

Divisions produced an overall underwriting profit for the Company in 2004. Our return on equity in 2004 is 13% – a drop off from the 20% plus returns achieved in 2002 and 2003. We are nevertheless pleased at producing a double-digit return in 2004, despite the myriad challenges faced by our industry. This continued level of profitability is a direct result of our Company's underwriting culture coupled with our value-oriented investment approach.

Total assets for the year grew to \$7.7 billion from \$6.5 billion. Our strong balance sheet reflects a modest debt ratio and a well-protected portfolio of investments.

Global Focus and Local Presence

Generally, the reinsurance market remained attractive in 2004, with mild rate softening identifiable toward the last half of the year. Large account property business and certain casualty lines, such as D&O, experienced more pronounced price reductions as capacity outpaced supply. However, good quality underwriting opportunities were still available to experienced and patient underwriters.

Our insurance business, conducted through the Hudson Insurance Group and our Newline Syndicate at Lloyd's, continued to benefit from scarce capacity in certain specialty classes.

In 2004, we continued to experience strong growth in EuroAsia and U.S. Insurance, as well as in the Latin America reinsurance segment of the Americas. As expected, the U.S. and London reinsurance markets began to experience the effects of pricing decreases resulting from restored market capacity and moves by ceding companies to retain more net exposure.

In 2004, our international business continued to show strong growth, and we expect that this segment of our business will continue to expand.

Our overall operating results reflect the progress we have made in each of our Divisions this year, strengthening the foundation of our business for the future. During the past few years, we have constructed a diversified portfolio in terms of geography, client base and product line. That spread of risk will continue to be an important asset for our future success, and allows us to do what we do best: technical underwriting execution on a deal-by-deal basis in each of our four Divisions.

In the **Americas**, OdysseyRe's stature as a top broker market reinsurer continues to grow. We are a leading reinsurer of specialty casualty, property and facultative coverage. Gross premiums written for 2004 amounted to \$1,236.2 million, a slight reduction from the levels attained in 2003. Latin America continued to provide an attractive environment for growth during the year. Canada remains a stable and profitable contributor to our business.

In **EuroAsia**, several factors contributed to creating attractive growth opportunities for OdysseyRe: our well-established presence and longstanding relationships in the European and Asian markets; the rating agency downgrades and withdrawal or cutback of several large reinsurers over the last two years; and the continued strength of the Euro. The EuroAsia Division exceeded our expectations in 2004, with gross premiums written of \$553.7 million, an increase of \$145.6 from the previous year. Despite growing competition from new underwriting capacity, we benefited from having experienced and respected underwriters in place locally