Everest Re Group Reports Record Earnings; 31% Growth in Operating EPS
April 23, 2013

HAMILTON, Bermuda--(BUSINESS WIRE)--Apr. 23, 2013-- Everest Re Group, Ltd. (NYSE: RE) today reported net income of $384.3 million, or $7.50 per diluted common share, for the first quarter of 2013, compared to net income of $304.7 million, or $5.68 per diluted common share, for the first quarter of 2012. Excluding realized capital gains and losses, after-tax operating income¹ was $301.1 million, or $5.88 per diluted common share, for the first quarter 2013, compared to after-tax operating income¹ of $239.9 million, or $4.48 per diluted common share, for the same period last year.

Commenting on the Company’s results, Chairman and Chief Executive Officer, Joseph V. Taranto said, “This was a record quarter for Everest with 13% growth in premium, 25% growth in operating earnings, and an annualized net income return on equity of 25%. Clearly the industry benefitted from a quarter without catastrophe losses but Everest’s performance is also the result of a targeted growth strategy aimed at broadening its book and improving the risk-adjusted returns. We continue to see opportunities and are very excited about the future prospects for Everest.”

Operating highlights for the first quarter of 2013 included the following:

- Gross written premiums increased 13% to $1.18 billion compared to the first quarter of 2012. Worldwide, reinsurance premiums were up 11%, quarter over quarter, driven by strong January renewals, primarily for property catastrophe exposed business. Insurance premiums were up 19% for the period with growth coming from its California workers’ compensation, crop, and non-standard automobile books of business.
- The combined ratio was 80.7% for the quarter compared to 89.0% in the first quarter of 2012. Excluding catastrophe losses, reinstatement premiums, and prior year development, for each quarter, the attritional combined ratio improved 5.7 points.
- Net investment income for the current quarter was $145.8 million, including limited partnership income of $17.5 million.
- Net after-tax realized capital gains totaled $83.3 million for the quarter.
- Cash flow from operations was $225.7 million compared to $165.7 million for the same period in 2012.
- For the quarter, the annualized after-tax operating income¹ return on average adjusted shareholders’ equity² was 19.4%.
- During the quarter, the Company repurchased 2.0 million of its common shares at an average price of $122.34 and a total cost of $238.6 million. Subsequent to the quarter, the Company repurchased an additional 88,100 shares for a total cost of $11.4 million. The repurchases were made pursuant to a share repurchase authorization, provided by the Company’s Board of Directors, under which there remains 2.3 million shares available.
- Shareholders’ equity ended the quarter at $6.8 billion, up from $6.7 billion at year end 2012. Book value per share increased 4% from $130.96 at December 31, 2012 to $136.43 at March 31, 2013.

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 latest Annual Report on Form 10-K. 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.

Everest Re Group, Ltd. is a Bermuda holding company that operates through the following subsidiaries: Everest Reinsurance Company provides reinsurance to property and casualty insurers in both the United States and international markets. Everest Reinsurance (Bermuda), Ltd., including through its branch in the United Kingdom, provides reinsurance and insurance to worldwide property and casualty markets and reinsurance to life insurers. Everest Reinsurance Company (Ireland), Limited provides reinsurance to non-life insurers in Europe. Everest National Insurance Company and Everest Security Insurance Company provide property and casualty insurance to policyholders in the U.S. Everest Indemnity Insurance Company offers excess and surplus lines insurance in the U.S. Everest Insurance Company of Canada provides property and casualty insurance to policyholders in Canada. Additional information on Everest Re Group companies can be found at the Group’s web site at www.everestregroup.com.

A conference call discussing the first quarter results will be held at 10:30 a.m. Eastern Time on April 24, 2013. The call will be available on the Internet through the Company’s web site or at www.streetevents.com.

Recipients are encouraged to visit the Company’s web site to view supplemental financial information on the Company’s results. The supplemental information is located at www.everestregroup.com in the “Financial Reports” section of the “Investor Center”. The supplemental financial information may also be obtained by contacting the Company directly.
The Company generally uses after-tax operating income (loss), a non-GAAP financial measure, to evaluate its performance. After-tax operating income (loss) consists of net income (loss) excluding after-tax net realized capital gains (losses) as the following reconciliation displays:

<table>
<thead>
<tr>
<th>Three Months Ended March 31,</th>
<th>2013 (unaudited)</th>
<th>2012 (unaudited)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Common Per Diluted</td>
<td>Amount</td>
<td>Common Per Diluted</td>
</tr>
<tr>
<td>Net income (loss)</td>
<td>$384,343</td>
<td>$7.50</td>
</tr>
<tr>
<td>After-tax net realized capital gains (losses)</td>
<td>83,271</td>
<td>1.63</td>
</tr>
<tr>
<td>After-tax operating income (loss)</td>
<td>$301,072</td>
<td>$5.88</td>
</tr>
</tbody>
</table>

(Some amounts may not reconcile due to rounding.)

