



## **GREENLIGHT RE ANNOUNCES FOURTH QUARTER AND YEAR END 2009 FINANCIAL RESULTS**

**GRAND CAYMAN, Cayman Islands (February 24, 2010)** - Greenlight Capital Re, Ltd. (NASDAQ: GLRE) today announced financial results for the fourth quarter and year ended December 31, 2009. Greenlight Re reported net income of \$57.3 million for the fourth quarter of 2009 compared to a net loss of \$31.3 million for the same period in 2008. The net income per share was \$1.55, on a fully diluted basis, for the fourth quarter of 2009, compared to a net loss per share of \$0.87 for the same period in 2008.

Fully diluted book value per share was \$19.76 as of December 31, 2009, a 45.8% increase from \$13.55 per share as of December 31, 2008. The fully diluted adjusted book value per share as of December 31, 2009 was \$18.95, a 41.5% increase from \$13.39 per share as of December 31, 2008.

For the year ended December 31, 2009, net income was \$209.5 million compared to a net loss of \$120.9 million for the year ended December 31, 2008. The net income per share for the year was \$5.71, on a fully diluted basis, compared to a net loss per share of \$3.36 for the same period in 2008.

“In 2009 we demonstrated the strength of our business model on both sides of the balance sheet; both our underwriting and investment portfolios performed well,” said David Einhorn, Chairman of the Board of Directors of Greenlight Re. “While the reinsurance market remained soft, we continued to find select, attractive underwriting opportunities that generated solid profits and contributed additional assets for our investment strategy.”

Other financial and operating highlights for Greenlight Re in the fourth quarter and year ended December 31, 2009 include:

- Gross written premiums in the fourth quarter were \$50.9 million compared to \$28.6 million in the fourth quarter of 2008, while net earned premiums were \$62.5 million, an increase from \$34.2 million reported in the fourth quarter of last year. For the full year 2009, gross written premiums were \$258.8 million compared to \$162.4 million in 2008, while net earned premiums were \$214.7 million compared to \$114.9 million in 2008.
- The combined ratio for 2009 was 96.5%, flat compared to 2008.
- Net investment income reported in the fourth quarter was \$51.2 million, a gain of 6.4% on the investment portfolio, compared to a net investment loss of \$33.3 million, a 5.3% loss in the fourth quarter of 2008. For the full year 2009, net investment income was \$199.9 million, a 32.1% gain, compared to a net investment loss of \$126.1 million, a 17.6% loss in 2008.

“In 2009, we continued to add to our talented team of underwriting professionals, and further expanded our frequency-oriented portfolio,” said Len Goldberg, Chief Executive Officer of Greenlight Re. “We continued our development of a differentiated underwriting portfolio with clients with expertise in their respective markets. Our approach to reinsurance has allowed us to

develop deep relationships with our clients and a portfolio of risks that should hold up well in current market conditions.”

Starting with this reporting period, Greenlight Re has opted to report fully diluted adjusted book value per share, which is a non-GAAP measure. The fully diluted adjusted book value per share excludes the non-controlling interest reported in shareholders’ equity resulting from the joint venture advisory agreement between Greenlight Re and DME Advisors, LP. Greenlight Re believes that this adjusted book value is a more accurate and consistent presentation of financial performance.

### **Conference Call Details**

Greenlight Re will hold a live conference call to discuss its financial results for the fourth quarter and year ended December 31, 2009 on Thursday, February 25, 2010 at 9:00 a.m. Eastern time. The conference call title is Greenlight Capital Re, Ltd. Fourth Quarter and Year End 2009 Earnings Call.

To participate, please dial in to the conference call at:

|                |                |
|----------------|----------------|
| U.S. toll free | 1-800-860-2442 |
| International  | 1-412-858-4600 |

The conference call can also be accessed via webcast at:

<http://www.talkpoint.com/viewer/starthere.asp?Pres=129369>

A telephone replay of the call will be available from 11:00 a.m. Eastern time on February 25, 2010 until 9:00 a.m. Eastern time on March 12, 2010. The replay of the call may be accessed by dialing 1-877-344-7529 (U.S. toll free) or 1-412-317-0088 (international), access code 437112. An audio file of the call will also be available on the Company’s website, [www.greenlightre.ky](http://www.greenlightre.ky).

