July 23, 2013

HAMILTON, Bermuda--(BUSINESS WIRE)--Jul. 23, 2013-- Everest Re Group, Ltd. (NYSE: RE) today reported second quarter 2013 net income of $275.6 million, or $5.56 per diluted common share, compared to net income of $214.6 million, or $4.08 per diluted common share, for the second quarter of 2012. After-tax operating income¹, excluding realized capital gains and losses, was $253.2 million, or $5.10 per diluted common share, for the second quarter of 2013, compared to after-tax operating income¹ of $223.0 million, or $4.25 per diluted common share, for the same period last year.

For the six months ended June 30, 2013, net income was $660.0 million, or $13.09 per diluted common share, compared to $519.3 million, or $9.79 per diluted common share, for the first six months of 2012. After-tax operating income¹, excluding realized capital gains and losses, was $554.2 million, or $10.99 per diluted common share, compared to $462.9 million or $8.72 per diluted common share, for the same period in 2012.

Commenting on the Company’s results, Chairman and Chief Executive Officer, Joseph V. Taranto said, “Through six months, our annualized net income return on shareholders’ equity is 21%. We returned $500 million to shareholders through share repurchases and dividends and grew book value per share, adjusted for dividends, by 5% despite falling bond prices and catastrophes. We believe we are well positioned to continue to increase shareholder value.”

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

- Gross written premiums increased 39% to $1.26 billion compared to the second quarter of 2012, largely driven by one large Florida quota share reinsurance contract. Excluding the total impact of this contract, gross written premiums were up 11%. On this same basis, worldwide reinsurance premiums were up 7% reflecting new business growth. Insurance premiums were up 24% primarily driven by growth on its California workers’ compensation and non-standard automobile business.
- The combined ratio for the quarter was 87.6% compared to 89.0% in the second quarter of 2012. Excluding catastrophe losses, reinstatement premiums, and prior period loss development, the current quarter attritional combined ratio improved 6.6 points to 80.2%.
- Catastrophe losses amounted to $90.0 million in the quarter, arising from tornadoes and hailstorms in the U.S. and flooding in Central Europe and Canada. The net impact of these losses, after reinstatement premiums and taxes, is $73.2 million.
- Net investment income for the quarter was $148.7 million, including limited partnership income of $19.6 million.
- Net after-tax realized capital gains totaled $22.5 million. There was $274.4 million of unrealized losses, net of tax, on the fixed income portfolio as rising interest rates reduced the market value of those securities.
- Cash flow from operations was $170.2 million compared to $138.8 million for the same period in 2012.
- For the quarter, the annualized after-tax operating income¹ return on average adjusted shareholders’ equity ² was 16.1% compared to 15.3% in 2012.
- During the quarter, the Company repurchased 1.6 million of its common shares at an average price of $133.16 and a total cost of $211.3 million. For the year, the Company repurchased 3.5 million of its common shares for a total cost of $450.0 million. The repurchases were made pursuant to a share repurchase authorization, provided by the Company’s Board of Directors, under which there remains 5.8 million shares available.
- Shareholders’ equity ended the quarter at $6.6 billion. Book value per share increased 4.1% from $130.96 at December 31, 2012 to $136.31 at June 30, 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 U.S. 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](http://www.everestregroup.com).

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

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1 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></th>
<th>Three Months Ended</th>
<th></th>
<th>Six Months Ended</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>June 30, 2013</td>
<td>2013</td>
<td>June 30, 2013</td>
<td>2013</td>
</tr>
<tr>
<td></td>
<td>(unaudited)</td>
<td></td>
<td>(unaudited)</td>
<td></td>
</tr>
<tr>
<td>Net income (loss)</td>
<td>$275,642</td>
<td>5.56</td>
<td>$214,551</td>
<td>4.08</td>
</tr>
<tr>
<td>After-tax net realized capital gains (losses)</td>
<td>22,492</td>
<td>0.45</td>
<td>(8,462)</td>
<td>(0.16)</td>
</tr>
<tr>
<td>After-tax operating income (loss)</td>
<td>$253,150</td>
<td>5.10</td>
<td>$223,013</td>
<td>4.25</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.

