# TO OUR SHAREHOLDERS

We had an outstanding year in 2009, with the highest net income in our history. We were nimble yet disciplined – precisely as we have always sought to be. Aided by light catastrophe losses and a jump in the value of our investment portfolio, the Company's tangible book value per share, plus the change in accumulated dividends – the most important metric by which we measure shareholder value – grew by 38% for the year.

Of course, one cannot expect such an exceptional performance every year. Ours is a volatile business, but we are willing to accept volatility in order to pursue superior returns over time. Our business model seeks to produce a portfolio of risks that we believe will produce attractive expected returns, with the potential of achieving outsized returns in the good years. At the same time, we seek to manage our exposures so that in the bad years our losses will be manageable and our franchise will endure. Since the formation of our Company, we have been able to grow tangible book value plus the change in accumulated dividends by a compounded annual growth rate of over 21%.

The strategy underlying our strong track record is grounded in perpetuating a culture of excellence, and as I reflect on the events of 2009, the components of our culture clearly served us well.

## SERVICE AT A TIME OF DISLOCATION

I must admit that 2009 did not unfold as I initially imagined. The year commenced with the financial markets in crisis and a climate of fear. Credit was scarce and financial assets had fallen precipitously in value. This left many of our customers in challenging circumstances.

In contrast, RenaissanceRe emerged from the financial melt-down with a strong balance sheet and ample capital, enabling us to be there for our clients when they needed us. In fact, the ratings of our reinsurance entities were affirmed and those of our insurance segment were upgraded. Standard & Poor's reaffirmed its "Excellent" rating for our Enterprise Risk Management, a tribute received by only a handful of companies, all the more meaningful given the prevailing environment. This was the result of our prudent risk and investment management, our low degree of leverage, and the short-tail nature of our business.

### Credit Ratings

| At December 31, 2009 | A.M. Best | S&P | Moody's | Fitch |
|---|---|---|---|---|
| **Reinsurance Segment**[1] | | | | |
| Renaissance Reinsurance | A+ | AA- | A1 | A |
| DaVinci | A | A+ | - | - |
| Top Layer Re | A+ | AA | - | - |
| Renaissance Reinsurance of Europe | A+ | AA- | - | - |
| **Individual Risk Segment**[1] | | | | |
| Glencoe | A | A+ | - | - |
| Stonington | A | A+ | - | - |
| Stonington Lloyds | A | A+ | - | - |
| Lantana | A | A+ | - | - |
| RenaissanceRe[2] | a- | A | A3 | BBB+ |
| RenaissanceRe[3] | - | Excellent | - | - |

1 The A.M. Best, S&P, Moody's and Fitch ratings for the companies in the Reinsurance and Individual Risk segments reflect the insurer's financial strength rating.

2 The A.M. Best, S&P, Moody's and Fitch ratings for RenaissanceRe represent the credit ratings on its senior unsecured debt.

3 This S&P rating for RenaissanceRe represents the rating on its Enterprise Risk Management practices.

As is often the case, difficult times spell opportunity for us. At a time when many found themselves with less capital, and unable to access additional capital, we brought increased amounts of capacity and solutions to our customers.

During the January 2009 renewal season, we were able to assemble an excellent portfolio in our largest book of business, catastrophe reinsurance. For the year, our managed catastrophe gross premiums written grew 15% after excluding the impact of the 2008 loss-related premiums. We were heavily committed to Atlantic hurricane risk, where demand was high and we believed the risk/reward trade-off was attractive. Unusually low catastrophe activity in 2009 led our portfolio to outperform our already high expectations. For 2009, our catastrophe reinsurance unit achieved a remarkable combined ratio of 8%.

"Strong franchises and skillful risk selection separate good performance from average in changing market conditions. We remain particularly focused on aligning our underwriting operations to maintain the risk management excellence that has been at the foundation of our success."

**KEVIN J. O'DONNELL**
Executive Vice President, Global Chief Underwriting Officer, RenaissanceRe Holdings Ltd.

> "When we set up Syndicate 1458, an early success from a risk-taking perspective was the seamless cultural alignment of that team with the rest of the organization."

**IAN D. BRANAGAN**

Senior Vice President, Chief Risk Officer, RenaissanceRe Holdings Ltd..

