



Northstar Group Holdings, Ltd.

Highlights

- \$235 million USD in capital
- Dresdner Bank lead investor, supplier, advisor
- Life & Annuity specialist reinsurer
- Strong capitalization relative to economic and regulatory requirements

An Introduction to Northstar Re

Northstar Re is a Bermuda-based life and annuity (not P&C) specialist reinsurer that opened for business on July 1, 2004. By virtue of its unique capital structure, Northstar Re can provide long-term cost efficient capital and attractive risk pricing to cedants.

Northstar Re is managed by a group of professionals (including four actuaries and one CPA) with extensive experience in the life and annuity business, for major US-based international insurance and reinsurance companies. The Company also has a strong financial partner in Dresdner Bank, who participates as an investor, supplier and advisor. Dresdner Bank is the largest bank in Germany and has a major international presence with over 400 billion euros in assets as of 12/31/2005.

Northstar Re's Board is comprised of a mix of investor, creditor and management representatives, together with three independent directors with strong regulatory, audit and governance backgrounds.

Capital

Northstar Re's capital base has now reached \$235 million USD and is expected to grow by \$25 to \$50 million per year in the foreseeable future. Five treaties have been executed to date; notwithstanding, the Company has substantial and growing capacity. Experience to date has been favorable in all respects relative to pricing expectations. After eighteen months of operations, the Company is profitable and retained earnings are positive.

Why Northstar Re?

Price is the primary reason to consider Northstar Re. Tax-advantaged operating companies in both Bermuda and Ireland, coupled with a low cost of capital that is driven by the Company's unique structure and the nature and expectations of its investor base allow Northstar Re to provide competitively-priced reinsurance capacity.

Northstar Re seeks to manage and control its risks, not to maximize profits, as might normally be expected. A modest return, achievable with a lower risk profile, less capital at risk and tight underwriting controls, is sufficient to cover the investors' costs and to provide a nominal improvement in their overall return. Northstar Re investors' objective is a predictable, modest and non-volatile return from the reinsurance operations. They are not interested in the potentially higher returns from a "pure play" in the reinsurance business, which they could achieve by investing in the shares of any number of other international reinsurance companies. In summary, Northstar Re's competitive pricing advantage results from operating in a tax advantaged environment, access to very low cost capital and modest investor expectations as to profit levels.

Consequently, Northstar Re can optimize balance sheet financial results in addition to altering risk profiles modestly. Northstar Re will generally add the most value on transactions that are asset intensive (preferably, in which its asset advisor can participate), that require some regulatory reserve relief and are cash-flow positive to Northstar Re, whether in force blocks or new business.