 | 27,997 | 25,059 | 20,630 | 16,635 | 14,597 |
| Interest expense | 6,685 | 5,971 | 4,744 | 3,939 | 15,542 | 12,555 |
| Net foreign exchange (gains) losses | 702 | 406 | (3,404) | (3,476) | 7,889 | 10 |
| Merger and acquisition expenses | (224) | (41,350) | 4,785 | 5,223 | (544) | - |
| General and administrative expenses | 38,458 | 40,372 | 36,105 | 39,060 | 34,468 | 26,963 |
| Total losses and expenses | 200,655 | 179,552 | 244,924 | 204,431 | 353,501 | 395,252 |
| INCOME (LOSS) BEFORE TAXES | 67,601 | 96,502 | 46,048 | 46,086 | (94,025) | 66,172 |
| Income tax expense | 5,009 | 1,176 | 2,290 | 1,547 | 58 | 3,822 |
| NET INCOME (LOSS) | 62,592 | 95,326 | 43,758 | 44,539 | (94,083) | 62,350 |
| Change in net unrealized gains and losses on available for sale securities, net of tax | (16,085) | 95,794 | 36,933 | (66,098) | 118,821 | 24,841 |
| Foreign currency translation adjustment | (86) | (4,462) | 20,925 | 3,909 | (17,471) | (1,557) |
| COMPREHENSIVE INCOME (LOSS) | \$ 46,421 | \$ 186,658 | \$ 101,616 | \$ (17,650) | \$ 7,267 | \$ 85,634 |
| KEY RATIOS/PER SHARE DATA | | | | | | |
| Loss ratio [a] | 55.9% | 63.4% | 65.1% | 65.7% | 74.9% | 69.9% |
| Acquisition cost ratio [b] | 11.1% | 13.4% | 13.0% | 10.8% | 11.2% | 11.2% |
| General and administrative expense ratio [c] | 14.2% | 14.1% | 12.7% | 13.2% | 13.5% | 13.8% |
| Combined ratio | 81.2% | 90.9% | 90.8% | 89.7% | 99.6% | 94.9% |
| Basic earnings per share | \$ 1.10 | \$ 1.67 | \$ 0.77 | \$ 0.79 | \$ (1.67) | \$ 1.07 |
| Diluted earnings per share [d] | \$ 1.08 | \$ 1.64 | \$ 0.76 | \$ 0.78 | \$ (1.67) | \$ 1.00 |
| Net operating income per share - diluted [e] | \$ 1.04 | \$ 0.92 | \$ 0.83 | \$ 0.82 | \$ (1.52) | \$ 1.01 |
| Annualized ROAE [f] | 16.1% | 26.2% | 13.3% | 14.0% | (29.5%) | 16.0% |
| Annualized Net Operating ROAE [f] | 15.5% | 14.8% | 14.6% | 14.8% | (26.8%) | 16.3% |

[a] The loss ratio is calculated by dividing net losses and loss expenses by net premiums earned for the property & casualty business

[b] The acquisition cost ratio is calculated by dividing acquisition costs by net premiums earned for the property & casualty business

[c] The general and administrative expense ratio is calculated by dividing general and administrative expenses by net premiums earned for the property & casualty business

[d] In accordance with U.S. generally accepted accounting principles, diluted earnings per share calculations use weighted average common shares outstanding - basic, for periods with a net loss

[e] See page 28 for calculation of net operating income per share - diluted.

[f] See page 26 for calculation of annualized return on average shareholders' equity (ROAE) and net operating ROAE

MAX CAPITAL GROUP LTD.

CONSOLIDATED STATEMENTS OF INCOME AND COMPREHENSIVE INCOME - YEAR TO DATE AND PRIOR YEARS (Unaudited)

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

| | YEAR ENDED | | |
|--|-------------------|---------------------|-------------------|
| | Dec. 31, 2009 | Dec. 31, 2008 | Dec. 31, 2007 |
| REVENUES | | | |
| Gross premiums written | \$ 1,375,001 | \$ 1,254,250 | \$ 1,078,286 |
| Reinsurance premiums ceded | (480,481) | (414,047) | (281,696) |
| Net premiums written | <u>\$ 894,520</u> | <u>\$ 840,203</u> | <u>\$ 796,590</u> |
| Earned premiums | \$ 1,318,949 | \$ 1,170,248 | \$ 1,074,173 |
| Earned premiums ceded | (484,593) | (356,738) | (256,268) |
| Net premiums earned | <u>834,356</u> | <u>813,510</u> | <u>817,905</u> |
| Net investment income | 169,741 | 181,624 | 188,206 |
| Net realized and unrealized gains (losses) on investments | 81,765 | (234,965) | 183,791 |
| Total other-than-temporary impairment losses | (5,315) | (16,887) | (1,087) |
| Portion of loss recognized in other comprehensive income (loss) before taxes | 2,237 | - | - |
| Net impairment losses recognized in earnings | <u>(3,078)</u> | <u>(16,887)</u> | <u>(1,087)</u> |
| Net realized gain on retirement of senior notes | 111 | 2,245 | - |
| Other income | 2,903 | 1,458 | 745 |
| Total revenues | <u>1,085,798</u> | <u>746,985</u> | <u>1,189,560</u> |
| LOSSES AND EXPENSES | | | |
| Net losses and loss expenses | 493,599 | 393,745 | 330,394 |
| Claims and policy benefits | 101,093 | 301,526 | 345,602 |
| Acquisition costs | 96,874 | 52,379 | 61,360 |
| Interest expense | 21,339 | 36,089 | 42,663 |
| Net foreign exchange (gains) losses | (5,772) | 9,873 | 25 |
| Merger and acquisition expenses | (31,566) | 2,944 | - |
| General and administrative expenses | 153,995 | 124,515 | 106,689 |
| Total losses and expenses | <u>829,562</u> | <u>921,071</u> | <u>886,733</u> |
| INCOME (LOSS) BEFORE TAXES | 256,236 | (174,086) | 302,827 |
| Income tax expense (benefit) | 10,021 | 1,232 | (422) |
| NET INCOME (LOSS) | 246,215 | (175,318) | 303,249 |
| Change in net unrealized gains and losses on available for sale securities, net of tax | 50,544 | 9,882 | 369 |
| Foreign currency translation adjustment | 20,286 | (34,940) | 978 |
| COMPREHENSIVE INCOME (LOSS) | <u>\$ 317,045</u> | <u>\$ (200,376)</u> | <u>\$ 304,596</u> |
| KEY RATIOS/PER SHARE DATA | | | |
| Loss ratio [a] | 62.4% | 68.9% | 64.0% |
| Acquisition cost ratio [b] | 12.1% | 9.2% | 11.6% |
| General and administrative expense ratio [c] | 13.6% | 13.8% | 12.6% |
| Combined ratio | <u>88.1%</u> | <u>91.9%</u> | <u>88.2%</u> |
| Basic earnings per share | \$ 4.32 | \$ (3.10) | \$ 5.06 |
| Diluted earnings per share [d] | \$ 4.26 | \$ (3.10) | \$ 4.75 |
| Net operating income per share - diluted [e] | \$ 3.62 | \$ (2.54) | \$ 4.81 |
| Annualized ROAE [f] | 17.3% | (12.2%) | 20.4% |
| Annualized Net Operating ROAE [f] | 14.7% | (10.0%) | 20.7% |

[a] The loss ratio is calculated by dividing net losses and loss expenses by net premiums earned for the property & casualty business

[b] The acquisition cost ratio is calculated by dividing acquisition costs by net premiums earned for the property & casualty business

[c] The general and administrative expense ratio is calculated by dividing general and administrative expenses by net premiums earned for the property & casualty business

[d] In accordance with U.S. generally accepted accounting principles, diluted earnings per share calculations use weighted average common shares outstanding - basic, for periods with a net loss

[e] See page 28 for calculation of net operating income per share - diluted.

[f] See page 26 for calculation of annualized return on average shareholders' equity (ROAE) and net operating ROAE

MAX CAPITAL GROUP LTD.

SCHEDULE OF SUPPLEMENTAL UNDERWRITING DATA—THREE MONTHS ENDED DECEMBER 31, 2009 (Unaudited)