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### **Regulation G**

Fully diluted adjusted book value per share is a non-GAAP measure and represents basic adjusted book value per share combined with the impact from dilution of share based compensation including in-the-money stock options as of any period end. Book value is adjusted by subtracting the amount of the non-controlling interest in joint venture from total shareholders’ equity to calculate adjusted book value. We believe that long term growth in fully diluted adjusted book value per share is the most relevant measure of our financial performance. In addition, fully diluted adjusted book value per share may be of benefit to our investors, shareholders and other interested parties to form a basis of comparison with other companies within the reinsurance industry.

### **Forward-Looking Statements**

This news release contains forward-looking statements within the meaning of the U.S. federal securities laws. We intend these forward-looking statements to be covered by the safe harbor provisions for forward-looking statements in the U.S. Federal securities laws. These statements involve risks and uncertainties that could cause actual results to differ materially from those contained in forward-looking statements made on behalf of the Company. These risks and uncertainties include the impact of general economic conditions and conditions affecting the insurance and reinsurance industry, the adequacy of our reserves, our ability to assess underwriting risk, trends in rates for property and casualty insurance and reinsurance, competition, investment market fluctuations, trends in insured and paid losses, catastrophes, regulatory and legal uncertainties and other factors described in our annual report on Form 10-K filed with the Securities Exchange Commission. The Company undertakes no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

**About Greenlight Capital Re, Ltd.**

Greenlight Re ([www.greenlightre.ky](http://www.greenlightre.ky)) is an AM Best "A-" (Excellent) rated specialist property and casualty reinsurance company based in the Cayman Islands. The Company provides a variety of custom-tailored reinsurance solutions to the insurance, risk retention group, captive and financial marketplaces. Established in 2004, Greenlight Re selectively offers customized reinsurance solutions in markets where capacity and alternatives are limited. With a focus on deriving superior returns from both sides of the balance sheet, Greenlight Re's assets are managed according to a value-oriented equity-focused strategy that complements the Company's business goal of long-term growth in book value per share.

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**GREENLIGHT CAPITAL RE, LTD.  
CONSOLIDATED BALANCE SHEETS**

**December 31, 2009 and 2008**  
(expressed in thousands of U.S. dollars, except per share and share amounts)

|  | <u>2009</u>         | <u>2008</u>       |
|--|---------------------|-------------------|
| <b>Assets</b>  |                     |                   |
| Investments  |                     |                   |
| Debt instruments, trading, at fair value   | \$ 95,838           | \$ 70,214         |
| Equity securities, trading, at fair value  | 593,201             | 409,329           |
| Other investments, at fair value   | 141,561             | 14,423            |
| Total investments  | 830,600             | 493,966           |
| Cash and cash equivalents  | 31,717              | 94,144            |
| Restricted cash and cash equivalents   | 590,871             | 248,330           |
| Financial contracts receivable, at fair value  | 30,117              | 21,419            |
| Reinsurance balances receivable  | 72,584              | 59,573            |
| Loss and loss adjustment expense recoverables  | 7,270               | 11,662            |
| Deferred acquisition costs, net  | 34,401              | 17,629            |
| Unearned premiums ceded  | 6,478               | 7,367             |
| Notes receivable   | 15,424              | 1,769             |
| Other assets   | 4,754               | 2,146             |
| <b>Total assets</b>  | <u>\$ 1,624,216</u> | <u>\$ 958,005</u> |
| <b>Liabilities and shareholders' equity</b>  |                     |                   |
| <b>Liabilities</b>   |                     |                   |
| Securities sold, not yet purchased, at fair value  | \$ 570,875          | \$ 234,301        |
| Financial contracts payable, at fair value   | 16,200              | 17,140            |
| Loss and loss adjustment expense reserves  | 137,360             | 81,425            |
| Unearned premium reserves  | 118,899             | 88,926            |
| Reinsurance balances payable   | 32,013              | 34,963            |
| Funds withheld   | 6,835               | 3,581             |
| Other liabilities  | 12,796              | 6,229             |
| <b>Total liabilities</b>   | <u>894,978</u>      | <u>466,565</u>    |
| <b>Shareholders' equity</b>  |                     |                   |
| Preferred share capital (par value \$0.10; authorized, 50,000,000; none issued)  | —                   | —                 |
| Ordinary share capital (Class A: par value \$0.10; authorized, 100,000,000; issued and outstanding, 30,063,893 (2008: 29,781,736); Class B: par value \$0.10; authorized, 25,000,000; issued and outstanding, 6,254,949 (2008: 6,254,949)) | 3,632               | 3,604             |
| Additional paid-in capital   | 481,449             | 477,571           |
| Non-controlling interest in joint venture  | 30,597              | 6,058             |
| Retained earnings  | 213,560             | 4,207             |
| <b>Total shareholders' equity</b>  | <u>729,238</u>      | <u>491,440</u>    |
| <b>Total liabilities and shareholders' equity</b>  | <u>\$ 1,624,216</u> | <u>\$ 958,005</u> |

