EXXON MOBIL CORP
Form 8-K
February 26, 2019

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 8-K

CURRENT REPORT
Pursuant to Section 13 OR 15(d) of The Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): February 26, 2019

Exxon Mobil Corporation

(Exact name of registrant as specified in its charter)

New Jersey	**1-2256**	**13-5409005**

(State or other jurisdiction of incorporation)	(Commission File Number)	(IRS Employer Identification No.)

5959 LAS COLINAS BOULEVARD, IRVING, TEXAS 75039-2298

(Address of principal executive offices) (Zip Code)

Registrant's telephone number, including area code: **(972) 940-6000**

(Former name or former address, if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

[ ] Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)

[ ] Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)

[ ] Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))

[ ] Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Item 2.02	Results of Operations and Financial Condition
Item 7.01	Regulation FD Disclosure
	The following information is furnished pursuant to both Item 2.02 and Item 7.01.
	The Registrant hereby furnishes the information set forth in its News Release, dated February 26, 2019, announcing 2018 worldwide proved oil and gas reserves.

INDEX TO EXHIBITS

Exhibit No.	Description
99	Exxon Mobil Corporation News Release, dated February 26, 2019, announcing 2018 worldwide proved oil and gas reserves.

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

	EXXON MOBIL CORPORATION	
Date: February 26, 2019	By:	/s/ DAVID S. ROSENTHAL
		David S. Rosenthal
		Vice President and Controller
		(Principal Accounting Officer)

d 57.1% of our net premiums written in 2009 and 2008, respectively. The following table summarizes underwriting activity and ratios for the Property and Marine segment for the years ended December 31, 2009 and 2008 ($ in thousands):

	2009		2008		Increase (decrease)
Gross premiums written	$543,851		$622,171		$(78,320)
Ceded premiums written	26,840		29,084		(2,244)
Net premiums written	517,011		593,087		(76,076)
Net premiums earned	528,488		599,110		(70,622)
Net losses and LAE	250,646		397,200		(146,554)
Net acquisition expenses	66,992		90,816		(23,824)
Other underwriting expenses	37,331		38,492		(1,161)
Property and Marine segment underwriting income	$173,519		$72,602		$100,917
Ratios:					
Net loss and LAE	47.4	%	66.3	%	(18.9) points
Net acquisition expense	12.7	%	15.2	%	(2.5) points
Other underwriting expense	7.1	%	6.4	%	0.7 points
Combined	67.2	%	87.9	%	(20.7) points

Property and Marine segment underwriting income increased by $100.9 million for the year ended December 31, 2009 as compared with the year ended December 31, 2008, primarily due to a decrease in net losses arising from major catastrophes, partially offset by a decrease in net favorable development and net premiums earned. Net losses arising from major catastrophes, net of reinstatement premiums and commissions, were $35.5 million and $198.0 million for the years ended December 31, 2009 and 2008, respectively. Net losses arising from major catastrophes for the year ended December 31, 2009 were primarily attributable to the Irish Floods, Hailstorm Wolfgang and Winterstorm Klaus. Net losses arising from major catastrophes for the year ended December 31, 2008 were primarily attributable to Hurricanes Gustav and Ike and Winterstorm Emma. Net favorable development was $25.1 million and $77.6 million for the years ended December 31, 2009 and 2008, respectively.

Gross premiums written decreased by $78.3 million for the year ended December 31, 2009 as compared with the year ended December 31, 2008. Gross premiums written included reinstatement premiums of $7.2 million and $28.3 million related to major catastrophes for the years ended December 31, 2009 and 2008, respectively. The decrease in gross premiums written was primarily due to reduced exposure to catastrophe events, most significantly in the renewal of contracts effective January 1, 2009 for the year ended December 31, 2009 as compared with the same period in 2008. Net premiums earned decreased by $70.6 million as a result of reduced net premiums written in the current and prior underwriting years and changes in the mix of business.

Net losses and LAE decreased by $146.6 million in the year ended December 31, 2009 as compared with the year ended December 31, 2008, primarily due to the decrease in losses arising from major catastrophes in 2009. Net losses and LAE arising from major catastrophes were $42.6 million and $224.9 million for the years ended December 31, 2009 and 2008, respectively. The decrease in losses from major catastrophes was partially offset by the decrease in net favorable loss development. Net favorable loss development was $14.3 million and $71.2 million in 2009 and 2008, respectively. Net losses arising from major catastrophes, with related premium adjustments, increased the net loss and LAE ratio by 7.5 points and 36.1 points for the years ended December 31, 2009 and 2008, respectively. Net favorable loss development and related premium adjustments decreased the net loss and LAE ratio by 3.2 and 13.4 points in 2009 and 2008, respectively. Net favorable loss development in both 2009 and 2008 was primarily attributable to a level of cumulative losses reported by our ceding companies that was lower than we expected and that, in our judgment, resulted in sufficient credibility in the loss experience to change our previously selected loss ratios. The net loss and LAE ratios were also affected by changes in the mix of business.

Net favorable development was $25.1 million for the year ended December 31, 2009. See “Results of Operations – Year Ended December 31, 2010 as Compared with the Year Ended December 31, 2009 – Underwriting Results – Property and Marine” above for discussion of net favorable development by class of business for the year ended December 31, 2009.

The following table sets forth the net favorable (unfavorable) development for the year ended December 31, 2008 by class of business ($ in thousands):

Class of Business	Net Losses and LAE	Net Acquisition Expense	Net Premiums	Net Development
Property per-risk excess-of-loss	$8,065	$579	$3,539	$ 12,183
Catastrophe excess-of-loss (non-major events)	24,005	(1,365)	1,697	24,337
Major catastrophes	18,833	–	(951)	17,882
Crop	11,603	(2,734)	–	8,869
Marine, aviation and satellite	686	(1,541)	7,195	6,340
Property proportional	8,028	(18)	–	8,010
Total	$71,220	$(5,079)	$11,480	$ 77,621

Net favorable development in the property per-risk excess-of-loss class related primarily to the 2006 and 2007 underwriting years. The net favorable development included improved experience in business with smaller regional cedants where loss ratios had been increased from initial expected loss ratios in prior years. A change in the loss development patterns in our North American business resulted in $1.9 million of the net favorable development. Net favorable development in the catastrophe excess-of-loss (non-major events) class related primarily to the 2007 underwriting year. Following a study of our historical experience and an updated exposure analysis, we decreased our initial expected loss ratio of our non-U.S. catastrophe excess-of-loss (non-major events) class resulting in $0.6 million of the net favorable development. Net favorable development in major catastrophes related primarily to events occurring in 2005 and 2007, with the most significant net favorable development related to Hurricanes Ivan and Katrina, Winterstorm Kyrill and the 2007 summer floods in the UK. Net favorable development in the crop class related primarily to the 2007 underwriting year. Net favorable development in the marine, aviation and satellite class related primarily to an increase in reinstatement premiums resulting from adverse loss experience of several years. The net favorable development was partially offset by net unfavorable development in the 2006 and 2007 underwriting years of $0.8 million related to changes in the loss development pattern and initial expected loss ratio assumptions. Net favorable development in the property proportional class related primarily to the 2002 through 2007 underwriting years, with a change in the loss development patterns resulting in approximately $1.8 million of net favorable development.

Net acquisition expenses and related net acquisition expense ratios were $67.0 million and 12.7% for the year ended December 31, 2009 and $90.8 million and 15.2% for the year ended December 31, 2008. The decrease in net acquisition expenses in 2009 as compared with 2008 was primarily due to a decrease in net premiums earned. The decrease in the acquisition expense ratio was due to a decrease in commissions related to prior years' losses of $6.1 million, which, with related premium adjustments, represented 1.3% of net earned premiums in 2009 as compared with an increase in commissions related to prior years' losses of $5.1 million in 2008 which, with related premium adjustments, represented 0.6% of net premiums earned. Net acquisition expense ratios were also impacted by changes in the mix of business.

Other underwriting expenses were $37.3 million and $38.5 million for the years ended December 31, 2009 and 2008, respectively. The decrease in 2009 as compared with 2008 was due to $4.3 million of one-time fees and expenses incurred in 2008 when we entered into the derivative contract with Topiary, partially offset by an increase in performance-based compensation in 2009.

Casualty

The Casualty operating segment generated 39.7% and 41.5% of our net premiums written for the years ended December 31, 2009 and 2008, respectively. The following table summarizes underwriting activity and ratios for the Casualty segment for the years ended December 31, 2009 and 2008 ($ in thousands):

	2009	2008	Increase (decrease)
Net premiums written	$356,488	$430,084	$(73,596)
Net premiums earned	388,901	503,300	(114,399)
Net losses and LAE	226,511	337,051	(110,540)
Net acquisition expenses	88,841	125,934	(37,093)
Other underwriting expenses	25,644	23,982	1,662
Casualty segment underwriting income	$47,905	$16,333	$31,572
Ratios:			
Net loss and LAE	58.2%	67.0%	(8.8) points
Net acquisition expense	22.8%	25.0%	(2.2) points
Other underwriting expense	6.6%	4.8%	1.8 points
Combined	87.6%	96.8%	(9.2) points

Casualty segment underwriting income increased by $31.6 million in the year ended December 31, 2009 as compared with the year ended December 31, 2008, which was primarily the result of improved loss experience relating to the RVI Contract. For the year ended December 31, 2008, we recorded net underwriting losses on the RVI Contract of $28.1 million, which exhausted the aggregate loss limit on the contract, and for the year ended December 31, 2009, we decreased net underwriting losses related to the RVI Contract by $12.6 million as a result of improved loss experience. Partially offsetting the difference in net underwriting losses related to the RVI Contract in 2009 as compared with 2008 were net underwriting losses of $9.2 million related to an accident and health contract and incurred losses of $8.9 million from an international casualty contract related to liability arising from Australian wildfires for the year ended December 31, 2009.

Net premiums written decreased by $73.6 million in the year ended December 31, 2009 as compared with the year ended December 31, 2008. The decrease was primarily due to decreases in business underwritten in 2008 and 2009 across most casualty classes and was the result of fewer opportunities that met our underwriting standards. The decrease in net premiums earned was the result of the decrease in net premiums written in current and prior years. Net premiums written and earned were also affected by changes in the mix of business and the structure of the underlying reinsurance contracts.

Net losses and LAE decreased by $110.5 million in the year ended December 31, 2009 as compared with the year ended December 31, 2008, which was primarily due to a decrease in net premiums earned and the effects of the contracts discussed above. Net favorable loss development was $73.6 million and $73.2 million in 2009 and 2008, respectively. Net favorable loss development and related premium adjustments decreased the net loss and LAE ratios by 19.0 points and 14.7 points in the years ended December 31, 2009 and 2008, respectively. Net favorable loss development was primarily attributable to a level of cumulative losses reported by our ceding companies that was lower than expected and that, in our judgment, resulted in sufficient credibility in the loss experience to change our previously selected loss ratios. The net loss and LAE ratios were also affected by changes in the mix of business.

Net favorable development was $78.1 million for the year ended December 31, 2009. See “Results of Operations – Year Ended December 31, 2010 as Compared with the Year Ended December 31, 2009 – Underwriting Results – Casualty” above for discussion of net favorable development by class of business for the year ended December 31, 2009.

The following table sets forth the net favorable (unfavorable) development in the year ended December 31, 2008 by class of business ($ in thousands):

Class of Business	Net Losses and LAE	Net Acquisition Expense	Net Premiums	Net Development
North American claims made excess-of-loss	$47,014	$(5,505)	$–	$ 41,509
North American umbrella	7,290	(20)	–	7,270
Financial lines	10,734	230	572	11,536
International casualty	8,521	487	126	9,134
Other	(317)	38	419	140
Total	$73,242	$(4,770)	$1,117	$ 69,589

Net favorable development in the North American claims made excess-of-loss class related primarily to the 2003 through 2006 underwriting years. During the year an analysis of our medical malpractice business resulted in changes to the loss development pattern and initial expected loss ratios for the 2004 and later underwriting years which resulted in $9.2 million of the net favorable development. The 2007 underwriting year experienced net unfavorable development due to exposure to claims relating to the financial crisis. Net favorable development in the North American umbrella class related primarily to the 2004 and 2005 underwriting years. Net favorable development in the financial lines class related primarily to the 2004 through 2007 underwriting years' credit and surety excess-of-loss classes. Net favorable development in the international casualty class related primarily to the 2002 through 2004 underwriting years' motor excess-of-loss and claims made classes, partially offset by net unfavorable development in the 2006 underwriting year.

Net acquisition expenses and related net acquisition expense ratios were $88.8 million and 22.8% for the year ended December 31, 2009 and $125.9 million and 25.0%, for the year ended December 31, 2008. The decrease in net acquisition expenses in 2009 as compared with 2008 was primarily due to the decrease in net premiums earned. The decrease in the acquisition expense ratio was due to a decrease in commissions related to prior years' losses of $4.4 million, which, with related premium adjustments, represented 1.2% of net earned premiums in 2009 as compared with an increase of $4.8 million in commissions which, with related premium adjustments, represented 0.3% of net premiums earned in 2008. Net acquisition expense ratios were also impacted by changes in the mix of business.

Other underwriting expenses were $25.6 million and $24.0 million for the years ended December 31, 2009 and 2008, respectively. The increase in other underwriting expenses in 2009 as compared with 2008 was primarily due to an increase in performance-based compensation in 2009.

Finite Risk

The Finite Risk segment generated 2.7% and 1.4% of our net premiums written for the years ended December 31, 2009 and 2008, respectively. The following table summarizes underwriting activity and ratios for the Finite Risk segment for the years ended December 31, 2009 and 2008 ($ in thousands):

	2009		2008		Increase (decrease)
Net premiums written	$24,335		$14,394		$9,941
Net premiums earned	19,947		12,386		7,561
Net losses and LAE	1,185		(16,018	)	
Net acquisition expenses	20,586		25,965		
Net losses, LAE and acquisition expenses	21,771		9,947		11,824
Other underwriting expenses	1,412		1,270		142
Finite Risk segment underwriting income (loss)	$(3,236	)	$1,169		$(4,405)
Ratios:					
Net loss and LAE	5.9	%	(129.3	%)	
Net acquisition expense	103.2	%	209.6	%	
Net loss, LAE and acquisition expense ratios	109.1	%	80.3	%	28.8 points
Other underwriting expense	7.1	%	10.3	%	(3.2) points
Combined	116.2	%	90.6	%	25.6 points

During the years ended December 31, 2009 and 2008, the Finite Risk portfolio consisted of one in force contract. Due to the decline in the premium volume in recent years, current year ratios may be significantly impacted by minor adjustments of prior years' reserves. The increases in net premiums written and net premiums earned in 2009 as compared with 2008 were attributable to an increase in our share of one contract.

Net losses, LAE and acquisition expenses increased by $11.8 million in the year ended December 31, 2009 as compared with the year ended December 31, 2008, primarily due to the increase in net premiums earned and the difference in net favorable development in 2009 as compared with 2008. Net unfavorable development was $2.3 million in 2009 as compared with net favorable development of $0.4 million in 2008. Net unfavorable development in 2009 resulted from commission adjustments that were affected by interest income on funds held by the ceding companies in the year. Interest income on funds held that affected commissions was $2.2 million and $1.5 million in 2009 and 2008, respectively. The net unfavorable development increased the net loss and LAE and acquisition expense ratio by 11.3 points in 2009 and the net favorable development decreased the net loss and LAE and acquisition expense ratio by 3.4 points in 2008. The net loss, LAE and acquisition expense ratio was also favorably impacted as a result of premiums recognized for which there were no related losses for the year ended December 31, 2008.

Non-Underwriting Results

Net investment income was $163.9 million and $186.6 million for the years ended December 31, 2009 and 2008, respectively. Net investment income decreased in 2009 as compared with 2008 primarily due to a decrease in yields on invested assets and cash and cash equivalents. Net investment income decreased by $4.2 million and $1.3 million in 2009 and 2008, respectively, for adjustments related to TIPS, reflecting changes in the consumer price index.

Net realized gains on investments were $78.6 million and $57.3 million for the years ended December 31, 2009 and 2008, respectively. The following table sets forth the components of our net realized gains and losses on investments for the years ended December 31, 2009 and 2008 ($ in thousands):

	2009	2008	Net change
Gross realized gains on the sale of investments	$86,512	$53,178	$33,334
Gross realized losses on the sale of investments	(5,588)	(5,605)	17
Net gains on the sale of investments	80,924	47,573	33,351
Mark-to-market adjustments on fixed maturity trading securities	(2,294)	9,681	(11,975)
Net realized gains on investments	$78,630	$57,254	$21,376

Sales of investments for the year ended December 31, 2009 resulted in net realized gains of $80.9 million primarily from TIPS, U.S. Government agency securities, corporate bonds and U.S. Government agency RMBS. The U.S. Government agency securities that we sold consisted of securities issued by financial institutions under the Temporary Liquidity Guarantee Program and that are guaranteed by the Federal Deposit Insurance Corporation. The net losses from mark-to-market adjustments on trading securities in 2009 were comprised of net losses of $2.1 million related to non-U.S. dollar denominated securities and $1.2 million related to TIPS, which were partially offset by net gains of $1.0 million related to insurance-linked securities. Sales of investments for the year ended December 31, 2008 resulted in net realized gains of $51.8 million primarily from TIPS, U.S. Government securities, U.S. Government agencies, and U.S. Government agency RMBS and net realized losses of $4.2 million from corporate bonds. The net gains from mark-to-market adjustments on trading securities in 2008 were comprised of $8.4 million related to non-U.S. dollar denominated securities and $1.3 million of changes in the fair value of TIPS.

The following table sets forth net impairment losses on investments for the years ended December 31, 2009 and 2008 ($ in thousands):

	2009	2008	Net change
Commercial mortgage-backed securities	$(2,757)	$–	$(2,757)
Residential mortgage-backed securities	(8,358)	(15,787)	7,429
Asset-backed securities	(5,280)	(1,616)	(3,664)
Preferred stocks	(1,208)	(5,647)	4,439
Corporate bonds	–	(7,636)	7,636
Net impairment losses on investments	$(17,603)	$(30,686)	$13,083

The net impairment losses on investments recorded for the year ended December 31, 2008 reflect the entire difference between the amortized cost basis and the fair value of the impaired securities at the balance sheet date.

Other Expenses

The net changes in the fair value of derivatives were $9.7 million and $14.1 million for the years ended December 31, 2009 and 2008, respectively. The decrease in expense in the year ended December 31, 2009 as compared with 2008 was due to the expiration of three derivative contracts that were in effect in the year ended December 31, 2008. In 2008, in addition to the derivative contract with Topiary, we had an additional contract that provided second event catastrophe protection along with two derivative contracts that were options to purchase industry loss warranty retrocessional protection.

Operating expenses were $94.7 million and $88.2 million for the years ended December 31, 2009 and 2008, respectively. Operating expenses include $64.4 million and $63.7 million relating to other underwriting expenses for the years ended December 31, 2009 and 2008, respectively. The remaining $30.3 million and $24.5 million in 2009 and 2008, respectively, related to costs such as compensation and other corporate expenses associated with operating as a publicly-traded company. The increase in operating expenses was primarily attributable to an increase in performance-based compensation accruals in 2009, partially offset by a decrease of $4.3 million in expenses related to entering into the agreement with Topiary in 2008.

Net foreign currency exchange gains for the year ended December 31, 2009 were $0.4 million compared with net foreign currency exchange losses of $6.8 million for the year ended December 31, 2008. We routinely transact business in currencies other than the U.S. dollar. The net foreign currency exchange losses in 2008 were the result of holding more non-U.S. dollar denominated assets than non-U.S. dollar denominated liabilities, primarily the Euro and the British pound sterling, as the U.S. dollar strengthened against those currencies. In 2009 we held non-U.S. dollar denominated assets and liabilities in approximately equivalent amounts.

Interest expense was $19.0 million for each of the years ended December 31, 2009 and 2008 and was related to our $250.0 million of the Series B Notes.

Income tax expense was $4.3 million and $13.0 million for the years ended December 31, 2009 and 2008, respectively. The effective tax rates were 1.1% and 5.4% for the years ended December 31, 2009 and 2008, respectively. The decrease in income tax expense and effective tax rate for the year ended December 31, 2009 was primarily due to the decrease in the proportion of income before income taxes generated by our U.S.-based subsidiaries. The decrease in taxable income was partially attributable to an increase in the proportion of assets in Platinum US that was invested in tax-advantaged municipal bonds. The effective tax rate in any given period is primarily driven by the composition of income before income tax expense from our subsidiaries. The decrease in the effective tax rate in 2009 as compared with 2008 was the result of a greater portion of income before income tax expense being generated by Platinum Holdings and Platinum Bermuda, which are not subject to corporate income tax. In 2009, the percentage of income before income tax expense derived from Platinum Holdings and Platinum Bermuda was 94.3% as compared with 84.4% in 2008.

Financial Condition

Liquidity

Liquidity Requirements

Our principal cash requirements are the payment of losses and LAE, commissions, brokerage, operating expenses and income taxes. Additionally, cash is required for dividends to our common shareholders, the servicing of debt, share repurchases and the purchase of retrocessional contracts. We expect that our liquidity needs for the next twelve months will be met by our cash and cash equivalents, short-term investments, cash flows from operations, investment income and proceeds from the sale, redemption or maturity of our investments.

Platinum Holdings is a holding company, the assets of which consist primarily of shares of its subsidiaries. Platinum Holdings depends primarily on its available cash resources and liquid investments, and dividends, interest and other distributions from its subsidiaries, to meet its obligations. Such obligations may include operating expenses, debt service obligations, dividends on its common shares and repurchases of common shares or other securities. Applicable laws and statutory requirements of the jurisdictions in which our regulated reinsurance subsidiaries operate, Bermuda and the United States, limit the payment of dividends and other distributions from these subsidiaries. The ability of the reinsurance subsidiaries to pay dividends is also constrained by our dependence on the financial strength ratings by A.M. Best and S&P of our reinsurance subsidiaries, which depend to a large extent on the capitalization levels of the reinsurance subsidiaries. We believe that Platinum Holdings has sufficient cash resources and its subsidiaries have available dividend capacity to service our current outstanding obligations. Platinum Holdings received dividends from its subsidiaries of $396.5 million during the year ended December 31, 2010. Based on the regulatory restrictions, the maximum amount available for payment of dividends or other distributions by the reinsurance subsidiaries of Platinum Holdings without prior regulatory approval in 2011 is estimated to be $406.1 million. Subsequent to December 31, 2010, Platinum Bermuda made dividend payments of $180.0 million to Platinum Holdings.

Platinum Holdings has unconditionally guaranteed the outstanding $250.0 million aggregate principal amount of the Series B Notes due June 1, 2017, issued by Platinum Finance. Platinum Finance pays interest at a rate of 7.5% per annum on the Series B Notes on each June 1 and December 1. In addition to our financial strength ratings, A.M. Best has assigned an issuer credit rating of “bbb” to the debt obligations of Platinum Holdings and Platinum Finance. S&P has assigned counterparty credit ratings of “BBB+” to Platinum Holdings and “A” to Platinum Bermuda and Platinum US, and an issuer credit rating of “BBB+” to the debt obligations of Platinum Finance.

During 2010, Platinum Finance provided loans to Platinum Holdings of $75.0 million, due February 1, 2011, with interest payable at maturity at a rate of 80 basis points per annum. These loans were fully repaid on February 1, 2011.

Platinum Bermuda is not licensed, approved or accredited as a reinsurer in the United States and, therefore, under the terms of most of its contracts with U.S. ceding companies, it is required to provide collateral to its ceding companies for unpaid ceded liabilities in a form acceptable to state insurance commissioners. Typically, this type of collateral takes the form of letters of credit issued by a bank, the establishment of a trust, or funds withheld.

Platinum Bermuda and Platinum US have reinsurance and other contracts that also require them to provide collateral to ceding companies should certain events occur, such as a decline in our financial strength rating by A.M. Best or S&P below specified levels or a decline in statutory equity below specified amounts, or when certain levels of assumed liabilities are attained. Some reinsurance contracts also have special termination provisions that permit early termination should certain events occur. As of December 31, 2010 and 2009, we held investments with a carrying value of $69.8 million and $275.5 million, respectively, and cash and cash equivalents of $9.9 million and $26.8

million, respectively, in trust to collateralize obligations under various reinsurance contracts. As of December 31, 2010 and 2009, we held investments with a carrying value of $48.6 million and $206.5 million, respectively, and cash and cash equivalents of $100.3 million and $17.0 million, respectively, to collateralize letters of credit issued under our credit facility. The letters of credit were issued to collateralize obligations under various reinsurance contracts. See “Financial Condition – Liquidity – Sources of Liquidity” below for additional discussion on our credit facility.