Although net realized capital gains (losses) are an integral part of the Company's insurance operations, the determination of net realized capital gains (losses) is independent of the insurance underwriting process. The Company believes that the level of net realized capital gains (losses) for any particular period is not indicative of the performance of the underlying business in that particular period. Providing only a GAAP presentation of net income (loss) makes it more difficult for users of the financial information to evaluate the Company's success or failure in its basic business, and may lead to incorrect or misleading assumptions and conclusions. The Company understands that the equity analysts who follow the Company focus on after-tax operating income (loss) in their analyses for the reasons discussed above. The Company provides after-tax operating income (loss) to investors so that they have what management believes to be a useful supplement to GAAP information concerning the Company's performance.

2Adjusted shareholders’ equity excludes net after-tax unrealized (appreciation) depreciation of investments.

--Financial Details Follow--

EVEREST RE GROUP, LTD.
CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME (LOSS)

<table>
<thead>
<tr>
<th>Three Months Ended March 31,</th>
<th>2013 (unaudited)</th>
<th>2012 (unaudited)</th>
</tr>
</thead>
<tbody>
<tr>
<td>REVENUES:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Premiums earned</td>
<td>$ 1,088,759</td>
<td>$ 997,978</td>
</tr>
<tr>
<td>Net investment income</td>
<td>145,781</td>
<td>152,438</td>
</tr>
<tr>
<td>Net realized capital gains (losses):</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Other-than-temporary impairments on fixed maturity securities</td>
<td>(191 )</td>
<td>(5,888 )</td>
</tr>
<tr>
<td>Other-than-temporary impairments on fixed maturity securities transferred to other comprehensive income (loss)</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Other net realized capital gains (losses)</td>
<td>126,926</td>
<td>104,607</td>
</tr>
<tr>
<td>Total net realized capital gains (losses)</td>
<td>126,735</td>
<td>98,719</td>
</tr>
<tr>
<td>Net derivative gain (loss)</td>
<td>15,285</td>
<td>6,183</td>
</tr>
<tr>
<td>Other income (expense)</td>
<td>(8,887 )</td>
<td>(6,194 )</td>
</tr>
<tr>
<td>Total revenues</td>
<td>1,367,673</td>
<td>1,249,124</td>
</tr>
</tbody>
</table>

CLAIMS AND EXPENSES:

Incurred losses and loss adjustment expenses | 592,644 | 602,466 |
Commission, brokerage, taxes and fees | 233,046 | 237,503 |
Other underwriting expenses | 52,946 | 48,495 |
Corporate expenses | 5,717 | 4,661 |
Interest, fees and bond issue cost amortization expense | 13,481 | 13,178 |
Total claims and expenses | 897,834 | 906,303 |
INCOME (LOSS) BEFORE TAXES  
469,839  342,821
Income tax expense (benefit)  
85,496  38,117

NET INCOME (LOSS)  
$384,343  $304,704

Other comprehensive income (loss), net of tax:
Unrealized appreciation (depreciation) ("URA(D)") on securities arising during the period  
(46,802)  80,127
Less: reclassification adjustment for realized losses (gains) included in net income (loss)  
(4,091)  242
Total URA(D) on securities arising during the period  
(50,893)  80,369
Foreign currency translation adjustments  
(21,066)  15,870
Pension adjustments  
1,346  984
Total other comprehensive income (loss), net of tax  
(70,613)  97,223

COMPREHENSIVE INCOME (LOSS)  
$313,730  $401,927

EARNINGS PER COMMON SHARE:
Basic  
$7.56  $5.70
Diluted  
7.50  5.68
Dividends declared  
0.48  0.48

EVEREST RE GROUP, LTD.
CONSOLIDATED BALANCE SHEETS

(Dollars and share amounts in thousands, except par value per share)