2 Adjusted 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></th>
<th>Three Months Ended</th>
<th></th>
<th>Six Months Ended</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>June 30, 2013</td>
<td>2013</td>
<td>June 30, 2013</td>
<td>2013</td>
</tr>
<tr>
<td></td>
<td>(unaudited)</td>
<td></td>
<td>(unaudited)</td>
<td></td>
</tr>
<tr>
<td>REVENUES:</td>
<td>$1,151,533</td>
<td>148,729</td>
<td>$1,037,800</td>
<td>149,329</td>
</tr>
<tr>
<td>Premiums earned</td>
<td>$1,151,533</td>
<td>148,729</td>
<td>$1,037,800</td>
<td>149,329</td>
</tr>
<tr>
<td>Net investment income</td>
<td>148,729</td>
<td>294,510</td>
<td>301,767</td>
<td>294,510</td>
</tr>
<tr>
<td>Net realized capital gains (losses):</td>
<td>-</td>
<td>-</td>
<td>(466)</td>
<td>(191)</td>
</tr>
<tr>
<td>Other-than-temporary impairments on fixed maturity securities transferred to other comprehensive income (loss)</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Other net realized capital gains (losses)</td>
<td>33,905</td>
<td>(16,114)</td>
<td>160,831</td>
<td>88,493</td>
</tr>
<tr>
<td>Total net realized capital gains (losses)</td>
<td>33,905</td>
<td>(16,114)</td>
<td>160,831</td>
<td>88,493</td>
</tr>
<tr>
<td>Net derivative gain (loss)</td>
<td>12,081</td>
<td>(16,306)</td>
<td>27,366</td>
<td>(10,123)</td>
</tr>
</tbody>
</table>
Other income (expense) 8,295 27,812 (592 ) 21,618
Total revenues 1,354,543 1,182,055 2,722,216 2,431,179

CLAIMS AND EXPENSES:
Incurred losses and loss adjustment expenses 711,590 607,870 1,304,234 1,210,336
Commission, brokerage, taxes and fees 242,067 265,789 475,113 503,292
Other underwriting expenses 54,901 49,675 107,847 98,170
Corporate expenses 6,168 6,075 11,885 10,736
Interest, fees and bond issue cost amortization expense 17,362 13,244 30,843 26,422
Total claims and expenses 1,032,088 942,653 1,929,922 1,848,956

INCOME (LOSS) BEFORE TAXES 322,455 239,402 792,294 582,223
Income tax expense (benefit) 46,813 24,851 132,309 62,968
NET INCOME (LOSS) $275,642 $214,551 $659,985 $519,255

Other comprehensive income (loss), net of tax:
Unrealized appreciation (depreciation) ("URA(D)") on securities arising during the period (272,540 ) 5,408 (319,342 ) 85,535
Less: reclassification adjustment for realized losses (gains) included in net income (loss) (1,828 ) (7,456 ) (5,919 ) (7,214 )
Total URA(D) on securities arising during the period (274,368 ) (2,048 ) (325,261 ) 78,321
Foreign currency translation adjustments 13,751 (24,997 ) (7,315 ) (9,127 )
Pension adjustments 1,345 983 2,691 1,967
Total other comprehensive income (loss), net of tax (259,272 ) (26,062 ) (329,885 ) 71,161

COMPREHENSIVE INCOME (LOSS) $16,370 $188,489 $330,100 $590,416

EARNINGS PER COMMON SHARE:
Basic $5.60 $4.10 $13.19 $9.81
Diluted 5.56 4.08 13.09 9.79
Dividends declared 0.48 0.48 0.96 0.96

EVEREST RE GROUP, LTD.
CONSOLIDATED BALANCE SHEETS

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

June 30, December 31,
2013 2012
(unaudited)

