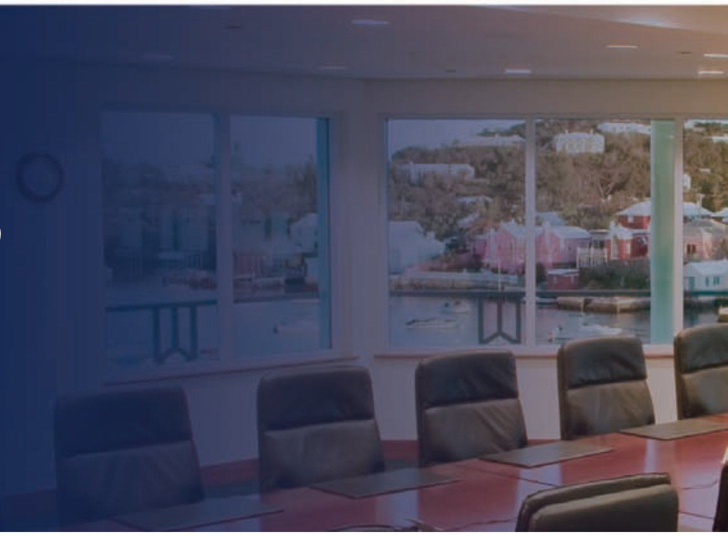


LETTER TO SHAREHOLDERS

Some might be struck by the contrast of RenaissanceRe's strong performance in 2006 with our performance during the multi-disaster years of 2004 and 2005, which also included a period of considerable corporate turmoil. However, as we pointed out in last year's letter, RenaissanceRe is a resilient company with a business model that we believe will produce above average returns over time.

The fact that 2006 was a below average year for earthquakes and land falling hurricanes was a major contributor to our stellar results. However, it should be noted that, even if the year's catastrophe losses had been average, we believe the portfolio of business we constructed would still have resulted in attractive returns. Much of the value we generated for our shareholders can be tied to the ability of our team to remain focused on our core strategy, unchanged since our founding: to maintain disciplined risk taking and opportunistic entry into markets, supported by sophisticated risk management technology, prudent capital management and exceptional client service.

Some Basic Truths

Last year, many in the financial community wondered whether we were mistaken to remain so committed to the property catastrophe business. Since then, we witnessed a marked reversal in sentiment as capital entered the market from all corners to take advantage of prevailing market conditions. This is a reality in our cyclical business: the flow of capital drives the relative attractiveness of our business, which is why disciplined underwriting and superior risk analytics are so critical to our success.

If anything, the year's results underscored a few basic truths.

First, our main business, catastrophe reinsurance, is extremely volatile. In any year, we face the possibility of exceptional profit or sizable losses. We are mindful that the next major disaster may be just around the corner, and so we must never get carried away by temporary good fortune. And yet, over the long haul, we believe that, for disciplined companies such as ours, the good times will outweigh the bad. In years when ill winds do not blow and the ground does not shake, we expect to generate results that will more than tide us over during bad times and will provide our shareholders with attractive long term returns.

We also believe that exceptional returns can be achieved by aggressively pursuing opportunities when markets are most dislocated. Still, good returns are not a given, and one must stay disciplined in evaluating and assuming risks and properly structuring the Company's portfolio.

Thirdly, this year showed once again that even less experienced participants in our industry can achieve strong results in a year with a low level of catastrophes or loss emergence. But such banner years enable industry leaders, like RenaissanceRe, to perform well above the average and emerge in an even stronger position for the future.

Financial Performance and Industry Leadership

For the year, our operating income rose to a record $796 million, or $11.05 per fully diluted share. Return on equity was almost 38%, and tangible book value per share increased over 40%. Our primary focus is on the longer term, and we are pleased that over the past five years, despite the losses of 2004 and 2005, we generated an annualized compounded growth in tangible book value per share plus accumulated dividends of more than 17%.