ASSETS:
Fixed maturities - available for sale, at market value  
$13,148,334  $13,141,657
(amortized cost: 2013, $12,499,731; 2012, $12,444,880)
Fixed maturities - available for sale, at fair value  
36,127  41,470
Equity securities - available for sale, at market value (cost: 2013, $132,027; 2012, $131,630)  
141,873  143,493
Equity securities - available for sale, at fair value  
1,393,774  1,255,557
Short-term investments  
781,676  860,379
Other invested assets (cost: 2013, $536,274; 2012, $596,590)  
536,274  596,590
Cash  
524,136  537,050
Total investments and cash  
16,562,194  16,576,196
Accrued investment income  
124,466  130,209
Premiums receivable  
1,286,723  1,237,859
Reinsurance receivables  
719,937  659,081
Funds held by reinsureds  
221,343  228,375
Deferred acquisition costs  
307,091  303,268
Prepaid reinsurance premiums  
64,849  71,107
Deferred tax asset  
225,881  262,024
Income taxes recoverable  
41,825  68,442
Other assets  
247,762  241,346
TOTAL ASSETS  
$19,802,071  $19,777,907

LIABILITIES:
Reserve for losses and loss adjustment expenses  
$9,843,262  $10,069,055
Future policy benefit reserve  
65,311  66,107
Unearned premium reserve  
1,370,565  1,322,525
Funds held under reinsurance treaties  
2,587  2,755
Commission reserves  
52,729  65,533
Other net payable to reinsurers  
165,364  162,778
Losses in course of payment  
339,756  191,076
5.4% Senior notes due 10/15/2014  
249,919  249,907
6.6% Long term notes due 5/1/2067  
238,358  238,357
Junior subordinated debt securities payable  
329,897  329,897
Accrued interest on debt and borrowings  
12,092  4,781
Equity index put option liability  
64,181  79,467
### Unsettled securities payable

<table>
<thead>
<tr>
<th></th>
<th>2013</th>
<th>2012</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>49,962</td>
<td>48,830</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Other liabilities</th>
<th>201,222</th>
<th>213,372</th>
</tr>
</thead>
</table>

<table>
<thead>
<tr>
<th>Total liabilities</th>
<th>12,985,205</th>
<th>13,044,440</th>
</tr>
</thead>
</table>

### SHAREHOLDERS' EQUITY:

**Preferred shares, par value: $0.01; 50,000 shares authorized; no shares issued and outstanding**

- -

**Common shares, par value: $0.01; 200,000 shares authorized; (2013) 67,604 and (2012) 67,105 outstanding before treasury shares**

<table>
<thead>
<tr>
<th></th>
<th>2013</th>
<th>2012</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>676</td>
<td>671</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Additional paid-in capital</th>
<th>1,978,966</th>
<th>1,946,439</th>
</tr>
</thead>
</table>

**Accumulated other comprehensive income (loss), net of deferred income tax expense (benefit) of $116,965 at 2013 and $119,629 at 2012**

<table>
<thead>
<tr>
<th></th>
<th>2013</th>
<th>2012</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>466,436</td>
<td>537,049</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Treasury shares, at cost; 17,638 shares (2013) and 15,687 shares (2012)</th>
<th>(1,602,590)</th>
<th>(1,363,958)</th>
</tr>
</thead>
</table>

<table>
<thead>
<tr>
<th>Retained earnings</th>
<th>5,973,378</th>
<th>5,613,266</th>
</tr>
</thead>
</table>

<table>
<thead>
<tr>
<th>Total shareholders' equity</th>
<th>6,816,866</th>
<th>6,733,467</th>
</tr>
</thead>
</table>

### TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY

<table>
<thead>
<tr>
<th></th>
<th>2013</th>
<th>2012</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$19,802,071</td>
<td>$19,777,907</td>
</tr>
</tbody>
</table>

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### EVEREST RE GROUP, LTD.