ASSETS:
Fixed maturities - available for sale, at market value $ 12,879,955 $ 13,141,657
(amortized cost: 2013, $12,544,171; 2012, $12,444,880)
Fixed maturities - available for sale, at fair value 18,129 41,470
Equity securities - available for sale, at market value (cost: 2013, $142,409; 2012, $131,630) 140,197 143,493
Equity securities - available for sale, at fair value 1,295,816 1,255,557
Short-term investments 1,234,508 3,826,795
Other invested assets (cost: 2013, $526,704; 2012, $596,590) 526,704 596,590
Cash 439,136 537,050
Total investments and cash 16,027,902 16,576,196
Accrued investment income 1,455,774 1,237,859
Pensions receivable 711,719 659,081
Funds held by reinsureds 239,267 228,375
Deferred acquisition costs 324,306 303,268
Prepaid reinsurance premiums 76,417 71,107
Deferred tax asset 4,072,132 262,024
Income taxes recoverable 67,300 68,442
Other assets 272,502 241,346
TOTAL ASSETS $19,559,048 $19,777,907

LIABILITIES:
Reserve for losses and loss adjustment expenses $ 9,843,480 $ 10,069,055
Future policy benefit reserve 65,541 66,107
Unearned premium reserve 1,444,979 1,322,525
Funds held under reinsurance treaties 2,592 2,755
Commission reserves 56,050 65,533
Other net payable to reinsurers 191,931 162,778
Losses in course of payment 421,002 191,076
Revolving credit borrowings 40,000 -
5.4% Senior notes due 10/15/2014 249,932 249,907
6.6% Long term notes due 5/1/2067 238,359 238,357
Junior subordinated debt securities payable - 329,897
Accrued interest on debt and borrowings 4,791 4,781
Equity index put option liability 52,101 79,467
Unsettled securities payable 115,362 48,830
Other liabilities 210,128 213,372
Total liabilities 12,936,248 13,044,440

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) 67,812 and (2012) 67,105 outstanding before treasury shares 678 671
Additional paid-in capital 2,003,166 1,946,439
Accumulated other comprehensive income (loss), net of deferred income tax expense (benefit) of $67,381 at 2013 and $119,629 at 2012 207,164 537,049
Treasury shares, at cost; 19,224 shares (2013) and 15,687 shares (2012) (1,813,913) (1,363,958)
Retained earnings 6,225,705 5,613,266
Total shareholders’ equity 6,622,800 6,733,467

TOTAL LIABILITIES AND SHAREHOLDERS’ EQUITY $19,559,048 $19,777,907

EVEREST RE GROUP, LTD.
CONSOLIDATED STATEMENTS OF CASH FLOWS

Three Months Ended Six Months Ended
June 30, June 30, (Dollars in thousands) (unaudited) (unaudited)

CASH FLOWS FROM OPERATING ACTIVITIES:
Net income (loss) $275,642 $214,551 $659,985 $519,255
Adjustments to reconcile net income to net cash provided by operating activities:
Decrease (increase) in premiums receivable (167,239 ) 70,139 (220,306 ) 8,407
Decrease (increase) in funds held by reinsurers, net (16,828 ) 10,673 (12,244 ) 8,407
Decrease (increase) in reinsurance receivables 26,758 (33,809 ) (65,978 ) (13,027 )
Decrease (increase) in current income taxes (25,569 ) 4,768 1,089 1,459
Decrease (increase) in deferred tax asset 18,071 3,956 55,640 33,961
Decrease (increase) in prepaid reinsurance premiums (10,354 ) 3,130 (6,908 ) 9,123
Increase (decrease) in reserve for losses and loss adjustment expenses (47,200 ) (95,066 ) (175,142 ) (267,230 )
Increase (decrease) in future policy benefit reserve 229 (574 ) (567 ) (919 )
Increase (decrease) in unearned premiums 72,212 (186,162 ) 126,535 (173,569 )
Increase (decrease) in other net payable to reinsurers 25,577 30,025 29,765 26,903
Increase (decrease) in losses in course of payment 81,362 (20,878 ) 230,135 10,810
Change in equity adjustments in limited partnerships (18,994 ) (15,972 ) (36,350 ) (28,492 )
Change in other assets and liabilities, net (31,052 ) 113,547 74,866 108,193
Non-cash compensation expense 4,551 7,652 10,165 13,374
Amortization of bond premium (accrual of bond discount) 16,900 16,200 35,507 30,966
Amortization of underwriting discount on senior notes 10 12 27 25
Net realized capital (gains) losses (33,905 ) 16,580 (160,640 ) (82,139 )
Net cash provided by (used in) operating activities 170,175 138,772 395,847 304,510