In August 2008, we entered into a derivative agreement with Topiary that provides us with the ability to recover up to $200.0 million should two catastrophic events involving U.S. wind, U.S. earthquake, European wind or Japanese earthquake occur that meet specified loss criteria during any of three annual periods commencing August 1, 2008. Both the initial activation event and the qualifying second event must occur in the same annual period. The maximum amount that we can recover over the three-year period is $200.0 million. Any recovery we make under this contract is based on insured property industry loss estimates for the U.S. perils and European wind and a parametric index for Japanese earthquake events. Recovery is based on both a physical and financial variable and is not based on actual losses we may incur. Consequently, the transaction is accounted for as a derivative and is carried at the estimated fair value.

Under the terms of the agreement, we pay Topiary approximately $9.7 million during each of the three annual periods. The net derivative liability of $4.9 million was included in other liabilities on our consolidated balance sheet as at December 31, 2010. The net change in fair value of $9.6 million, $9.7 million and $7.1 million was included in the net changes in fair value of derivatives in our consolidated statements of operations for the years ended December 31, 2010, 2009 and 2008, respectively. One-time fees and expenses of $4.3 million related to entering into the agreement with Topiary were included in operating expenses for the year ended December 31, 2008.

Topiary’s limit of loss is collateralized with high quality investment grade securities deposited in an account to secure obligations to the Company. The performance of the securities in the collateral account is guaranteed under a total return swap agreement with Goldman Sachs International whose obligations under the swap agreement are guaranteed by Goldman Sachs Group, Inc.

Sources of Liquidity

Our sources of funds consist primarily of cash from operations, proceeds from sales, redemption and maturity of investments, issuance of securities and cash and cash equivalents held by us. Net cash flows provided by operations excluding trading securities were $68.3 million and $269.0 million for the years ended December 31, 2010 and 2009, respectively. In addition, we have a $400.0 million credit facility with a syndicate of lenders that consists of a $150.0 million senior unsecured credit facility available for revolving borrowings and letters of credit and a $250.0 million senior secured credit facility available for letters of credit. As of December 31, 2010, under the credit facility $150.0 million was available for borrowing and letters of credit on an unsecured basis and $116.3 million was available for letters of credit on a secured basis. As of December 31, 2009, under the credit facility $150.0 million was available for borrowing and letters of credit on an unsecured basis and $105.9 million was available for letters of credit on a secured basis. The credit facility requires us to satisfy various covenants, including several financial covenants. As of December 31, 2010, we were in compliance with all covenants under the credit facility. The credit facility expires on September 13, 2011. While we intend to enter into a new credit facility in 2011, we do not know what the terms of the new facility will be or if the terms will be the same as or similar to the current terms.

On a consolidated basis, our aggregate cash and invested assets totaled $4.2 billion and $4.4 billion at December 31, 2010 and 2009, respectively. Additionally, there were net balances due from brokers related to the sale of securities of $0.1 million and $123.3 million at December 31, 2010 and December 31, 2009, respectively. Balances due from and to brokers are included in other assets and other liabilities, respectively. Our investment portfolio consists primarily of diversified, high quality, predominantly investment grade fixed maturity securities. Our aggregate cash and invested assets, including accrued investment income and net balances due to and from brokers, had a duration of 4.1 years and 3.5 years as of December 31, 2010 and 2009, respectively.

As part of our investment strategy, we seek to establish a level of cash and liquid short-term and intermediate-term securities which, combined with expected cash flows from our subsidiaries, we believe to be adequate to meet our foreseeable payment obligations. Our reinsurance subsidiaries have liquidity from premiums, which are generally received in advance of the time losses are paid. The period of time from the occurrence of a claim through the settlement of the liability may extend many years into the future. However, due to the nature of our reinsurance operations, cash flows are affected by claim payments that can fluctuate from year to year. The amount and timing of actual claim payments can vary based on many factors, including the severity of individual losses, changes in the legal environment, and general market conditions. The ultimate amount and timing of the claim payments could differ materially from our estimates and create significant variations in cash flows from operations between periods, which may require us to make payments from other sources of liquidity, such as sales of investments, borrowings from credit facilities or proceeds from capital market transactions. If we need to sell investments to meet liquidity requirements, the sale of such investments may be at a material loss.

As of December 31, 2010, the fair value of our available-for-sale securities was $2.9 billion, with a net unrealized loss of $23.7 million, and the fair value of our trading securities was $182.1 million. The following table sets forth the fair values, with net unrealized gains and losses and average credit quality of our fixed maturity securities as of December 31, 2010 ($ in thousands):

	Fair Value	Net Unrealized Gain (Loss)	Average Credit Quality
Available-for-sale securities:			
U.S. Government	$ 391,303	$ (17,540)	Aaa
U.S. Government agencies	100,547	547	Aaa
Corporate bonds:			
Industrial	245,383	12,354	A3
Insurance	60,234	2,796	A3
Utilities	53,687	2,296	A3
Finance	7,596	84	Baa1
Subtotal	366,900	17,530	A3
Commercial mortgage-backed securities	203,313	8,263	Aa2
Residential mortgage-backed securities:			
U.S. Government agency residential mortgage-backed securities	81,669	3,262	Aaa
Non-agency residential mortgage-backed securities	77,887	(25,563)	Ba3
Alt-A residential mortgage-backed securities	6,902	(3,586)	Caa2
Subtotal	166,458	(25,887)	A3
Asset-backed securities:			
Asset-backed securities	13,320	(280)	Aaa
Sub-prime asset-backed securities	10,248	(4,355)	Caa3

Subtotal	23,568	(4,635)	Ba2
Municipal bonds:			
State general obligation bonds	805,645	(7,336)	Aa2
Essential service bonds	367,017	807	Aa3
State income tax and sales tax bonds	160,981	300	Aa1
Other municipal bonds	140,515	657	Aa2
Pre-refunded bonds	63,274	2,303	Aa2
Subtotal	1,537,432	(3,269)	Aa2
Non-U.S. governments	76,306	1,316	Aa1
Total available-for-sale securities	2,865,827	(23,675)	Aa2
Trading securities:			
Non-U.S. governments	140,089	n/a	Aaa
U.S. Government agencies	15,903	n/a	Aaa
Corporate bonds	68	n/a	Baa2
Insurance-linked securities	26,086	n/a	Ba2
Total trading securities	182,146	n/a	Aa2
Short-term investments	176,648	n/a	Aaa
Total investments	$ 3,224,621	$ (23,675)	Aa2

The net unrealized gain position of our CMBS portfolio was $8.3 million as of December 31, 2010 as compared with a net unrealized loss position of $28.2 million as of December 31, 2009. This improvement in the net unrealized position was primarily attributable to a decrease in yields. We analyze our CMBS on a periodic basis using default loss models based on the performance of the underlying loans. Performance metrics include delinquencies, defaults, foreclosures, debt-service-coverage ratios and cumulative losses incurred. The expected losses for a mortgage pool are compared to the current level of credit support, which generally represents the point at which our security would experience losses. We evaluate projected cash flows as well as other factors in order to determine if a credit impairment has occurred. Our portfolio consists primarily of senior tranches of CMBS with high credit ratings and strong credit support.

The net unrealized loss position of our RMBS portfolio was $25.9 million, of which $25.6 million related to non-agency RMBS, as of December 31, 2010 as compared with $52.6 million, of which $45.0 million related to non-agency RMBS, as of December 31, 2009. This improvement in the net unrealized loss position was attributable to a decrease in yields and the recognition of credit impairments during 2010. Approximately 49% of the RMBS in our investment portfolio are issued or guaranteed by the Government National Mortgage Association, the Federal National Mortgage Association, Federal Home Loan Mortgage Corporation or the Federal Deposit Insurance Corporation and are referred to as U.S. Government agency RMBS. The remaining 51% of our RMBS were issued by non-agency institutions and included securities with underlying Alt-A mortgages. The net unrealized loss position of our portfolio of sub-prime asset-backed securities (“ABS”) was $4.4 million as of December 31, 2010 as compared with $25.7 million as of December 31, 2009. This improvement in the net unrealized loss position was primarily attributable to the recognition of credit impairments during 2010. We analyze our non-agency RMBS and sub-prime ABS on a periodic basis using default loss models based on the performance of the underlying loans. Performance metrics include, but are not limited to, delinquencies, defaults, foreclosures, prepayment speeds and cumulative losses incurred. The expected losses for a mortgage pool are compared to the current level of credit support, which generally represents the point at which our security would experience losses. We evaluate projected cash flows as well as other factors in order to determine if a credit impairment has occurred.

We believe that the gross unrealized losses in our available-for-sale portfolio represent temporary declines in fair value. We believe that the unrealized losses are not necessarily predictive of ultimate performance and that the provisions we have made for net impairment losses are adequate. However, economic conditions may deteriorate more than expected and may adversely affect the expected cash flows of our securities, which in turn may lead to impairment losses recorded in future periods. Conversely, economic conditions may improve more than expected and favorably increase the cash flows expected from these securities, which would be earned through net investment income over the remaining life of the security.

Fair Values

In addition to our fixed maturity securities and short-term investments, our financial assets and liabilities include our debt obligations (the Series B Notes discussed above) as well as our derivative instruments. All financial assets and liabilities are recorded at fair value in the consolidated balance sheets, except for our debt obligations which are recorded at cost.

At December 31, 2010, we had one derivative instrument, which is included in other liabilities in the consolidated balance sheets, that is fair valued primarily using unobservable inputs through the application of our own assumptions and internal valuation pricing model. The fair value of our debt obligations is based on prices we obtained from independent sources for those or similar securities using quoted prices in active markets and standard market valuation pricing models.   See Note 3 to the “Notes to Consolidated Financial Statements” contained elsewhere in this Form 10-K for additional discussion on fair values.

The following table presents the carrying amounts and estimated fair values of our financial instruments as of December 31, 2010 ($ in thousands):

	Carrying Amount	Fair Value
Financial assets:		
Fixed maturity securities	$3,047,973	$ 3,047,973
Short-term investments	$176,648	$ 176,648
Financial liabilities:		
Debt obligations	$250,000	$ 260,882
Derivative instrument	$4,871	$ 4,871

Capital Resources

At December 31, 2010, our capital resources of $2.1 billion consisted of common shareholders' equity of $1.9 billion and $250.0 million of the Series B Notes. At December 31, 2009, our capital resources of $2.3 billion consisted of common shareholders' equity of $2.1 billion, and $250.0 million of the Series B Notes. The decrease in capital during year ended December 31, 2010 was primarily attributable to share repurchase activity and the purchase of options, offset by net income and an improvement in accumulated other comprehensive loss.

We monitor our capital adequacy on a regular basis and seek to adjust our capital according to the needs of our business. In particular, we require capital sufficient to meet or exceed: (1) the capital adequacy ratios established by rating agencies for maintenance of appropriate financial strength ratings, (2) the surplus requirements established by our ceding companies, and (3) the capital adequacy tests performed by regulatory authorities. We actively manage our capital and may seek to raise additional capital or return capital to our shareholders through common share repurchases and cash dividends (or a combination of such methods). We may also seek to manage our capital through repurchases of our outstanding debt in open market purchases, privately negotiated transactions or otherwise. Such repurchases, if any, will depend on prevailing market conditions, our liquidity requirements, contractual restrictions or other factors.

To the extent that our existing capital is insufficient to fund our future operating requirements or maintain our financial strength or debt ratings, we may need to raise additional capital through financings, which may be in the form of debt securities, preferred shares, common equity, bank credit facilities providing loans and/or letters of credit, or any combination of these sources. Any equity or debt financing, if available at all, may be on terms that are unfavorable to us. In the case of equity financings, dilution to our shareholders could result, and such securities may have rights, preferences and privileges that are senior to those of our outstanding securities. If we are not able to obtain adequate capital, our business, results of operations and financial condition could be adversely affected, which could include, among other things, the following possible outcomes: (1) potential downgrades in the financial strength ratings assigned by rating agencies to our reinsurance subsidiaries, which could place those reinsurance subsidiaries at a competitive disadvantage compared with higher-rated competitors, (2) reductions in the amount of business that our reinsurance subsidiaries are able to write in order to meet capital adequacy-based tests enforced by regulatory authorities, and (3) increases in the cost of bank credit and letters of credit. We can provide no assurance that, if needed, we would be able to obtain additional funds through financing on satisfactory terms or at all.

On August 4, 2004, our Board of Directors established a program authorizing the repurchase of our common shares. Since that date, our Board of Directors has approved increases in the repurchase program from time to time, most recently on February 16, 2011, to result in authority as of such date to repurchase up to a total of $250.0 million of our common shares. In accordance with the share repurchase program, we repurchased 9,672,231 of our common shares in the open market for an aggregate amount of $379.7 million at a weighted average cost including commissions of $39.25 per share during the year ended December 31, 2010. On October 13, 2010, the Company entered into an agreement to purchase, for an aggregate of $98.5 million in cash, the common share options issued to Travelers in connection with the Company’s initial public offering in 2002. The options provided Travelers with the right to purchase 6,000,000 common shares from the Company for $27.00 per share and were subsequently amended to provide for net share settlements. The options were purchased under the Company’s share repurchase program and were cancelled. On January 17, 2011, the Company entered into an agreement to purchase, for an aggregate of $47.9 million in cash, the common share options issued to RenaissanceRe in connection with the Company’s initial public offering in 2002. The options provided RenaissanceRe with the right to purchase 2,500,000 common shares from the Company for $27.00 per share and were subsequently amended to provide for net share settlements. The options were purchased under the Company’s share repurchase program and were cancelled.

Our Board of Directors has also authorized the repurchase of up to $250.0 million of our outstanding Series B Notes issued by Platinum Finance in open market purchases, privately negotiated transactions or otherwise. We have not repurchased any Series B Notes. The timing and amount of the repurchase transactions under our repurchase programs depends on a variety of factors, including market conditions, our liquidity requirements, contractual restrictions, corporate and regulatory considerations and other factors.

We do not have any material commitments for capital expenditures as of December 31, 2010.

Off-Balance Sheet Arrangements

We do not have any off-balance sheet arrangements, as defined for purposes of SEC rules, which are not accounted for or disclosed in the consolidated financial statements as of December 31, 2010.

Contractual Obligations

Our contractual obligations as of December 31, 2010 by estimated maturity are presented below ($ in thousands):

Contractual Obligations	Total	Less than 1 year	1 – 3 years	3 – 5 years	More than 5 years

Series B Notes due June 1, 2017 (1)	$250,000	$	–	$	–	$	–	$	250,000
Scheduled interest payments	121,875		18,750		37,500		37,500		28,125
Subtotal – Debt Obligations	$371,875	$	18,750	$	37,500	$	37,500	$	278,125
Operating Leases (2)	$5,963	$	2,779	$	2,972	$	115	$	97
Gross unpaid losses and LAE (3)	$2,217,378	$	626,559	$	711,096	$	343,164	$	536,559

(1) See Note 7 to the Consolidated Financial Statements contained elsewhere in this Form 10-K.

(2) See Note 15 to the Consolidated Financial Statements contained elsewhere in this Form 10-K.

(3) There are generally no notional or stated amounts related to unpaid losses and LAE. Both the amounts and timing of future loss and LAE payments are estimates and subject to the inherent variability of legal and market conditions affecting the obligations and make the timing of cash outflows uncertain. The ultimate amount and timing of unpaid losses and LAE could differ materially from the amounts in the table above. Further, the gross unpaid losses and LAE do not represent all of the obligations that will arise under the contracts, but rather only the estimated liability incurred through December 31, 2010. There are reinsurance contracts that have terms extending into 2011 under which additional obligations will be incurred.

Recently Issued Accounting Standards

See Note 1 to the "Consolidated Financial Statements" contained elsewhere in this Form 10-K for a discussion of recently issued accounting standards.

Item 7A. Quantitative and Qualitative Disclosures about Market Risk

We believe that we are principally exposed to the following types of market risk: interest rate risk, credit risk, liquidity risk and foreign currency exchange rate risk.

Interest Rate Risk

We are exposed to fluctuations in interest rates. Changes in overall interest rates, generally measured by changes in the yield on risk free investments such as U.S. Treasury securities, will influence the fair values of our fixed maturity securities portfolio. Rising interest rates generally result in a decrease in the fair value of our fixed maturity securities portfolio. Conversely, a decline in interest rates will generally result in an increase in the fair value of our fixed maturity securities portfolio. Interest rate changes can also impact the timing of receipt of principal payments from mortgage-backed securities.

The following table shows the aggregate hypothetical impact on the fair value of our fixed maturity securities portfolio as of December 31, 2010, resulting from an immediate parallel shift in interest rates ($ in thousands):

	Interest Rate Shift in Basis Points				
	- 100bp	- 50bp	Current	+ 50bp	+ 100bp
Total market value	$3,222,146	$3,134,661	$3,047,973	$2,964,278	$2,884,091
Percent change in market value	5.7%	2.8%	–	(2.7%)	(5.4%)
Resulting net appreciation/(depreciation)	$158,013	$70,528	$(16,160)	$(99,855)	$(180,042)

Credit Risk

Fixed Maturity Securities

Our principal invested assets are fixed maturity securities, which are subject to the risk of potential losses from adverse changes in market rates and prices and credit risk resulting from adverse changes in the borrower's ability to meet its debt service obligations. Credit risk is often measured by interest rate spreads representing the difference between the yield of a debt instrument and that of a U.S. Treasury security of similar maturity. As the credit worthiness of a debt issuer declines, the interest rate spreads increase, which has the same effect on fair value as an increase in overall interest rates. An increase or widening of interest rate spreads generally results in a decrease in the fair value of our fixed maturity securities portfolio. Furthermore, a debt issuer may default on an interest or principal payment, in which case we may not collect all of the contractual cash flows associated with that security.

We manage credit risk by the selection of securities within our fixed maturity securities portfolio. Changes in credit spreads directly affect the market value of certain fixed maturity securities, but do not necessarily result in a change in the future expected cash flows associated with holding individual securities. Other factors, including liquidity, supply and demand, and changing risk preferences of investors, may affect market credit spreads without any change in the underlying credit quality of the security.

Reinsurance Premiums Receivable and Reinsurance Recoverable

Reinsurance premiums receivable from ceding companies are subject to credit risk. To mitigate credit risk related to reinsurance premiums receivable, we have established standards for ceding companies and, in most cases, have a contractual right of offset thereby allowing us to settle claims net of any such reinsurance premiums receivable. We also have reinsurance recoverable amounts from our retrocessionaires. To mitigate credit risk related to our reinsurance recoverable amounts, we consider the financial strength of our retrocessionaires when determining whether to purchase coverage from them. Retrocessional coverage is obtained from companies with a financial strength rating of “A-“ or better by A.M. Best or from retrocessionaires whose obligations are fully collateralized for exposures where losses become known and are paid in a relatively short period of time. The financial performance and rating status of all material retrocessionaires are routinely monitored.

Reinsurance Brokers

In accordance with industry practice, we frequently pay amounts in respect of claims under contracts to reinsurance brokers for payment to the ceding companies. In the event that a broker fails to make such a payment, we may remain liable to the ceding company for the payment. When ceding companies remit premiums to reinsurance brokers, such premiums may be deemed to have been paid to us and the ceding company may no longer be liable to us for those amounts whether or not we actually receive the funds. Consequently, we assume a degree of credit risk associated with our brokers during the premium and loss settlement process.

Liquidity Risk

When financial markets experience a reduction in liquidity, our ability to conduct orderly investment transactions may be limited and may result in declines in fair values of the securities in our investment portfolio. In addition, if we require significant amounts of cash on short notice in excess of normal cash requirements (which could include claims on a major catastrophic event) in a period of market illiquidity, we may have difficulty selling our investments in a timely manner and may have to dispose of our investments for less than what may otherwise have been possible under other conditions.

Foreign Currency Exchange Rate Risk

We routinely transact business in various currencies other than the U.S. dollar, our financial reporting currency. Our principal exposure to foreign currency exchange rate risk is the transaction of business in foreign currencies. We may incur foreign currency exchange gains or losses as we ultimately settle claims required to be paid in foreign currencies. To the extent we do not seek to hedge our foreign currency risk or our hedges prove ineffective, the resulting impact of a movement in foreign currency exchange rate could materially adversely affect our financial condition and results of operations.

We manage our exposure to large foreign currency risks by holding invested assets denominated in non-U.S. dollar currencies in amounts that generally offset liabilities denominated in the same non-U.S. dollar currencies, thereby reducing our net exposure to foreign exchange volatility. We may, from time to time, hold more or less non-U.S. dollar denominated assets than non-U.S. dollar liabilities. As of December 31, 2010 and 2009, approximately 6.6% and 3.9%, respectively, of our total investments and cash and cash equivalents were denominated in currencies other than the U.S. dollar. Of our business written in the years ended December 31, 2010 and 2009, approximately 22.0 % and 15.1%, respectively, of premiums were written in currencies other than the U.S. dollar.

Item 8. Financial Statements and Supplementary Data

Our consolidated financial statements as of December 31, 2010 and 2009 and for each of the three years in the period ended December 31, 2010, together with the reports thereon by KPMG, our independent registered public accounting firm for the year ended December 31, 2010 and 2009, and KPMG LLP, our independent registered public accounting firm for the year ended December 31, 2008, are set forth on pages F-1 through F-35 hereto.

Item 9. Changes in and Disagreements With Accountants on Accounting and Financial Disclosure

None.

Item 9A. Controls and Procedures

Disclosure Controls and Procedures

Our management, including the Chief Executive Officer and Chief Financial Officer, carried out an evaluation of the effectiveness of the design and operation of our disclosure controls and procedures (as such term is defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act) as of the end of the period covered by this Form 10-K. Based on that evaluation, our management, including the Chief Executive Officer and Chief Financial Officer, concluded that our disclosure controls and procedures are effective to provide reasonable assurance that information required to be disclosed by us in reports that we file or submit under the Exchange Act is recorded, processed, summarized and timely reported as specified in the SEC's rules and forms, and is accumulated and communicated to our management, including the Chief Executive Officer and Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosure.

Management's Annual Report on Internal Control Over Financial Reporting

Our management, including the Chief Executive Officer and Chief Financial Officer, is responsible for establishing and maintaining adequate internal control over financial reporting (as such term is defined in Rules 13a-15(f) and 15(d)-15(f) under the Exchange Act). Our management, under the supervision and with the participation of the Chief Executive Officer and Chief Financial Officer, conducted an evaluation of the effectiveness of our internal control over financial reporting as of December 31, 2010 based on the integrated framework published in September 1992 by the Committee of Sponsoring Organizations of the Treadway Commission. Based on this evaluation, our management, including the Chief Executive Officer and Chief Financial Officer, concluded that our internal control over financial reporting was effective in that it provides reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with accounting principles generally accepted in the United States of America and includes those policies and procedures that provide reasonable assurance that transactions are recorded as necessary and that expenditures are being made only with proper authorization. KPMG, the independent registered public accounting firm that audited our consolidated financial statements included in this Form 10-K, has issued an attestation report on our internal control over financial reporting, which appears below.

Our disclosure controls and procedures and our internal control over financial reporting were designed to provide reasonable assurances that their objectives would be met. Our management, including the Chief Executive Officer and Chief Financial Officer, does not expect that our disclosure controls and procedures or our internal control over financial reporting will prevent all error and all fraud. A control system, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met. Further, the design of a control system must reflect the fact that there are resource constraints, and the benefits of controls must be considered relative to their costs. Because of the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that all control issues and instances of fraud, if any, within the Company have been detected.

Changes in Internal Control over Financial Reporting

No changes occurred during the three months ended December 31, 2010 in our internal control over financial reporting that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

The Board of Directors and Shareholders
Platinum Underwriters Holdings, Ltd.:

We have audited Platinum Underwriters Holdings, Ltd. and subsidiaries' internal control over financial reporting as of December 31, 2010, based on criteria established in Internal Control – Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). The Company's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying December 31, 2010 annual report on Form 10-K. Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audit also included performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

In our opinion, Platinum Underwriters Holdings, Ltd. maintained, in all material respects, effective internal control over financial reporting as of December 31, 2010, based on criteria established in Internal Control – Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated balance sheets of Platinum Underwriters Holdings, Ltd. and subsidiaries as of December 31, 2010 and 2009, and the related consolidated statements of operations and comprehensive income, shareholders' equity and cash flows for each of the years in the two-year period then ended December 31, 2010, and our report dated February 18, 2011 expressed an unqualified opinion on those consolidated financial statements.