### CONSOLIDATED STATEMENTS OF CASH FLOWS

#### Three Months Ended March 31, 2013

(Dollars in thousands)

<table>
<thead>
<tr>
<th>CASH FLOWS FROM OPERATING ACTIVITIES:</th>
<th>2013</th>
<th>2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net income (loss)</td>
<td>384,343</td>
<td>304,704</td>
</tr>
</tbody>
</table>

Adjustments to reconcile net income to net cash provided by operating activities:

- Decrease (increase) in premiums receivable: (53,067) 37,271
- Decrease (increase) in funds held by reinsureds, net: 4,584 (2,266)
- Decrease (increase) in reinsurance receivables: (92,736) 20,782
- Decrease (increase) in current income taxes: 26,658 (3,309)
- Decrease (increase) in deferred tax asset: 37,569 30,005
- Decrease (increase) in prepaid reinsurance premiums: 3,446 5,993
- Increase (decrease) in reserve for losses and loss adjustment expenses: (127,942) (172,164)
- Increase (decrease) in future policy benefit reserve: (796) (345)
- Increase (decrease) in unearned premiums: 54,323 12,593
- Increase (decrease) in other net payable to reinsurers: 4,188 (3,122)
- Increase (decrease) in losses in course of payment: 148,773 31,688
- Change in equity adjustments in limited partnerships: (17,356) (12,520)
- Change in other assets and liabilities, net: (43,814) (5,354)
- Non-cash compensation expense: 5,614 5,722
- Amortization of bond premium (accrual of bond discount): 18,607 14,766
- Amortization of underwriting discount on senior notes: 13 13
- Net realized capital (gains) losses: (126,735) (98,719)
- Net cash provided by (used in) operating activities: 225,672 165,738

#### CASH FLOWS FROM INVESTING ACTIVITIES:

- Proceeds from fixed maturities matured/called - available for sale, at market value: 612,044 410,377
- Proceeds from fixed maturities matured/called - available for sale, at fair value: 3,000 -
- Proceeds from fixed maturities sold - available for sale, at market value: 254,496 218,078
- Proceeds from fixed maturities sold - available for sale, at fair value: 3,664 59,281
- Proceeds from equity securities sold - available for sale, at market value: 1,229 20,243
- Proceeds from equity securities sold - available for sale, at fair value: 106,175 243,656
- Distributions from other invested assets: 83,702 8,219
- Cost of fixed maturities acquired - available for sale, at market value: (1,016,289) (612,674)
- Cost of fixed maturities acquired - available for sale, at fair value: (1,295) (3,124)
- Cost of equity securities acquired - available for sale, at market value: (1,566) (6,452)
- Cost of equity securities acquired - available for sale, at fair value: (122,617) (113,345)
- Cost of other invested assets acquired: (6,684) (11,912)
- Net change in short-term investments: 78,507 (257,705)
<table>
<thead>
<tr>
<th>Description</th>
<th>Amount 1</th>
<th>Amount 2</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net change in unsettled securities transactions</td>
<td>-8,467</td>
<td>38,822</td>
</tr>
<tr>
<td>Net cash provided by (used in) investing activities</td>
<td>-14,101</td>
<td>-6,536</td>
</tr>
<tr>
<td><strong>CASH FLOWS FROM FINANCING ACTIVITIES:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Common shares issued during the period, net</td>
<td>26,918</td>
<td>2,611</td>
</tr>
<tr>
<td>Purchase of treasury shares</td>
<td>-238,632</td>
<td>-124,999</td>
</tr>
<tr>
<td>Dividends paid to shareholders</td>
<td>-24,231</td>
<td>-25,641</td>
</tr>
<tr>
<td>Net cash provided by (used in) financing activities</td>
<td>-235,945</td>
<td>-148,029</td>
</tr>
<tr>
<td><strong>EFFECT OF EXCHANGE RATE CHANGES ON CASH</strong></td>
<td>11,460</td>
<td>12,223</td>
</tr>
<tr>
<td>Net increase (decrease) in cash</td>
<td>-12,914</td>
<td>23,396</td>
</tr>
<tr>
<td>Cash, beginning of period</td>
<td>537,050</td>
<td>448,651</td>
</tr>
<tr>
<td>Cash, end of period</td>
<td>524,136</td>
<td>472,047</td>
</tr>
<tr>
<td><strong>SUPPLEMENTAL CASH FLOW INFORMATION:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Income taxes paid (recovered)</td>
<td>$19,188</td>
<td>$11,184</td>
</tr>
<tr>
<td>Interest paid</td>
<td>6,001</td>
<td>5,698</td>
</tr>
</tbody>
</table>

Source: Everest Re Group, Ltd.

Everest Global Services, Inc.
Elizabeth B. Farrell, 908-604-3169
Vice President, Investor Relations