CASH FLOWS FROM INVESTING ACTIVITIES:
Proceeds from fixed maturities matured/called - available for sale, at market value | 706,674 | 381,216 | 1,318,718 | 791,593 
Proceeds from fixed maturities matured/called - available for sale, at fair value | 4,213 | - | 7,213 | - 
Proceeds from fixed maturities sold - available for sale, at market value | 376,688 | 203,240 | 631,184 | 421,318 
Proceeds from fixed maturities sold - available for sale, at fair value | 13,678 | 1,862 | 17,342 | 61,143 
Proceeds from equity securities sold - available for sale, at market value | 44,194 | 34,549 | 45,427 | 54,792 
Proceeds from equity securities sold - available for sale, at fair value | 252,594 | 53,950 | 358,769 | 297,606 
Distributions from other invested assets | 33,846 | 12,798 | 117,548 | 21,017 
Cost of fixed maturities acquired - available for sale, at market value | (1,105,870) | (641,902) | (2,122,159) | (1,254,576) 
Cost of fixed maturities acquired - available for sale, at fair value | (1,411) | (2,382) | (2,706) | (5,506) 
Cost of equity securities acquired - available for sale, at market value | (51,921) | (6,202) | (53,487) | (12,654) 
Cost of equity securities acquired - available for sale, at fair value | (121,327) | (79,934) | (243,944) | (193,279) 
Cost of other invested assets acquired | (4,617) | (16,680) | (11,301) | (28,592) 
Net change in short-term investments | 53,629 | 5,025 | 132,136 | 217,304 
Net change in unsettled securities transactions | 64,135 | 32,856 | 55,668 | 5,966 
Net cash provided by (used in) investing activities | 264,505 | 97,366 | 250,404 | (103,902) 

CASH FLOWS FROM FINANCING ACTIVITIES:
Common shares issued during the period, net | 19,651 | 15,344 | 46,569 | 17,955 
Purchase of treasury shares | (211,323) | (100,000) | (449,955) | (224,999) 
Revolving credit borrowings | 40,000 | - | 40,000 | - 
Net cost of junior subordinated debt securities maturing | (329,897) | - | (329,897) | - 
Dividends paid to shareholders | (23,315) | (25,129) | (47,546) | (50,770) 
Net cash provided by (used in) financing activities | (504,884) | (109,785) | (740,829) | (257,814) 

EFFECT OF EXCHANGE RATE CHANGES ON CASH
Net increase (decrease) in cash | (14,796) | (4,817) | (3,336) | 7,406 
Cash, beginning of period | 85,000 | 73,196 | 97,914 | 49,800 
Cash, end of period | 524,136 | 472,047 | 537,050 | 448,651 

SUPPLEMENTAL CASH FLOW INFORMATION:
Income taxes paid (recovered) | $47,550 | $12,617 | $66,738 | $23,801 
Interest paid | 17,280 | 20,387 | 23,281 | 26,085 

Non-cash transaction:
Conversion of equity securities - available for sale, at market value, to fixed maturity securities - available for sale, at market value, including accrued interest at time of conversion | - | 92,981 | - | 92,981 

Source: Everest Re Group, Ltd.

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