/s/ KPMG

Hamilton, Bermuda
February 18, 2011

Item 9B. Other Information

None.

PART III

Item 10. Directors, Executive Officers and Corporate Governance

The information required by this Item relating to our directors, executive officers and corporate governance is incorporated herein by reference to information included under the headings "Proposal 1 – Election of Directors – Information Concerning Nominees," "Corporate Governance – Standing Committees of the Board of Directors – Governance Committee-Director Nomination Process," "Information Concerning Executive Officers," "Corporate Governance – Standing Committees of the Board of Directors – Audit Committee," and "Section 16(a) Beneficial Ownership Reporting Compliance" of our definitive proxy statement to be filed pursuant to Regulation 14A of the Exchange Act for our 2011 Annual General Meeting of Shareholders (our "Proxy Statement"). We intend to file the Proxy Statement prior to April 30, 2011.

Code of Ethics

We have adopted a written Code of Ethics within the meaning of Item 406 of Regulation S-K of the Exchange Act. Our Code of Ethics applies to all of our directors and employees including, without limitation, our principal executive officer, our principal financial officer, our principal accounting officer and all of our employees performing financial or accounting functions. A copy of our Code of Ethics is posted on our website at www.platinumre.com and may be found under the "Investor Relations" section by clicking on "Corporate Governance." In the event that we make any amendment to, or grant any waiver from, a provision of our Code of Ethics that requires disclosure under Item 5.05 of Form 8-K, in addition to filing a Form 8-K we will post such information on our website at the location specified above. We will provide, without charge, a copy of our Code of Ethics to any person submitting such request to our corporate secretary at our principal executive offices.

Item 11. Executive Compensation

The information required by this Item relating to executive compensation is incorporated herein by reference to information included under the headings "Director Compensation", "Executive Compensation," "Corporate Governance – Compensation Committee Interlocks and Insider Participation," and "Compensation Committee Report" of our Proxy Statement.

Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Shareholder Matters

The information required by this Item relating to security ownership of certain beneficial owners and management is incorporated herein by reference to information included under the heading "Security Ownership of Certain Beneficial Owners and Management" of our Proxy Statement.

Equity Based Compensation Information

The following table summarizes information as of December 31, 2010 relating to our equity based compensation plans pursuant to which grants of options, restricted shares, share units or other rights to acquire shares may be granted from time to time.

Plan Category	(a)	(b)	(c)

	Number of Securities to be Issued upon Exercise of Outstanding Options, Warrants and Rights (2)	Weighted Average Exercise Price of Outstanding Options, Warrants and Rights (3)	Number of Securities Remaining Available for Future Issuance under Equity Compensation Plans (excluding securities reflected in column (a))
Equity compensation plans approved by security holders (1)	2,089,021	$ 31.64	3,401,155
Equity compensation plans not approved by security holders	—	—	—
Total	2,089,021	$ 31.64	3,401,155

(1) These plans consist of the 2002 Share Incentive Plan, which was approved by our shareholders at the 2004 Annual General Meeting of Shareholders; the 2006 Share Incentive Plan, which was approved by our shareholders at the 2006 Annual General Meeting of Shareholders; the 2010 Share Incentive Plan, which was approved by our shareholders at the 2010 Annual General Meeting of Shareholders; and the Share Unit Plan for Nonemployee Directors, which was approved by our sole shareholder prior to our initial public offering in 2002. The 2010 Share Incentive Plan replaced the 2006 Share Incentive Plan, which replaced the 2002 Share Incentive Plan, and no shares remain available for issuance under the 2006 or 2002 Share Incentive Plans. The Share Unit Plan for Nonemployee Directors was terminated on February 22, 2010 as to all future awards, and no shares remain available for issuance under such plan.

(2) Column (a) includes outstanding options, restricted share units, and equity accounted performance share awards. Performance share awards are reflected at the maximum potential payout. In addition, a total of 217,669 unvested restricted shares are excluded from column (a) as those shares are considered issued at the time of grant. Unvested restricted shares are also excluded from column (c) as they are no longer available for future issuance.

(3) Restricted share units and performance share awards are excluded from column (b) as there is no consideration due upon vesting of these awards.

Item 13. Certain Relationships and Related Transactions, and Director Independence

The information required by this Item relating to certain relationships and related transactions and director independence is incorporated by reference to information contained under the headings “Transactions with Related Persons” and “Corporate Governance – Independence of Directors” of our Proxy Statement.

Item 14. Principal Accountant Fees and Services

The information required by this Item relating to principal accountant fees and services is incorporated herein by reference to information contained under the heading “Proposal 4 – Approval of Independent Registered Public Accounting Firm for the 2011 Fiscal Year” of our Proxy Statement.

PART IV

Item 15. Exhibits and Financial Statement Schedules

Financial Statements

Our consolidated financial statements as of December 31, 2010 and 2009 and for each of the years in the three-year period ended December 31, 2010, together with the reports thereon by KPMG our independent registered public accounting firm for the years ended December 31, 2010 and 2009 and KPMG LLP, our independent registered public accounting firm for the year ended December 31, 2008, are set forth on pages F-1 through F-35 hereto.

Schedules Supporting Financial Statements

The schedules relating to our consolidated financial statements as of December 31, 2010 and 2009 and for each of the three years in the period ended December 31, 2010, together with the independent registered public accounting firms’ reports thereon, are set forth on pages S-1 through S-9 hereto. Schedules not referred to have been omitted as inapplicable or not required by Regulation S-X or information required is provided elsewhere in the consolidated financial statements.

Exhibits

Exhibit Number	Description
2.1	Formation and Separation Agreement dated October 28, 2002 between The St. Paul Companies, Inc. and Platinum Holdings. (2)
3(i).1	Memorandum of Association of Platinum Holdings. (1)
3(ii).1	Amended and Restated Bye-Laws of Platinum Holdings. (32)
4.1	Form of Certificate of the Common Shares of Platinum Holdings. (2)
4.2	Indenture dated October 10, 2002 among Platinum Holdings, Platinum Finance and JP Morgan Chase. (2)
4.3	Indenture Supplement dated November 1, 2002 among Platinum Holdings, Platinum Finance and JP Morgan Chase. (2)
4.4	Second Supplemental Indenture dated August 16, 2005 between Platinum Holdings, Platinum Finance and JP Morgan Chase. (13)
4.5	Indenture dated May 26, 2005 between Platinum Holdings, Platinum Finance and JP Morgan Chase. (11)

4.6	First Supplemental Indenture dated May 26, 2005 between Platinum Holdings, Platinum Finance and JP Morgan Chase. (11)
4.7	Second Supplemental Indenture dated as of November 2, 2005 among Platinum Finance, Platinum Holdings and JP Morgan Chase. (14)
4.8	Purchase Contract Agreement dated November 1, 2002 between Platinum Holdings and JP Morgan Chase. (2)
4.9	Form of Senior Note of Platinum Finance. (2)
4.10	Form of Guarantee of Platinum Holdings. (2)
4.11	Exchange and Registration Rights Agreement dated May 26, 2005 among Platinum Holdings, Platinum Finance and Goldman, Sachs & Co. (11)
4.12	Exchange and Registration Rights Agreement dated August 16, 2005 between Platinum Holdings, Platinum Finance, and Goldman, Sachs & Co. and Merrill Lynch. (13)
10.1*	Amended and Restated Share Unit Plan for Nonemployee Directors. (29)
10.2*	Amendment of Amended and Restated Share Unit Plan for Nonemployee Directors. (28)
10.3*	Form of Nonemployee Director Share Unit Award Agreement. (15)
10.4*	Summary of Platinum Holdings' Nonemployee Director Compensation Program. (28)
10.5*	2002 Share Incentive Plan (2004 Update). (5)
10.6*	2002 Share Incentive Plan (UK Sub-Plan) (included in Exhibit 10.5). (5)
10.7*	2006 Share Incentive Plan. (19)

10.8*	2010 Share Incentive Plan. (32)
10.9*	Amended and Restated Annual Incentive Plan. (17)
10.10*	Form of AIP Restricted Share Unit Award Agreement. (22)
10.11*	Section 162(m) Performance Incentive Plan. (31)
10.12*	Platinum US Executive Retirement Savings Plan.
10.13*	Arrangement for Compensation in Lieu of Participation in Executive Retirement Savings Plan. (28)
10.14*	Platinum Holdings International Pension Plan.
10.15*	Amended and Restated Executive Incentive Plan. (25)
10.16*	Form of EIP Share Unit Award Agreement (for awards for 2008-2010 performance cycle). (23)
10.17*	Form of EIP Share Unit Award Agreement (for awards providing for payment in share units). (26)
10.18*	Form of EIP Share Unit Award Agreement (for awards providing for payment in cash). (37)
10.19*	Capital Accumulation Plan. (2)
10.20*	Form of Nonqualified Share Option Agreement (Employee) (for awards made prior to July 23, 2008). (7)
10.21*	Form of Nonqualified Share Option Agreement (Employee). (26)
10.22*	Form of Nonqualified Share Option Agreement (New Nonemployee Director). (7)
10.23*	Form of Nonqualified Share Option Agreement (Annual Nonemployee Director). (7)
10.24*	Form of Time-Based Share Unit Award Agreement (for awards made prior to July 23, 2008). (7)
10.25*	Form of Time-Based Share Unit Award Agreement. (26)
10.26*	Form of Special Share Unit Award Agreement. (7)
10.27*	Form of Restricted Share Award Agreement (for awards made prior to July 23, 2008). (7)
10.28*	Form of Restricted Share Award Agreement. (25)
10.29*	Amended and Restated Change in Control Severance Plan. (25)
10.30*	Amended and Restated Employee Severance Plan. (25)
10.31*	Amended and Restated Employment Agreement dated July 22, 2010 between Michael E. Lombardozzi and Platinum Holdings and Letter Agreement dated September 1, 2011 between Michael E. Lombardozzi and Platinum Administrative Services, Inc. attached as Exhibit B thereto. (34)
10.32*	Amended and Restated Employment Agreement dated July 22, 2010 between Michael D. Price and Platinum Holdings. (34)
10.33*	Amended and Restated Employment Agreement dated October 27, 2010 between Robert S. Porter and Platinum Bermuda. (36)
10.34*	Amended and Restated Employment Agreement dated October 27, 2010 between H. Elizabeth Mitchell and Platinum US. (36)
10.35*	Employment Agreement dated April 29, 2010 between Platinum Holdings and Allan C. Decleir. (33)
10.36*	Letter Agreement dated April 29, 2010 between James A. Krantz and Platinum Holdings and Consulting Agreement dated April 29, 2010 between James A. Krantz and Platinum Administrative Services, Inc. attached as Exhibit A thereto. (33)
10.37	Capital Support Agreement dated November 26, 2002 between Platinum Holdings and Platinum US. (2)
10.38	

	Investment Management Agreement dated May 12, 2005 between Platinum US and Hyperion Capital Management, Inc. (8)
10.39	Investment Management Agreement dated May 12, 2005 between Platinum Bermuda and Hyperion Capital Management, Inc. (8)
10.40	Investment Management Agreement dated May 12, 2005 between Platinum Holdings, Platinum Bermuda, Platinum Regency and BlackRock Financial Management, Inc. (8)
10.41	Investment Management Agreement dated May 12, 2005 between Platinum US, Platinum Finance and BlackRock Financial Management, Inc. (8)
10.42	Quota Share Retrocession Agreement dated May 13, 2003 between Platinum Bermuda and Platinum US. (3)
10.43	Addendum No. 1 dated as of October 1, 2003 to the Quota Share Retrocession Agreement dated May 13, 2003 between Platinum Bermuda and Platinum US. (4)
10.44	Quota Share Retrocession Agreement dated May 6, 2004 between Platinum Bermuda and Platinum US. (6)
10.45	Addendum No. 2 effective as of April 1, 2005 to the Quota Share Retrocession Agreement between Platinum Bermuda and Platinum US. (9)
10.46	Amended and Restated Quota Share Retrocession Agreement dated January 1, 2006 between Platinum Bermuda and Platinum US. (18)
10.47	Termination Addendum effective December 31, 2006 to Amended and Restated Quota Share Retrocession Agreement dated January 1, 2006 between Platinum Bermuda and Platinum US. (20)
10.48	Casualty and Specialty Quota Share Retrocession Agreement between Platinum Bermuda and Platinum US dated as of January 1, 2007. (20)
10.49	Termination Addendum effective December 31, 2007 to Casualty and Specialty Quota Share Retrocession Agreement between Platinum Bermuda and Platinum US dated as of January 1, 2007. (24)
10.50	Excess-of-loss Retrocession Agreement by and between Platinum US and Platinum Bermuda dated August 5, 2008. (27)
10.51	Excess-of-loss Retrocession Agreement by and between Platinum US and Platinum Bermuda dated August 5, 2009. (30)
10.52	Amended and Restated Credit Agreement, dated as of September 13, 2006, by and among the Company, certain subsidiaries of the Company, Wachovia Bank, National Association, Citibank, N.A., HSBC Bank USA, National Association, Bayerische Hypo-Und Vereinsbank AG and Comerica Bank as the Lenders, and Wachovia Bank, National Association, as Administrative Agent. (16)
10.53	List of Contents of exhibits and Schedules to the Amended and Restated Credit Agreement. (16)
10.54	First Amendment and Waiver dated as of April 24, 2007 to Amended and Restated Credit Agreement dated as of September 13, 2006. (21)
10.55	Second Amendment dated as of December 3, 2007 to Amended and Restated Credit Agreement dated as of September 13, 2006. (22)
10.56	Guaranty dated December 31, 2003 between Platinum Holdings and Platinum US. (4)
10.57	Amendment No. 1 dated January 1, 2005 to Guaranty dated December 31, 2003 between Platinum Holdings and Platinum US. (12)

10.58	Purchase Agreement dated May 20, 2005 among Platinum Holdings, Platinum Finance and Goldman, Sachs & Co. (10)
10.59	Remarketing Agreement dated August 8, 2005 among Platinum Holdings, Platinum Finance, Goldman, Sachs & Co. and Merrill Lynch. (12)
10.60	Pledge Agreement dated November 1, 2002 among Platinum Holdings, State Street Bank and Trust Company and JP Morgan Chase. (2)
10.61	Purchase Agreement dated as of October 13, 2010 between Platinum Holdings and The Travelers Companies, Inc. (35)
10.62	Purchase Agreement dated January 17, 2011 between Platinum Holdings, RenaissanceRe and Renaissance Other Investments Holdings II Ltd. (38)
10.63	Termination Agreement dated as of January 17, 2011 between Platinum US, Platinum Bermuda and Renaissance Underwriting Managers Ltd. (38)
14.1	Code of Business Conduct and Ethics. (25)
21.1	Subsidiaries of Platinum Holdings. (31)
23.1	Consent of Independent Registered Public Accounting Firm - KPMG, a Bermuda partnership.
23.2	Consent of Independent Registered Public Accounting Firm - KPMG LLP.
31.1	Certification of Michael D. Price, Chief Executive Officer of Platinum Holdings, pursuant to Rule 13a-14(a) or Rule 15d-14(a) of the Securities Exchange Act of 1934, as amended.
31.2	Certification of Allan C. Decleir, Chief Financial Officer of Platinum Holdings, pursuant to Rule 13a-14(a) or Rule 15d-14(a) of the Securities Exchange Act of 1934, as amended.
32.1	Certification of Michael D. Price, Chief Executive Officer of Platinum Holdings, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to section 906 of the Sarbanes-Oxley Act of 2002.
32.2	Certification of Allan C. Decleir, Chief Financial Officer of Platinum Holdings, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to section 906 of the Sarbanes-Oxley Act of 2002.
101	Interactive data files pursuant to Rule 405 of Regulation S-T: (i) the Consolidated Balance Sheets as of December 31, 2010 and December 31, 2009, (ii) the Consolidated Statements of Operations and Comprehensive Income for the years ended December 31, 2010, 2009 and 2008, (iii) the Consolidated Statements of Shareholders' Equity for the years ended December 31, 2010, 2009 and 2008, (iv) the Consolidated Statements of Cash Flows for years ended December 31, 2010, 2009 and 2008 and (v) the Notes to the Consolidated Financial Statements for the years ended December 31, 2010, 2009 and 2008, tagged as blocks of text.

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* Items denoted with an asterisk represent management contracts or compensatory plans or arrangements.

(1) Incorporated by reference from the Registration Statement on Form S-1 (Registration No. 333-86906) of Platinum Holdings.

(2) Incorporated by reference from Platinum Holdings' Annual Report on Form 10-K for the year ended December 31, 2002, filed with the SEC on March 31, 2003.

(3) Incorporated by reference from Platinum Holdings' Quarterly Report on Form 10-Q for the quarter ended June 30, 2003, filed with the SEC on August 14, 2003.

(4) Incorporated by reference from Platinum Holdings' Annual Report on Form 10-K for the year ended December 31, 2003, filed with the SEC on March 15, 2004.

(5) Incorporated by reference from Platinum Holdings' Quarterly Report on Form 10-Q for the quarter ended March 31, 2004, filed with the SEC on May 10, 2004.

(6) Incorporated by reference from Platinum Holdings' Quarterly Report on Form 10-Q for the quarter ended June 30, 2004, filed with the SEC on August 6, 2004.

(7) Incorporated by reference from Platinum Holdings' Current Report on Form 8-K, filed with the SEC on February 23, 2005.

(8) Incorporated by reference from Platinum Holdings' Current Report on Form 8-K, filed with the SEC on May 13, 2005.

(9) Incorporated by reference from Platinum Holdings' Current Report on Form 8-K, filed with the SEC on May 18, 2005.

(10) Incorporated by reference from Platinum Holdings' Current Report on Form 8-K, filed with the SEC on May 24, 2005.

(11) Incorporated by reference from Platinum Holdings' Current Report on Form 8-K, filed with the SEC on May 27, 2005.

(12) Incorporated by reference from Platinum Holdings' Quarterly Report on Form 10-Q for the quarter ended June 30, 2005, filed with the SEC on August 5, 2005.

(13) Incorporated by reference from Platinum Holdings' Current Report on Form 8-K, filed with the SEC on August 17, 2005.

(14) Incorporated by reference from Platinum Holdings' Current Report on Form 8-K, filed with the SEC on November 3, 2005.

(15) Incorporated by reference from Platinum Holdings' Current Report on Form 8-K, filed with the SEC on February 27, 2006.

(16) Incorporated by reference from Platinum Holdings' Current Report on Form 8-K, filed with the SEC on September 18, 2006.

(17) Incorporated by reference from Platinum Holding's Current Report on Form 8-K, filed with the SEC on February 22, 2007.

(18) Incorporated by reference from Platinum Holdings' Quarterly Report on Form 10-Q for the quarter ended March 31, 2006, filed with the SEC on April 28, 2006.

(19) Incorporated by reference from the Registration Statement on Form S-8 (Registration No. 333-133521) of Platinum Holdings, filed with the SEC on April 25, 2006.

(20) Incorporated by reference from Platinum Holdings' Annual Report on Form 10-K for the year ended December 31, 2006, filed with the SEC on February 28, 2007.

(21) Incorporated by reference from Platinum Holdings' Quarterly Report on Form 10-Q for the quarter ended March 31, 2007, filed with the SEC on April 27, 2007.

(22) Incorporated by reference from Platinum Holdings' Current Report on Form 8-K, filed with the SEC on December 6, 2007.

(23) Incorporated by reference from Platinum Holdings' Current Report on Form 8-K filed with the SEC on February 25, 2008.

(24) Incorporated by reference from Platinum Holdings' Quarterly Report on Form 10-Q for the quarter ended March 31, 2008, filed with the SEC on April 30, 2008.

(25) Incorporated by reference from Platinum Holdings' Current Report on Form 8-K filed with the SEC on July 25, 2008.

(26) Incorporated by reference from Platinum Holdings' Quarterly Report on Form 10-Q for the quarter ended June 30, 2008, filed with the SEC on July 30, 2008.

(27) Incorporated by reference from Platinum Holdings' Quarterly Report on Form 10-Q for the quarter ended September 30, 2008, filed with the SEC on October 30, 2008.

(28) Incorporated by reference from Platinum Holdings' Annual Report on Form 10-K for the year ended December 31, 2008, filed with the SEC on February 27, 2009.

(29) Incorporated by reference from Platinum Holdings' Quarterly Report on Form 10-Q for the quarter ended March 31, 2009, filed with the SEC on May 4, 2009.

(30) Incorporated by reference from Platinum Holdings' Quarterly Report on Form 10-Q for the quarter ended September 30, 2009, filed with the SEC on November 11, 2009.

(31)

Incorporated by reference from Platinum Holdings' Annual Report on Form 10-K for the year ended December 31, 2009, filed with the SEC on February 24, 2010.

(32) Incorporated by reference from the Registration Statement on Form S-8 (Registration No. 333-166368) of Platinum Holdings, filed with the SEC on April 29, 2010.

(33) Incorporated by reference from Platinum Holdings' Current Report on Form 8-K filed with the SEC on April 30, 2010.

(34) Incorporated by reference from Platinum Holdings' Current Report on Form 8-K filed with the SEC on July 23, 2010.

(35) Incorporated by reference from Platinum Holdings' Current Report on Form 8-K filed with the SEC on October 14, 2010.

(36) Incorporated by reference from Platinum Holdings' Current Report on Form 8-K filed with the SEC on October 28, 2010.

(37) Incorporated by reference from Platinum Holdings' Quarterly Report on Form 10-Q for the quarter ended September 30, 2010, filed with the SEC on October 29, 2010.

(38) Incorporated by reference from Platinum Holdings' Current Report on Form 8-K filed with the SEC on January 18, 2011.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

Date: February 18, 2011	PLATINUM UNDERWRITERS HOLDINGS, LTD.	
	By:	/s/ Michael D. Price Michael D. Price President and Chief Executive Officer

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

Signature	Title	Date
/s/ Michael D. Price Michael D. Price	President, Chief Executive Officer and Director (Principal Executive Officer)	February 18, 2011
/s/ Allan C. Decleir Allan C. Decleir	Executive Vice President and Chief Financial Officer (Principal Financial Officer and Principal Accounting Officer)	February 18, 2011
/s/ Dan R. Carmichael Dan R. Carmichael	Chairman of the Board of Directors	February 18, 2011
/s/ H. Furlong Baldwin H. Furlong Baldwin	Director	February 18, 2011
/s/ A. John Hass A. John Hass	Director	February 18, 2011
/s/ Antony P.D. Lancaster Antony P.D. Lancaster	Director	February 18, 2011
/s/ Edmund R. Megna Edmund R. Megna	Director	February 18, 2011
/s/ Peter T. Pruitt Peter T. Pruitt	Director	February 18, 2011
/s/ James P. Slattery James P. Slattery	Director	February 18, 2011
/s/ Christopher J. Steffen Christopher J. Steffen	Director	February 18, 2011

- 59 -

PLATINUM UNDERWRITERS HOLDINGS, LTD. AND SUBSIDIARIES

CONSOLIDATED FINANCIAL STATEMENTS

Table of Contents

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

The Board of Directors and Shareholders
Platinum Underwriters Holdings, Ltd.:

We have audited the accompanying consolidated balance sheets of Platinum Underwriters Holdings, Ltd. and subsidiaries as of December 31, 2010 and 2009, and the related consolidated statements of operations and comprehensive income, shareholders' equity and cash flows for the two year period then ended December 31, 2010. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Platinum Underwriters Holdings, Ltd. and subsidiaries as of December 31, 2010 and 2009, and the results of their operations and their cash flows for the two year period then ended December 31, 2010, in conformity with U.S. generally accepted accounting principles.

As discussed in note 1 to the consolidated financial statements, the Company changed the manner in which it accounts for other-than-temporary impairments of debt securities in 2009.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), Platinum Underwriters Holdings, Ltd. and subsidiaries' internal control over financial reporting as of December 31, 2010, based on criteria established in Internal Control - Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO), and our report dated February 18, 2011 expressed an unqualified opinion on the effectiveness of the Company's internal control over financial reporting.