FROM LEFT:
Neill A. Currie
Chief Executive Officer
W. James MacGinnitie
Chairman of the Board

Key to our success in 2006 was the market leadership we displayed from the very outset of the year, starting with the January cat renewal season. Our leadership was supported by the confidence we have in our proprietary risk models. In the aftermath of Katrina, Rita and Wilma, many of our competitors waited for revamped risk models from commercial vendors, and even then were unsure of how to proceed.

Following the previous years' hurricane activity, by late 2005 we had completed a comprehensive review of our proprietary North Atlantic hurricane models. We concluded that we had entered a period of higher hurricane frequency and severity, and consequently adjusted the assumptions in our models. We reflected these changes in our underwriting assumptions and went out into the market with the courage of our convictions, prepared to write coverage at terms we considered appropriate. As a result, we constructed quite an attractive book of catastrophe business, both at the January and the June renewal seasons. The quality of this book not only drove our 2006 results, but laid the groundwork for additional benefits that we expect to appear in the years to come.

By stepping up so readily, we continued to demonstrate to our clients, and to their brokers, that we will provide them with the products they need, when they need them, even when others shy away – as long as we are compensated fairly for the risks we assume.

Distinguishing Our Company Through Raising Capital

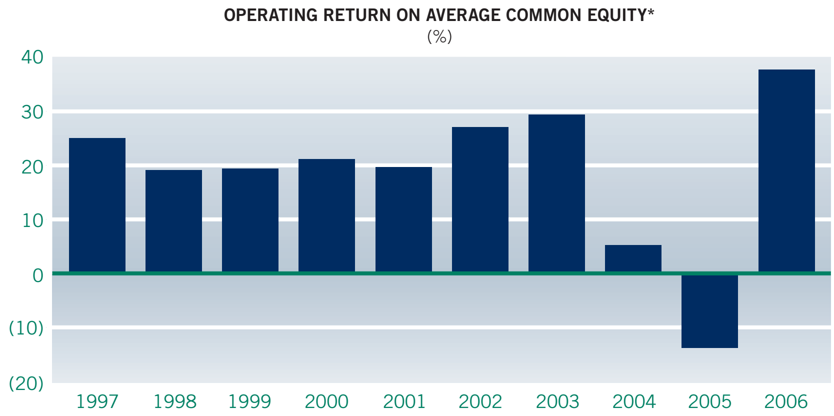
Similarly, we distinguished ourselves in the way that we raised new capital to take advantage of the attractive market and provide clients with the capacity they so urgently required. Although ample capital was seemingly available to the marketplace – through hedge funds, private equity and other third parties eager to invest in established or newly formed reinsurers – the lack of reinsurers willing to take on wind exposure in the southeastern United States presented brokers and clients with significant capacity shortfalls.

As a result, in late 2005 and early 2006, we raised over $380 million for DaVinciRe, our joint venture catastrophe reinsurer, from new and existing investors, and were instrumental in the creation of two new joint ventures, Tim Re and Starbound Re, specifically for the Florida hurricane market. We raised an additional $300 million in late 2006 through a public offering of perpetual preference shares, our largest public offering ever, to opportunistically refinance two outstanding preferred issues, and thereby lowered our cost of capital.

These activities demonstrated RenaissanceRe's growing skill in accessing capital markets through a variety of public and private avenues, and in deploying capital in diverse structures appropriate to our partners' and investors' appetite for risk. One of our objectives is to position RenaissanceRe as a destination of first choice for investors seeking opportunities in our market segments.

Enhancing Our Leadership Through Technology

Our market leadership, once again, was driven by our substantial investment in our proprietary, computer based REMS© risk modeling technology. During the past year, we continued to invest heavily in this technology and the intellectual capital behind it, increasing the arsenal of predictive capabilities and risk analysis tools available to our underwriters. Recent enhancements include automated portfolio runs on a nightly basis. This enables us to examine risk metrics, analyze capital and perform rating agency tests every day. Combined with our existing capabilities for assessing the marginal impact of any potential assumed, ceded or capital transaction in real time, we believe that our tools continue to lead the industry.



