

News Release

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**GC Securities, a Division of MMC Securities Corp., Announces
Completion of 144A Catastrophe Bond – Johnston Re Ltd.
State Windpool Cat Bond Transaction Provides
Per-Occurrence Ultimate Net Loss Protection for North Carolina Hurricane Peril**

New York, May 10, 2010

Guy Carpenter & Company, LLC, the leading global risk and reinsurance specialist, and GC Securities, today announced the completion of a USD305 million, two-class note issuance from a new 144A catastrophe bond program, Johnston Re Ltd., a Cayman Islands exempted company licensed as a Class B insurer, to benefit the North Carolina Joint Underwriting Association and the North Carolina Insurance Underwriting Association (collectively the NC JUA/IUA).

This program continues on the success of the 2009 transaction, Parkton Re, and provides the NC JUA/IUA a combined USD505 million in catastrophe bond protection to manage its hurricane risk for the 2010 hurricane season.

GC Securities assisted the NC JUA/IUA in securing the transforming reinsurer and facilitating the transfer of the catastrophe risk to Johnston Re Ltd. GC Securities also served as sole bookrunner and co-lead manager on the note issuance as well as joint structuring agent of the catastrophe bond program. The note issuance ultimately provides the NC JUA/IUA with USD305 million of fully collateralized, per-occurrence protection through May 1, 2013, against the effects of North Carolina hurricane risk.

The bond was tailored to be optimized with the existing Parkton bonds as well as the NC JUA/IUA's traditional reinsurance program. Specifically, the Class A Notes incorporate an innovative "first of its kind" non-event, time activated dropdown feature and coupon step-up to replace the Parkton bonds when they mature in May 2011.

The catastrophe bond utilizes an indemnity trigger structure based on the Ultimate Net Loss of the NC JUA/IUA in the event of a hurricane. The flexible structure allows for the bifurcation of capital at different cost implications upon the occurrence of covered events into (i) capital used for loss development for prior covered events, and (ii) remaining capital available for future covered events.

Johnston Re includes a feature originally developed in Parkton, in which the release of non-needed capital can occur if the bond is extended beyond the risk period for claims development.

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Additionally, Johnston Re is the first bond to lower the minimum retained share within the risk layer from 10 percent to 5 percent.

The details of the catastrophe bond issuance are as follows:

Series 2010-1 Notes	Size	S&P Rating	Expected Maturity	Coupon
Class A Notes	\$200M	BB-	May 8, 2013	Year 1 - Treasury Money Market Fund Yield + 6.25% Year 2 & 3 - Treasury Money Market Fund Yield + 7.00%
Class B Notes	\$105M	BB-	May 8, 2013	Treasury Money Market Fund Yield + 6.50%

QUOTES

Cory Anger, Global Head of ILS Structuring, GC Securities*

"This transaction incorporates the structural advances achieved in Parkton Re, the NC JUA/IUA's first cat bond, as well as several first-of-their-kind features to optimize the performance of Johnston Re throughout its three-year risk period. The structural design of Johnston Re shows that further benefits can be achieved in the catastrophe bond marketplace, regardless of whether it is a first issuance or subsequent issuance for a sponsor."

Chi Hum, Global Head of Distribution, GC Securities*

"This second issuance by the NCJUA/IUA sends a strong signal to the investor community that accessing cat bond capacity is an integral part of a capacity purchase program. The investors rewarded this message with firm support, as evidenced by the strong book and price execution."

David Priebe, Chairman of Global Client Development, Guy Carpenter

"This is a great example of the benefits of a fully coordinated effort – in this case, between the North Carolina JUA/IUA, GC Securities, Guy Carpenter's broking team and Munich Re – resulting in a fully integrated multi-year cat bond layer delivered in coordination and optimized within the context of the NCJUA/ IUA's entire capacity purchase program."

Dewey Meshaw, General Manager, NC JUA/IUA

"Features of this cat bond that make it appealing include the diversification it brings to the Association's overall catastrophe loss financing program, its multi-year coverage, an indemnity trigger and protection through collateralized reinsurance."

TAGS/KEYWORDS

Guy Carpenter, GC Securities, Johnston Re Ltd., Johnston Re, catastrophe bond, cat bond, hurricane, wind risk, North Carolina, NC JUA, NC IUA, NC JUA/IUA, Anger, Hum, Priebe

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