/s/ KPMG

Hamilton, Bermuda
February 18, 2011

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

The Board of Directors and Shareholders
Platinum Underwriters Holdings, Ltd.:

We have audited the accompanying consolidated statement of operations and comprehensive income, shareholders' equity and cash flows of Platinum Underwriters Holdings, Ltd. and subsidiaries for the year ended December 31, 2008. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the results of operations, changes in shareholders' equity and cash flows of Platinum Underwriters Holdings, Ltd. for the year ended December 31, 2008, in conformity with U.S. generally accepted accounting principles.

/s/ KPMG LLP

New York, New York
February 26, 2009

Platinum Underwriters Holdings, Ltd. and Subsidiaries

Consolidated Balance Sheets
December 31, 2010 and 2009
($ in thousands, except share data)

	2010	2009
ASSETS		
Investments:		
Fixed maturity available-for-sale securities at fair value (amortized cost – $2,889,502 and $3,590,081, respectively)	$2,865,827	$3,514,052
Fixed maturity trading securities at fair value (amortized cost – $174,631 and $136,426, respectively)	182,146	142,566
Preferred stocks (cost – $nil and $1,879, respectively)	–	3,897
Short-term investments	176,648	26,350
Total investments	3,224,621	3,686,865
Cash and cash equivalents	987,877	682,784
Accrued investment income	31,288	29,834
Reinsurance premiums receivable	162,682	269,912
Reinsurance recoverable on ceded losses and loss adjustment expenses	13,973	19,240
Prepaid reinsurance premiums	4,461	10,470
Funds held by ceding companies	84,078	84,478
Deferred acquisition costs	36,584	40,427
Deferred tax assets	47,777	63,093
Other assets	20,972	134,475
Total assets	$4,614,313	$5,021,578
LIABILITIES AND SHAREHOLDERS' EQUITY		
Liabilities		
Unpaid losses and loss adjustment expenses	$2,217,378	$2,349,336
Unearned premiums	154,975	180,609
Debt obligations	250,000	250,000
Commissions payable	59,388	90,461
Other liabilities	37,117	73,441
Total liabilities	$2,718,858	$2,943,847
Shareholders' Equity		
Common shares, $.01 par value, 200,000,000 shares authorized, 37,757,926 and 45,942,639 shares issued and outstanding, respectively	$377	$459
Additional paid-in capital	453,619	883,425
Accumulated other comprehensive loss	(24,488)	(70,005)
Retained earnings	1,465,947	1,263,852
Total shareholders' equity	$1,895,455	$2,077,731
Total liabilities and shareholders' equity	$4,614,313	$5,021,578

See accompanying notes to consolidated financial statements.

F-4

Platinum Underwriters Holdings, Ltd. and Subsidiaries
Consolidated Statements of Operations and Comprehensive Income
For the years ended December 31, 2010, 2009 and 2008
($ in thousands, except per share data)

	2010	2009	2008
Revenue:			
Net premiums earned	$779,994	$937,336	$1,114,796
Net investment income	134,385	163,941	186,574
Net realized gains on investments	107,791	78,630	57,254
Total other-than-temporary impairment losses	(31,028)	(34,010)	(30,686)
Portion of impairment losses recognized in accumulated other comprehensive loss	(5,582)	16,407	–
Net impairment losses on investments	(36,610)	(17,603)	(30,686)
Other income (expense)	(207)	3,084	337
Total revenue	985,353	1,165,388	1,328,275
Expenses:			
Net losses and loss adjustment expenses	467,420	478,342	718,233
Net acquisition expenses	146,676	176,419	242,715
Net changes in fair value of derivatives	9,588	9,741	14,114
Operating expenses	82,636	94,682	88,208
Net foreign currency exchange losses (gains)	1,385	(399)	6,760
Interest expense	18,996	19,027	19,006
Total expenses	726,701	777,812	1,089,036
Income before income taxes	258,652	387,576	239,239
Income tax expense	43,154	4,285	12,999
Net income	215,498	383,291	226,240
Preferred dividends	–	1,301	10,408
Net income attributable to common shareholders	$215,498	$381,990	$215,832
Earnings per common share:			
Basic earnings per common share	$5.14	$7.71	$4.38
Diluted earnings per common share	$4.78	$7.33	$3.98
Comprehensive income:			
Net income	$215,498	$383,291	$226,240
Other comprehensive income (loss) - net change in unrealized gains and losses on available-for-sale securities, net of deferred tax	45,517	133,226	(164,648)
Comprehensive income	$261,015	$516,517	$61,592
Shareholder dividends:			
Preferred share dividends declared	$–	$2,602	$10,408
Dividends declared per preferred share	–	0.45	1.81

Common share dividends declared	13,403	16,099	15,770
Dividends declared per common share	$0.32	$0.32	$0.32

See accompanying notes to consolidated financial statements.

Platinum Underwriters Holdings, Ltd. and Subsidiaries

Consolidated Statements of Shareholders' Equity

For the years ended December 31, 2010, 2009 and 2008

($ in thousands)

	2010	2009	2008
Preferred shares:			
Balances at beginning of year	$–	$57	$57
Conversion of preferred shares	–	(57)	–
Balances at end of year	–	–	57
Common shares:			
Balances at beginning of year	459	475	538
Exercise of common share options	11	3	12
Issuance of common shares	1	1	3
Settlement of equity awards	3	2	–
Conversion of preferred shares	–	57	–
Repurchase of common shares	(97)	(79)	(78)
Balances at end of year	377	459	475
Additional paid-in-capital:			
Balances at beginning of year	883,425	1,114,135	1,338,466
Exercise of common share options	34,614	6,756	25,929
Issuance of common shares	4	246	1,693
Share based compensation	14,338	15,629	14,319
Settlement of equity awards	(1,012)	(1,100)	(999)
Repurchase of common shares	(379,578)	(252,217)	(266,483)
Purchase of common share options	(98,520)	–	–
Tax benefit (expense) of share based compensation	348	(24)	1,210
Balances at end of year	453,619	883,425	1,114,135
Accumulated other comprehensive loss:			
Balances at beginning of year	(70,005)	(188,987)	(24,339)
Cumulative effect of accounting change, net of deferred tax	–	(14,244)	–
Non-credit component of impairment losses on available-for-sale securities, net of deferred tax	4,860	(14,768)	–
Other net change in unrealized gains and losses on available-for-sale securities, net of deferred tax	40,657	147,994	(164,648)
Balances at end of year	(24,488)	(70,005)	(188,987)
Retained earnings:			
Balances at beginning of year	1,263,852	883,717	683,655
Cumulative effect of accounting change, net of deferred tax	–	14,244	–
Net income	215,498	383,291	226,240
Preferred share dividends	–	(1,301)	(10,408)
Common share dividends	(13,403)	(16,099)	(15,770)
Balances at end of year	1,465,947	1,263,852	883,717

Total shareholders' equity	$1,895,455	$2,077,731	$1,809,397

See accompanying notes to consolidated financial statements.

Platinum Underwriters Holdings, Ltd. and Subsidiaries

Consolidated Statements of Cash Flows

For the years ended December 31, 2010, 2009 and 2008

($ in thousands)

	2010	2009	2008
Operating Activities:			
Net income	$215,498	$383,291	$226,240
Adjustments to reconcile net income to cash provided by (used in) operations:			
Depreciation and amortization	11,683	16,170	9,184
Net realized gains on investments	(107,791)	(78,630)	(57,254)
Net impairment losses on investments	36,610	17,603	30,686
Net foreign currency exchange losses (gains)	1,385	(399)	6,760
Share-based compensation	14,338	15,629	14,319
Deferred income tax expense (benefit)	10,498	(3,523)	(14,433)
Fixed maturity trading securities activities, net	(43,617)	208,197	(147,124)
Changes in assets and liabilities:			
Decrease (increase) in accrued investment income	(1,313)	(471)	5,655
Decrease (increase) in reinsurance premiums receivable	106,409	37,361	(67,366)
Decrease in funds held by ceding companies	349	51,675	29,326
Decrease in deferred acquisition costs	3,851	10,436	19,789
Increase (decrease) in net unpaid losses and loss adjustment expenses	(126,942)	(132,809)	144,092
Decrease in net unearned premiums	(19,404)	(39,504)	(81,136)
Increase (decrease) in commissions payable	(31,100)	(35,235)	25,347
Changes in current income tax payable and recoverable	(8,505)	14,241	(7,783)
Changes in other assets and liabilities	(37,237)	13,144	(7,139)
Other net	17	21	(264)
Net cash provided by (used in) operating activities	24,729	477,197	128,899
Investing Activities:			
Proceeds from sale of fixed maturity available-for-sale securities	3,341,811	1,538,633	1,536,751
Proceeds from sale of fixed maturity trading securities	–	153,223	–
Proceeds from sale of preferred stocks	5,176	–	120
Proceeds from sale of short-term investments	17,110	365,676	143,302
Proceeds from maturity or paydown of fixed maturity available-for-sale securities	227,074	434,883	962,760
Proceeds from maturity of short-term investments	459,325	67,450	242,769
Acquisition of fixed maturity available-for-sale securities	(2,687,690)	(2,361,313)	(2,557,648)
Acquisition of fixed maturity trading securities	–	(164,748)	–
Acquisition of short-term investments	(624,488)	(384,093)	(445,322)
Net cash provided by (used in) investing activities	738,318	(350,289)	(117,268)
Financing Activities:			
Dividends paid to preferred shareholders	–	(2,602)	(10,408)
Dividends paid to common shareholders	(13,403)	(16,099)	(15,770)
Repurchase of common shares	(379,675)	(252,296)	(266,561)

Purchase of common share options	(98,520)	–	–
Proceeds from exercise of common share options	34,625	6,759	25,941
Net cash provided by (used in) financing activities	(456,973)	(264,238)	(266,798)
Effect of foreign currency exchange rate changes on cash	(981)	7,097	(8,095)
Net increase (decrease) in cash and cash equivalents	305,093	(130,233)	(263,262)
Cash and cash equivalents at beginning of year	682,784	813,017	1,076,279
Cash and cash equivalents at end of year	$987,877	$682,784	$813,017
Supplemental disclosures of cash flow information:			
Income taxes paid (refunded)	$40,490	$(6,851)	$33,561
Interest paid	$18,750	$18,750	$18,750

See accompanying notes to consolidated financial statements.

F-7

Platinum Underwriters Holdings, Ltd. and Subsidiaries
Notes to Consolidated Financial Statements
For the years ended December 31, 2010, 2009 and 2008

1. Basis of Presentation and Significant Accounting Policies

Basis of Presentation and Consolidation

Platinum Underwriters Holdings, Ltd. (“Platinum Holdings”) is a holding company that is domiciled in Bermuda and was organized in 2002. Through our reinsurance subsidiaries we provide property and marine, casualty and finite risk reinsurance coverages to a diverse clientele of insurers and select reinsurers on a worldwide basis.

Platinum Holdings and its consolidated subsidiaries (collectively the “Company”) includes Platinum Holdings, Platinum Underwriters Bermuda, Ltd. (“Platinum Bermuda”), Platinum Underwriters Reinsurance, Inc. (“Platinum US”), Platinum Re (UK) Limited (“Platinum UK”), Platinum Underwriters Finance, Inc. ("Platinum Finance"), Platinum Regency Holdings ("Platinum Regency"), Platinum Administrative Services, Inc. and Platinum UK Services Company Limited. The terms "we," "us," and "our" refer to the Company, unless the context otherwise indicates.

Platinum Regency is an intermediate holding company based in Ireland and a wholly owned subsidiary of Platinum Holdings. Platinum Finance is a U.S. based intermediate holding company and a wholly owned subsidiary of Platinum Regency. We operate through two licensed reinsurance subsidiaries, Platinum Bermuda, a Bermuda reinsurance company, and Platinum US, a U.S. reinsurance company. Platinum Bermuda is a wholly owned subsidiary of Platinum Holdings and Platinum US is a wholly owned subsidiary of Platinum Finance. Platinum Administrative Services, Inc. and Platinum UK Services Company Limited are subsidiaries that provide administrative support services to the Company.

The consolidated financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America ("U.S. GAAP"). All material inter-company transactions and accounts have been eliminated in preparing these consolidated financial statements.

The preparation of financial statements requires us to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could materially differ from these estimates. The major estimates used in the preparation of the Company's consolidated financial statements, and therefore considered to be critical accounting estimates, include, but are not limited to, unpaid losses and loss adjustment expenses (“LAE”), premiums written and earned, valuation of investments and income taxes. In addition, estimates are used to evaluate risk transfer for assumed and ceded reinsurance transactions. Results of changes in estimates are reflected in results of operations in the period in which the change is made.

Certain prior period amounts have been reclassified in the consolidated statement of operations and in the consolidated statement of cash flows to conform to the current period presentation.

Significant Accounting Policies

Investments

Fixed maturity securities we own that we may not have the positive intent to hold until maturity and preferred stocks are classified as available-for-sale and reported at fair value, with related net unrealized gains or losses excluded from earnings and included in shareholders' equity as a component of accumulated other comprehensive income (loss). Fixed maturity securities we own and have the intent to sell prior to maturity, or securities for which we have elected the fair value measurement attributes of the Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") 825, "Financial Instruments" ("ASC 825"), are classified as trading securities. Trading securities are reported at fair value, with mark-to-market adjustments included in net realized gains and losses on investments and the related deferred income tax included in income tax expense in the consolidated statements of operations. Short-term investments are generally carried at amortized cost, which approximates fair value, and mature within one year from the purchase date.

The fair value of our fixed maturity securities, preferred stocks, and short-term investments are based on prices generally obtained from independent pricing vendors, index providers or broker-dealers.

Premiums and discounts on fixed maturity securities are amortized into net investment income over the life or estimated life of the security using the prospective effective yield method. Premiums and discounts on mortgage-backed and asset-backed securities that are amortized into net investment income also consider prepayment assumptions. These assumptions are consistent with the current interest rate and economic environment. The prospective adjustment method is used to adjust the value of mortgage-backed and asset-backed securities. Adjustments to the amortized cost of U.S. Treasury Inflation-Protected Securities resulting from changes in the consumer price index are recognized in net investment income. Realized gains and losses on the sale of securities are determined on the basis of the specific identification method.

We routinely review our available-for-sale investments to determine whether unrealized losses represent temporary changes in fair value or are the result of an other-than-temporary impairment ("OTTI"). The process of determining whether a security is other-than-temporarily impaired requires judgment and involves analyzing many factors. These factors include the overall financial condition of the issuer, the length of time and magnitude of an unrealized loss, specific credit events, the collateral structure and the credit support that may be applicable.

Platinum Underwriters Holdings, Ltd. and Subsidiaries
Notes to Consolidated Financial Statements, continued

In 2009 we adopted additional guidance under FASB ASC 320, “Investments – Debt and Equity Securities” (“ASC 320”). In accordance with this additional guidance, we recognize the portion of OTTI related to a credit loss in net income and the portion of OTTI related to all other factors is recognized in other comprehensive income or loss. The amount of the credit loss of an impaired debt security is the difference between the amortized cost and the greater of (i) the present value of expected future cash flows and (ii) the fair value of the security. The effect of adoption resulted in a cumulative adjustment to debt securities that were impaired prior to 2009, net of deferred tax, of $14.2 million that was recorded in accumulated other comprehensive income or loss in the consolidated statement of shareholders’ equity.

In accordance with ASC 320, we also consider our intent to sell a security and the likelihood that we will be required to sell a security before an unrealized loss is recovered. Our intent to sell a security is based, in part, on adverse changes in the credit worthiness of a debt issuer, pricing and other market conditions and our anticipated net cash flows. If we determine that we intend to sell a security that is in an unrealized loss position, then the unrealized loss related to such a security, representing the difference between the security’s amortized cost and its fair value, is recognized as a net impairment loss in our consolidated statements of operations at the time we determine our intent is to sell.

Cash and Cash Equivalents

Cash and cash equivalents are carried at cost, which approximates fair value, and include all securities that at their purchase date have a maturity of less than 90 days. Cash and cash equivalents consist primarily of investments in money market funds, time deposits and short-term obligations of governments and agencies.

Premiums Written and Earned

Assumed reinsurance premiums earned are recognized as revenues, net of any related ceded retrocessional coverage purchased. Both assumed and ceded premiums written are recognized as earned generally on a basis proportionate with the coverage period. Assumed premiums written not yet recognized as revenue are recorded on the consolidated balance sheets as unearned premiums; ceded premiums written not yet earned are recorded on the consolidated balance sheets as prepaid reinsurance premiums. Premiums receivable include premiums that have been reported and billed and are in the course of collection and an estimate of premiums not yet reported by our ceding companies. Unearned premiums and estimated premiums receivable are estimates based on estimated written premiums and are subject to judgment and uncertainty.

Due to the nature of reinsurance, ceding companies routinely report and remit premiums subsequent to the contract coverage period. Consequently, premiums written include amounts reported by the ceding companies, supplemented by our estimates of premiums that are written but not reported. In addition, we estimate the unearned portion of the premiums. Earned premiums, which are recorded in revenues, are the premiums written less the unearned premiums. The premium estimation process considers the terms and conditions of the reinsurance contracts and assumes that the contracts will remain in force until expiration. The estimation of written premiums could be affected by early cancellation, election of contract provisions for cut-off and return of unearned premiums or other contract disruptions. The time lag involved in the process of reporting premiums is shorter than the lag in reporting losses. Premiums are generally reported in full within two years from the inception of the contract. The potential net impact on the results of operations of changes in premiums earned is reduced by the accrual of losses and acquisition expenses related to such premiums earned. Any adjustments to written and earned premiums are accounted for as changes in estimates and are reflected in the results of operations in the period in which they are made. Any adjustments could be material and could significantly impact earnings in the period they are recorded.

Certain of our reinsurance contracts include provisions that adjust premiums based upon the loss experience of the contracts. We take these provisions into account when determining our estimate of premiums written and unearned premiums. Reinstatement premiums are the premiums charged for the restoration of the reinsurance limit of a reinsurance contract to its full amount, generally coinciding with the payment by the reinsurer of losses. These premiums relate to and are earned over the future coverage obtained for the remainder of the contract term. Any unearned premiums existing at the time a contract limit is exhausted or reinstated is earned immediately. Additional premiums are premiums that are triggered by losses and are earned immediately. Premiums written and unearned premiums include estimates of reinstatement premiums and additional premiums based on reinsurance contract provisions and loss experience and rely on the estimates of unpaid losses and LAE.

An allowance for uncollectible premiums is established for possible non-payment of premiums receivable, as deemed necessary. We analyze whether an allowance is deemed necessary based on our historical experience, the general profile of our ceding companies and our ability in most cases to contractually offset premiums receivable against losses and LAE and commission amounts payable to the same parties.

Funds Held by Ceding Companies

We may write business on a funds held basis from time to time. Under these contractual arrangements, the ceding company holds the net funds that would otherwise be remitted to us and generally credits the funds held balance with interest income at a negotiated rate established in the contract. Interest income on funds held by ceding companies is included in net investment income.

Deferred Acquisition Costs

Costs of acquiring business, consisting primarily of commissions and other underwriting expenses that vary with and are directly related to the production of business, are deferred and amortized over the period that the corresponding premiums are earned. On a regular basis, an analysis of the recoverability of deferred acquisition costs is performed based on the estimated profitability of the underlying reinsurance contracts, including anticipated investment income. Any adjustments are reflected in the results of operations in the period in which they are made. A liability is established, if necessary, to provide for losses that may exceed the related unearned premiums. Deferred acquisition costs amortized in 2010, 2009 and 2008 were $113.7 million, $133.6 million and $182.6 million, respectively.

Platinum Underwriters Holdings, Ltd. and Subsidiaries
Notes to Consolidated Financial Statements, continued

Debt Obligations and Deferred Debt Issuance Costs

Costs incurred in issuing debt are capitalized and amortized over the life of the debt. The amortization of these costs is included in interest expense in the consolidated statements of operations.

Unpaid Losses and Loss Adjustment Expenses

Unpaid losses and LAE are estimated based upon information received from ceding companies regarding our liability for unpaid losses and LAE, adjusted for our estimates of losses and LAE for which ceding company reports have not been received, our historical experience for unreported claims and industry experience for unreported claims. Unpaid losses and LAE include estimates of the cost of claims that were reported, but not yet paid, and the cost of claims incurred but not yet reported. In addition, we estimate our unallocated loss adjustment expense reserves based on our administrative costs of managing claims.

Unpaid losses and LAE represent management’s best estimate at a given point in time and are subject to the effects of trends in loss severity and frequency. These estimates are reviewed regularly and adjusted as experience develops or new information becomes available. Any adjustments are accounted for as changes in estimates and are reflected in the results of operations in the period in which they are made. It is possible that the ultimate liability may materially differ from such estimates.

Reinsurance Ceded

Premiums written, premiums earned and net losses and LAE reflect the net effects of assumed and ceded reinsurance transactions.

Estimated amounts recoverable from retrocessionaires on unpaid losses and LAE are determined based on our estimate of assumed ultimate losses and LAE and the terms and conditions of our retrocessional contracts. The estimates of retroceded amounts recoverable are reflected as assets.

Reinsurance Deposit Assets and Liabilities

Reinsurance accounting is followed for assumed and ceded transactions when risk transfer requirements have been met. Risk transfer analysis involves evaluating significant assumptions relating to the amount and timing of expected cash flows, as well as the interpretation of underlying contract terms. Reinsurance contracts that do not transfer sufficient insurance risk are accounted for as deposits and assets or liabilities are initially recorded for the same amount as assets paid or received. Interest income or expense related to the deposit is recognized as incurred. Profit margins are earned over the settlement period of the contractual obligations.

Earnings Per Common Share

Basic earnings per common share is computed by dividing net income available to common shareholders by the weighted average number of common shares outstanding for the period. Diluted earnings per common share reflects the basic earnings per common share calculation components adjusted for the dilutive effect of the conversion of preferred shares, share options, restricted shares and restricted share units. Securities that are convertible into common shares that are anti-dilutive are not included in the calculation of diluted earnings per common share.

Income Taxes

We provide for income taxes for our subsidiaries operating in income tax paying jurisdictions. We recognize deferred tax assets and liabilities based on the temporary differences between the financial statement carrying amounts and the tax bases of assets and liabilities. Such temporary differences are primarily due to tax basis discount on unpaid losses and LAE and unearned premiums, deferred policy acquisition costs and investments. A valuation allowance against deferred tax assets is recorded if it is more likely than not that all, or some portion, of the benefits related to deferred tax assets will not be realized.

Share-Based Compensation

We recognize share-based compensation expenses of all share awards, based on fair value over their vesting period. The fair value of option awards is determined on the grant date using the Black-Scholes option pricing model and is amortized into earnings over the vesting period. The fair values of restricted share and restricted share unit awards are determined on the grant date and are amortized into earnings over the vesting period. The cost of performance-based share awards is based on the estimated number of shares or share units that are expected to be issued at the end of the performance period, and is amortized into earnings over the performance and vesting period.

Foreign Currency Exchange Gains and Losses

Our reporting and functional currency and that of our reinsurance subsidiaries is U.S. dollars. Transactions conducted in other than our reporting currency are remeasured into U.S. dollars and the resulting foreign exchange gains and losses are included in net foreign currency exchange gains or losses. Foreign currency exchange gains and losses related to securities classified as trading securities are included in net foreign currency exchange gains and losses.

Platinum Underwriters Holdings, Ltd. and Subsidiaries
Notes to Consolidated Financial Statements, continued

Recently Issued Accounting Standards

In October 2010, the FASB issued Accounting Standards Update ("ASU") No. 2010-26, "Accounting for Costs Associated with Acquiring or Renewing Insurance Contracts" ("ASU 2010-26"). ASU 2010-26 modifies the types of costs that may be deferred, allowing insurance companies to only defer costs directly related to a successful contract acquisition or renewal. These costs include incremental direct costs of successful contracts, the portion of employees' salaries and benefits related to time spent on acquisition activities for successful contracts and other costs incurred in the acquisition of a contract. Additional disclosure of the type of acquisition costs capitalized is also required. ASU 2010-26 is effective on a prospective basis for interim and annual reporting periods beginning after December 15, 2011, with early adoption permitted as of the beginning of a company's annual period. We are currently evaluating the impact of the adoption of ASU 2010-26 on our financial position and results of operations.