(Expressed in thousands of United States Dollars)

| | Property & Casualty | | | | | Life & Annuity | Corporate | Consolidated |
|--|---------------------|-------------|-------------------|-------------------|------------|----------------|-----------|--------------|
| | Bermuda/Dublin | | U.S. Specialty | Max at Lloyd's | Total | Reinsurance | | |
| | Insurance | Reinsurance | | | | | | |
| Gross premiums written | \$ 125,040 | \$ 66,732 | \$ 66,210 | \$ 18,344 | \$ 276,326 | \$ 2,007 | \$ - | \$ 278,333 |
| Reinsurance premiums ceded | (66,007) | 569 | (36,517) | (921) | (102,876) | (267) | - | (103,143) |
| Net premiums written | \$ 59,033 | \$ 67,301 | \$ 29,693 | \$ 17,423 | \$ 173,450 | \$ 1,740 | \$ - | \$ 175,190 |
| Earned premiums | \$ 109,381 | \$ 111,440 | \$ 71,061 | \$ 31,189 | \$ 323,071 | \$ 2,007 | \$ - | \$ 325,078 |
| Earned premiums ceded | (53,417) | (13,867) | (42,886) | (7,368) | (117,538) | (267) | - | (117,805) |
| Net premiums earned | 55,964 | 97,573 | 28,175 | 23,821 | 205,533 | 1,740 | - | 207,273 |
| Net investment income | 6,014 | 10,613 | 1,438 | 1,172 | 19,237 | 13,367 | 12,064 | 44,668 |
| Net realized and unrealized gains on investments | 893 | 2,073 | 84 | 3 | 3,053 | 8,192 | 6,080 | 17,325 |
| Net impairment losses recognized in earnings | - | - | - | - | - | - | (925) | (925) |
| Net realized gain on retirement of senior notes | - | - | - | - | - | - | 111 | 111 |
| Other income | - | - | 42 | 183 | 225 | (120) | (301) | (196) |
| Total revenues | 62,871 | 110,259 | 29,739 | 25,179 | 228,048 | 23,179 | 17,029 | 268,256 |
| Net losses and loss expenses | 26,326 | 61,718 | 16,312 | 10,514 | 114,870 | - | - | 114,870 |
| Claims and policy benefits | - | - | - | - | - | 16,976 | - | 16,976 |
| Acquisition costs | 270 | 17,578 | 1,628 | 3,339 | 22,815 | 373 | - | 23,188 |
| Interest expense | 781 | 4,191 | - | - | 4,972 | 525 | 1,188 | 6,685 |
| Net foreign exchange losses | - | - | - | 69 | 69 | - | 633 | 702 |
| Merger and acquisition expenses | - | - | - | - | - | - | (224) | (224) |
| General and administrative expenses | 6,798 | 8,174 | 10,034 | 4,116 | 29,122 | 606 | 8,730 | 38,458 |
| Total losses and expenses | 34,175 | 91,661 | 27,974 | 18,038 | 171,848 | 18,480 | 10,327 | 200,655 |
| Income before taxes | \$ 28,696 | \$ 18,598 | \$ 1,765 | \$ 7,141 | \$ 56,200 | \$ 4,699 | \$ 6,702 | \$ 67,601 |
| Loss ratio [a] | 47.0% | 63.3% | 57.9% | 44.1% | 55.9% | | | |
| Acquisition cost ratio [b] | 0.5% | 18.0% | 5.8% | 14.0% | 11.1% | | | |
| General and administrative expense ratio [c] | 12.2% | 8.3% | 35.6% | 17.3% | 14.2% | | | |
| Combined ratio | 59.7% | 89.6% | 99.3% | 75.4% | 81.2% | | | |

[a] The loss ratio is calculated by dividing net losses and loss expenses by net premiums earned for the property & casualty business

[b] The acquisition cost ratio is calculated by dividing acquisition costs by net premiums earned for the property & casualty business

[c] The general and administrative expense ratio is calculated by dividing general and administrative expenses by net premiums earned for the property & casualty business

MAX CAPITAL GROUP LTD.

CONSOLIDATED UNDERWRITING RATIOS - THREE MONTHS ENDED DECEMBER 31, 2009 (Unaudited)

| | Property & Casualty | | | | |
|--|---------------------|-------------|-------------------|-------------------|-------|
| | Bermuda/Dublin | | U.S. Specialty | Max at Lloyd's | Total |
| | Insurance | Reinsurance | | | |
| UNDERWRITING RATIOS | | | | | |
| Loss ratio | 47.0% | 63.3% | 57.9% | 44.1% | 55.9% |
| Acquisition cost ratio | 0.5% | 18.0% | 5.8% | 14.0% | 11.1% |
| General and administration expense ratio | 12.2% | 8.3% | 35.6% | 17.3% | 14.2% |
| Combined ratio | 59.7% | 89.6% | 99.3% | 75.4% | 81.2% |

EFFECT OF PRIOR ACCIDENT YEAR RESERVE DEVELOPMENT FAVORABLE / (UNFAVORABLE)

| | | | | | |
|----------------|-------|-------|------|-------|-------|
| Loss ratio [a] | 26.7% | 12.2% | 2.3% | 14.1% | 15.0% |
|----------------|-------|-------|------|-------|-------|

NET OF PRIOR ACCIDENT YEAR RESERVE DEVELOPMENT UNDERWRITING RATIOS

| | | | | | |
|--|-------|--------|--------|-------|-------|
| Loss ratio | 73.7% | 75.5% | 60.2% | 58.2% | 70.9% |
| Acquisition cost ratio | 0.5% | 18.0% | 5.8% | 14.0% | 11.1% |
| General and administration expense ratio | 12.2% | 8.3% | 35.6% | 17.3% | 14.2% |
| Combined ratio | 86.4% | 101.8% | 101.6% | 89.5% | 96.2% |

[a] Prior accident year reserve development excludes changes in reserves resulting from changes in premium estimates on prior years' contracts.

MAX CAPITAL GROUP LTD.

BERMUDA/DUBLIN INSURANCE SEGMENT DATA (Unaudited)

(Expressed in thousands of United States Dollars)

| | FOR THE QUARTERS ENDED | | | | | |
|---|------------------------|------------------|------------------|------------------|------------------|------------------|
| | Dec. 31, 2009 | Sept. 30, 2009 | June 30, 2009 | Mar. 31, 2009 | Dec. 31, 2008 | Dec. 31, 2007 |
| Gross premiums written | \$ 125,040 | \$ 81,134 | \$ 133,911 | \$ 87,682 | \$ 113,080 | \$ 98,848 |
| Reinsurance premiums ceded | (66,007) | (41,884) | (49,251) | (54,941) | (64,999) | (55,568) |
| Net premiums written | <u>\$ 59,033</u> | <u>\$ 39,250</u> | <u>\$ 84,660</u> | <u>\$ 32,741</u> | <u>\$ 48,081</u> | <u>\$ 43,280</u> |
| Earned premiums | \$ 109,381 | \$ 103,961 | \$ 101,551 | \$ 102,197 | \$ 92,988 | \$ 98,792 |
| Earned premiums ceded | (53,417) | (54,814) | (50,743) | (52,153) | (48,134) | (48,369) |
| Net premiums earned | <u>55,964</u> | <u>49,147</u> | <u>50,808</u> | <u>50,044</u> | <u>44,854</u> | <u>50,423</u> |
| Net investment income | 6,014 | 5,898 | 5,722 | 5,241 | 5,124 | 4,104 |
| Net realized and unrealized gains (losses) on investments | 893 | 1,298 | 1,003 | 1,236 | (9,923) | 3,755 |
| Other income | - | 91 | - | 1,147 | - | - |
| Total revenues | <u>62,871</u> | <u>56,434</u> | <u>57,533</u> | <u>57,668</u> | <u>40,055</u> | <u>58,282</u> |
| Net losses and loss expenses | 26,326 | 31,756 | 37,809 | 36,464 | 33,331 | 43,017 |
| Acquisition costs | 270 | 369 | (470) | (1,402) | (865) | (190) |
| Interest expense | 781 | - | - | - | - | - |
| General and administrative expenses | 6,798 | 7,281 | 5,415 | 5,129 | 5,049 | 5,939 |
| Total losses and expenses | <u>34,175</u> | <u>39,406</u> | <u>42,754</u> | <u>40,191</u> | <u>37,515</u> | <u>48,766</u> |
| Income before taxes | <u>\$ 28,696</u> | <u>\$ 17,028</u> | <u>\$ 14,779</u> | <u>\$ 17,477</u> | <u>\$ 2,540</u> | <u>\$ 9,516</u> |
| Loss ratio | 47.0% | 64.6% | 74.4% | 72.9% | 74.3% | 85.3% |
| Acquisition cost ratio | 0.5% | 0.8% | (0.9%) | (2.8%) | (1.9%) | (0.4%) |
| General and administration expense ratio | 12.2% | 14.8% | 10.6% | 10.2% | 11.2% | 11.8% |
| Combined ratio | <u>59.7%</u> | <u>80.2%</u> | <u>84.1%</u> | <u>80.3%</u> | <u>83.6%</u> | <u>96.7%</u> |

MAX CAPITAL GROUP LTD.

BERMUDA/DUBLIN REINSURANCE SEGMENT DATA (Unaudited)

(Expressed in thousands of United States Dollars)

