

News Release

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GC Securities, a Division of MMC Securities Corp.,
Completes First Catastrophe Bond To Use Paradex Trigger for
U.S. Hurricane, U.S. Earthquake and Japan Typhoon to Benefit Flagstone Re
Also Represents First Transaction to Cover Cayman Islands Hurricane Risk

New York, December 23, 2010

GC Securities, a provider of investment banking services to the (re)insurance industry and affiliate of Guy Carpenter & Company, LLC, has successfully structured and placed USD210 million of protection through an existing catastrophe bond shelf program, Montana Re Ltd., to benefit Flagstone Re. The Series 2010-1 Notes cover, for the first time, hurricane events in the Cayman Islands as well as U.S. hurricane, U.S. earthquake, Europe windstorm, Japan typhoon and Japan earthquake risks.

Providing protection on an occurrence basis for the Class C and D Notes and on a second and/or subsequent event annual aggregate basis for the Class E Notes, the issuance is the first to use the Paradex trigger for U.S. hurricane, U.S. earthquake and Japan typhoon events. The three-year notes have a scheduled for redemption date of January 8, 2014.

The Montana Re issuance provides Flagstone Re with USD210 million of fully collateralized, multi-year protection for a broad range of natural catastrophes in the United States, Europe and Japan.

GC Securities acted as the sole structuring agent, sole manager and sole bookrunner for the offering. This marks GC Securities' sixth transaction of 2010, securing over USD1.2 billion of capital markets protection for its clients.

CAT BOND DETAILS

Series 2010-1 Notes	Size	Covered Perils	Pricing (spread over 3 month LIBOR)
Class C	USD70 million	U.S. Hurricane, U.S. Earthquake	11.90%
Class D	USD80 million	U.S. Hurricane, U.S. Earthquake, Cayman Islands Hurricane	16.40%
Class E	USD60 million	U.S. Hurricane, U.S. Earthquake, Europe Windstorm, Japan Typhoon, Japan Earthquake	9.50%

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QUOTES

Bill Kennedy, CEO of Global Analytics, Capital Markets, Specialty Practices and Advisory, Guy Carpenter & Company

"We are pleased to support Flagstone Re's risk management objectives with a transaction that is the first to cover Cayman Islands events and benefits from the strategic use of the Paradex Index."

Chi Hum, Head of Global ILS Distribution, GC Securites

"While typical ILS transactions are thought to be between 1-2 percent expected loss, this transaction further demonstrates the ability of capital markets investors to support a variety of risk profiles and structures. The Class D Notes, with an expected loss greater than 6.5 percent, were broadly supported with significant interest from the ILS investor base."

Brent Slade, Chief Marketing Officer, Flagstone Re

"We are very pleased with the results and efficiency of this transaction. This marks the third such issuance we have sponsored and is testament to our ability to continually access the capital markets in creative ways and increase our capital flexibility."

TAGS/KEYWORDS

Guy Carpenter, GC Securities, Flagstone Re, Montana Re, Paradex, catastrophe bond, cat bond, ILS, Cayman Islands, hurricane, earthquake, windstorm, typhoon, Kennedy, Hum

About Guy Carpenter

Guy Carpenter & Company, LLC is the world's leading risk and reinsurance specialist and a member of Marsh & McLennan Companies. With over 50 offices worldwide, Guy Carpenter creates and executes reinsurance solutions and delivers capital market solutions* for clients across the globe. The firm's full breadth of services includes line of business expertise in Agriculture; Aviation; Casualty Clash; Construction and Engineering; Excess and Umbrella; Life, Accident and Health; Marine and Energy; Medical Professional Liability; Political Risk and Trade Credit; Professional Liability; Property; Retrocessional Reinsurance; Surety; Terrorism and Workers Compensation. GCFac® is Guy Carpenter's dedicated global facultative reinsurance unit that provides placement strategies, timely market access and centralized management of facultative reinsurance solutions. In addition, GC Analytics™ utilizes industry-leading quantitative skills and modeling tools that optimize the reinsurance decision-making process and help make the firm's clients more successful. Guy Carpenter's website address is www.guycarp.com.

GC Securities* provides investment banking services to the (re)insurance industry, extending the traditional reinsurance services of Guy Carpenter & Company, LLC, the world's leading risk and reinsurance specialist and a part of the Marsh & McLennan Companies. With its team of seasoned professionals, GC Securities offers a full range of corporate finance and capital markets-based risk transfer solutions that complement Guy Carpenter's strong industry relationships, analytical capabilities and reinsurance expertise. GC Securities' Capital Markets group is a recognized leader in insurance-linked securities (ILS) solutions and helps clients plan, structure and issue catastrophe bonds, sidecars and other forms of ILS, thereby enabling clients to access capital markets capacity to transfer risk and maximize return on capital. GC Securities' Corporate Finance group advises clients on mergers, acquisitions and divestitures, private debt and equity raising, as well as the development of rigorous capital plans that encompass the full array of available capital options.

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