In July 2010, the FASB issued ASU No. 2010-20, "Disclosures about the Credit Quality of Financing Receivables and the Allowance for Credit Losses" ("ASU 2010-20"). ASU 2010-20 requires disclosure relating to the credit quality of an entity's financing receivables and its allowance for credit losses. The guidance is effective for interim and annual periods ending on or after December 15, 2010. We adopted the guidance as of December 31, 2010 and it did not have a material impact on the presentation of our consolidated financial statements.

In January 2010, the FASB issued ASU No. 2010-06, "Fair Value Measurements and Disclosures (Topic 820) – Improving Disclosures about Fair Value Measurements" ("ASU 2010-06"). This update requires additional disclosures about fair value measurements, including disclosures regarding (i) the amounts and reasons for significant transfers in and out of Level 1 and Level 2 fair value measurements and separate presentation of purchases, sales, issuances and settlements of items measured using significant unobservable inputs, as previously disclosed for Level 3, (ii) inputs and valuation techniques used to measure fair value for financial assets and liabilities that fall in either Level 2 or Level 3, (iii) the activity within Level 3 fair value measurements, and (iv) disaggregation of financial assets and liabilities measured at fair value into classes of financial assets and liabilities. The requirements were effective for interim and annual reporting periods beginning after December 15, 2009, except for the disclosure about purchases, sales, issuances and settlements which is effective for fiscal years beginning after December 15, 2010 and for interim periods within those fiscal years. We adopted the guidance as of January 1, 2010 and have reflected these additional disclosures in Note 3.

In June 2009, the FASB issued additional guidance under ASC 810, "Consolidation" ("ASC 810"), which amends the consolidation guidance applicable to variable interest entities ("VIEs"). The amendments affected the overall consolidation analysis under ASC 810. In particular, the amendments modified the approach for determining the primary beneficiary of a VIE. We adopted the guidance as of January 1, 2010 and it did not have an effect on our financial position and results of operations.

2. Investments

Available-for-sale Securities

The following table sets forth our fixed maturity available-for-sale securities and preferred stocks as of December 31, 2010 and 2009 ($ in thousands):

		Gross Unrealized Losses	
	Gross	Non-OTTI	Fair Value

	Amortized Cost	Unrealized Gains		Non-credit portion of OTTI	
December 31, 2010:					
U.S. Government	$408,843	$267	$17,807	$–	$391,303
U.S. Government agencies	100,000	547	–	–	100,547
Corporate bonds	349,370	18,589	1,059	–	366,900
Commercial mortgage-backed securities	195,050	9,656	1,350	43	203,313
Residential mortgage-backed securities	192,345	3,601	13,694	15,794	166,458
Asset-backed securities	28,203	289	280	4,644	23,568
Municipal bonds	1,540,701	25,591	28,860	–	1,537,432
Non-U.S. governments	74,990	1,859	543	–	76,306
Total fixed maturity available-for-sale securities	2,889,502	60,399	63,593	20,481	2,865,827
Preferred stocks	–	–	–	–	–
Total available-for-sale securities	$2,889,502	$60,399	$63,593	$20,481	$2,865,827

Platinum Underwriters Holdings, Ltd. and Subsidiaries
Notes to Consolidated Financial Statements, continued

			Gross Unrealized Losses		
	Amortized Cost	Gross Unrealized Gains	Non-OTTI	Non-credit portion of OTTI	Fair Value
December 31, 2009:					
U.S. Government	$614,224	$270	$5,797	$–	$608,697
U.S. Government agencies	100,000	1,082	–	–	101,082
Corporate bonds	467,640	18,446	9,100	–	476,986
Commercial mortgage-backed securities	243,176	376	26,253	2,279	215,020
Residential mortgage-backed securities	767,338	3,158	39,142	16,651	714,703
Asset-backed securities	84,396	1,311	14,606	11,402	59,699
Municipal bonds	744,677	19,172	4,348	–	759,501
Non-U.S. governments	568,630	10,359	625	–	578,364
Total fixed maturity available-for-sale securities	3,590,081	54,174	99,871	30,332	3,514,052
Preferred stocks	1,879	2,018	–	–	3,897
Total available-for-sale securities	$3,591,960	$56,192	$99,871	$30,332	$3,517,949

Our available-for-sale securities are U.S. dollar denominated securities. U.S. Government agencies consists of securities issued by financial institutions under the Temporary Liquidity Guarantee Program guaranteed by the Federal Deposit Insurance Corporation. Non-U.S. governments consist primarily of securities issued by governments and financial institutions that are explicitly guaranteed by the respective government.

Trading Securities

The following table sets forth the fair value of our fixed maturity trading securities as of December 31, 2010 and 2009 ($ in thousands):

	December 31,	
	2010	2009
Non-U.S. dollar denominated securities:		
Non-U.S. governments	$ 140,089	$ 100,384
U.S. Government agencies	15,903	16,423
Corporate bonds	68	77
Insurance-linked securities	26,086	25,682
Total fixed maturity trading securities	$ 182,146	$ 142,566

We have elected to record our investments in insurance-linked securities at fair value. Insurance-linked securities have exposure to catastrophe loss, which we actively manage. We believe that the various risk elements of insurance-linked securities are more appropriately accounted for in accordance with the fair value measurement attributes of ASC 825. The mark-to-market adjustments on securities recognized under ASC 825 contributed $0.2 million and $3.4 million to net realized gains on investments for the years ended December 31, 2010 and 2009, respectively.

At acquisition, we determine our trading intent in the near term for securities accounted for in accordance with ASC 825. If we do not intend to sell these securities in the near term, the purchases and sales are included in investing activities in our consolidated statements of cash flows, otherwise they are included in operating activities. For the year ended December 31, 2010, there were no purchases or sales of trading securities under ASC 825. For the year ended December 31, 2009, purchases of $164.7 million and sales of $153.2 million of securities were classified as investing activities and net sales of $208.2 million were classified as net fixed maturity trading securities activities and included in operating activities in the consolidated statements of cash flows. For the year ended December 31, 2008, purchases of $196.4 million were classified as net fixed maturity trading securities activities and included in operating activities in the statements of cash flows.

Other-Than-Temporary Impairments

We consider the credit worthiness of our corporate bond portfolio by reviewing various performance metrics of the issuer, including financial condition and credit ratings as well as other public information. We determined that none of our corporate bonds were other-than-temporarily impaired in the years ended December 31, 2010 and 2009. We recorded net impairment losses related to corporate bonds of $7.6 million for the year ended December 31, 2008. As of December 31, 2010, the single largest unrealized loss within our corporate bond portfolio was $0.5 million related to a security with an amortized cost of $10.1 million.

Platinum Underwriters Holdings, Ltd. and Subsidiaries
Notes to Consolidated Financial Statements, continued

We analyze our commercial mortgage-backed securities ("CMBS") on a periodic basis using default loss models based on the performance of the underlying loans. Performance metrics include delinquencies, defaults, foreclosures, debt-service-coverage ratios and cumulative losses incurred. The expected losses for a mortgage pool are compared to the current level of credit support, which generally represents the point at which our security would experience losses. We evaluate projected cash flows as well as other factors in order to determine if a credit impairment has occurred. We recorded net impairment losses related to CMBS of $7.7 million and $2.7 million for the years ended December 31, 2010 and 2009, respectively. We determined that none of our CMBS were other-than-temporarily impaired in the year ended December 31, 2008. As of December 31, 2010, the single largest unrealized loss within our CMBS portfolio was $0.5 million related to a security with an amortized cost of $10.0 million.

Our residential mortgage-backed securities ("RMBS") include U.S. Government agency RMBS and non-agency RMBS. Our securities with underlying sub-prime mortgages as collateral are included in asset-backed securities ("ABS"). We analyze our non-agency RMBS and sub-prime ABS on a periodic basis using default loss models based on the performance of the underlying loans. Performance metrics include delinquencies, defaults, foreclosures, prepayment speeds and cumulative losses incurred. The expected losses for a mortgage pool are compared to the current level of credit support, which generally represents the point at which our security would experience losses. We evaluate projected cash flows as well as other factors in order to determine if a credit impairment has occurred. We recorded net impairment losses related to non-agency RMBS of $11.2 million, $8.4 million and $15.8 million for the years ended December 31, 2010, 2009 and 2008, respectively. As of December 31, 2010, the single largest unrealized loss within our RMBS portfolio was $5.6 million related to a non-agency RMBS security with an amortized cost of $6.5 million.

We also recorded net impairment losses related to sub-prime ABS of $17.7 million, $5.3 million and $1.6 million for the years ended December 31, 2010, 2009 and 2008, respectively. As of December 31, 2010, the single largest unrealized loss within our sub-prime ABS portfolio was $3.2 million related to a security with an amortized cost of $6.8 million.

The net impairment losses for CMBS, non-agency RMBS and sub-prime ABS recorded in 2010 and 2009 reflect the portion of OTTI attributed to the credit losses for the impaired securities. The net impairment losses recorded in 2008 reflect the entire difference between the amortized cost basis and fair value of the impaired securities at the balance sheet date. The effect of the adoption of additional guidance under ASC 320 in 2009 resulted in before-tax adjustments to increase the amortized cost and net unrealized losses by $14.3 million for non-agency RMBS and $0.8 million for sub-prime ABS that were recorded in accumulated other comprehensive income or loss in the consolidated statement of shareholders' equity.

The following table sets forth a summary of the cumulative credit losses recognized on our fixed maturity available-for-sale securities for the years ended December 31, 2010 and 2009 ($ in thousands):

	2010	2009
Beginning balance, January 1	$18,695	$–
Cumulative effect of accounting change	–	2,300
Credit losses on securities not previously impaired	18,141	11,133
Additional credit losses on securities previously impaired	18,469	5,262
Reduction for paydowns and securities sold	(6,104)	–
Reduction for increases in cash flows expected to be collected	(356)	–

Ending balance, December 31	$48,845	$18,695

As of December 31, 2010, the total cumulative credit losses related to CMBS, non-agency RMBS and sub-prime ABS. The cumulative credit losses we recorded on CMBS of $5.2 million were on four securities issued in 2006 and 2007. As of December 31, 2010, 5.3% of the mortgage pools backing these securities were 90 days or more past due and 0.1% of the mortgage pools had incurred cumulative losses. For these securities, the expected losses for the underlying mortgage pools were greater than the remaining credit support of 17.1%. The cumulative credit losses we recorded on non-agency RMBS and sub-prime ABS of $43.6 million were on 26 securities issued from 2004 to 2007. As of December 31, 2010, 19.5% of the mortgage pools backing these securities were 90 days or more past due and 4.8% of the mortgage pools had incurred cumulative losses. For these securities, the expected losses for the underlying mortgage pools were greater than the remaining credit support of 10.5%.

As of December 31, 2010, we no longer held any preferred stocks. For preferred stocks we previously held, we evaluated the unrealized losses of our preferred stocks by individual issuer and determined if we could forecast a reasonable period of time by which the fair value of the securities would increase and we would recover our cost. If we were unable to forecast a reasonable period of time in which to recover the cost of our preferred stocks, we recorded a net impairment loss in our consolidated statement of operations equivalent to the entire unrealized loss. We recorded no net impairment losses related to our preferred stocks for the year ended December 31, 2010. We recorded net impairment losses related to our preferred stocks of $1.2 million and $5.7 million for the years ended December 31, 2009 and 2008, respectively.

Unrealized Gains and Losses

The following table sets forth the net changes in unrealized investment gains and losses on our available-for-sale securities for the years ended December 31, 2010, 2009 and 2008 ($ in thousands):

	2010	2009	2008
Gross change in unrealized investment gains and losses	$50,335	$129,999	$(178,318)
Less: deferred tax	(4,818)	(11,017)	13,670
Cumulative effect of accounting change, net of deferred tax	–	14,244	–
Net change in unrealized gains and losses	$45,517	$133,226	$(164,648)

Platinum Underwriters Holdings, Ltd. and Subsidiaries
Notes to Consolidated Financial Statements, continued

The following table sets forth our gross unrealized losses on fixed maturity securities classified as available-for-sale aggregated by investment category and length of time that individual securities have been in a continuous unrealized loss position as of December 31, 2010 and 2009 ($ in thousands):

	December 31, 2010		December 31, 2009	
	Fair Value	Unrealized Loss	Fair Value	Unrealized Loss
Less than twelve months:				
U.S. Government	$388,087	$17,807	$594,343	$5,797
Corporate bonds	37,334	1,059	34,393	281
Commercial mortgage-backed securities	–	–	18,101	244
Residential mortgage-backed securities	17,103	431	540,606	10,446
Asset-backed securities	–	–	1,075	445
Municipal bonds	670,592	28,773	187,159	4,244
Non-U.S. governments	4,455	543	59,815	565
Total	$1,117,571	$48,613	$1,435,492	$22,022
Twelve months or more:				
U.S. Government	$–	$–	$–	$–
Corporate bonds	–	–	59,423	8,819
Commercial mortgage-backed securities	22,016	1,393	160,039	28,288
Residential mortgage-backed securities	56,297	29,057	94,969	45,347
Asset-backed securities	21,816	4,924	28,238	25,563
Municipal bonds	2,032	87	3,015	104
Non-U.S. governments	–	–	1,661	60
Total	$102,161	$35,461	$347,345	$108,181
Total unrealized losses:				
U.S. Government	$388,087	$17,807	$594,343	$5,797
Corporate bonds	37,334	1,059	93,816	9,100
Commercial mortgage-backed securities	22,016	1,393	178,140	28,532
Residential mortgage-backed securities	73,400	29,488	635,575	55,793
Asset-backed securities	21,816	4,924	29,313	26,008
Municipal bonds	672,624	28,860	190,174	4,348
Non-U.S. governments	4,455	543	61,476	625
Total	$1,219,732	$84,074	$1,782,837	$130,203

The fair values of fixed maturity available-for-sale securities included in the table above relate only to securities in an unrealized loss position as of the reporting date.

We believe that the gross unrealized losses in our available-for-sale portfolio represent temporary declines in fair value. We believe that the unrealized losses are not necessarily predictive of ultimate performance and that the provisions we have made for net impairment losses are adequate. However, economic conditions may deteriorate more than expected and may adversely affect the expected cash flows of our securities, which in turn may lead to impairment losses recorded in future periods. Conversely, economic conditions may improve more than expected and favorably increase the expected cash flows of our securities, which would be earned through net investment income over the remaining life of the security.

Platinum Underwriters Holdings, Ltd. and Subsidiaries
Notes to Consolidated Financial Statements, continued

Net Investment Income

The following table sets forth our net investment income for the years ended December 31, 2010, 2009 and 2008 ($ in thousands):

	2010	2009	2008
Fixed maturity securities	$135,394	$162,786	$162,857
Short-term investments and cash and cash equivalents	1,857	1,741	24,340
Funds held by ceding companies	1,815	4,192	3,476
Subtotal	139,066	168,719	190,673
Less: investment expenses	4,681	4,778	4,099
Net investment income	$134,385	$163,941	$186,574

Net Realized Gains and Losses on Investments

The following table sets forth our net realized gains and losses on investments for the years ended December 31, 2010, 2009 and 2008 ($ in thousands):

	2010	2009	2008
Gross realized gains on the sale of investments	$115,679	$86,512	$53,178
Gross realized losses on the sale of investments	(9,285)	(5,588)	(5,605)
Net gains on the sale of investments	106,394	80,924	47,573
Mark-to-market adjustments on fixed maturity trading securities	1,397	(2,294)	9,681
Net realized gains on investments	$107,791	$78,630	$57,254

Maturities

Actual maturities of our fixed maturity available-for-sale and trading securities could differ from stated maturities due to call or prepayment provisions. The following table sets forth the amortized cost and fair value of our fixed maturity available-for-sale and trading securities by stated maturity as of December 31, 2010 ($ in thousands):

	Amortized Cost	Fair Value
Due in one year or less	$102,847	$104,080
Due from one to five years	739,357	762,268
Due from five to ten years	888,241	882,726
Due in ten or more years	918,090	905,560
Mortgage-backed and asset-backed securities	415,598	393,339
Total	$3,064,133	$3,047,973

Restricted Investments

Certain of our investments are restricted to support our reinsurance operations. Investments with a carrying value of $5.1 million were on deposit with U.S. regulatory authorities as of December 31, 2010. Investments with a carrying value of $69.8 million and cash and cash equivalents of $9.9 million as of December 31, 2010 were held in trust to collateralize obligations under various reinsurance contracts. We also issue letters of credit under a credit facility, see Note 7 for a description of our assets held in trust to secure those letters of credit.

3. Fair Value Measurements

The fair values of our financial assets and liabilities are determined primarily through the use of observable inputs. Observable inputs reflect the assumptions market participants would use in pricing the asset or liability based on market data obtained from external independent sources. Unobservable inputs reflect management's assumptions about what market participants' assumptions would be in pricing the asset or liability based on the best information available. We classify our financial assets and liabilities in the fair value hierarchy based on the lowest level input that is significant to the fair value measurement. This classification requires judgment in assessing the market and pricing methodologies for a particular security. The fair value hierarchy is comprised of the following three levels:

Platinum Underwriters Holdings, Ltd. and Subsidiaries
Notes to Consolidated Financial Statements, continued

Level 1: Valuations are based on unadjusted quoted prices in active markets for identical financial assets or liabilities;

Level 2: Valuations of financial assets and liabilities are based on prices obtained from independent pricing vendors, index providers, or broker-dealers using observable inputs; and

Level 3: Valuations are based on unobservable inputs for assets and liabilities where there is little or no market activity. Management's assumptions and/or internal valuation pricing models may be used to determine the fair value of financial assets or liabilities.

The following table presents the fair value measurement levels for all financial assets and liabilities which the Company has recorded at fair value as of December 31, 2010 and December 31, 2009 ($ in thousands):

		Fair Value Measurement Using:		
	Total	Level 1	Level 2	Level 3
December 31, 2010:				
Financial assets:				
U.S. Government	$391,303	$391,303	$–	$–
U.S. Government agencies	116,450	–	116,450	–
Corporate bonds	366,968	–	366,968	–
Commercial mortgage-backed securities	203,313	–	203,313	–
Residential mortgage-backed securities	166,458	–	164,009	2,449
Asset-backed securities	23,568	–	22,499	1,069
Municipal bonds	1,537,432	–	1,537,432	–
Non-U.S. governments	216,395	57,643	158,752	–
Insurance-linked securities	26,086	–	26,086	–
Preferred stocks	–	–	–	–
Short-term investments	176,648	–	176,648	–
Total	$3,224,621	$448,946	$2,772,157	$3,518
Financial liabilities:				
Derivative instrument	4,871	–	–	4,871
Total	$4,871	$–	$–	$4,871

		Fair Value Measurement Using:		
	Total	Level 1	Level 2	Level 3
December 31, 2009:				
Financial assets:				
U.S. Government	$608,697	$608,697	$–	$–
U.S. Government agencies	117,505	–	117,505	–
Corporate bonds	477,063	27,760	449,303	–
Commercial mortgage-backed securities	215,020	–	215,020	–
Residential mortgage-backed securities	714,703	–	714,703	–
Asset-backed securities	59,699	–	59,699	–

Municipal bonds	759,501	–	759,501	–
Non-U.S. governments	678,748	35,311	643,437	–
Insurance-linked securities	25,682	–	25,682	–
Preferred stocks	3,897	3,897	–	–
Short-term investments	26,350	–	26,350	–
Total	$3,686,865	$675,665	$3,011,200	$–
Financial liabilities:				
Derivative instrument	4,677	–	–	4,677
Total	$4,677	$–	$–	$4,677

Platinum Underwriters Holdings, Ltd. and Subsidiaries
Notes to Consolidated Financial Statements, continued

Our financial assets and liabilities recorded at fair value include fixed maturity securities, preferred stocks, short-term investments and a derivative instrument. The fair values of our fixed maturity securities, preferred stocks and short-term investments are generally based on prices obtained from independent pricing vendors, index providers, or broker-dealers using observable inputs. Fixed maturity securities are generally valued using the market approach. The inputs used to determine the fair value of our financial assets and liabilities are as follows:

U.S. Government	The fair values of U.S. Government securities were based on quoted prices in active markets for identical assets. The fair value measurements were classified as Level 1.
U.S Government agencies	Our U.S. Government agencies portfolio consisted of securities issued by financial institutions guaranteed by the Federal Deposit Insurance Corporation. The observable inputs used to price these securities may include the spread above the risk-free yield curve, reported trades and broker-dealer quotes. The fair value measurements were classified as Level 2.
Corporate bonds	Our corporate bond portfolio was comprised of corporate issues and redeemable preferred stocks. The observable inputs used to price corporate issues may include the spread above the risk-free yield curve, reported trades, broker-dealer quotes, benchmark securities, bids, credit risks and industry and economic indicators. The fair value measurements were classified as Level 2. Exchange traded redeemable preferred stocks are priced based on quoted prices in active markets for identical assets. The fair value measurements were classified as Level 1.
Commercial mortgage-backed securities	The fair values of CMBS were determined based on observable inputs that may include the spread above the risk-free yield curve, reported trades, broker-dealer quotes, bids, security cash flows and structures, delinquencies, loss severities and default rates. The fair value measurements were classified as Level 2.
Residential mortgage-backed securities	Our RMBS portfolio was comprised of securities issued by U.S. Government agencies and by non-agency institutions. The observable inputs used to price U.S. Government agency RMBS may include the spread above the risk-free yield curve, reported trades, broker-dealer quotes, bids, loan level information and prepayment speeds. The observable inputs used to price non-agency RMBS may include the spread above the risk-free yield curve, reported trades, broker-dealer quotes, bids, security cash flows and structures, prepayment speeds, delinquencies, loss severities and default rates. The fair value measurements were classified as Level 2 or Level 3.
Asset-backed securities	The fair values of ABS were determined based on observable inputs that may include the spread above the risk-free yield curve, reported trades, broker-dealer quotes, bids, security cash flows and structures, type of collateral, prepayment speeds, delinquencies, loss severities and default rates. The fair value measurements were classified as Level 2 or Level 3.
Municipal bonds	The fair values of municipal bonds were determined based on observable inputs that may include the spread above the risk-free yield curve, reported trades, broker-dealer quotes, benchmark securities, bids, credit risks and economic indicators. The fair value

measurements were classified as Level 2.

Non-U.S. governments	Our non-U.S. government bond portfolio consisted of securities issued primarily by governments, provinces, agencies and supranationals as well as debt issued by financial institutions that is guaranteed by a non-U.S. government. The fair values of non-U.S. government securities were determined based on observable inputs that may include the spread above the risk-free yield curve, reported trades and broker-dealer quotes. The fair value measurements were classified as Level 1 or Level 2.
Insurance-linked securities	The fair values of insurance-linked securities were determined based on observable inputs that may include the spread above the risk-free yield curve, reported trades, broker-dealer quotes, benchmark securities, bids, credit risks and specific catastrophic events. The fair value measurements were classified as Level 2.
Preferred stocks	Non-redeemable exchange traded preferred stocks were priced based on quoted prices in active markets for identical assets. The fair value measurements were classified as Level 1.
Short-term investments	Short-term investments were generally carried at amortized cost, which approximates fair value and were classified as Level 2.
Derivative instrument	The fair value of our derivative instrument was determined by management primarily using unobservable inputs through the application of our own assumptions and internal valuation pricing models. Unobservable inputs used in the internal valuation pricing model included the unpaid contract premiums, probability of losses triggered under the covered perils for first and second events, the remaining time to the end of the annual contract period and the seasonality of risks. The valuation was based on the use of significant unobservable inputs therefore the fair value measurement was classified as Level 3. See Note 4 for additional disclosure on our derivative instrument.

The following table reconciles the beginning and ending balance for our Level 3 financial instruments measured at fair value using significant unobservable inputs for the years December 31, 2010 and 2009 ($ in thousands):

	December 31, 2010	December 31, 2009
Beginning balance at January 1	$(4,677)	$(4,753)
Purchases	–	–
Issuances	–	–
Settlements	9,394	9,817
Sales, maturities and paydowns	–	–
Total net realized gains included in earnings	–	–
Total decrease in fair value of the derivative instrument included in earnings	(9,588)	(9,741)
Total net unrealized gains (losses) included in comprehensive income	–	–
Transfers into Level 3	3,518	–
Ending balance at December 31	$(1,353)	$(4,677)
Total decrease in fair value of the financial instruments included in earnings relating to liabilities outstanding for the period	$9,588	$9,741

Platinum Underwriters Holdings, Ltd. and Subsidiaries
Notes to Consolidated Financial Statements, continued

We transferred $2.4 million of non-agency RMBS and $1.1 million of sub-prime ABS from Level 2 to Level 3 on December 31, 2010. The transfers were due to insufficient evidence available to determine if certain fair values obtained from broker-dealers were measured using observable inputs. There were no transfers between Levels 2 and 3 during the year ended December 31, 2009 and no transfers between Levels 1 and 2 during the years ended December 31, 2010 and 2009.