| | FOR THE QUARTERS ENDED | | | | | |
|---|------------------------|------------------|------------------|-------------------|--------------------|------------------|
| | Dec. 31, 2009 | Sept. 30, 2008 | June 30, 2009 | Mar. 31, 2009 | Dec. 31, 2008 | Dec. 31, 2007 |
| Gross premiums written | \$ 66,732 | \$ 94,118 | \$ 95,196 | \$ 232,982 | \$ 42,025 | \$ 36,391 |
| Reinsurance premiums ceded | 569 | (11,106) | (18,085) | (51,383) | (7,288) | (2,936) |
| Net premiums written | <u>\$ 67,301</u> | <u>\$ 83,012</u> | <u>\$ 77,111</u> | <u>\$ 181,599</u> | <u>\$ 34,737</u> | <u>\$ 33,455</u> |
| Earned premiums | \$ 111,440 | \$ 128,458 | \$ 112,550 | \$ 123,986 | \$ 115,494 | \$ 84,870 |
| Earned premiums ceded | (13,867) | (25,367) | (22,825) | (26,519) | (26,549) | (12,970) |
| Net premiums earned | <u>97,573</u> | <u>103,091</u> | <u>89,725</u> | <u>97,467</u> | <u>88,945</u> | <u>71,900</u> |
| Net investment income | 10,613 | 10,404 | 9,975 | 9,228 | 8,272 | 9,199 |
| Net realized and unrealized gains (losses) on investments | 2,073 | 3,040 | 2,385 | 3,042 | (21,458) | 11,656 |
| Other income | - | - | 12 | - | - | - |
| Total revenues | <u>110,259</u> | <u>116,535</u> | <u>102,097</u> | <u>109,737</u> | <u>75,759</u> | <u>92,755</u> |
| Net losses and loss expenses | 61,718 | 68,728 | 57,813 | 66,215 | 68,423 | 41,833 |
| Acquisition costs | 17,578 | 20,299 | 15,734 | 17,463 | 16,154 | 13,663 |
| Interest expense | 4,191 | 1,706 | 1,191 | (497) | 5,134 | 2,971 |
| General and administrative expenses | 8,174 | 8,857 | 7,223 | 7,524 | 6,567 | 7,966 |
| Total losses and expenses | <u>91,661</u> | <u>99,590</u> | <u>81,961</u> | <u>90,705</u> | <u>96,278</u> | <u>66,433</u> |
| Income (loss) before taxes | <u>\$ 18,598</u> | <u>\$ 16,945</u> | <u>\$ 20,136</u> | <u>\$ 19,032</u> | <u>\$ (20,519)</u> | <u>\$ 26,322</u> |
| Loss ratio | 63.3% | 66.7% | 64.4% | 67.9% | 76.9% | 58.2% |
| Acquisition cost ratio | 18.0% | 19.7% | 17.5% | 18.0% | 18.2% | 19.0% |
| General and administration expense ratio | 8.3% | 8.5% | 8.1% | 7.7% | 7.4% | 11.1% |
| Combined ratio | <u>89.6%</u> | <u>94.9%</u> | <u>90.0%</u> | <u>93.6%</u> | <u>102.5%</u> | <u>88.3%</u> |

MAX CAPITAL GROUP LTD.

U.S. SPECIALTY SEGMENT DATA (Unaudited)

(Expressed in thousands of United States Dollars)

| | FOR THE QUARTERS ENDED | | | | | |
|--|------------------------|------------------|------------------|------------------|-------------------|-------------------|
| | Dec. 31, 2009 | Sept. 30, 2009 | June 30, 2009 | Mar. 31, 2009 | Dec. 31, 2008 | Dec. 31, 2007 |
| Gross premiums written | \$ 66,210 | \$ 69,419 | \$ 81,016 | \$ 68,833 | \$ 60,191 | \$ 26,551 |
| Reinsurance premiums ceded | (36,517) | (26,259) | (51,659) | (40,661) | (37,376) | (19,536) |
| Net premiums written | <u>\$ 29,693</u> | <u>\$ 43,160</u> | <u>\$ 29,357</u> | <u>\$ 28,172</u> | <u>\$ 22,815</u> | <u>\$ 7,015</u> |
| Earned premiums | \$ 71,061 | \$ 68,175 | \$ 63,078 | \$ 54,356 | \$ 43,502 | \$ 11,453 |
| Earned premiums ceded | (42,886) | (37,074) | (41,657) | (32,951) | (27,803) | (9,130) |
| Net premiums earned | <u>28,175</u> | <u>31,101</u> | <u>21,421</u> | <u>21,405</u> | <u>15,699</u> | <u>2,323</u> |
| Net investment income | 1,438 | 1,461 | 1,495 | 1,593 | 1,672 | 2,118 |
| Net realized and unrealized gains on investments | 84 | - | - | 148 | - | - |
| Other income | <u>42</u> | <u>52</u> | <u>372</u> | <u>(152)</u> | <u>163</u> | <u>-</u> |
| Total revenues | 29,739 | 32,614 | 23,288 | 22,994 | 17,534 | 4,441 |
| Net losses and loss expenses | 16,312 | 21,266 | 13,149 | 12,085 | 10,936 | 2,315 |
| Acquisition costs | 1,628 | 1,926 | 2,723 | 1,224 | 980 | 472 |
| General and administrative expenses | <u>10,034</u> | <u>7,804</u> | <u>5,635</u> | <u>7,756</u> | <u>6,636</u> | <u>3,281</u> |
| Total losses and expenses | <u>27,974</u> | <u>30,996</u> | <u>21,507</u> | <u>21,065</u> | <u>18,552</u> | <u>6,068</u> |
| Income (loss) before taxes | <u>\$ 1,765</u> | <u>\$ 1,618</u> | <u>\$ 1,781</u> | <u>\$ 1,929</u> | <u>\$ (1,018)</u> | <u>\$ (1,627)</u> |
| Loss ratio | 57.9% | 68.4% | 61.4% | 56.5% | 69.7% | 99.7% |
| Acquisition cost ratio | 5.8% | 6.2% | 12.7% | 5.7% | 6.2% | 20.3% |
| General and administration expense ratio | <u>35.6%</u> | <u>25.1%</u> | <u>26.3%</u> | <u>36.2%</u> | <u>42.3%</u> | <u>n/a</u> |
| Combined ratio | <u>99.3%</u> | <u>99.7%</u> | <u>100.4%</u> | <u>98.4%</u> | <u>118.2%</u> | <u>n/a</u> |

MAX CAPITAL GROUP LTD.

MAX AT LLOYD'S SEGMENT DATA (Unaudited)

(Expressed in thousands of United States Dollars)

| | FOR THE QUARTERS ENDED | | | | |
|--|------------------------|------------------|------------------|------------------|-------------------|
| | Dec. 31, 2009 | Sept. 30, 2009 | June 30, 2009 | Mar. 31, 2009 | Dec. 31, 2008 [a] |
| Gross premiums written | \$ 18,344 | \$ 21,087 | \$ 45,363 | \$ 44,179 | \$ 8,844 |
| Reinsurance premiums ceded | (921) | (4,015) | (10,647) | (17,301) | (4,294) |
| Net premiums written | <u>\$ 17,423</u> | <u>\$ 17,072</u> | <u>\$ 34,716</u> | <u>\$ 26,878</u> | <u>\$ 4,550</u> |
| Earned premiums | \$ 31,189 | \$ 29,147 | \$ 36,418 | \$ 28,246 | \$ 9,663 |
| Earned premiums ceded | (7,368) | (4,572) | (10,583) | (7,384) | (5,349) |
| Net premiums earned | <u>23,821</u> | <u>24,575</u> | <u>25,835</u> | <u>20,862</u> | <u>4,314</u> |
| Net investment income | 1,172 | 1,749 | 645 | 822 | 542 |
| Net realized and unrealized gains on investments | 3 | 1,400 | 720 | 467 | 508 |
| Other income | <u>183</u> | <u>(33)</u> | <u>436</u> | <u>72</u> | <u>160</u> |
| Total revenues | 25,179 | 27,691 | 27,636 | 22,223 | 5,524 |
| Net losses and loss expenses | 10,514 | 10,028 | 13,457 | 9,959 | 2,470 |
| Acquisition costs | 3,339 | 5,250 | 6,395 | 3,152 | 981 |
| Net foreign exchange losses (gains) | 69 | 42 | (1,656) | (3,510) | (382) |
| General and administrative expenses | <u>4,116</u> | <u>5,423</u> | <u>5,712</u> | <u>4,721</u> | <u>2,525</u> |
| Total losses and expenses | <u>18,038</u> | <u>20,743</u> | <u>23,908</u> | <u>14,322</u> | <u>5,594</u> |
| Income (loss) before taxes | <u>\$ 7,141</u> | <u>\$ 6,948</u> | <u>\$ 3,728</u> | <u>\$ 7,901</u> | <u>\$ (70)</u> |
| Loss ratio | 44.1% | 40.8% | 52.1% | 47.7% | 57.3% |
| Acquisition cost ratio | 14.0% | 21.4% | 24.8% | 15.1% | 22.7% |
| General and administration expense ratio | <u>17.3%</u> | <u>22.0%</u> | <u>22.1%</u> | <u>22.7%</u> | <u>58.5%</u> |
| Combined ratio | <u>75.4%</u> | <u>84.2%</u> | <u>99.0%</u> | <u>85.5%</u> | <u>138.5%</u> |

[a] The results of operations for the Max at Lloyd's segment are consolidated only from November 6, 2008, the date Max at Lloyd's was acquired.

MAX CAPITAL GROUP LTD.

LIFE AND ANNUITY REINSURANCE SEGMENT DATA (Unaudited)

(Expressed in thousands of United States Dollars)

| | FOR THE QUARTERS ENDED | | | | | |
|---|-------------------------------|-----------------------|----------------------|----------------------|----------------------|----------------------|
| | Dec. 31, 2009 | Sept. 30, 2009 | June 30, 2009 | Mar. 31, 2009 | Dec. 31, 2008 | Dec. 31, 2007 |
| Gross premiums written | \$ 2,007 | \$ 128 | \$ 41,023 | \$ 597 | \$ 147,925 | \$ 238,407 |
| Reinsurance premiums ceded | (267) | (26) | (27) | (93) | (239) | (136) |
| Net premiums written | <u>\$ 1,740</u> | <u>\$ 102</u> | <u>\$ 40,996</u> | <u>\$ 504</u> | <u>\$ 147,686</u> | <u>\$ 238,271</u> |
| Earned premiums | \$ 2,007 | \$ 128 | \$ 41,023 | \$ 597 | \$ 147,925 | \$ 238,407 |
| Earned premiums ceded | (267) | (26) | (27) | (93) | (238) | (135) |
| Net premiums earned | <u>1,740</u> | <u>102</u> | <u>40,996</u> | <u>504</u> | <u>147,687</u> | <u>238,272</u> |
| Net investment income | 13,367 | 13,143 | 12,917 | 11,566 | 10,126 | 11,675 |
| Net realized and unrealized gains (losses) on investments | 8,192 | 11,932 | 9,346 | 7,868 | (42,170) | 17,399 |
| Other income | (120) | - | - | - | - | - |
| Total revenues | <u>23,179</u> | <u>25,177</u> | <u>63,259</u> | <u>19,938</u> | <u>115,643</u> | <u>267,346</u> |
| Claims and policy benefits | 16,976 | 14,378 | 55,407 | 14,332 | 164,351 | 253,962 |
| Acquisition costs | 373 | 153 | 677 | 193 | (615) | 652 |
| Interest expense | 525 | 2,349 | 837 | (383) | 4,722 | 2,496 |
| General and administrative expenses | 606 | 829 | 657 | 694 | 644 | 687 |
| Total losses and expenses | <u>18,480</u> | <u>17,709</u> | <u>57,578</u> | <u>14,836</u> | <u>169,102</u> | <u>257,797</u> |
| Income (loss) before taxes | <u>\$ 4,699</u> | <u>\$ 7,468</u> | <u>\$ 5,681</u> | <u>\$ 5,102</u> | <u>\$ (53,459)</u> | <u>\$ 9,549</u> |

MAX CAPITAL GROUP LTD.