**GREENLIGHT CAPITAL RE, LTD.**  
**CONSOLIDATED STATEMENTS OF INCOME**

Years ended December 31, 2009, 2008 and 2007  
(expressed in thousands of U.S. dollars, except per share and share amounts)

|  | <u>2009</u>       | <u>2008</u>         | <u>2007</u>      |
|--|-------------------|---------------------|------------------|
| <b>Revenues</b>  |                   |                     |                  |
| Gross premiums written   | \$ 258,818        | \$ 162,395          | \$ 127,131       |
| Gross premiums ceded   | (13,276)          | (16,396)            | (26,150)         |
| Net premiums written   | 245,542           | 145,999             | 100,981          |
| Change in net unearned premium reserves  | (30,862)          | (31,050)            | (2,934)          |
| Net premiums earned  | 214,680           | 114,949             | 98,047           |
| Net investment income (loss)   | 199,861           | (126,126)           | 27,642           |
| Other income, net  | 4,538             | —                   | —                |
| Total revenues   | <u>419,079</u>    | <u>(11,177)</u>     | <u>125,689</u>   |
| <b>Expenses</b>  |                   |                     |                  |
| Loss and loss adjustment expenses incurred, net                                    | 119,045           | 55,485              | 39,507           |
| Acquisition costs, net   | 69,232            | 41,649              | 38,939           |
| General and administrative expenses  | 18,994            | 13,756              | 11,918           |
| Total expenses   | <u>207,271</u>    | <u>110,890</u>      | <u>90,364</u>    |
| Net income (loss) before non-controlling interest and<br>income tax benefit        | 211,808           | (122,067)           | 35,325           |
| Non-controlling interest in (income) loss of joint venture                         | (2,312)           | 1,163               | —                |
| Net income (loss) before income tax benefit  | 209,496           | (120,904)           | 35,325           |
| Income tax benefit   | 49                | —                   | —                |
| <b>Net income (loss)</b>   | <u>\$ 209,545</u> | <u>\$ (120,904)</u> | <u>\$ 35,325</u> |
| <b>Earnings (loss) per share</b>   |                   |                     |                  |
| Basic  | \$ 5.78           | \$ (3.36)           | \$ 1.16          |
| Diluted  | 5.71              | (3.36)              | 1.14             |
| <b>Weighted average number of ordinary shares used in the<br/>determination of</b> |                   |                     |                  |
| Basic  | 36,230,501        | 35,970,479          | 30,405,007       |
| Diluted  | 36,723,552        | 35,970,479          | 30,866,016       |

The following table provides the ratios for the years ended December 31, 2009, 2008 and 2007:

|                        | <u>2009</u>      |                 |              | <u>2008</u>      |                 |              | <u>2007</u>      |                 |              |
|------------------------|------------------|-----------------|--------------|------------------|-----------------|--------------|------------------|-----------------|--------------|
|                        | <u>Frequency</u> | <u>Severity</u> | <u>Total</u> | <u>Frequency</u> | <u>Severity</u> | <u>Total</u> | <u>Frequency</u> | <u>Severity</u> | <u>Total</u> |
| Loss ratio             | 56.6%            | 51.2%           | 55.4%        | 44.4%            | 57.7%           | 48.3%        | 47.9%            | 19.9%           | 40.3%        |
| Acquisition cost ratio | 38.6%            | 8.3%            | 32.3%        | 46.8%            | 10.8%           | 36.2%        | 46.3%            | 21.8%           | 39.7%        |
| Composite ratio        | 95.2%            | 59.5%           | 87.7%        | 91.2%            | 68.5%           | 84.5%        | 94.2%            | 41.7%           | 80.0%        |
| Internal expense ratio |                  |                 | 8.8%         |                  |                 | 12.0%        |                  |                 | 12.2%        |
| Combined ratio         |                  |                 | <u>96.5%</u> |                  |                 | <u>96.5%</u> |                  |                 | <u>92.2%</u> |