The carrying amounts of our financial assets and liabilities were equal to fair values as at December 31, 2010 and 2009, except for the debt obligations on our consolidated balance sheets. The debt obligations were recorded at cost with a carrying value of $250.0 million at December 31, 2010 and 2009, respectively, and had a fair value of $260.9 million and $245.0 million at December 31, 2010 and 2009, respectively.

4. Derivative Instruments

In August 2008, we entered into a derivative agreement with Topiary Capital Limited ("Topiary"), a Cayman Islands special purpose vehicle, that provides us with the ability to recover up to $200.0 million should two catastrophic events involving U.S. wind, U.S. earthquake, European wind or Japanese earthquake occur that meet specified loss criteria during any of three annual periods commencing August 1, 2008. Both the initial activation event and the qualifying second event must occur in the same annual period. The maximum amount that we can recover over the three-year period is $200.0 million. Any recovery we make under this contract is based on insured property industry loss estimates for the U.S. perils and European wind and a parametric index for Japanese earthquake events. Recovery is based on both a physical and financial variable and is not based on actual losses we may incur. Consequently, the transaction is accounted for as a derivative and is carried at the estimated fair value.

Under the terms of the agreement, we pay Topiary approximately $9.7 million during each of the three annual periods. The net derivative liability of $4.9 million was included in other liabilities on our consolidated balance sheet as at December 31, 2010. The net change in fair value of $9.6 million, $9.7 million and $7.1 million was included in the net changes in fair value of derivatives in our consolidated statements of operations for the years ended December 31, 2010, 2009 and 2008, respectively. One-time fees and expenses of $4.3 million related to entering into the agreement with Topiary were included in operating expenses for the year ended December 31, 2008.

Topiary's limit of loss is collateralized with high quality investment grade securities deposited in an account to secure obligations to the Company. The performance of the securities in the collateral account is guaranteed under a total return swap agreement with Goldman Sachs International whose obligations under the swap agreement are guaranteed by Goldman Sachs Group, Inc.

During 2008 there were four derivative contracts in place, which included two option agreements to purchase industry loss warranty retrocessional protection. The related option fees of $1.5 million were included in the net change in fair value of derivatives in the consolidated statement of operations in 2008. The third derivative was a contract that provided second event catastrophe protection at a cost of $5.5 million. The attachment point was not reached and no recovery was recorded for 2008. The final derivative contract entered into was with Topiary, as described above.

Topiary is a variable interest entity under the provisions of ASC 810. We have concluded that we are not the primary beneficiary of Topiary and, accordingly, we have not consolidated this entity in our consolidated financial statements.

5. Unpaid Losses and Loss Adjustment Expenses

The following table sets forth the changes in our liability for unpaid losses and LAE for the years ended December 31, 2010, 2009 and 2008 ($ in thousands):

	2010	2009	2008
Net unpaid losses and LAE as of January 1,	$2,335,008	$2,452,045	$2,342,185
Net incurred losses and LAE related to:			
Current year	625,250	579,304	878,169
Prior years	(157,830)	(100,962)	(159,936)
Net incurred losses and LAE	467,420	478,342	718,233
Net paid losses and LAE:			
Current year	96,245	67,693	148,355
Prior years	497,968	539,517	433,961
Net paid losses and LAE	594,213	607,210	582,316
Net effects of foreign currency exchange rate changes	251	11,831	(26,057)
Net unpaid losses and LAE as of December 31,	2,208,466	2,335,008	2,452,045
Reinsurance recoverable on unpaid losses and LAE	8,912	14,328	11,461
Gross unpaid losses and LAE as of December 31,	$2,217,378	$2,349,336	$2,463,506

Platinum Underwriters Holdings, Ltd. and Subsidiaries
Notes to Consolidated Financial Statements, continued

The following table sets forth the components of net incurred losses and LAE related to prior years for the years ended December 31, 2010, 2009 and 2008 ($ in thousands):

	2010	2009	2008
Net favorable loss development	$(158,939)	$(100,793)	$(167,246)
Effect of changes in premium estimates	14,331	(169)	7,310
Change in unallocated loss adjustment expense reserves	(13,222)	–	–
Net incurred losses and LAE – prior years	$(157,830)	$(100,962)	$(159,936)

Net favorable loss development was primarily the result of favorable adjustments in ultimate loss ratios. Prior years' incurred losses and LAE included losses associated with changes in premium estimates and the patterns of their earnings. The effect on net income of changes in premium estimates, after considering corresponding changes in related losses, LAE and acquisition expenses, was not significant. During the year ended December 31, 2010, we completed a review of our administrative expenses of managing claims that resulted in a $13.2 million reduction of unallocated loss adjustment expense reserves.

The net favorable loss development for the year ended December 31, 2010 emerged primarily from the Property and Marine and Casualty segments and was related to non-catastrophe losses. The Property and Marine segment had $36.9 million of net favorable loss development, including $53.0 million of net favorable loss development related to non-catastrophe events and net unfavorable loss development of $16.2 million related to major catastrophe events, primarily Hurricane Ike. The Casualty segment had $113.3 million of net favorable loss development, of which $96.4 million was attributable to the long-tailed casualty classes in the 2006 and prior underwriting years. The majority of the long-tailed casualty net favorable loss development was attributable to the claims made, casualty occurrence excess-of-loss, clash and umbrella classes, partially offset by net unfavorable loss development in the international casualty class in the 2008 underwriting year. The Finite Risk segment experienced net favorable loss development of $8.8 million, which was substantially offset by adjustments relating to profit commissions on these contracts.

The net favorable loss development for the year ended December 31, 2009 emerged primarily from the Property and Marine and Casualty segments and was related to non-catastrophe losses. The Property and Marine segment had $14.3 million of net favorable loss development, including $17.7 million of net favorable loss development related to non-catastrophe events and net unfavorable loss development of $3.5 million related to major catastrophe events. The Casualty segment had $73.6 million of net favorable loss development, of which $68.2 million was attributable to the long-tailed casualty classes. The majority of the long-tailed casualty net favorable loss development was attributable to the umbrella, claims made and casualty occurrence excess-of-loss classes. The Finite Risk segment experienced net favorable loss development of $12.9 million, which was substantially offset by adjustments relating to profit commissions on these contracts.

There was net favorable loss development for the year ended December 31, 2008 in all segments. The Property and Marine segment had $71.2 million of net favorable loss development, of which $18.8 million related to major catastrophe events. The remainder of the net favorable loss development was attributable to non-major catastrophe, property risk and crop classes of business. The Casualty segment had $73.2 million of net favorable loss development, of which $63.3 million was attributable to certain long-tailed casualty classes. The majority of the long-tailed casualty net favorable loss development was attributable to the claims made classes. The Finite Risk segment experienced net favorable loss development of $22.8 million, which was substantially offset by adjustments relating to profit commissions on these contracts.

The net favorable loss development for the years ended December 31, 2010, 2009 and 2008 was primarily attributable to a level of cumulative losses reported by our ceding companies that was lower than expected, and that, in our judgment, resulted in sufficient credibility in the loss experience to change our previously selected loss ratios and reduce estimated ultimate losses.

We do not believe that the net favorable loss development in 2010, 2009 and 2008 is indicative of prospective net loss development of unpaid losses and LAE as of December 31, 2010 because conditions and trends that affected the net favorable loss development of prior years' unpaid losses and LAE may not necessarily exist in the future.

Because many of the reinsurance coverages we offer will likely involve claims that may not ultimately be settled for many years after they are incurred, subjective judgments as to ultimate exposure to losses are an integral and necessary component of the process of estimating unpaid losses and LAE. With respect to reinsurers, the inherent uncertainties of estimating unpaid losses and LAE are further exacerbated by the significant amount of time that often elapses between the occurrence of an insured loss, the reporting of that loss to the primary insurer and then to the reinsurer, and the primary insurer's payment of that loss to the insured and subsequent payment by the reinsurer to the primary insurer. Unpaid losses and LAE are reviewed quarterly using a variety of statistical and actuarial techniques to analyze current claim costs, frequency and severity data and prevailing economic, social and legal factors. Unpaid losses and LAE established in prior years are evaluated as loss experience develops and new information becomes available. Adjustments to previously estimated unpaid losses and LAE are reflected in financial results in the periods in which they are made.

6. Retrocessional Reinsurance

Reinsurance is the transfer of risk, by contract, from an insurance company to a reinsurer for consideration of premium. Retrocessional reinsurance is reinsurance ceded by a reinsurer to another reinsurer, referred to as a retrocessionaire, to reinsure against all or a portion of its reinsurance written. Retrocessional reinsurance agreements provide us with increased capacity to write larger risks, limit our maximum loss arising from any one occurrence and maintain our exposure to loss within our capital resources. Retrocessional agreements do not relieve us from our obligations to the insurers and reinsurers from whom we assume business. The failure of retrocessionaires to honor their obligations would result in losses to us. Consequently, we consider the financial strength of retrocessionaires when determining whether to purchase retrocessional coverage from them. We generally obtain retrocessional coverage from companies rated "A-" or better by A.M. Best unless the retrocessionaire's obligations are collateralized. We routinely monitor the financial performance and rating status of all material retrocessionaires.

Platinum Underwriters Holdings, Ltd. and Subsidiaries
Notes to Consolidated Financial Statements, continued

During 2010, 2009 and 2008, Platinum Bermuda entered into various industry loss warranty reinsurance agreements with third party retrocessionaires. These reinsurance contracts provided retrocessional coverage for Platinum Bermuda for catastrophic events in North America, Europe and Japan. During 2009 and 2008, Platinum US obtained excess-of-loss retrocession coverage with respect to its crop business from third party retrocessionaires.

The following table sets forth the effects of retrocessional reinsurance on premiums, losses and LAE for the years ended December 31, 2010, 2009 and 2008 ($ in thousands):

	Assumed	Ceded	Net
As of and for the year ended December 31, 2010:			
Premiums written	$779,526	$18,937	$760,589
Premiums earned	804,890	24,896	779,994
Losses and LAE	472,089	4,669	467,420
Unpaid losses and LAE	2,217,378	8,912	2,208,466
As of and for the year ended December 31, 2009:			
Premiums written	924,674	26,840	897,834
Premiums earned	964,677	27,341	937,336
Losses and LAE	494,312	15,970	478,342
Unpaid losses and LAE	2,349,336	14,328	2,335,008
As of and for the year ended December 31, 2008:			
Premiums written	1,066,616	29,051	1,037,565
Premiums earned	1,142,305	27,509	1,114,796
Losses and LAE	723,876	5,643	718,233
Unpaid losses and LAE	$2,463,506	$11,461	$2,452,045

Inter-company Retrocessional Reinsurance Arrangements

In 2003, Platinum US entered into a quota share retrocession agreement with Platinum Bermuda on a risks-attaching basis, with various amendments made from time to time. Platinum US continued its participation in its agreement with Platinum Bermuda until December 31, 2007. Although the agreement was terminated on December 31, 2007, premiums associated with this agreement continued to be earned and retroceded through 2010. Under its quota share retrocession agreement, Platinum US retroceded approximately 1%, 1% and 13% of its premiums to Platinum Bermuda during the years ended December 31, 2010, 2009, and 2008, respectively.

Effective January 1, 2008, Platinum US provided Platinum Bermuda with $75.0 million of coverage in excess of $275.0 million with respect to their European wind exposures. This agreement was terminated on August 5, 2008. Beginning on August 5, 2008, Platinum Bermuda provided retrocessional coverage to Platinum US for $50.0 million per occurrence in excess of $30.0 million with respect to catastrophe losses. This agreement was renewed in 2009 with Platinum Bermuda providing $45.0 million in excess of $20.0 million. This agreement was not renewed in 2010.

The following table sets forth a summary of the premiums earned and losses ceded related to the foregoing agreements between Platinum Bermuda and Platinum US for the years ended December 31, 2010, 2009 and 2008 ($

in thousands):

	2010	2009	2008
Retroceded by Platinum US to Platinum Bermuda:			
Premiums earned	$16,621	$37,433	$202,792
Incurred losses and LAE	(76,632)	(41,501)	132,427
Retroceded by Platinum Bermuda to Platinum US:			
Premiums earned	–	–	1,875
Incurred losses and LAE	$–	$–	$–

F-20

Platinum Underwriters Holdings, Ltd. and Subsidiaries
Notes to Consolidated Financial Statements, continued

7. Debt Obligations and Credit Facility

Debt Obligations

At December 31, 2010, Platinum Finance had outstanding an aggregate principal amount of $250.0 million of Series B 7.5% Notes due June 1, 2017 (the "Series B Notes"), unconditionally guaranteed by Platinum Holdings. Interest is payable on the Series B Notes at a rate of 7.5% per annum on each June 1 and December 1. Platinum Finance may redeem the Series B Notes, at its option, at any time in whole, or from time to time in part, prior to maturity, subject to a "make-whole" provision. We have no current expectations of redeeming the Series B Notes prior to maturity.

Credit Facility

At December 31, 2010, we had a $400.0 million facility (the "Credit Facility") that consisted of a $150.0 million senior unsecured credit facility available for revolving borrowings and letters of credit and a $250.0 million senior secured credit facility available for letters of credit. The unsecured line of credit generally is available for our working capital, liquidity and general corporate requirements and those of our subsidiaries. Platinum Holdings and Platinum Finance guarantee the borrowings of our reinsurance subsidiaries under the Credit Facility. The interest rate on borrowings under the Credit Facility is based on our election of either: (1) LIBOR plus 37.5 basis points or (2) the higher of: (a) the prime interest rate of the lead bank providing the Credit Facility, and (b) the federal funds rate plus 37.5 basis points. The interest rate based on LIBOR would increase by up to 25.0 basis points should our senior unsecured debt credit rating decrease. The Credit Facility requires us to satisfy various covenants, including several financial covenants. As of December 31, 2010, we were in compliance with all covenants under the Credit Facility. The Credit Facility expires on September 13, 2011. While we intend to enter into a new credit facility in 2011, we do not know what the terms of the new facility will be or if the terms will be the same as or similar to the current terms.

We had $133.7 million of letters of credit outstanding in favor of various ceding companies as of December 31, 2010. Cash and cash equivalents of $100.3 million and investments with a fair value of $48.6 million as of December 31, 2010 were held in trust to collateralize secured letters of credit issued under the Credit Facility. As of December 31, 2010, $150.0 million was available for borrowing on an unsecured basis and $116.3 million was available for letters of credit on a secured basis under the Credit Facility.

8. Income Taxes

We provide for income tax expense or benefit based upon income reported in the consolidated financial statements and the provisions of currently enacted tax laws. Platinum Holdings and Platinum Bermuda are incorporated under the laws of Bermuda and are subject to Bermuda law with respect to taxation. Under current Bermuda law, they are not taxed on any Bermuda income or capital gains and they have received an assurance from the Bermuda Minister of Finance that if any legislation is enacted in Bermuda that would impose tax computed on profits or income, or computed on any capital asset, gain or appreciation, or any tax in the nature of estate duty or inheritance tax, then the imposition of any such tax will not be applicable to Platinum Holdings or Platinum Bermuda or any of their respective operations, shares, debentures or other obligations until March 28, 2016.

Platinum Holdings also has subsidiaries based in the United States, the United Kingdom and Ireland that are subject to the tax laws thereof. The operations of Platinum US are subject to U.S. federal income taxes generally at a rate of 35%. Any of our non-U.S. subsidiaries could become subject to U.S. federal income tax only to the extent that they derive U.S. source income that is subject to U.S. withholding tax or income derived from activity that is deemed to be the conduct of a trade or business within the U.S. We do not consider our non-U.S. subsidiaries to be engaged in a trade or business within the U.S. and, therefore, do not believe that our non-U.S. subsidiaries are subject to U.S. federal income tax. However, there is little legal precedent as to what constitutes being engaged in a trade or business within the U.S. and, thus, there exists the possibility that the U.S. Internal Revenue Service could assert claims that our non-U.S. subsidiaries are engaged in a trade or business in the U.S. and attempt to assess taxes that are not provided for.

Dividends or other distributions from Platinum Finance to Platinum Regency are subject to U.S. withholding tax and are based upon, among other items, cumulative taxable earnings and profits of Platinum Finance. Certain fees paid from our U.S. subsidiaries to Platinum Holdings are subject to U.S. withholding taxes at a rate of 30%. We incurred U.S. withholding taxes of $0.6 million in each of the years ended December 31, 2010, 2009 and 2008 associated with certain fees paid from Platinum US to Platinum Holdings.

The income tax returns of our U.S. based subsidiaries that remain open to examination are for calendar years 2003 and forward. The income tax returns of 2003 and 2004 are currently under examination by the U.S. Internal Revenue Service.

Under current Irish law, Platinum Regency is taxed at a 25% corporate income tax rate on non-trading income and a 12.5% corporate income tax rate on trading income. There is no withholding tax on dividends distributed from Platinum Regency to Platinum Holdings.

Platinum Underwriters Holdings, Ltd. and Subsidiaries
Notes to Consolidated Financial Statements, continued

The following table presents our income before income taxes by jurisdiction for the years ended December 31, 2010, 2009 and 2008 ($ in thousands):

	2010	2009	2008
United States	$130,305	$15,970	$36,568
Bermuda	122,940	365,521	201,976
Other	5,407	6,085	695
Income before income taxes	$258,652	$387,576	$239,239

The following table presents our current and deferred income taxes for the years ended December 31, 2010, 2009 and 2008 ($ in thousands):

	2010	2009	2008
Current tax expense	$32,656	$7,808	$27,432
Deferred tax expense (benefit)	10,498	(3,523)	(14,433)
Total	$43,154	$4,285	$12,999

The following table presents a reconciliation of expected income taxes, computed by applying a 35% income tax rate to income before income taxes, to income tax expense for the years ended December 31, 2010, 2009 and 2008 ($ in thousands):

	2010	2009	2008
Expected income tax expense at 35%	$90,528	$135,652	$83,734
Effect of income or loss subject to tax at rates other than 35%	(43,228)	(127,579)	(71,029)
Tax exempt investment income	(5,207)	(6,129)	(4,071)
U.S. withholding taxes	600	600	600
Other, net	461	1,741	3,765
Income tax expense	$43,154	$4,285	$12,999

The following table presents the tax effects of temporary differences that give rise to the deferred tax assets and deferred tax liabilities as of December 31, 2010 and 2009 ($ in thousands):

	2010	2009
Deferred tax assets:		
Unpaid losses and LAE	$42,406	$53,332
Unearned premiums	8,471	9,362
Deferred losses on investments	5,523	7,580
Temporary differences in recognition of expenses	2,389	4,827
Total deferred tax assets	58,789	75,101
Deferred tax liabilities:		
Deferred acquisition costs	10,525	11,866

Other	487	142
Total deferred tax liabilities	11,012	12,008
Net deferred tax assets	$47,777	$63,093

Platinum Underwriters Holdings, Ltd. and Subsidiaries
Notes to Consolidated Financial Statements, continued

The deferred tax assets and liabilities as of December 31, 2010 and 2009 were all related to U.S. income tax. To evaluate the recoverability of the deferred tax assets, we consider the timing of the reversal of deferred income and expense items as well as the likelihood that we will generate sufficient taxable income to realize the future tax benefits. We believe that it is more likely than not we will generate sufficient taxable income and realize the future tax benefits in order to recover the deferred assets and accordingly, no valuation allowance was established as of December 31, 2010 or 2009.

9. Shareholders' Equity

Common Shares

Platinum Holdings is authorized to issue up to 200,000,000 common shares, $0.01 par value, and 25,000,000 preferred shares, $0.01 par value. We had 37,757,926 and 45,942,639 common shares outstanding as of December 31, 2010 and 2009, respectively.

In 2002, Platinum Holdings completed an initial public offering of common shares. Concurrently, Platinum Holdings sold 6,000,000 common shares and issued options to purchase 6,000,000 common shares to The St. Paul Companies, Inc., now a part of The Travelers Companies, Inc. ("Travelers") and sold 3,960,000 common shares and issued options to purchase 2,500,000 common shares to RenaissanceRe Holdings Ltd. ("RenaissanceRe"), which had a ten-year term. Travelers sold its 6,000,000 common shares in June 2004 and RenaissanceRe sold its 3,960,000 common shares in December 2005, in each case in public offerings. The options were amended to provide that in lieu of paying the exercise price of $27.00 per share, any option exercise will be settled on a net share basis, which would result in Platinum Holdings issuing a number of common shares equal to the excess of the market price per share, determined in accordance with the amendments, over $27.00, less the par value per share, multiplied by the number of common shares issuable upon exercise of the option divided by that market price per share. On October 13, 2010, the Company entered into an agreement to purchase, for an aggregate of $98.5 million in cash, the common share options issued to Travelers. The options were purchased under the Company's share repurchase program and were cancelled. See Note 17 for information on the purchase of the RenaissanceRe options subsequent to December 31, 2010.

Preferred Shares

On December 6, 2005, Platinum Holdings completed an offering of 5,750,000 6.0% Series A Mandatory Convertible Preferred Shares (our "Mandatory Convertible Preferred Shares") at a price to the public of $30.15 per share, less related expenses under the unallocated shelf registration statement. On February 17, 2009, our Mandatory Convertible Preferred Shares automatically converted into 5,750,000 common shares at a ratio of 1 to 1 which was based on the volume weighted average price of $29.90 of our common shares from January 14, 2009 through February 11, 2009.

Share Repurchases

Our Board of Directors has authorized the repurchase of our common shares through a share repurchase program. During the year ended December 31, 2010, in accordance with the share repurchase program, we repurchased 9,672,231 of our common shares in the open market for an aggregate amount of $379.7 million at a weighted average cost including commissions of $39.25 per share. During the year ended December 31, 2009, we repurchased 7,852,498 of our common shares in the open market for an aggregate amount of $252.3 million at a weighted average cost including commissions of $32.13 per share. During the year ended December 31, 2008, we repurchased 7,763,292 of our common shares in the open market for an aggregate amount of $266.6 million at a weighted average cost including commissions of $34.34 per share. The shares we repurchased were canceled.

Accumulated Other Comprehensive Income (Loss)

Accumulated other comprehensive income or loss is a component of shareholders' equity and includes net unrealized gains or losses on available-for-sale securities, reclassification adjustments for investment gains and losses on available-for-sale securities included in net income, and the cumulative effect of the accounting change related to OTTI on January 1, 2009.

The components of other comprehensive income included in the statements of operations and comprehensive income for the years ended December 31, 2010, 2009 and 2008 are as follows ($ in thousands):

	2010	2009	2008
Before deferred tax amounts:			
Net change in unrealized gains and losses on available-for-sale securities arising during the period	$123,144	$191,432	$(153,090)
Less reclassification adjustments:			
Net realized gains on investments	109,419	48,832	55,914
Net impairment losses on investments	(36,610)	(17,603)	(30,686)
Less: cumulative effect of accounting change	–	15,102	–
Other comprehensive income (loss) before deferred tax	50,335	145,101	(178,318)
Deferred income tax (expense) benefit on:			
Net change in unrealized gains and losses on available-for-sale securities arising during the period	(18,213)	(12,945)	8,565
Less reclassification adjustments:			
Net realized losses on investments	(17,867)	(2,395)	(7,520)
Net impairment losses on investments	4,472	2,183	2,415
Less: cumulative effect of accounting change	–	(858)	–
Deferred tax on other comprehensive income (loss)	$(4,818)	$(11,875)	$13,670

Platinum Underwriters Holdings, Ltd. and Subsidiaries
Notes to Consolidated Financial Statements, continued

	2010	2009	2008
Net of deferred tax amounts:			
Net change in unrealized gains and losses on available-for-sale securities arising during the period	$104,931	$178,487	$(144,525)
Less reclassification adjustments:			
Net realized gains on investments	91,552	46,437	48,394
Net impairment losses on investments	(32,138)	(15,420)	(28,271)
Less: cumulative effect of accounting change	–	14,244	–
Other comprehensive income (loss), net of deferred tax	$45,517	$133,226	$(164,648)

10. Statutory Regulations

Our reinsurance subsidiaries in Bermuda and the United States are subject to reinsurance laws and regulations in the jurisdictions in which they operate. Platinum Bermuda and Platinum US file financial statements prepared in accordance with statutory accounting practices prescribed or permitted by insurance regulatory authorities in Bermuda and United States, respectively. The differences between statutory basis financial statements and financial statements prepared in accordance with U.S. GAAP vary between jurisdictions. The principal differences in Bermuda are that statutory basis financial statements do not reflect deferred acquisition costs, prepaid assets or fixed assets. Also, reinsurance assets and liabilities are presented net of retrocessional reinsurance and there is no cash flow statement. The principal differences in the U.S. are that statutory basis financial statements do not reflect deferred acquisition costs, bonds are generally carried at amortized cost, deferred income tax is charged or credited directly to equity (subject to limitations) and reinsurance assets and liabilities are presented net of retrocessional reinsurance. In preparing our statutory basis financial statements, we have used only statutory accounting practices that are prescribed by the relevant regulatory authorities.