SEGMENT GROSS PREMIUMS WRITTEN BY LINE OF BUSINESS (Unaudited)

(Expressed in thousands of United States Dollars)

| Gross Premiums Written by Type of Risk: | | FOR THE QUARTERS ENDED | | | | | |
|---|---|------------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| | | Dec. 31, 2009 | Sept. 30, 2009 | June 30, 2009 | Mar. 31, 2009 | Dec. 31, 2008 | Dec. 31, 2007 |
| Property & Casualty: | | | | | | | |
| Bermuda/Dublin Insurance: | | | | | | | |
| Aviation | S | \$ 39,520 | \$ 13,495 | \$ 10,634 | \$ 6,185 | \$ 31,164 | \$ 26,526 |
| Excess Liability | L | 26,683 | 19,084 | 33,352 | 34,648 | 26,933 | 25,355 |
| Professional Liability | L | 45,059 | 39,146 | 63,258 | 32,441 | 42,575 | 40,826 |
| Property | S | 13,778 | 9,409 | 26,667 | 14,408 | 12,408 | 6,141 |
| | | <u>125,040</u> | <u>81,134</u> | <u>133,911</u> | <u>87,682</u> | <u>113,080</u> | <u>98,848</u> |
| Bermuda/Dublin Reinsurance: | | | | | | | |
| Agriculture | S | 2,212 | (95) | (233) | 87,666 | 234 | 113 |
| Aviation | S | 9,380 | 10,477 | 10,699 | 4,159 | 3,809 | 781 |
| General Casualty | L | 5,781 | 7,279 | (2,016) | 18,141 | 1,926 | 2,011 |
| Marine & Energy | S | 3,599 | 5,987 | (343) | 9,078 | 4,877 | 14,019 |
| Medical Malpractice | L | 11,086 | 2,567 | 17,437 | 36,393 | 12,578 | 3,270 |
| Other | S | 29 | - | 402 | 1,866 | (914) | 5,753 |
| Professional Liability | L | 25,609 | 20,992 | 15,219 | 9,711 | 9,412 | (3,442) |
| Property | S | (2,375) | 13,541 | 33,692 | 42,181 | 1,506 | (7,512) |
| Whole Account | L | 2,947 | 2,546 | 1,588 | 4,375 | 2,425 | 2,529 |
| Workers' Compensation | L | 8,464 | 30,824 | 18,751 | 19,412 | 6,172 | 18,869 |
| | | <u>66,732</u> | <u>94,118</u> | <u>95,196</u> | <u>232,982</u> | <u>42,025</u> | <u>36,391</u> |
| U.S. Specialty: | | | | | | | |
| General Casualty | L | 18,756 | 27,267 | 22,816 | 18,943 | 16,989 | 12,302 |
| Marine | S | 15,443 | 16,168 | 14,968 | 14,781 | 12,944 | 1,220 |
| Professional Liability | L | 576 | - | - | - | - | - |
| Property | S | 31,435 | 25,984 | 43,232 | 35,109 | 30,258 | 13,029 |
| | | <u>66,210</u> | <u>69,419</u> | <u>81,016</u> | <u>68,833</u> | <u>60,191</u> | <u>26,551</u> |
| Max at Lloyd's [a]: | | | | | | | |
| Accident & Health | S | 1,245 | 3,692 | 5,255 | 12,410 | 408 | - |
| Aviation | S | 2,611 | - | - | - | - | - |
| Financial Institutions | L | 5,446 | 6,873 | 7,679 | 3,824 | 4,062 | - |
| Professional Liability | L | 5,290 | 5,284 | 6,530 | 2,785 | 2,928 | - |
| Property | S | 3,752 | 5,238 | 25,899 | 25,160 | 1,446 | - |
| | | <u>18,344</u> | <u>21,087</u> | <u>45,363</u> | <u>44,179</u> | <u>8,844</u> | <u>-</u> |
| Aggregate Property & Casualty | | <u>\$ 276,326</u> | <u>\$ 265,758</u> | <u>\$ 355,486</u> | <u>\$ 433,676</u> | <u>\$ 224,140</u> | <u>\$ 161,790</u> |
| Life & Annuity: | | | | | | | |
| Annuity | | \$ - | \$ - | \$ - | \$ - | \$ 146,734 | \$ 237,251 |
| Health | | - | - | - | - | - | 1 |
| Life | | 2,007 | 128 | 41,023 | 597 | 1,191 | 1,155 |
| Aggregate Life & Annuity | | <u>2,007</u> | <u>128</u> | <u>41,023</u> | <u>597</u> | <u>147,925</u> | <u>238,407</u> |
| Aggregate P&C and Life & Annuity | | <u>\$ 278,333</u> | <u>\$ 265,886</u> | <u>\$ 396,509</u> | <u>\$ 434,273</u> | <u>\$ 372,065</u> | <u>\$ 400,197</u> |
| S = Short tail lines | | \$ 120,629 | \$ 103,896 | \$ 170,872 | \$ 253,003 | \$ 98,140 | \$ 60,070 |
| L = Long tail lines | | 155,697 | 161,862 | 184,614 | 180,673 | 126,000 | 101,720 |
| Aggregate Property & Casualty | | <u>\$ 276,326</u> | <u>\$ 265,758</u> | <u>\$ 355,486</u> | <u>\$ 433,676</u> | <u>\$ 224,140</u> | <u>\$ 161,790</u> |

[a] The results of operations for the Max at Lloyd's segment are consolidated only from November 6, 2008, the date Max at Lloyd's was acquired.

MAX CAPITAL GROUP LTD.

SCHEDULE OF SUPPLEMENTAL UNDERWRITING DATA—YEAR ENDED DECEMBER 31, 2009 (Unaudited)

(Expressed in thousands of United States Dollars)

| | Property & Casualty | | | | | Life & Annuity | Corporate | Consolidated |
|--|---------------------|-------------|-------------------|-------------------|--------------|----------------|-----------|--------------|
| | Bermuda/Dublin | | U.S. Specialty | Max at Lloyd's | Total | Reinsurance | | |
| | Insurance | Reinsurance | | | | | | |
| Gross premiums written | \$ 427,767 | \$ 489,028 | \$ 285,478 | \$ 128,973 | \$ 1,331,246 | \$ 43,755 | \$ - | \$ 1,375,001 |
| Reinsurance premiums ceded | (212,083) | (80,005) | (155,096) | (32,884) | (480,068) | (413) | - | (480,481) |
| Net premiums written | \$ 215,684 | \$ 409,023 | \$ 130,382 | \$ 96,089 | \$ 851,178 | \$ 43,342 | \$ - | \$ 894,520 |
| Earned premiums | \$ 417,090 | \$ 476,434 | \$ 256,670 | \$ 125,000 | \$ 1,275,194 | \$ 43,755 | \$ - | \$ 1,318,949 |
| Earned premiums ceded | (211,127) | (88,578) | (154,568) | (29,907) | (484,180) | (413) | - | (484,593) |
| Net premiums earned | 205,963 | 387,856 | 102,102 | 95,093 | 791,014 | 43,342 | - | 834,356 |
| Net investment income | 22,875 | 40,220 | 5,987 | 4,388 | 73,470 | 50,993 | 45,278 | 169,741 |
| Net realized and unrealized gains on investments | 4,430 | 10,540 | 232 | 2,590 | 17,792 | 37,338 | 26,635 | 81,765 |
| Net impairment losses recognized in earnings | - | - | - | - | - | - | (3,078) | (3,078) |
| Net realized gain on retirement of senior notes | - | - | - | - | - | - | 111 | 111 |
| Other income | 1,238 | 12 | 314 | 658 | 2,222 | (120) | 801 | 2,903 |
| Total revenues | 234,506 | 438,628 | 108,635 | 102,729 | 884,498 | 131,553 | 69,747 | 1,085,798 |
| Net losses and loss expenses | 132,355 | 254,474 | 62,812 | 43,958 | 493,599 | - | - | 493,599 |
| Claims and policy benefits | - | - | - | - | - | 101,093 | - | 101,093 |
| Acquisition costs | (1,233) | 71,074 | 7,501 | 18,136 | 95,478 | 1,396 | - | 96,874 |
| Interest expense | 781 | 6,591 | - | - | 7,372 | 3,328 | 10,639 | 21,339 |
| Net foreign exchange gains | - | - | - | (5,055) | (5,055) | - | (717) | (5,772) |
| Merger and acquisition expenses | - | - | - | - | - | - | (31,566) | (31,566) |
| General and administrative expenses | 24,623 | 31,778 | 31,229 | 19,972 | 107,602 | 2,786 | 43,607 | 153,995 |
| Total losses and expenses | 156,526 | 363,917 | 101,542 | 77,011 | 698,996 | 108,603 | 21,963 | 829,562 |
| Income before taxes | \$ 77,980 | \$ 74,711 | \$ 7,093 | \$ 25,718 | \$ 185,502 | \$ 22,950 | \$ 47,784 | \$ 256,236 |
| Loss ratio | 64.3% | 65.6% | 61.5% | 46.2% | 62.4% | | | |
| Acquisition cost ratio | (0.6%) | 18.3% | 7.3% | 19.1% | 12.1% | | | |
| General and administration expense ratio | 11.9% | 8.2% | 30.7% | 21.0% | 13.6% | | | |
| Combined ratio | 75.6% | 92.1% | 99.5% | 86.3% | 88.1% | | | |

MAX CAPITAL GROUP LTD.