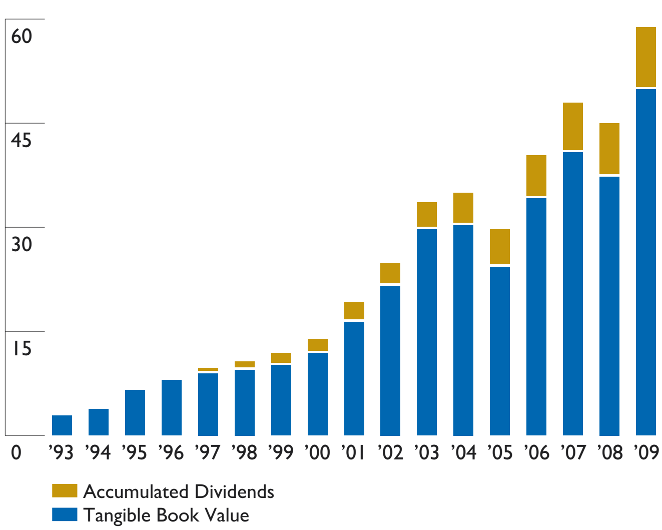
We launched a new sidecar called Timicuan Re II, similar to our successful sidecars of prior years. Timicuan Re II enabled investors to provide approximately $96 million of additional hurricane reinsurance capacity to the Florida marketplace and attracted both new and former investors.

## BALANCING DISCIPLINE WITH NIMBLENESS

By springtime, the financial markets began to stabilize and turn upward, more quickly than most had predicted. Our customers' assets began to recover in value, and major but weakened industry players were backstopped by government funding. These conditions made capital more accessible once again, and drove pricing lower. As the year progressed, our markets became increasingly competitive.

**Tangible Book Value Per Common Share Plus Accumulated Dividends**(1)

($)




(1) In this Annual Report, we refer to various non-GAAP measures, which are explained in the Comments on Regulation G on pages 21 and 22.

Our specialty reinsurance unit succeeded in finding pockets of dislocated market opportunity, but in general, conditions in most of these lines were soft with increasing competition. While our specialty reinsurance gross premiums written contracted by 28%, we saw good deal flow and recruited excellent new talent in anticipation of better opportunities ahead.

On the primary insurance side, the year's challenges included a softer market environment for insurance than for reinsurance, and an unusual series of Nebraska hailstorms that took a heavy toll on our crop insurance results. Although it was not a banner year for profitability, we were able to learn from the hailstorm events. In a very short period of time, we were able to convene a meeting of our agribusiness team and our modelers, refine our data and our modeling, and adjust our underwriting strategy for hail going forward.

## MEASURED EXPANSION AND DIVERSIFICATION

Our entry into the Lloyd's market in London signaled an important expansion effort. The new RenaissanceRe Syndicate 1458 provides property and specialty products in both insurance and reinsurance. We believe that the extensive distribution network and worldwide licenses of the Lloyd's marketplace further enhance our global underwriting platform. In tandem, we acquired Spectrum Syndicate Management Ltd. ("Spectrum") as our managing agent at Lloyd's. Although we envision that our Lloyd's underwriting activity will build slowly, given the current environment and our disciplined underwriting approach, we believe this expansion presents significant long-term potential.

In Individual Risk, during 2009, we augmented systems and staff to enhance our risk management and further integrate our newer operations. We opened new offices in Hartford and Atlanta, where we created teams in modeling and underwriting. Our location in these major insurance hubs enabled us to tap into a talented pool of people and provides access to major distribution channels.

In our crop business, we successfully integrated the prior year's acquisition of Agro National, our long-term managing general agent, and markedly grew our presence in this market.

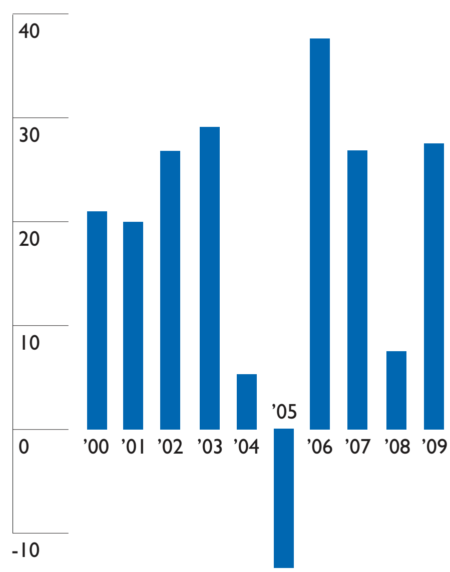
We will continue to seek lines of primary insurance business that are diversifying to our catastrophe portfolio and can both reduce volatility in our overall results and increase the efficient use of Company capital.

## FINANCIAL AND CAPITAL MANAGEMENT STRENGTH

For the year, operating income was $768 million – an extraordinary result. Net income rose to $839 million, or $13.40 per fully diluted common share. Our earnings include $245 million of favorable development on prior year reserves. Operating return on equity was over 27%, and growth in tangible book value per share, plus the change in accumulated dividends, was 38%.