Prior to October 2009, Platinum UK was authorized and regulated by the Financial Services Authority ("FSA"), the statutory regulator responsible for regulating insurance activities in the United Kingdom, including reinsurance activities. On October 22, 2009, Platinum UK ceased to be authorized by the FSA and, therefore, is no longer subject to FSA rules.

The combined statutory capital and surplus and statutory net income for our reinsurance subsidiaries as of the years ended December 31, 2010, 2009 and 2008 are as follows ($ in thousands):

	(Unaudited) 2010	2009	2008
Statutory capital and surplus:			
Bermuda	$1,366,164	$1,569,846	$1,316,265
United States	645,522	586,269	574,073
United Kingdom	–	–	20,880
Total statutory capital and surplus	2,011,686	2,156,115	1,911,218
Statutory net income:			
Bermuda	145,105	390,994	227,156
United States	111,154	28,559	14,955

United Kingdom	–	–	2,439
Total statutory net income	$256,259	$419,553	$244,550

The laws and regulations of Bermuda and the United States include certain restrictions on the amount of dividends that can be paid by our reinsurance subsidiaries without the prior approval of the relevant regulatory authorities. During the year ended December 31, 2010, dividends of $443.0 million were paid by the reinsurance subsidiaries of Platinum Holdings, of which $385.0 million was paid by Platinum Bermuda to Platinum Holdings and $58.0 million was paid by Platinum US to Platinum Finance. Based on the regulatory restrictions, the unaudited maximum amount available for payment of dividends or other distributions by the reinsurance subsidiaries of Platinum Holdings in 2011 without prior regulatory approval is estimated to be approximately $406.1 million. Subsequent to December 31, 2010, Platinum Bermuda made dividend payments of $180.0 million to Platinum Holdings.

Platinum Finance is a U.S.-based intermediate holding company, a wholly-owned subsidiary of Platinum Regency and the sole shareholder of Platinum US. Based on the regulatory restrictions, the unaudited maximum amount available for payment of dividends or other distributions by Platinum US to Platinum Finance in 2011 without prior regulatory approval is estimated to be approximately $64.6 million.

In addition, during the year ended December 31, 2010, Platinum Regency, an Ireland-based intermediate holding company and subsidiary of Platinum Holdings, paid dividends of $11.5 million to Platinum Holdings.

Platinum Underwriters Holdings, Ltd. and Subsidiaries
Notes to Consolidated Financial Statements, continued

11. Earnings per Common Share

The following is a reconciliation of the basic and diluted earnings per common share computations for the years ended December 31, 2010, 2009 and 2008 ($ in thousands, except per share data):

		2010		2009		2008
Earnings:						
Basic						
Net income attributable to common shareholders	$	215,498	$	381,990	$	215,832
Diluted						
Net income attributable to common shareholders		215,498		381,990		215,832
Effect of dilutive securities:						
Preferred share dividends		–		1,301		10,408
Adjusted net income for diluted earnings per common share	$	215,498	$	383,291	$	226,240
Common Shares:						
Basic						
Weighted average common shares outstanding		41,930		49,535		49,310
Diluted						
Weighted average common shares outstanding		41,930		49,535		49,310
Effect of dilutive securities:						
Conversion of preferred shares		–		756		5,177
Common share options		2,610		1,595		2,017
Restricted shares and share units		512		429		351
Adjusted weighted average common shares outstanding		45,052		52,315		56,855
Earnings Per Common Share:						
Basic earnings per common share	$	5.14	$	7.71	$	4.38
Diluted earnings per common share	$	4.78	$	7.33	$	3.98

12. Share Incentive Compensation and Employee Benefit Plans

Share Incentive Compensation

We have a share incentive plan under which our key employees and directors may be granted options, restricted shares, share units, share appreciation rights, or other rights to acquire shares. Our 2010 Share Incentive Plan provides for the granting of up to an aggregate of 3,572,977 common shares to employees and directors at a fair market value per share or exercise price equal to the closing price of our common shares on the trading day immediately preceding the date of the grant. Share Incentive Plan awards are granted periodically. Option awards vest pro rata over a four year period. Restricted share unit awards granted in 2008 and prior years generally vest in equal installments on the third and fourth anniversaries of the grant date and share unit awards granted subsequent to

2008 vest pro rata over a four year period. The common shares issuable under the 2010 Share Incentive Plan will be made available from authorized but unissued common shares. Option awards generally expire ten years from the date of grant.

Platinum Underwriters Holdings, Ltd. and Subsidiaries
Notes to Consolidated Financial Statements, continued

The following table provides the total share-based compensation expense recognized during the years ended December 31, 2010, 2009 and 2008 ($ in thousands):

	2010	2009	2008
Share-based compensation expense	$14,338	$16,463	$14,429
Tax benefit	(2,025)	(2,267)	(1,746)
Share-based compensation expense, net of tax	$12,313	$14,196	$12,683

Share options

The following summary sets forth common share option activity for the years ended December 31, 2010, 2009 and 2008 (amounts in thousands, except per share exercise prices):

	As of and for the years ended					
	December 31, 2010		December 31, 2009		December 31, 2008	
	Options	Weighted Average Exercise Price	Options	Weighted Average Exercise Price	Options	Weighted Average Exercise Price
Outstanding – beginning of the year	2,238	$ 31.12	2,574	$ 30.48	2,926	$ 26.22
Granted	–	–	–	–	833	35.17
Exercised	1,133	30.56	274	24.63	1,138	22.80
Forfeited	24	34.35	62	33.22	47	33.81
Outstanding - end of the year	1,081	$ 31.64	2,238	$ 31.12	2,574	$ 30.48
Options exercisable at year-end	838		1,745		1,754	
Weighted average exercise price of options exercisable at year-end		$ 30.92		$ 30.33		$ 29.01

The fair value of each option grant was estimated on the date of grant using the Black-Scholes option pricing model with the following weighted average assumptions for the year ended December 31, 2008:

	2008
Dividend yield	1.0%
Risk free interest rate	2.2%
Expected volatility	23.0%
Expected option life	2.6 years
Weighted average grant fair value	$ 4.91

There were no options granted in 2010 and 2009.

The weighted average remaining contractual terms of all outstanding options and options exercisable were 5.5 years and 5.1 years, respectively, as of December 31, 2010. As of December 31, 2010, there was $2.0 million of unrecognized compensation cost related to outstanding options that is expected to be recognized over a weighted-average period of 0.4 years. The following table presents the values of the options exercised and vested during the years ended December 31, 2010, 2009 and 2008 ($ in thousands):

	2010	2009	2008
Intrinsic value of options exercised (1)	$9,865	$2,949	$14,702
Fair value of options exercised (2)	6,622	2,117	8,133
Fair value of options vested (2)	$1,917	$2,544	$3,987

(1) Represents the difference between the market value and exercise price on the date of exercise.

(2) Based on the Black-Scholes option pricing model.

Platinum Underwriters Holdings, Ltd. and Subsidiaries
Notes to Consolidated Financial Statements, continued

Our computation of expected volatility was based on 5 years of historical volatility using daily price observations. Our computation of expected option life was based on historical data analysis of exercises, forfeitures, and post-vest cancellations. The forfeitures are used to determine the outstanding pool of options and do not affect the expected term calculation (either historical or projected). The exercises and post-vest cancellations are used to calculate the time between grant and settlement date (exercise date or post-vest cancel date), and then weighted by the shares settled (options exercised or canceled).

Restricted Share Units

Upon vesting, each restricted share unit converts to one common share. The following summary sets forth restricted share unit activity, excluding awards granted to certain executives under our long-term performance based incentive plan, for the years ended December 31, 2010, 2009 and 2008 (amounts in thousands, except per share grant date fair value):

	As of and for the years ended					
	December 31, 2010		December 31, 2009		December 31, 2008	
	Restricted Share Units	Weighted Average Grant Date Fair Value	Restricted Share Units	Weighted Average Grant Date Fair Value	Restricted Share Units	Weighted Average Grant Date Fair Value
Outstanding – beginning of the year	399	$31.96	332	$33.31	288	$32.76
Granted	135	37.08	151	28.81	104	34.05
Converted	141	31.80	69	31.37	43	31.52
Forfeited	27	33.52	15	32.90	17	33.01
Outstanding - end of the year	366	$33.76	399	$31.96	332	$33.31

The total fair value of restricted share units converted during the years ended December 31, 2010, 2009 and 2008 was $4.5 million, $2.2 million and $1.4 million, respectively. As of December 31, 2010, there was $12.4 million of unrecognized compensation cost related to restricted share unit awards that is expected to be recognized over a weighted-average period of 1.0 year.

During 2010, 2009 and 2008 we also granted 98,988, 119,462 and 80,430 restricted share units, respectively, to certain executive officers under our long-term performance based incentive plan. The grant date fair value of the restricted share units was $3.7 million, $3.4 million and $2.7 million in 2010, 2009 and 2008, respectively. These restricted share units are settled in common shares at the completion of the performance period or upon termination of employment on a prorated basis. The performance period is generally three years, beginning with the grant year, and the actual number of common shares that each participant receives varies based on the average return on equity in the performance period. An average return on equity of 18% or more results in a settlement of 200% of the initial award in common shares and an average return on equity of less than 6% reduces the award to zero. An average return on equity between 6% and 18% results in a settlement of 1% to 200% of the initial award in common shares determined through straight line interpolation. Share-based compensation expense related to these awards was $4.8 million, $6.5 million and $4.1 million in 2010, 2009 and 2008, respectively, and was based on estimates as of December 31, 2010, 2009 and 2008 of the average return on equity for the related performance periods. As of December 31, 2010, there was $3.6 million of estimated unrecognized compensation cost related to these awards which is expected to be recognized over a weighted average period of 1.5 years.

During 2005, we granted variable long-term incentive awards to certain executive officers which had a grant date fair value of $1.8 million. The settlement values of the awards was based on a percentage of the recipients' average salary over a five-year performance period, beginning in the grant year, and a multiplier of 0% to 200%, based on the average return on equity in the five-year period, determined through straight line interpolation. The Company recognized $0.8 million and $0.1 million of share-based compensation expense related to these awards in 2009 and 2008, respectively, based on the estimated settlement value as of each year end. As of December 31, 2009, there was no unrecognized compensation cost related to these awards.

For years prior to 2009, members of our Board of Directors received all or a portion of their directors' fees in the form of share units. In October 2008, the share unit plan for nonemployee directors was amended to provide that director fees for services performed after December 31, 2008 were to be paid in cash and in February 2010 the share unit plan was terminated as to future awards. In 2008, we granted 25,255 restricted share units to members of our Board of Directors under this plan. The grant date fair value of the share units was $0.9 million and we recognized the full amount as share-based compensation in the respective year. These awards are fully vested at the grant date and are settled in common shares or cash 5 years from the grant date or, if earlier, when the participant ceases to be a member of the Board of Directors.

Restricted Shares

We granted 80,317, 65,682, and 245,000 restricted shares in 2010, 2009 and 2008, respectively. The restricted shares granted in 2010 vest in equal installments after approximately two and three years of service, the restricted shares granted in 2009 vest in equal installments after approximately three and four years of service and the restricted shares granted in 2008 vest equally over a three-year period. The fair value of restricted shares at the grant date was $3.0 million, $2.4 million and $8.7 million in 2010, 2009 and 2008, respectively. Share-based compensation expense related to these awards was $3.9 million, $3.4 million and $2.0 million in 2010, 2009 and 2008, respectively. During 2010, 81,665 restricted shares vested. As of December 31, 2010, there were 217,669 unvested restricted shares and $7.9 million of related unrecognized compensation cost that is expected to be recognized over a weighted-average period of 1.6 years.

Platinum Underwriters Holdings, Ltd. and Subsidiaries
Notes to Consolidated Financial Statements, continued

Defined Contribution Plans

The Company provides retirement benefits to employees through defined contribution plans whereby the Company contributes an amount to each employee equal to a specified percentage of the employee's salary. The defined contribution plans consist of plans in the United States, Bermuda and the United Kingdom. Participants in the U.S. plan are required to make a contribution to the plan in order to receive the full Company contribution. Expenses related to the defined contribution plans were $2.3 million, $2.3 million and $1.9 million for the years ended December 31, 2010, 2009 and 2008, respectively.

13. Related Party Transactions and Agreements

Platinum US had a consulting agreement with SHN Enterprises, Inc. ("SHN") and Steven H. Newman, the President of SHN, with an original term from November 1, 2005 to November 1, 2008. The President of SHN was the chairman of our Board of Directors until April 23, 2008, at which time he retired from the Board of Directors. Simultaneously with his retirement, this consulting agreement was terminated, and a new two year consulting agreement dated March 3, 2008 was entered between Platinum US and SHN. SHN was engaged as a consultant to Platinum US and performed services as reasonably requested by Platinum US. Expenses incurred pursuant to the agreements with SHN in 2009 and 2008 were approximately $0.5 million and $0.6 million, respectively. There was no expense incurred in 2010. Additionally, on April 23, 2008, Platinum Holdings entered into a nonqualified share option agreement with the former chairman, under the terms of which he was granted a fully vested option for the purchase of 500,000 common shares at an exercise price of $36.00 per share. All options were exercised prior to their expiration in 2010.

14. Operating Segment Information

We have organized our worldwide reinsurance business into the following three operating segments: Property and Marine, Casualty and Finite Risk. The Property and Marine segment includes principally property and marine reinsurance coverages that are written in the United States and international markets. This operating segment includes property reinsurance, crop reinsurance and marine and aviation reinsurance. The Property and Marine segment includes reinsurance contracts that are either catastrophe excess-of-loss, per-risk excess-of-loss or proportional contracts. The Casualty segment includes reinsurance contracts that cover general and product liability, professional liability, accident and health, umbrella liability, workers' compensation, casualty clash, automobile liability, surety, trade credit, and political risk. We generally seek to write casualty reinsurance on an excess-of-loss basis. We write first dollar proportional casualty reinsurance contracts on an opportunistic basis. The Finite Risk operating segment includes principally structured reinsurance contracts with ceding companies whose needs may not be met efficiently through traditional reinsurance products. In exchange for contractual features that limit our risk, reinsurance contracts that we include in our Finite Risk segment typically provide the potential for significant profit commission to the ceding company. The classes of risks underwritten through our finite risk contracts are generally consistent with the classes covered by our traditional products. The finite risk reinsurance contracts that we underwrite generally provide prospective protection, meaning coverage is provided for losses that are incurred after inception of the contract, as contrasted with retrospective coverage, which covers losses that are incurred prior to inception of the contract. The three main categories of finite risk contracts are quota share, multi-year excess-of-loss and whole account aggregate stop loss.

In managing our operating segments, we use measures such as net underwriting income and underwriting ratios to evaluate segment performance. We do not allocate assets or certain income and expenses such as net investment income, net realized gains on investments, net impairment losses on investments, net changes in fair value of derivatives, net foreign currency exchange gains and losses, interest expense and certain corporate expenses by segment. The measures we use in evaluating our operating segments should not be used as a substitute for measures determined under U.S. GAAP. The following table summarizes underwriting activity and ratios for the three operating segments, together with a reconciliation of underwriting income to income before income taxes for the years ended December 31, 2010, 2009 and 2008 ($ in thousands):

	Year ended December 31, 2010			
	Property and Marine	Casualty	Finite Risk	Total
Net premiums written	$412,675	$329,397	$18,517	$760,589
Net premiums earned	418,763	343,812	17,419	779,994
Net losses and LAE	343,509	119,679	4,232	467,420
Net acquisition expenses	60,224	71,474	14,978	146,676
Other underwriting expenses	32,678	23,091	1,260	57,029
Segment underwriting income (loss)	$(17,648)	$129,568	$(3,051)	108,869
Net investment income				134,385
Net realized gains on investments				107,791
Net impairment losses on investments				(36,610)
Other income (expense)				(207)
Net changes in fair value of derivatives				(9,588)
Corporate expenses not allocated to segments				(25,607)
Net foreign currency exchange (losses) gains				(1,385)
Interest expense				(18,996)
Income before income taxes				$258,652
Ratios:				
Net loss and LAE	82.0%	34.8%	24.3%	59.9%
Net acquisition expense	14.4%	20.8%	86.0%	18.8%
Other underwriting expense	7.8%	6.7%	7.2%	7.3%
Combined	104.2%	62.3%	117.5%	86.0%

Platinum Underwriters Holdings, Ltd. and Subsidiaries
Notes to Consolidated Financial Statements, continued

	Year ended December 31, 2009			
	Property and Marine	Casualty	Finite Risk	Total
Net premiums written	$517,011	$356,488	$24,335	$897,834
Net premiums earned	528,488	388,901	19,947	937,336
Net losses and LAE	250,646	226,511	1,185	478,342
Net acquisition expenses	66,992	88,841	20,586	176,419
Other underwriting expenses	37,331	25,644	1,412	64,387
Segment underwriting income (loss)	$173,519	$47,905	$(3,236)	218,188
Net investment income				163,941
Net realized gains on investments				78,630
Net impairment losses on investments				(17,603)
Other income (expense)				3,084
Net changes in fair value of derivatives				(9,741)
Corporate expenses not allocated to segments				(30,295)
Net foreign currency exchange (losses) gains				399
Interest expense				(19,027)
Income before income taxes				$387,576
Ratios:				
Net loss and LAE	47.4 %	58.2 %	5.9 %	51.0 %
Net acquisition expense	12.7 %	22.8 %	103.2 %	18.8 %
Other underwriting expense	7.1 %	6.6 %	7.1 %	6.9 %
Combined	67.2 %	87.6 %	116.2 %	76.7 %

	Year ended December 31, 2008			
	Property and Marine	Casualty	Finite Risk	Total
Net premiums written	$593,087	$430,084	$14,394	$1,037,565
Net premiums earned	599,110	503,300	12,386	1,114,796
Net losses and LAE	397,200	337,051	(16,018)	718,233
Net acquisition expenses	90,816	125,934	25,965	242,715
Other underwriting expenses	38,492	23,982	1,270	63,744
Segment underwriting income	$72,602	$16,333	$1,169	90,104
Net investment income				186,574
Net realized gains on investments				57,254
Net impairment losses on investments				(30,686)
Other income (expense)				337
Net changes in fair value of derivatives				(14,114)
Corporate expenses not allocated to segments				(24,464)

Net foreign currency exchange (losses) gains				(6,760)
Interest expense				(19,006)
Income before income taxes				$239,239
Ratios:				
Net loss and LAE	66.3%	67.0%	(129.3%)	64.4%
Net acquisition expense	15.2%	25.0%	209.6%	21.8%
Other underwriting expense	6.4%	4.8%	10.3%	5.7%
Combined	87.9%	96.8%	90.6%	91.9%

F-29

Platinum Underwriters Holdings, Ltd. and Subsidiaries
Notes to Consolidated Financial Statements, continued

The following table presents our net premiums written for the years ended December 31, 2010, 2009 and 2008 by geographic location of the ceding company ($ in thousands):

	2010	2009	2008
United States	$ 527,097	$ 690,483	$ 756,933
International	233,492	207,351	280,632
Total	$ 760,589	$ 897,834	$ 1,037,565

15. Commitments and Contingencies

Lease Commitments

The following table presents our future minimum annual lease commitments under various non-cancelable operating leases for our office facilities ($ in thousands):

Years Ending December 31,	
2011	$ 2,779
2012	1,969
2013	1,003
2014	56
2015	59
Thereafter	97
Total	$ 5,963

Rent expense was $2.6 million, $2.7 million and $2.6 million for the years ended December 31, 2010, 2009 and 2008, respectively.

Litigation

In the normal course of business, we may become involved in various claims and legal proceedings. We are not currently aware of any pending or threatened material litigation or arbitration other than in the ordinary course of our reinsurance business.

16. Quarterly Financial Data (Unaudited)

The following quarterly financial information for each of the three months ended March 31, June 30, September 30 and December 31, 2010 and 2009 is unaudited. However, in the opinion of management, all necessary adjustments have been made (consisting of normal recurring adjustments) to present fairly the results of operations for such periods ($ in thousands, except per share data):

	Three months ended			
	December 31, 2010	September 30, 2010	June 30, 2010	March 31, 2010

Net premiums earned	$184,980	$183,404	$191,432	$220,178
Net investment income	30,430	31,078	35,372	37,505
Net losses and LAE	152,283	79,094	71,475	164,568
Net acquisition expenses	32,742	32,517	44,088	37,329
Operating expenses	20,731	20,004	20,160	21,741
Net income (loss) attributable to common shareholders	$(17,724)	$93,662	$124,139	$15,421
Earnings (loss) per common share:				
Basic	$(0.46)	$2.31	$2.87	$0.34
Diluted	$(0.46)	$2.13	$2.68	$0.32
Average common shares outstanding:				
Basic	38,670	40,485	43,225	45,431
Diluted	40,953	44,044	46,249	48,494

Platinum Underwriters Holdings, Ltd. and Subsidiaries
Notes to Consolidated Financial Statements, continued

	Three months ended			
	December 31, 2009	September 30, 2009	June 30, 2009	March 31, 2009
Net premiums earned	$227,584	$229,538	$232,462	$247,752
Net investment income	40,871	44,747	44,077	34,246
Net losses and LAE	109,993	99,240	124,945	144,164
Net acquisition expenses	47,916	50,009	38,338	40,156
Operating expenses	25,698	25,210	22,906	20,868
Net income attributable to common shareholders	$90,771	$109,468	$98,130	$83,621
Earnings per common share:				
Basic	$1.88	$2.20	$1.94	$1.69
Diluted	$1.76	$2.10	$1.90	$1.58
Average common shares outstanding:				
Basic	48,294	49,660	50,580	49,521
Diluted	51,467	52,039	51,594	53,702

17. Subsequent Events

On January 17, 2011, the Company entered into an agreement to purchase, for an aggregate of $47.9 million in cash, common share options issued to RennaissanceRe in connection with the Company’s initial public offering in 2002. The options provided RennaissanceRe with the right to purchase 2,500,000 common shares from the Company for $27.00 per share and were subsequently amended to provide for net share settlements. The options were purchased under the Company’s share repurchase program and were cancelled.

Between January 1, 2011 and February 16, 2011, we settled repurchases of 476,000 of our common shares in the open market for an aggregate amount of $21.3 million at a weighted average cost including commissions of $44.75 per share. The shares we repurchased were canceled. Our Board of Directors has approved increases in the repurchase program from time to time, most recently on February 16, 2011, to result in authority as of such date to repurchase up to a total of $250.0 million of our common shares.

During 2011, flooding occurred in large areas of Australia and Cyclone Yasi made landfall in Northern Queensland, Australia. The Company’s assessment of its exposure to these events is ongoing. Information as of February 18, 2011 is not sufficient to arrive at reasonable estimates of net losses for these events.