CONSOLIDATED UNDERWRITING RATIOS - YEAR ENDED DECEMBER 31, 2009 (Unaudited)

| | Property & Casualty | | | | |
|--|---------------------|--------------|-------------------|-------------------|--------------|
| | Bermuda/Dublin | | U.S. Specialty | Max at Lloyd's | Total |
| | Insurance | Reinsurance | | | |
| UNDERWRITING RATIOS | | | | | |
| Loss ratio | 64.3% | 65.6% | 61.5% | 46.2% | 62.4% |
| Acquisition cost ratio | (0.6%) | 18.3% | 7.3% | 19.1% | 12.1% |
| General and administration expense ratio | 11.9% | 8.2% | 30.7% | 21.0% | 13.6% |
| Combined ratio | <u>75.6%</u> | <u>92.1%</u> | <u>99.5%</u> | <u>86.3%</u> | <u>88.1%</u> |

EFFECT OF PRIOR ACCIDENT YEAR RESERVE DEVELOPMENT FAVORABLE / (UNFAVORABLE)

| | | | | | |
|----------------|--------------|-------------|---------------|-------------|-------------|
| Loss ratio [a] | <u>20.0%</u> | <u>8.3%</u> | <u>(1.1%)</u> | <u>6.5%</u> | <u>9.9%</u> |
|----------------|--------------|-------------|---------------|-------------|-------------|

NET OF PRIOR ACCIDENT YEAR RESERVE DEVELOPMENT UNDERWRITING RATIOS

| | | | | | |
|--|--------------|---------------|--------------|--------------|--------------|
| Loss ratio | 84.3% | 73.9% | 60.4% | 52.7% | 72.3% |
| Acquisition cost ratio | (0.6%) | 18.3% | 7.3% | 19.1% | 12.1% |
| General and administration expense ratio | 11.9% | 8.2% | 30.7% | 21.0% | 13.6% |
| Combined ratio | <u>95.6%</u> | <u>100.4%</u> | <u>98.4%</u> | <u>92.8%</u> | <u>98.0%</u> |

[a] Prior accident year reserve development excludes changes in reserves resulting from changes in premium estimates on prior years' contracts.

MAX CAPITAL GROUP LTD.

BERMUDA/DUBLIN INSURANCE SEGMENT DATA (Unaudited)

(Expressed in thousands of United States Dollars)

| | FOR THE YEARS ENDED | | |
|---|----------------------------|----------------------|----------------------|
| | Dec. 31, 2009 | Dec. 31, 2008 | Dec. 31, 2007 |
| Gross premiums written | \$ 427,767 | \$ 389,368 | \$ 382,926 |
| Reinsurance premiums ceded | (212,083) | (198,098) | (201,987) |
| Net premiums written | <u>\$ 215,684</u> | <u>\$ 191,270</u> | <u>\$ 180,939</u> |
| Earned premiums | \$ 417,090 | \$ 371,080 | \$ 398,776 |
| Earned premiums ceded | (211,127) | (189,125) | (199,223) |
| Net premiums earned | 205,963 | 181,955 | 199,553 |
| Net investment income | 22,875 | 18,437 | 16,160 |
| Net realized and unrealized gains (losses) on investments | 4,430 | (23,499) | 14,271 |
| Other income | 1,238 | 1,112 | - |
| Total revenues | 234,506 | 178,005 | 229,984 |
| Net losses and loss expenses | 132,355 | 142,150 | 153,816 |
| Acquisition costs | (1,233) | (2,810) | (1,162) |
| Interest expense | 781 | - | - |
| General and administrative expenses | 24,623 | 21,101 | 19,348 |
| Total losses and expenses | <u>156,526</u> | <u>160,441</u> | <u>172,002</u> |
| Income before taxes | <u>\$ 77,980</u> | <u>\$ 17,564</u> | <u>\$ 57,982</u> |
| Loss ratio | 64.3% | 78.1% | 77.1% |
| Acquisition cost ratio | (0.6%) | (1.5%) | (0.6%) |
| General and administration expense ratio | 11.9% | 11.6% | 9.7% |
| Combined ratio | <u>75.6%</u> | <u>88.2%</u> | <u>86.2%</u> |

MAX CAPITAL GROUP LTD.

BERMUDA/DUBLIN REINSURANCE SEGMENT DATA (Unaudited)

(Expressed in thousands of United States Dollars)

| | FOR THE YEARS ENDED | | |
|---|----------------------------|----------------------|----------------------|
| | <u>Dec. 31, 2009</u> | <u>Dec. 31, 2008</u> | <u>Dec. 31, 2007</u> |
| Gross premiums written | \$ 489,028 | \$ 419,509 | \$ 345,156 |
| Reinsurance premiums ceded | (80,005) | (92,421) | (44,565) |
| Net premiums written | <u>\$ 409,023</u> | <u>\$ 327,088</u> | <u>\$ 300,591</u> |
| Earned premiums | \$ 476,434 | \$ 426,157 | \$ 356,448 |
| Earned premiums ceded | (88,578) | (84,366) | (43,501) |
| Net premiums earned | 387,856 | 341,791 | 312,947 |
| Net investment income | 40,220 | 36,069 | 41,025 |
| Net realized and unrealized gains (losses) on investments | 10,540 | (51,096) | 53,021 |
| Other income | 12 | - | - |
| Total revenues | 438,628 | 326,764 | 406,993 |
| Net losses and loss expenses | 254,474 | 218,749 | 173,317 |
| Acquisition costs | 71,074 | 51,328 | 60,910 |
| Interest expense | 6,591 | 7,516 | 11,890 |
| General and administrative expenses | 31,778 | 28,548 | 28,394 |
| Total losses and expenses | <u>363,917</u> | <u>306,141</u> | <u>274,511</u> |
| Income before taxes | <u>\$ 74,711</u> | <u>\$ 20,623</u> | <u>\$ 132,482</u> |
| Loss ratio | 65.6% | 64.0% | 55.4% |
| Acquisition cost ratio | 18.3% | 15.0% | 19.4% |
| General and administration expense ratio | 8.2% | 8.4% | 9.1% |
| Combined ratio | <u>92.1%</u> | <u>87.4%</u> | <u>83.9%</u> |

MAX CAPITAL GROUP LTD.

U.S. SPECIALTY SEGMENT DATA (Unaudited)

(Expressed in thousands of United States Dollars)

| | FOR THE YEARS ENDED | | |
|---|----------------------------|----------------------|----------------------|
| | Dec. 31, 2009 | Dec. 31, 2008 | Dec. 31, 2007 |
| Gross premiums written | \$ 285,478 | \$ 194,353 | \$ 48,243 |
| Reinsurance premiums ceded | (155,096) | (118,710) | (34,610) |
| Net premiums written | <u>\$ 130,382</u> | <u>\$ 75,643</u> | <u>\$ 13,633</u> |
| Earned premiums | \$ 256,670 | \$ 121,172 | \$ 16,988 |
| Earned premiums ceded | (154,568) | (77,374) | (13,010) |
| Net premiums earned | 102,102 | 43,798 | 3,978 |
| Net investment income | 5,987 | 7,235 | 5,974 |
| Net realized and unrealized gains (losses) on investments | 232 | (523) | - |
| Other income | 314 | 303 | - |
| Total revenues | 108,635 | 50,813 | 9,952 |
| Net losses and loss expenses | 62,812 | 30,376 | 3,261 |
| Acquisition costs | 7,501 | 3,039 | 376 |
| General and administrative expenses | 31,229 | 27,235 | 17,430 |
| Total losses and expenses | <u>101,542</u> | <u>60,650</u> | <u>21,067</u> |
| Income (loss) before taxes | <u>\$ 7,093</u> | <u>\$ (9,837)</u> | <u>\$ (11,115)</u> |
| Loss ratio | 61.5% | 69.4% | 82.0% |
| Acquisition cost ratio | 7.4% | 6.9% | 9.5% |
| General and administration expense ratio | <u>30.6%</u> | <u>62.2%</u> | <u>n/a</u> |
| Combined ratio | <u>99.5%</u> | <u>138.5%</u> | <u>n/a</u> |

MAX CAPITAL GROUP LTD.