### Operating Return on Average Common Equity(1)

(%)




(1) In this Annual Report, we refer to various non-GAAP measures, which are explained in the Comments on Regulation G on pages 21 and 22.

> "2008 and 2009 were remarkable for what amounted to the consecutive occurrence of two low-probability events in the financial markets – one of the largest widenings in spreads in history, followed by one of the biggest rallies. The fourth quarter of 2008 and the second quarter of 2009 were extraordinary for the speed at which people reassessed risk."

**TODD R. FONNER**
Senior Vice President, Chief Investment Officer & Treasurer, RenaissanceRe Holdings Ltd.

We achieved these results even though gross premiums written were only marginally higher. As I have stated many times, when we write business, we focus on the potential for profitability, not simply on generating revenue or increasing market share.

Our investments performed unusually well, returning approximately 7%. This was better than we had expected, especially given our decision to reduce risk in the investment portfolio in the fourth quarter of 2008. We did this to preserve capital in response to the uncertainty of the ongoing financial crisis. At that time, we were anticipating an increase in demand for our products given that the capital bases of many in our industry had been reduced by underwriting and investment losses.

When the fixed income markets recovered in 2009, we benefited from the rally in spreads and the recovery in mark-to-market valuations in many of the sectors in which we were deployed. Much of our return in 2009 was driven by a modest allocation to high yield, which rebounded substantially from the losses sustained in 2008, and strong returns in investment grade debt. In 2009 we also saw a return to profitability in our hedge fund and private equity allocations. We do not expect to produce investment returns like those of 2009 in most years, given that our investment strategy is designed to preserve capital and maintain robust levels of liquidity while producing diversifying but relatively conservative returns.

With the stabilization of the economy, we have modestly increased our allocations to high-quality credit, focusing mainly on investment grade corporate debt. We are maintaining a relatively short duration profile for the portfolio as we remain concerned about the potential for an increase in interest rates. Overall, our investment portfolio remains conservatively positioned. We have also begun the process of shifting the accounting for our fixed maturity investment portfolio to a trading basis to increase the transparency of our investment results.

Fundamental to our strategy has always been the return of excess capital to shareholders. In 2008 we suspended our share repurchase program to preserve capital, but beginning late in 2009, we resumed buying back our stock to take advantage of its unusual and historically low price-to-book value.

## LEVERAGING OUR EXPERTISE THROUGH VENTURES

2009 was an active and productive year for our Ventures group, which offers alternative ways to provide capital to clients and leverages our core expertise into additional avenues of revenue. We increased our investment in DaVinciRe, formed Timicuan Re II, and further enhanced our understanding of earthquake and storm surge exposure through the work of WeatherPredict Consulting.

“The real competitive advantage of our Company lies not so much in the sophistication of its risk modeling and risk management, but more in the seamless integration of these functions within the firm’s risk-taking process.”

**JEFFREY D. KELLY**
Executive Vice President, Chief Financial Officer, RenaissanceRe Holdings Ltd.

DaVinciRe, one of our flagship managed joint ventures participating alongside the Company in natural catastrophe risk, had a very strong year. In 2009, our stake in DaVinciRe increased to 38% as certain shareholders elected to reduce or exit their investment, and as we determined to increase our participation in light of client and market needs. These decisions had the effect of increasing our share of DaVinciRe’s profitable results for 2009. In the future, it is possible DaVinciRe will accept new investors and that our percentage ownership will fluctuate.

Top Layer Re, our 50%-owned joint venture providing remote layers of catastrophe coverage for regions outside the United States, was profitable and loss-free for the eleventh consecutive year.

Our energy advisory group, RenRe Energy Advisors Ltd., (“REAL”), had an outstanding year. This team provides hedging and risk management solutions to clients in the energy industry (ranging from large utilities to small heating oil distributors) to help them manage risk from fluctuations in temperature and commodity prices. REAL is a recognized leader in the field. Bringing to bear its extensive market knowledge, expertise in both weather-related analysis and risk management, in 2009 REAL was able to expand its product and services suite, enhance its risk management systems and personnel, and produce diversifying, positive returns.

## MAINTAINING OUR RISK MANAGEMENT EDGE

We believe that one of RenaissanceRe’s key differentiators has always been our risk management and modeling capability. This year, we continued to invest heavily in both our risk management models and data analytics as well as in our business processing systems. This has become particularly important as we have evolved, with more people in more locations worldwide.