18. Condensed Consolidating Financial Information

Platinum Holdings fully and unconditionally guarantees the $250.0 million Series B Notes issued by Platinum Finance as described in Note 7. The following tables present the condensed consolidating financial information for Platinum Holdings, Platinum Finance and the non-guarantor subsidiaries of Platinum Holdings as of December 31, 2010 and 2009 and for the years ended December 31, 2010, 2009 and 2008 ($ in thousands):

Platinum Underwriters Holdings, Ltd. and Subsidiaries
Notes to Consolidated Financial Statements, continued

Condensed Consolidating Balance Sheet December 31, 2010	Platinum Holdings	Platinum Finance	Non-guarantor Subsidiaries	Consolidating Adjustments	Consolidated
ASSETS					
Total investments	$–	$394	$ 3,224,227	$ –	$ 3,224,621
Investment in subsidiaries	1,910,617	599,965	434,539	(2,945,121)	–
Cash and cash equivalents	45,035	7,347	935,495	–	987,877
Reinsurance assets	–	–	301,778	–	301,778
Inter-company loans*	–	75,000	–	(75,000)	–
Other assets	17,337	3,111	80,096	(507)	100,037
Total assets	$1,972,989	$685,817	$ 4,976,135	$ (3,020,628)	$ 4,614,313
LIABILITIES AND SHAREHOLDERS' EQUITY					
Liabilities					
Reinsurance liabilities	$–	$–	$ 2,431,741	$ –	$ 2,431,741
Debt obligations	–	250,000	–	–	250,000
Inter-company loans*	75,000	–	–	(75,000)	–
Other liabilities	2,534	1,592	33,498	(507)	37,117
Total liabilities	$77,534	$251,592	$ 2,465,239	$ (75,507)	$ 2,718,858
Shareholders' Equity					
Common shares	$377	$–	$ 8,000	$ (8,000)	$ 377
Additional paid-in capital	453,619	212,956	1,876,561	(2,089,517)	453,619
Accumulated other comprehensive income (loss)	(24,488)	1,509	(22,991)	21,482	(24,488)
Retained earnings	1,465,947	219,760	649,326	(869,086)	1,465,947
Total shareholders' equity	$1,895,455	$434,225	$ 2,510,896	$ (2,945,121)	$ 1,895,455
Total liabilities and shareholders' equity	$1,972,989	$685,817	$ 4,976,135	$ (3,020,628)	$ 4,614,313

* During 2010, Platinum Finance provided loans to Platinum Holdings of $75.0 million, due February 1, 2011, with interest payable at maturity at a rate of 80 basis points per annum. These loans were fully repaid on February 1, 2011.

Condensed Consolidating Balance Sheet December 31, 2009	Platinum Holdings	Platinum Finance	Non-guarantor Subsidiaries	Consolidating Adjustments	Consolidated
ASSETS					
Total investments	$–	$26,426	$ 3,660,439	$ –	$ 3,686,865
Investment in subsidiaries	2,023,276	546,946	341,627	(2,911,849)	–
Cash and cash equivalents	49,448	7,655	625,681	–	682,784
Reinsurance assets	–	–	424,527	–	424,527
Other assets	13,649	6,265	210,963	(3,475)	227,402
Total assets	$2,086,373	$587,292	$ 5,263,237	$ (2,915,324)	$ 5,021,578

LIABILITIES AND SHAREHOLDERS' EQUITY					
Liabilities					
Reinsurance liabilities	$–	$–	$ 2,620,406	$ –	$ 2,620,406
Debt obligations	–	250,000	–	–	250,000
Other liabilities	8,642	1,641	66,633	(3,475)	73,441
Total liabilities	$8,642	$251,641	$ 2,687,039	$ (3,475)	$ 2,943,847
Shareholders' Equity					
Common shares	$459	$–	$ 6,250	$ (6,250)	$ 459
Additional paid-in capital	883,425	212,608	1,883,156	(2,095,764)	883,425
Accumulated other comprehensive loss	(70,005)	(7,439)	(77,490)	84,929	(70,005)
Retained earnings	1,263,852	130,482	764,282	(894,764)	1,263,852
Total shareholders' equity	$2,077,731	$335,651	$ 2,576,198	$ (2,911,849)	$ 2,077,731
Total liabilities and shareholders' equity	$2,086,373	$587,292	$ 5,263,237	$ (2,915,324)	$ 5,021,578

Platinum Underwriters Holdings, Ltd. and Subsidiaries
Notes to Consolidated Financial Statements, continued

Condensed Consolidating Statement of Operations For the Year Ended December 31, 2010	Platinum Holdings	Platinum Finance	Non-guarantor Subsidiaries	Consolidating Adjustments	Consolidated
Revenue:					
Net premiums earned	$–	$–	$ 779,994	$ –	$ 779,994
Net investment income	82	209	134,172	(78)	134,385
Net realized gains on investments	–	81	107,710	–	107,791
Net impairment losses on investments	–	–	(36,610)	–	(36,610)
Other income (expense)	4,225	–	(4,432)	–	(207)
Total revenue	4,307	290	980,834	(78)	985,353
Expenses:					
Net losses and loss adjustment expenses	–	–	467,420	–	467,420
Net acquisition expenses	–	–	146,676	–	146,676
Net changes in fair value of derivatives	–	–	9,588	–	9,588
Operating expenses	26,108	229	56,299	–	82,636
Net foreign currency exchange losses (gains)	–	–	1,381	4	1,385
Interest expense	78	18,996	–	(78)	18,996
Total expenses	26,186	19,225	681,364	(74)	726,701
Income (loss) before income taxes	(21,879)	(18,935)	299,470	(4)	258,652
Income tax expense (benefit)	600	(6,524)	49,078	–	43,154
Income (loss) before equity in earnings of subsidiaries	(22,479)	(12,411)	250,392	(4)	215,498
Equity in earnings of subsidiaries	237,977	101,689	89,157	(428,823)	–
Net income	$215,498	$89,278	$ 339,549	$ (428,827)	$ 215,498

Condensed Consolidating Statement of Operations For the Year Ended December 31, 2009	Platinum Holdings	Platinum Finance	Non-guarantor Subsidiaries	Consolidating Adjustments	Consolidated
Revenue:					
Net premiums earned	$–	$–	$ 937,336	$ –	$ 937,336
Net investment income	54	141	163,746	–	163,941
Net realized gains on investments	–	1	78,629	–	78,630
Net impairment losses on investments	–	–	(17,603)	–	(17,603)
Other income (expense)	4,724	–	(1,640)	–	3,084
Total revenue	4,778	142	1,160,468	–	1,165,388
Expenses:					

Net losses and loss adjustment expenses	–	–	478,342	–	478,342
Net acquisition expenses	–	–	176,419	–	176,419
Net changes in fair value of derivatives	–	–	9,741	–	9,741
Operating expenses	29,640	371	64,671	–	94,682
Net foreign currency exchange losses (gains)	–	–	(400)	1	(399)
Interest expense	–	19,027	–	–	19,027
Total expenses	29,640	19,398	728,773	1	777,812
Income (loss) before income taxes	(24,862)	(19,256)	431,695	(1)	387,576
Income tax expense (benefit)	600	(6,684)	10,369	–	4,285
Income (loss) before equity in earnings of subsidiaries	(25,462)	(12,572)	421,326	(1)	383,291
Equity in earnings of subsidiaries	408,753	26,295	14,106	(449,154)	–
Net income	383,291	13,723	435,432	(449,155)	383,291
Preferred dividends	1,301	–	–	–	1,301
Net income attributable to common shareholders	$381,990	$13,723	$ 435,432	$ (449,155)	$ 381,990

Platinum Underwriters Holdings, Ltd. and Subsidiaries
Notes to Consolidated Financial Statements, continued

Condensed Consolidating Statement of Operations For the Year Ended December 31, 2008	Platinum Holdings	Platinum Finance	Non-guarantor Subsidiaries	Consolidating Adjustments	Consolidated
Revenue:					
Net premiums earned	$–	$ –	$ 1,114,796	$ –	$ 1,114,796
Net investment income	1,644	594	184,336	–	186,574
Net realized gains on investments	–	52	57,202	–	57,254
Net impairment losses on investments	–	–	(30,686)	–	(30,686)
Other income (expense)	2,390	–	(2,053)	–	337
Total revenue	4,034	646	1,323,595	–	1,328,275
Expenses:					
Net losses and loss adjustment expenses	–	–	718,233	–	718,233
Net acquisition expenses	–	–	242,715	–	242,715
Net changes in fair value of derivatives	–	–	14,114	–	14,114
Operating expenses	23,937	358	63,913	–	88,208
Net foreign currency exchange losses (gains)	–	–	6,760	–	6,760
Interest expense	–	19,006	–	–	19,006
Total expenses	23,937	19,364	1,045,735	–	1,089,036
Income (loss) before income taxes	(19,903)	(18,718)	277,860	–	239,239
Income tax expense (benefit)	600	(6,149)	18,548	–	12,999
Income (loss) before equity in earnings of subsidiaries	(20,503)	(12,569)	259,312	–	226,240
Equity in earnings of subsidiaries	246,743	38,233	20,305	(305,281)	–
Net income	226,240	25,664	279,617	(305,281)	226,240
Preferred dividends	10,408	–	–	–	10,408
Net income attributable to common shareholders	$215,832	$ 25,664	$ 279,617	$ (305,281)	$ 215,832

Condensed Consolidating Statement of Cash Flows For the Year Ended December 31, 2010	Platinum Holdings	Platinum Finance	Non-guarantor Subsidiaries	Consolidating Adjustments	Consolidated
Net cash provided by (used in) operating activities	$(18,940)	$(9,404)	$ 53,073	$ –	$ 24,729

Investing Activities:					
Proceeds from sale of fixed maturity available-for-sale securities	–	10,572	3,331,239	–	3,341,811
Proceeds from sale of preferred stocks	–	–	5,176	–	5,176
Proceeds from sale of short-term investments	–	–	17,110	–	17,110
Proceeds from maturity or paydown of available-for-sale securities	–	521	226,553	–	227,074
Proceeds from maturity of short-term investments	–	20,400	438,925	–	459,325
Acquisition of fixed maturity available-for-sale securities	–	–	(2,687,690)	–	(2,687,690)
Acquisition of short-term investments	–	(5,398)	(619,090)	–	(624,488)
Dividends from subsidiaries	396,500	58,000	–	(454,500)	–
Inter-company loans	–	(75,000)	–	75,000	–
Net cash provided by (used in) investing activities	396,500	9,095	712,223	(379,500)	738,318
Financing Activities:					
Dividends paid to common shareholders	(13,403)	–	(454,500)	454,500	(13,403)
Repurchase of common shares	(379,675)	–	–	–	(379,675)
Purchase of common share options	(98,520)	–	–	–	(98,520)
Proceeds from exercise of common share options	34,625	–	–	–	34,625
Inter-company loans	75,000	–	–	(75,000)	–
Net cash provided by (used in) financing activities	(381,973)	–	(454,500)	379,500	(456,973)
Effect of foreign currency exchange rate changes on cash	–	–	(981)	–	(981)
Net increase (decrease) in cash and cash equivalents	(4,413)	(309)	309,815	–	305,093
Cash and cash equivalents at beginning of year	49,448	7,655	625,681	–	682,784
Cash and cash equivalents at end of year	$45,035	$7,346	$ 935,496	$ –	$ 987,877

Platinum Underwriters Holdings, Ltd. and Subsidiaries
Notes to Consolidated Financial Statements, continued

Condensed Consolidating Statement of Cash Flows For the Year Ended December 31, 2009	Platinum Holdings	Platinum Finance	Non-guarantor Subsidiaries	Consolidating Adjustments	Consolidated
Net cash provided by (used in) operating activities	$(7,639)	$(17,008)	$ 501,844	$ –	$ 477,197
Investing Activities:					
Proceeds from sale of fixed maturity available-for-sale securities	–	–	1,538,633	–	1,538,633
Proceeds from sale of fixed maturity trading securities	–	–	153,223	–	153,223
Proceeds from sale of short-term investments	–	–	365,676	–	365,676
Proceeds from maturity or paydown of available-for-sale securities	–	757	434,126	–	434,883
Proceeds from maturity of short-term investments	–	–	67,450	–	67,450
Acquisition of fixed maturity available-for-sale securities	–	(9,985)	(2,351,328)	–	(2,361,313)
Acquisition of fixed maturity trading securities	–	–	(164,748)	–	(164,748)
Acquisition of short-term investments	–	(14,944)	(369,149)	–	(384,093)
Dividends from subsidiaries	255,000	20,000	–	(275,000)	–
Proceeds from sale of subsidiary shares	–	–	15,377	(15,377)	–
Purchase of subsidiary shares	–	–	(18,367)	18,367	–
Net cash provided by (used in) investing activities	255,000	(4,172)	(329,107)	(272,010)	(350,289)
Financing Activities:					
Dividends paid to preferred shareholders	(2,602)	–	–	–	(2,602)
Dividends paid to common shareholders	(16,099)	–	(275,000)	275,000	(16,099)
Repurchase of common shares	(252,296)	–	(15,377)	15,377	(252,296)
Proceeds from exercise of common share options	6,759	–	–	–	6,759
Proceeds from common share issuance	–	18,367	–	(18,367)	–
Net cash provided by (used in) financing activities	(264,238)	18,367	(290,377)	272,010	(264,238)
Effect of foreign currency exchange rate changes on cash	–	–	7,097	–	7,097
Net decrease in cash and cash equivalents	(16,877)	(2,813)	(110,543)	–	(130,233)
Cash and cash equivalents at beginning of year	66,325	10,468	736,224	–	813,017

Cash and cash equivalents at end of year	$49,448	$7,655	$ 625,681	$ –	$ 682,784

Condensed Consolidating Statement of Cash Flows For the Year Ended December 31, 2008	Platinum Holdings	Platinum Finance	Non-guarantor Subsidiaries	Consolidating Adjustments	Consolidated
Net cash provided by (used in) operating activities	$(11,470)	$(12,479)	$ 152,848	$ –	$ 128,899
Investing Activities:					
Proceeds from sale of fixed maturity available-for-sale securities	–	1,970	1,534,781	–	1,536,751
Proceeds from sale of preferred stock	–	–	120	–	120
Proceeds from sale of short-term investments	–	–	143,302	–	143,302
Proceeds from maturity or paydown of available-for-sale securities	–	2,629	960,131	–	962,760
Proceeds from maturity of short-term investments	–	–	242,769	–	242,769
Acquisition of fixed maturity available-for-sale securities	–	–	(2,557,648)	–	(2,557,648)
Acquisition of short-term investments	–	–	(445,322)	–	(445,322)
Dividends from subsidiaries	305,000	–	–	(305,000)	–
Net cash provided by (used in) investing activities	305,000	4,599	(121,867)	(305,000)	(117,268)
Financing Activities:					
Dividends paid to preferred shareholders	(10,408)	–	–	–	(10,408)
Dividends paid to common shareholders	(15,770)	–	(305,000)	305,000	(15,770)
Repurchase of common shares	(266,561)	–	–	–	(266,561)
Proceeds from exercise of common share options	25,941	–	–	–	25,941
Net cash provided by (used in) financing activities	(266,798)	–	(305,000)	305,000	(266,798)
Effect of foreign currency exchange rate changes on cash	–	–	(8,095)	–	(8,095)
Net increase (decrease) in cash and cash equivalents	26,732	(7,880)	(282,114)	–	(263,262)
Cash and cash equivalents at beginning of year	39,593	18,348	1,018,338	–	1,076,279
Cash and cash equivalents at end of year	$66,325	$10,468	$ 736,224	$ –	$ 813,017

Platinum Underwriters Holdings, Ltd. and Subsidiaries
Index to Schedules to Consolidated Financial Statements

Schedules other than those listed above are omitted for the reason that they are not applicable or the information is provided elsewhere in the consolidated financial statements.

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

The Board of Directors and Shareholders
Platinum Underwriters Holdings, Ltd.:

Under date of February 18, 2011, we reported on the consolidated balance sheets of Platinum Underwriters Holdings, Ltd. and subsidiaries as of December 31, 2010 and 2009, and the related consolidated statements of operations and comprehensive income, shareholders' equity and cash flows for the two year period then ended December 31, 2010 and 2009, which are included in the December 31, 2010 annual report on Form 10-K. In connection with our audits of the aforementioned consolidated financial statements, we also audited the 2010 and 2009 information on the related consolidated financial statement schedules appearing on pages S-4 through S-9 of the Form 10-K. These financial statement schedules are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statement schedules based on our audits.

In our opinion, such financial statement schedules, when considered in relation to the basic consolidated financial statements taken as a whole, present fairly, in all material respects, the information set forth therein.

As discussed in note 1 to the consolidated financial statements, the Company changed the manner in which it accounts for other-than-temporary impairments of debt securities in 2009.

/s/ KPMG

Hamilton, Bermuda
February 18, 2011

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

The Board of Directors and Shareholders
Platinum Underwriters Holdings, Ltd.:

Under date of February 26, 2009, we reported on the consolidated statement of operations and comprehensive income, shareholders' equity and cash flows of Platinum Underwriters Holdings, Ltd. and subsidiaries for the year ended December 31, 2008, which are included in the December 31, 2008 annual report on Form 10-K. In connection with our audit of the aforementioned consolidated financial statements, we also audited the 2008 information on the related consolidated financial statement schedules appearing on pages S-6 through S-9 of the Form 10-K. These financial statement schedules are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statement schedules based on our audit.

In our opinion, such financial statement schedules, when considered in relation to the basic consolidated financial statements taken as a whole, present fairly, in all material respects, the information set forth therein.

/s/ KPMG LLP

New York, New York
February 26, 2009

SCHEDULE I

Platinum Underwriters Holdings, Ltd. and Subsidiaries
Summary of Investments - Other Than Investments in Related Parties
As of December 31, 2010
($ in thousands)

	Cost*	Fair Value	Amount at which shown in Balance Sheet
Fixed maturity securities:			
Bonds:			
U.S. Government and government agencies and authorities	$524,906	$508,071	$508,071
States, municipalities and political subdivisions	1,457,101	1,452,744	1,452,744
Foreign governments	208,910	216,395	216,395
Foreign corporate	100,181	105,910	105,910
Public utilities	139,991	143,485	143,485
All other corporate	633,044	621,368	621,368
Total fixed maturity securities	3,064,133	3,047,973	3,047,973
Short-term investments	176,645	176,648	176,648
Total investments	$3,240,778	$3,224,621	$3,224,621

*Original cost of fixed maturities reduced by repayments and adjusted for amortization of premiums and discounts.

See accompanying reports of the independent registered public accounting firms.

SCHEDULE II

Platinum Underwriters Holdings, Ltd.
(Parent Company)
Condensed Balance Sheets
December 31, 2010 and 2009
($ in thousands, except share data)

	2010	2009
ASSETS		
Investments in subsidiaries	$1,910,617	$2,023,276
Cash and cash equivalents	45,035	49,448
Other assets	17,337	13,649
Total assets	$1,972,989	$2,086,373
LIABILITIES AND SHAREHOLDERS’ EQUITY		
Liabilities		
Inter-company loans	$75,000	$–
Other liabilities	2,534	8,642
Total liabilities	$77,534	$8,642
Shareholders' equity		
Common shares, $.01 par value, 200,000,000 shares authorized, 37,757,926 and 45,942,639 shares issued and outstanding, respectively	$377	$459
Additional paid-in capital	453,619	883,425
Accumulated other comprehensive loss	(24,488)	(70,005)
Retained earnings	1,465,947	1,263,852
Total shareholders' equity	$1,895,455	$2,077,731
Total liabilities and shareholders' equity	$1,972,989	$2,086,373

See accompanying reports of the independent registered public accounting firms.

S-5

SCHEDULE II, continued

Platinum Underwriters Holdings, Ltd.
(Parent Company)
Condensed Statements of Operations
For the years ended December 31, 2010, 2009 and 2008
($ in thousands)

	2010	2009	2008
Revenue:			
Net investment income	$82	$54	$1,644
Other income	4,225	4,724	2,390
Total revenue	4,307	4,778	4,034
Expenses:			
Operating expenses	26,108	29,640	23,937
Interest expense on inter-company loans	78	–	–
Total expenses	26,186	29,640	23,937
Loss before income taxes	(21,879)	(24,862)	(19,903)
Income tax expense	600	600	600
Net loss before equity in earnings of subsidiaries	(22,479)	(25,462)	(20,503)
Equity in earnings of subsidiaries	237,977	408,753	246,743
Net income	215,498	383,291	226,240
Preferred dividends	–	1,301	10,408
Net income attributable to common shareholders	$215,498	$381,990	$215,832

See accompanying reports of the independent registered public accounting firms.

SCHEDULE II, continued

Platinum Underwriters Holdings, Ltd.
(Parent Company)
Condensed Statements of Cash Flows
For the years ended December 31, 2010, 2009 and 2008
($ in thousands)

	2010	2009	2008
Operating Activities:			
Net loss before equity in earnings of subsidiaries	$(22,479)	$(25,462)	$(20,503)
Adjustments to reconcile net income to net cash provided by (used in) operations:			
Share-based compensation	5,917	6,865	7,057
Depreciation and amortization	76	403	445
Other net	(2,454)	10,555	1,531
Net cash provided by (used in) operating activities	(18,940)	(7,639)	(11,470)
Investing Activities:			
Dividends from subsidiaries	396,500	255,000	305,000
Net cash provided by (used in) investing activities	396,500	255,000	305,000
Financing Activities:			
Dividends paid to preferred shareholders	–	(2,602)	(10,408)
Dividends paid to common shareholders	(13,403)	(16,099)	(15,770)
Repurchase of common shares	(379,675)	(252,296)	(266,561)
Purchase of common share options	(98,520)	–	–
Proceeds from exercise of share options	34,625	6,759	25,941
Proceeds from inter-company loans	75,000	–	–
Net cash provided by (used in) financing activities	(381,973)	(264,238)	(266,798)
Net increase (decrease) in cash and cash equivalents	(4,413)	(16,877)	26,732
Cash and cash equivalents at beginning of year	49,448	66,325	39,593
Cash and cash equivalents at end of year	$45,035	$49,448	$66,325
Supplemental disclosures of cash flow information:			
Income taxes paid	$600	$600	$600
Interest paid	$–	$–	$–

See accompanying reports of the independent registered public accounting firms.

SCHEDULE III
Platinum Underwriters Holdings, Ltd.

Supplementary Insurance Information
($ in thousands)

Period	Deferred policy acquisition costs	Net unpaid losses and loss adjustment expenses	Net unearned premiums	Other policy claims and benefits payable	Net earned premium	Net investment income	Net losses and loss adjustment expenses incurred	Amortization of deferred policy acquisition costs	Other operating expenses	Net written premiums
Year ended December 31, 2010:										
Property and Marine	$6,184	523,283	25,982		418,763		343,509	45,781		$412,675
Casualty	28,462	1,597,740	115,663		343,812		119,679	56,948		329,397
Finite Risk	1,938	87,443	8,869		17,419		4,232	11,019		18,517
Total	$36,584	2,208,466	150,514	–	779,994	134,385	467,420	113,748	25,607	$760,589
Year ended December 31, 2009:										
Property and Marine	$6,840	470,288	32,194		528,488		250,646	48,815		$517,011
Casualty	31,854	1,753,160	130,174		388,901		226,511	71,270		356,488
Finite Risk	1,733	111,560	7,771		19,947		1,185	13,553		24,335
Total	$40,427	2,335,008	170,139	–	937,336	163,941	478,342	133,638	30,295	$897,834
Year ended December 31, 2008:										
Property and Marine	$8,816	527,844	42,739		599,110		397,200	62,889		$593,087
Casualty	41,009	1,754,386	161,871		503,300		337,051	102,868		430,084
Finite Risk	894	169,815	3,383		12,386		(16,018)	16,861		14,394
Total	$50,719	2,452,045	207,993	–	1,114,796	186,574	718,233	182,618	24,464	$1,037,565

See accompanying reports of the independent registered public accounting firms.

SCHEDULE IV
Platinum Underwriters Holdings, Ltd.

Reinsurance
($ in thousands)

Description	Direct Amount	Ceded to other companies	Assumed from other companies	Net Amount	Percentage of amount assumed to net
Property and liability premiums written:					
Year ended December 31, 2010:					
Property and Marine	$–	$18,937	$431,612	$412,675	104.6 %
Casualty	–	–	329,397	329,397	100.0 %
Finite Risk	–	–	18,517	18,517	100.0 %
Total	$–	$18,937	$779,526	$760,589	102.5 %
Year ended December 31, 2009:					
Property and Marine	$–	$26,840	$543,851	$517,011	105.2 %
Casualty	–	–	356,488	356,488	100.0 %
Finite Risk	–	–	24,335	24,335	100.0 %
Total	$–	$26,840	$924,674	$897,834	103.0 %
Year ended December 31, 2008:					
Property and Marine	$–	$29,084	$622,171	$593,087	104.9 %
Casualty	–	(33)	430,051	430,084	100.0 %
Finite Risk	–	–	14,394	14,394	100.0 %
Total	$–	$29,051	$1,066,616	$1,037,565	102.8 %

See accompanying reports of the independent registered public accounting firms.