MAX AT LLOYD'S SEGMENT DATA (Unaudited)

(Expressed in thousands of United States Dollars)

| | FOR THE YEAR ENDED | FOR THE YEAR ENDED |
|--|-------------------------------|-------------------------------|
| | Dec. 31, 2009 | Dec. 31, 2008 [a] |
| Gross premiums written | \$ 128,973 | \$ 8,844 |
| Reinsurance premiums ceded | (32,884) | (4,294) |
| Net premiums written | <u>\$ 96,089</u> | <u>\$ 4,550</u> |
| | | |
| Earned premiums | \$ 125,000 | \$ 9,663 |
| Earned premiums ceded | (29,907) | (5,349) |
| Net premiums earned | <u>95,093</u> | <u>4,314</u> |
| | | |
| Net investment income | 4,388 | 542 |
| Net realized and unrealized gains on investments | 2,590 | 508 |
| Other income | <u>658</u> | <u>160</u> |
| | | |
| Total revenues | 102,729 | 5,524 |
| | | |
| Net losses and loss expenses | 43,958 | 2,470 |
| Acquisition costs | 18,136 | 981 |
| Net foreign exchange gains | (5,055) | (382) |
| General and administrative expenses | <u>19,972</u> | <u>2,525</u> |
| Total losses and expenses | <u>77,011</u> | <u>5,594</u> |
| | | |
| Income (loss) before taxes | <u>\$ 25,718</u> | <u>\$ (70)</u> |
| | | |
| Loss ratio | 46.2% | 57.3% |
| Acquisition cost ratio | 19.1% | 22.7% |
| General and administration expense ratio | <u>21.0%</u> | <u>58.5%</u> |
| Combined ratio | <u>86.3%</u> | <u>138.5%</u> |

[a] The results of operations for the Max at Lloyd's segment are consolidated only from November 6, 2008, the date Max at Lloyd's was acquired.

MAX CAPITAL GROUP LTD.

LIFE AND ANNUITY REINSURANCE SEGMENT DATA (Unaudited)

(Expressed in thousands of United States Dollars)

| | FOR THE YEARS ENDED | | |
|---|----------------------------|----------------------|----------------------|
| | Dec. 31, 2009 | Dec. 31, 2008 | Dec. 31, 2007 |
| Gross premiums written | \$ 43,755 | \$ 242,176 | \$ 301,961 |
| Reinsurance premiums ceded | (413) | (524) | (534) |
| Net premiums written | <u>\$ 43,342</u> | <u>\$ 241,652</u> | <u>\$ 301,427</u> |
| Earned premiums | \$ 43,755 | \$ 242,176 | \$ 301,961 |
| Earned premiums ceded | (413) | (524) | (534) |
| Net premiums earned | <u>43,342</u> | <u>241,652</u> | <u>301,427</u> |
| Net investment income | 50,993 | 40,058 | 33,936 |
| Net realized and unrealized gains (losses) on investments | 37,338 | (100,921) | 60,713 |
| Other income | <u>(120)</u> | <u>-</u> | <u>-</u> |
| Total revenues | 131,553 | 180,789 | 396,076 |
| Claims and policy benefits | 101,093 | 301,526 | 345,602 |
| Acquisition costs | 1,396 | (159) | 1,236 |
| Interest expense | 3,328 | 6,818 | 6,864 |
| General and administrative expenses | 2,786 | 2,917 | 2,813 |
| Total losses and expenses | <u>108,603</u> | <u>311,102</u> | <u>356,515</u> |
| Income (loss) before taxes | <u>\$ 22,950</u> | <u>\$ (130,313)</u> | <u>\$ 39,561</u> |

MAX CAPITAL GROUP LTD.

SEGMENT GROSS PREMIUMS WRITTEN BY LINE OF BUSINESS (Unaudited)

(Expressed in thousands of United States Dollars)

| Gross Premiums Written by Type of Risk: | | FOR THE YEARS ENDED | | |
|---|---|---------------------|---------------------|---------------------|
| | | Dec. 31, 2009 | Dec. 31, 2008 | Dec. 31, 2007 |
| Property & Casualty: | | | | |
| Bermuda/Dublin Insurance: | | | | |
| Aviation | S | \$ 69,834 | \$ 53,034 | \$ 40,934 |
| Excess Liability | L | 113,767 | 123,490 | 131,515 |
| Professional Liability | L | 179,904 | 159,140 | 157,450 |
| Property | S | 64,262 | 53,704 | 53,027 |
| | | <u>427,767</u> | <u>389,368</u> | <u>382,926</u> |
| Bermuda/Dublin Reinsurance: | | | | |
| Agriculture | S | \$ 89,550 | \$ 80,454 | \$ 985 |
| Aviation | S | 34,715 | 31,555 | 34,095 |
| General Casualty | L | 29,185 | 10,165 | 16,716 |
| Marine & Energy | S | 18,321 | 12,769 | 47,077 |
| Medical Malpractice | L | 67,483 | 77,133 | 53,138 |
| Other | S | 2,297 | 1,934 | 6,031 |
| Professional Liability | L | 71,531 | 38,718 | 33,640 |
| Property | S | 87,039 | 99,280 | 89,197 |
| Whole Account | L | 11,456 | 12,906 | 15,080 |
| Workers' Compensation | L | 77,451 | 54,595 | 49,197 |
| | | <u>489,028</u> | <u>419,509</u> | <u>345,156</u> |
| U.S. Specialty: | | | | |
| General Casualty | L | 87,782 | 59,838 | 12,302 |
| Marine | S | 61,360 | 38,667 | 1,220 |
| Professional Liability | L | 576 | - | - |
| Property | S | 135,760 | 95,848 | 34,721 |
| | | <u>285,478</u> | <u>194,353</u> | <u>48,243</u> |
| Max at Lloyd's [a]: | | | | |
| Accident & Health | S | 22,602 | 408 | - |
| Aviation | S | 2,611 | - | - |
| Financial Institutions | L | 23,822 | 4,062 | - |
| Professional Liability | L | 19,889 | 2,928 | - |
| Property | S | 60,049 | 1,446 | - |
| | | <u>128,973</u> | <u>8,844</u> | <u>-</u> |
| Aggregate Property & Casualty | | <u>\$ 1,331,246</u> | <u>\$ 1,012,074</u> | <u>\$ 776,325</u> |
| Life & Annuity: | | | | |
| Annuity | | \$ - | \$ 239,555 | \$ 299,261 |
| Health | | - | - | 29 |
| Life | | 43,755 | 2,621 | 2,671 |
| | | <u>43,755</u> | <u>242,176</u> | <u>301,961</u> |
| Aggregate Life & Annuity | | <u>43,755</u> | <u>242,176</u> | <u>301,961</u> |
| Aggregate P&C and Life & Annuity | | <u>\$ 1,375,001</u> | <u>\$ 1,254,250</u> | <u>\$ 1,078,286</u> |

[a] The results of operations for the Max at Lloyd's segment are consolidated only from November 6, 2008, the date Max at Lloyd's was acquired.

| | | | |
|-------------------------------|---------------------|---------------------|-------------------|
| S = Short tail lines | \$ 648,400 | \$ 469,099 | \$ 307,287 |
| L = Long tail lines | 682,846 | 542,975 | 469,038 |
| Aggregate Property & Casualty | <u>\$ 1,331,246</u> | <u>\$ 1,012,074</u> | <u>\$ 776,325</u> |

MAX CAPITAL GROUP LTD.

INVESTMENT PORTFOLIO (Unaudited)

(Expressed in thousands of United States Dollars)

| Type of Investment | Carrying Value | | | | Fair Value | | | |
|--|--------------------|----------------------------|--------------------|----------------------------|--------------------|----------------------------|--------------------|----------------------------|
| | As of 31-Dec-09 | Investment Distribution | As of 31-Dec-08 | Investment Distribution | As of 31-Dec-09 | Investment Distribution | As of 31-Dec-08 | Investment Distribution |
| Cash and Cash Equivalents | \$ 702,278 | 13.4% | \$ 949,404 | 17.7% | \$ 702,278 | 13.3% | \$ 949,404 | 17.7% |
| U.S. Government and Agencies | 525,427 | 10.0% | 407,128 | 7.6% | 525,427 | 9.9% | 407,128 | 7.6% |
| Non-U.S. Government | 82,027 | 1.5% | 662,566 | 12.4% | 82,027 | 1.6% | 662,566 | 12.4% |
| Corporate Securities | 1,375,999 | 26.2% | 1,471,379 | 27.5% | 1,375,999 | 26.0% | 1,471,379 | 27.5% |
| Municipal Securities | 83,658 | 1.6% | 48,597 | 0.9% | 83,658 | 1.6% | 48,597 | 0.9% |
| Asset-Backed Securities | 102,006 | 1.9% | 178,554 | 3.3% | 102,006 | 1.9% | 178,554 | 3.3% |
| Residential Mortgage-Backed Securities | 763,974 | 14.5% | 713,419 | 13.3% | 763,974 | 14.5% | 713,419 | 13.3% |
| Commercial Mortgage-Backed Securities | 302,961 | 5.8% | 172,216 | 3.2% | 302,961 | 5.7% | 172,216 | 3.2% |
| Fixed Maturities carried at Fair Value | \$ 3,236,052 | 61.5% | \$ 3,653,859 | 68.2% | \$ 3,236,052 | 61.2% | \$ 3,653,859 | 68.2% |
| Other Investments carried at Fair Value | \$ 314,849 | 6.0% | \$ 753,658 | 14.1% | \$ 314,849 | 6.0% | \$ 753,658 | 14.1% |
| Total investments carried at Fair Value | \$ 4,253,179 | 80.9% | \$ 5,356,921 | 100.0% | \$ 4,253,179 | 80.5% | \$ 5,356,921 | 100.0% |
| U.S. Government and Agencies | \$ 14,050 | 0.3% | \$ - | - | \$ 13,535 | 0.2% | \$ - | - |
| Non-U.S. Government | 573,250 | 10.9% | - | - | 584,284 | 11.0% | - | - |
| Corporate Securities | 418,647 | 7.9% | - | - | 435,732 | 8.3% | - | - |
| Fixed Maturities carried at Amortized Cost | \$ 1,005,947 | 19.1% | \$ - | - | \$ 1,033,551 | 19.5% | \$ - | - |
| Total Investments | \$ 5,259,126 | 100.0% | \$ 5,356,921 | 100.0% | \$ 5,286,730 | 100.0% | \$ 5,356,921 | 100.0% |