We undertook a significant upgrade of our proprietary REMS© risk modeling system, which we anticipate will continue to meet our needs well into the future. As an early innovator in risk aggregation and ‘roll-up’, through which we generate an accurate snapshot of our reinsurance portfolios and capital management in real time on a daily basis, we focused this year on extending this capability across a more diverse set of risks underwritten in more locations.

We are mindful, however, that technology alone does not translate into underwriting success. It is the thorough understanding of the strengths and weaknesses of models, of their varying assumptions and biases, that enables us to sharpen the underwriting decisions we base upon them.

## PEOPLE, CULTURE AND COMMUNICATION

Over the years, the Company has grown – deliberately and carefully, but steadily. Today we have almost twice as many employees than just three years ago. A large part of this increase is due to the acquisition last year of Agro National and Claims Management Services, as well as the growth of our commercial property risk operations, the start-up of our Lloyd's syndicate and purchase of its managing agent, Spectrum. With culture so essential to our success, this presents a challenge. As we add people, and spread ourselves across more locations worldwide, we need to work hard at maintaining those precious qualities that generate our competitive advantages.

This year, we expended significant energy thinking about the perpetuation of our core culture and its consistency throughout the organization. We refreshed our mission and vision statements, making them meaningful and understandable to all employees. We expanded centers of excellence, like our Dublin office, whose expertise in modeling and deal analytics can be leveraged across the business units. We increased the practice of moving people from one office into another to help carry our culture around the Company.

We made tremendous progress in company-wide communication. An example of this was setting up a new project management office to allow anyone within the organization to see the different activities we are working on, so they can offer advice, share best ideas and profit from experience already gained elsewhere in the Company. I continue to be convinced that a significant contributor to our success to date has been the openness with which our people share ideas with one another. We must never lose this trait.

Above all, our focus is always on developing our people: training them to grow, challenging them to assume new responsibilities, and nurturing their leadership skills. At RenaissanceRe, we have a rigorous hiring process to ensure that those who come aboard possess not only the technical skills and work ethic we expect, but also personalities that will mesh with their colleagues. We seek to maintain a unified environment that is demanding, open-minded, innovative, collaborative, profit-driven and, at the same time, where our people have fun.

"As we expand, we are concentrating more skills and capacity in regional centers. This is maximizing efficiency, accelerating learning and promoting cultural integration."

**PETER C. DURHAGER**

Executive Vice President, Chief Administrative Officer, RenaissanceRe Holdings Ltd.

"We will address any changes in the regulatory and legislative environment in which we operate with the same commitment, discipline and rigor with which we have responded to the evolution of the markets we serve."

**STEPHEN H. WEINSTEIN**

Senior Vice President, General Counsel, Chief Compliance Officer & Secretary, RenaissanceRe Holdings Ltd.

## THANKS AND APPRECIATION

I want to thank our employees for their hard work during this eventful year. I also want to welcome the newcomers and express my appreciation of, and gratitude to, those leaving us.

Specifically, I'd like to welcome Jeff Kelly, our new Chief Financial Officer. We have already seen the benefits of his significant executive experience, and I look forward to working closely with him over the coming years.

At the same time, we will miss two individuals who recently announced their intention to retire and who have played important roles in our history – Jay Nichols and Bill Ashley. Jay has been a valued member of our team almost since our inception and we celebrate his creativity and accomplishments as an innovative pioneer in our industry. Bill has played a critical role in establishing and building our Individual Risk segment, recently driving the acquisition and integration of Agro National, our integrated crop insurance platform. I wish them both all the very best in the future.

## OUTLOOK AND FUTURE DIRECTION

Looking ahead, we enter 2010 optimistic about our new initiatives and the portfolio of business we have assembled. We are conscious, however, of the challenges that lie ahead. As is usual following a low-catastrophe year, eager capital providers are crowding into the market, while some customers are willing to retain more risk in order to retain more profits if loss activity is low. On the insurance side, the markets continue to exhibit competitive pressure on pricing.

In addition, we are carefully monitoring governmental, regulatory and legislative developments and the range of outcomes we may see there. We remain engaged in sharing our scientific and risk mitigation research not only with policy-makers and legislators but also with the general public, and in doing our part in promoting knowledge that can ultimately save lives and reduce the economic losses of the inevitable natural catastrophes of the future.

Our long term strategy will be to lead in whatever business sectors we choose to engage – in ideas and skill, not necessarily in size. At the same time, we will stay lean and flexible. We will refuse to write business that does not meet our hurdles for profitability. And, as we have done since the formation of our Company, we will manage our business to the market cycles.

Thank you for your continuing support.

Sincerely,

Neill A. Currie
President and Chief Executive Officer