Other Achievements – Individual Risk and Specialty Reinsurance

Our Individual Risk business experienced another year of growth. We achieved this despite our decision to redeploy capacity, previously earmarked for Florida homeowners' insurance through quota share reinsurance, into our property catastrophe reinsurance book, where we determined the risk adjusted returns to be superior.

This coordinated analysis across our entire book, and our willingness to shrink elements of our business when we estimate returns to be inadequate or appear superior in other lines of business, is a basic tenet at RenaissanceRe. It also explains why we wrote considerably less specialty reinsurance business in 2006, as we found some of our specialty areas, such as catastrophe related workers' compensation reinsurance, to provide returns below our desired level. Writing coverage for risks for which we believe we are not being paid, or paid sufficiently, is something we resolutely avoid.

Strengthening Our Organization

Our year's excellent performance, and our strong position at year end, would have been impossible without our exceptional people and the strong corporate culture we have nurtured at RenaissanceRe.

During the year, we continued to grow, and we now have approximately 220 people throughout our organization. We added seasoned personnel across the Company, including Fred Donner, our new Chief Financial Officer. We also welcomed Henry Klehm III to our Board of Directors, who brings with him valuable experience as Global Head of Compliance of Deutsche Bank, AG.

We expanded our leadership development initiative begun in 2005 to train our senior personnel, and this year created a mentoring program for nurturing people across the Company at all levels. We are pleased that we continue to attract and retain people of the highest caliber, who are excited to be part of RenaissanceRe and appreciate being at one of the premier companies in our field.

In February 2007, we announced a final settlement with the Securities and Exchange Commission. In addition, we also announced an agreement, subject to court approval, to settle the consolidated shareholder class action litigation against the Company. We are pleased to have put these matters behind us. All of us at RenaissanceRe are committed to operate with the utmost integrity at every level.

We believe that in a short period of time our Company has reached a new level of maturity as an organization. In part, this has been due to the self-reflection we undertook as a group during the past two years, and the changes implemented as a result. While RenaissanceRe still maintains its agility and its enthusiasm to innovate, the Company has conclusively passed beyond its early startup years to become a well functioning, diversified, multi-geographic entity that has survived turmoil and gone on to new strengths and accomplishments.

Looking Forward

As the past year brought challenges that we met with confidence and skill, so too will the coming year bring its own share of new developments. Although market conditions in our core catastrophe business remain attractive, we do not expect the same richness of opportunity we encountered in 2006.

> "The significant leadership position we have built, founded on our expertise and consistency, is more important than ever as a differentiator and driver of performance."

Competition will be fierce, and not just from other insurers and reinsurers. We are increasingly competing with hedge funds, investment banks and other capital providers seeking to profit through alternative investments such as catastrophe bonds and index related instruments. The significant leadership position we have built, founded on our expertise and consistency, is more important than ever as a differentiator and driver of performance.

As always, we face the challenge of optimally managing our capital. With the high returns of 2006, and our strong balance sheet, we will stay disciplined, yet open to all considerations concerning the best use of our resources.

We face uncertainties in the regulatory arena, too. There is debate in U.S. legislative circles about the tax treatments of foreign operations, and, in the aftermath of Katrina, the idea of a U.S. national catastrophe fund is also under consideration. These would impact us and we would need to adjust. Already, we have seen legislative changes in Florida, one of our key markets, that will increase the state funded Florida Hurricane Catastrophe Fund and reduce the role of open market business. Still, we remain well positioned to provide a meaningful share of the remaining capacity that will be sought from the private sector. Furthermore, we expect this situation to remain fluid for many years before it is resolved.

Bermuda, too, faces challenges as its infrastructure copes with the inflow of new companies, capital and people all coming to work here. RenaissanceRe has been an active and generous local corporate citizen and will continue to support efforts to improve the community at large.

Despite these and other challenges, we approach the future in great shape, both financially and organizationally. We keep getting better at what we do. Our task – the very essence of our Company – is to be able to handle whatever comes our way. We look forward to the challenge.

Sincerely,

Neill A. Currie
Chief Executive Officer

W. James MacGinnitie
Chairman of the Board