| Credit Ratings | As of 31-Dec-09 | | As of 31-Dec-08 | | As of 31-Dec-09 | | As of 31-Dec-08 | |
|--|-------------------------|--------|-------------------------|--------|-------------------------|--------|-------------------------|--------|
| | Ratings Distribution | | Ratings Distribution | | Ratings Distribution | | Ratings Distribution | |
| U.S. Government and Agencies [a] | \$ 1,214,895 | 28.6% | \$ 987,714 | 27.0% | \$ 1,214,895 | 28.5% | \$ 987,714 | 27.0% |
| AAA | 720,364 | 17.0% | 1,567,688 | 42.9% | 720,364 | 16.9% | 1,567,688 | 42.9% |
| AA | 325,997 | 7.7% | 406,299 | 11.1% | 325,997 | 7.6% | 406,299 | 11.1% |
| A | 731,723 | 17.3% | 622,646 | 17.1% | 731,723 | 17.1% | 622,646 | 17.1% |
| BBB | 100,841 | 2.4% | 59,432 | 1.6% | 100,841 | 2.4% | 59,432 | 1.6% |
| BB | 34,781 | 0.8% | 4,161 | 0.1% | 34,781 | 0.8% | 4,161 | 0.1% |
| B or lower | 107,451 | 2.5% | 5,919 | 0.2% | 107,451 | 2.5% | 5,919 | 0.2% |
| Fixed Maturities carried at Fair Value | \$ 3,236,052 | 76.3% | \$ 3,653,859 | 100.0% | \$ 3,236,052 | 75.8% | \$ 3,653,859 | 100.0% |
| U.S. Government and Agencies | 14,050 | 0.3% | - | - | 13,535 | 0.3% | - | - |
| AAA | 717,954 | 16.9% | - | - | 734,595 | 17.2% | - | - |
| AA | 101,675 | 2.4% | - | - | 105,296 | 2.5% | - | - |
| A | 158,141 | 3.7% | - | - | 165,172 | 3.9% | - | - |
| BBB | 12,672 | 0.3% | - | - | 13,478 | 0.3% | - | - |
| BB | - | 0.0% | - | - | - | 0.0% | - | - |
| B or lower | 1,455 | 0.1% | - | - | 1,475 | 0.0% | - | - |
| Fixed Maturities carried at Amortized Cost | \$ 1,005,947 | 23.7% | \$ - | - | \$ 1,033,551 | 24.2% | \$ - | - |
| Total Fixed Maturities | \$ 4,241,999 | 100.0% | \$ 3,653,859 | 100.0% | \$ 4,269,603 | 100.0% | \$ 3,653,859 | 100.0% |

[a] Included within US Government and Agencies are Agency-issued Residential Mortgage-Backed Securities with a fair value of \$689,468

| | Quarter Ended 31-Dec-09 | Quarter Ended 30-Sep-09 | Quarter Ended 30-Jun-09 | Quarter Ended 31-Mar-09 | Year ended 31-Dec-09 | Year ended 31-Dec-08 |
|--|----------------------------|----------------------------|----------------------------|----------------------------|-------------------------|-------------------------|
| Net investment income | \$ 44,668 | \$ 42,830 | \$ 41,755 | \$ 40,488 | \$ 169,741 | \$ 181,624 |
| Net realized and unrealized gains (losses) on investments: | | | | | | |
| Change in fair value of other investments | 13,820 | 23,275 | 21,406 | 18,013 | 76,514 | (232,993) |
| Realized and unrealized gains (losses) on trading fixed maturities | 3 | 1,400 | 720 | 467 | 2,590 | 508 |
| Net realized gains (losses) on available for sale fixed maturities | 3,234 | (655) | (654) | (39) | 1,885 | (2,480) |
| Change in fair value of derivatives | 268 | 508 | - | - | 776 | - |
| | 17,325 | 24,528 | 21,472 | 18,441 | 81,765 | (234,965) |
| Net impairment losses recognized in earnings | (925) | (139) | (2,014) | - | (3,078) | (16,887) |

MAX CAPITAL GROUP LTD.

HEDGE FUND DETAIL - AS OF DECEMBER 31, 2009 (Unaudited)

(Expressed in thousands of United States Dollars)

| | Fair Value | Periodic Rate of Return | | |
|----------------------------|------------|-------------------------|----------------|-----------------|
| | | Last 3 Months | Last 12 months | Last 60 months* |
| Convertible Arbitrage | \$ - | 0.00% | 16.99% | (0.45%) |
| Distressed Securities | 62,897 | 5.97% | 20.53% | 7.71% |
| Diversified Arbitrage | 34,503 | 3.56% | 11.69% | (2.54%) |
| Emerging Markets | 26,211 | 2.68% | 35.62% | 7.29% |
| Event-Driven Arbitrage | 41,724 | 9.93% | 28.02% | 7.15% |
| Fixed Income Arbitrage | 14,351 | 2.03% | 18.66% | 12.96% |
| Global Macro | 34,299 | 1.51% | 10.14% | 4.86% |
| Long / Short Credit | 9,426 | 3.09% | 21.03% | 6.02% |
| Long / Short Equity | 85,901 | 0.29% | 10.84% | 5.39% |
| Opportunistic | 2,765 | 0.63% | (32.22%) | (6.04%) |
| Hedge Funds ** | 312,077 | 2.66% | 12.27% | 3.53% |
| Reinsurance Private Equity | 2,772 | 9.62% | 21.56% | 15.24% |
| Other Investments | \$ 314,849 | 2.71% | 12.35% | 3.37% |

Hedge Fund Investment Return Data:

HFRI Fund of Funds Composite Index [a] 1.46% 11.46% 2.77%

Hedge Fund Performance History – 60 months ended December 31, 2009

Annual standard deviation 6.87%

| Monthly performance | 2005 | 2006 | 2007 | 2008 | 2009 |
|-----------------------|---------|---------|---------|----------|---------|
| January | 0.16% | 2.75% | 1.28% | (1.37%) | 2.13% |
| February | 1.69% | 0.39% | 1.50% | 1.83% | 0.65% |
| March | (0.61%) | 1.22% | 1.90% | (2.58%) | (0.76%) |
| April | (0.65%) | 1.89% | 2.30% | (0.13%) | (0.84%) |
| May | (0.68%) | (1.74%) | 2.59% | 2.51% | 2.45% |
| June | 1.20% | (0.66%) | 0.85% | 0.93% | 1.53% |
| July | 1.33% | (0.71%) | 0.99% | (4.12%) | 1.40% |
| August | 0.98% | 0.02% | (1.62%) | (2.14%) | 0.78% |
| September | 1.84% | (2.04%) | 1.85% | (7.31%) | 1.71% |
| October | (1.45%) | 1.37% | 4.15% | (4.85%) | 1.53% |
| November | 0.61% | 1.81% | 0.10% | (1.75%) | 0.35% |
| December | 1.37% | 1.96% | (0.13%) | (1.92%) | 0.77% |
| Quarterly performance | | | | | |
| Q1 | 1.22% | 4.41% | 4.75% | (2.15%) | 2.00% |
| Q2 | (0.14%) | (0.54%) | 5.83% | 3.33% | 3.14% |
| Q3 | 4.21% | (2.72%) | 1.18% | (13.03%) | 3.94% |
| Q4 | 0.51% | 5.22% | 4.11% | (8.31%) | 2.66% |
| Period return | 5.88% | 6.30% | 16.78% | (19.38%) | 12.27% |

Past performance should not be considered to be a reliable indicator of future performance.

[a] As reported by HFRI as at February 8, 2010

* Annualized

** Net of all fees

MAX CAPITAL GROUP LTD.

LARGEST 25 CORPORATE HOLDINGS - AS OF DECEMBER 31, 2009 (Unaudited)

(Expressed in thousands of United States Dollars)

| Issuer | DECEMBER 31, 2009 | |
|----------------------------|-------------------|-------------------|
| | Amortized Cost | Fair Value |
| European Investment Bank | \$ 62,957 | \$ 58,706 |
| KFW-Kredit Wiederaufbau | 51,036 | 53,334 |
| General Electric Cap Corp | 50,491 | 50,232 |
| Citigroup Inc | 39,691 | 38,466 |
| JP Morgan Chase & Co | 38,443 | 38,892 |
| Morgan Stanley | 33,389 | 34,147 |
| Wal-Mart Stores | 26,756 | 26,867 |
| Hypo PfandBriefBK Intl | 26,322 | 28,080 |
| Goldman Sachs Group Inc | 23,489 | 23,824 |
| UBS AG | 23,422 | 23,597 |
| Deutsche Bank | 22,472 | 23,978 |
| Network Rail | 21,908 | 21,762 |
| BP Capital Markets plc | 20,215 | 20,499 |
| Wells Fargo Company | 20,039 | 20,057 |
| Conocco Philips | 19,895 | 20,866 |
| Credit Suisse USA Inc | 19,605 | 19,793 |
| Nord Deutsche Landesbank | 17,783 | 18,029 |
| Credit Agricole | 17,267 | 17,418 |
| Caisse D'amort Dette SOC | 17,252 | 20,100 |
| Roche Holdings | 16,502 | 17,657 |
| Bank of America | 15,996 | 15,909 |
| Praxair Inc | 15,717 | 15,879 |
| Verizon Communications | 15,042 | 15,717 |
| HBOS Treasury Services plc | 14,993 | 14,875 |
| Intl BK Recon & Develop | 14,785 | 14,131 |
| FPL Group Capital Inc | 14,388 | 14,750 |
| | <u>\$ 659,855</u> | <u>\$ 667,565</u> |

MAX CAPITAL GROUP LTD.

SHAREHOLDER RETURN ANALYSIS (Unaudited)

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

| | FOR THE YEARS ENDED | | |
|---|---------------------|--------------|--------------|
| | 2009 | 2008 | 2007 |
| Income and Return on Equity: | | | |
| Net income (loss) | \$ 246,215 | \$ (175,318) | \$ 303,249 |
| Net operating income (loss) | \$ 208,907 | \$ (143,752) | \$ 307,273 |
| Shareholders' equity | \$ 1,564,633 | \$ 1,280,331 | \$ 1,583,894 |
| Annualized return on average shareholders' equity [a] | 17.3% | (12.2%) | 20.4% |
| Annualized net operating return on average shareholders' equity [a] | 14.7% | (10.0%) | 20.7% |
| Book value and dividends per share: | | | |
| Diluted book value per share | \$ 27.36 | \$ 22.46 | \$ 25.59 |
| Dividends paid per share | \$ 0.38 | \$ 0.36 | \$ 0.32 |
| Change in diluted book value per share | 21.8% | (12.2%) | 18.7% |
| Dividend payout ratio [b] | 1.7% | 1.3% | 1.4% |
| Total return to shareholders [c] | 23.5% | (10.9%) | 20.1% |

[a] Annualized return on average shareholders' equity is defined as annualized net income divided by the average of the beginning and ending shareholders' equity. Annualized net operating return on average shareholders' equity is defined as annualized net operating income divided by the average of the beginning and ending shareholders' equity.

[b] Dividend payout ratio is calculated as dividends paid divided by beginning shareholders' equity.

[c] Total return to shareholders is calculated as the change in diluted book value per share plus the dividend payout ratio.

MAX CAPITAL GROUP LTD.

EARNINGS PER SHARE INFORMATION (Unaudited)

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

| | QUARTERS ENDED | | YEARS ENDED | |
|---|-------------------|-------------------|-------------------|-------------------|
| | Dec 31, 2009 | Dec 31, 2008 | Dec 31, 2009 | Dec 31 2008 |
| Net income available to common shareholders | \$ 62,592 | \$ (94,083) | \$ 246,215 | \$ (175,318) |
| Denominator: | | | | |
| Weighted average shares - basic | | | | |
| Outstanding [a] | 56,687,373 | 55,948,305 | 56,615,080 | 56,222,466 |
| Unvested restricted share units | 403,557 | 347,759 | 391,828 | 343,122 |
| | <u>57,090,930</u> | <u>56,296,064</u> | <u>57,006,908</u> | <u>56,565,588</u> |
| Share equivalents: | | | | |
| Warrants | 720,029 | - | 608,161 | - |
| Options | 220,437 | - | 150,669 | - |
| Employee Stock Purchase Plan | 4,379 | - | 1,399 | - |
| Weighted average shares - diluted [b] [c] | <u>58,035,775</u> | <u>56,296,064</u> | <u>57,767,137</u> | <u>56,565,588</u> |
| Basic earnings per common share | <u>\$ 1.10</u> | <u>\$ (1.67)</u> | <u>\$ 4.32</u> | <u>\$ (3.10)</u> |
| Diluted earnings per common share [c] | <u>\$ 1.08</u> | <u>\$ (1.67)</u> | <u>\$ 4.26</u> | <u>\$ (3.10)</u> |

[a] Includes weighted average unvested restricted shares

[b] Computed using the treasury method. The treasury method assumes that the proceeds received from the exercise of options or warrants will be used to repurchase the Company's common shares at the average market price during the period of calculation.

[c] In accordance with U.S. generally accepted accounting principles, diluted earnings per share calculations use weighted average common shares outstanding - basic, for periods with a net loss.

MAX CAPITAL GROUP LTD.

OPERATING INCOME RECONCILIATION (Unaudited)

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

| | QUARTERS ENDED | | YEARS ENDED | |
|--|----------------|------------------|----------------|------------------|
| | Dec 31, 2009 | Dec 31, 2008 | Dec 31, 2009 | Dec 31, 2008 |
| Net income | \$ 62,592 | \$ (94,083) | \$ 246,215 | \$ (175,318) |
| Add (Less) after-tax items: | | | | |
| Net realized and unrealized (gains) losses on fixed maturities [a] | (2,576) | 1,108 | (1,411) | 18,640 |
| Net foreign exchange (gains) losses | 682 | 7,999 | (4,331) | 9,982 |
| Merger and acquisition expenses | (224) | (544) | (31,566) | 2,944 |
| Net operating income | <u>60,474</u> | <u>(85,520)</u> | <u>208,907</u> | <u>(143,752)</u> |
| Weighted average shares outstanding: | | | | |
| Basic | 57,090,930 | 56,296,064 | 57,006,908 | 56,565,588 |
| Diluted [a] | 58,035,775 | 56,296,064 | 57,767,137 | 56,565,588 |
| Basic per share data | | | | |
| Earnings per share | \$ 1.10 | \$ (1.67) | \$ 4.32 | \$ (3.10) |
| Add (Less) after-tax items: | | | | |
| Net realized and unrealized (gains) losses on fixed maturities [a] | (0.05) | \$ 0.02 | (0.02) | 0.33 |
| Net foreign exchange (gains) losses | 0.01 | 0.14 | (0.08) | 0.18 |
| Merger and acquisition expenses | - | (0.01) | (0.56) | 0.05 |
| Net operating income per share | <u>\$ 1.06</u> | <u>\$ (1.52)</u> | <u>\$ 3.66</u> | <u>\$ (2.54)</u> |
| Diluted per share data [b] | | | | |
| Diluted earnings per share | \$ 1.08 | \$ (1.67) | \$ 4.26 | \$ (3.10) |
| Add (Less) after-tax items: | | | | |
| Net realized and unrealized (gains) losses on fixed maturities [a] | (0.05) | 0.02 | (0.02) | 0.33 |
| Net foreign exchange (gains) losses | 0.01 | 0.14 | (0.07) | 0.18 |
| Merger and acquisition expenses | - | (0.01) | (0.55) | 0.05 |
| Net operating income per diluted share | <u>\$ 1.04</u> | <u>\$ (1.52)</u> | <u>\$ 3.62</u> | <u>\$ (2.54)</u> |

[a] Net realized and unrealized (gains) losses on fixed maturities includes realized and unrealized (gains) losses on trading securities, realized (gains) losses on available for sale securities, net impairment losses recognized in earnings and changes in fair value of investment derivatives.

[b] In accordance with U.S. generally accepted accounting principles, diluted earnings per share calculations use weighted average common shares outstanding - basic, for periods with a net loss.

MAX CAPITAL GROUP LTD.

BOOK VALUE PER SHARE (Unaudited)

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

| | <u>Dec 31, 2009</u> | <u>Dec 31, 2008</u> |
|--|---------------------|---------------------|
| Price per share at period end | \$ 22.30 | \$ 17.70 |
| Basic common shares outstanding [a] | 55,867,125 | 55,905,509 |
| Add: unvested restricted stock units | 406,514 | 347,759 |
| Add: dilutive impact of warrants outstanding | 683,163 | 635,729 |
| Add: dilutive impact of options outstanding | 221,656 | 128,160 |
| Diluted shares outstanding [b] | <u>57,178,458</u> | <u>57,017,157</u> |
| Basic book value per common share | \$ 28.01 | \$ 22.94 |
| Diluted book value per common share | \$ 27.36 | \$ 22.46 |

[a] Includes unvested restricted shares

[b] Computed using the treasury method. The treasury method assumes that the proceeds received from the exercise of options or warrants will be used to repurchase the Company's common shares at the period-end market price.

MAX CAPITAL GROUP LTD.

REGULATION G

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

Net operating income is defined as net income excluding after-tax net realized and unrealized gains or losses on fixed maturities (this includes net realized and unrealized gains or losses on trading securities, net realized gains or losses on available for sale securities, net impairment losses recognized in earnings and changes in fair value of investment derivatives), after-tax net foreign exchange gains or losses and after-tax merger and acquisition expenses. Net operating income per share and per diluted share is defined as the net operating income divided by the weighted average common shares or weighted average diluted common shares, respectively. We believe that this non-GAAP measure provides a better indication of management performance as realized and unrealized gains and losses on fixed maturities may fluctuate from period to period and foreign exchange gains and losses are typically outside the control of management. Merger and acquisition expenses are not indicative of expenses fundamental to the business and may fluctuate from period to period.

Annualized net operating return on average shareholder's equity is defined as annualized net operating income divided by the average of the beginning and ending shareholders' equity. This non-GAAP measure allows management to assess how the Company has performed in terms of wealth generated for our shareholders.