

FITCH AFFIRMS ALTERRA CAPITAL'S RATINGS FOLLOWING MERGER CLOSING; OUTLOOK STABLE

Fitch Ratings-Chicago-13 May 2010: Fitch Ratings has affirmed Alterra Capital Holdings Limited's (Alterra) ratings following yesterday's closing of Max Capital Group Ltd.'s (Max Capital) stock for stock merger with Harbor Point Limited (Harbor Point). Max Capital has been renamed Alterra. A complete list of ratings can be found below.

Fitch believes this merger has favorably created a more diversified, multi-line reinsurance and insurance company, although the acquisition of Harbor Point creates some execution risk in integrating the two organizations. Harbor Point was a Bermuda based global reinsurance company that wrote property, casualty and specialty reinsurance business. Fitch views the transaction as consistent with Alterra's continuing strategy of diversifying its underwriting risk portfolio while reducing asset risk exposure.

The combination of the two companies creates a larger organization with pro forma shareholders' equity of approximately \$3 billion (net of \$300 million expected special cash dividend) and \$1.5 billion of net premiums written, providing for a more sizable and stable underwriting platform. The merger also significantly decreases investment leverage, reducing the ratio of invested assets to shareholders' equity for the combined company to 2.4 times (x) pro forma at March 31, 2010, compared to 3.3x for Max Capital and 1.4x for Harbor Point.

The Stable Outlook reflects Alterra's improvement in capitalization and earnings, reasonable financial leverage and lower investment risk. Fitch's ratings continue to reflect the company's disciplined and flexible approach to managing risk, and favorable underwriting results posted in recent years, partially offset by integration related challenges and continued competitive market conditions.

Fitch affirms the following ratings with a Stable Outlook:

Alterra Capital Holdings Limited (f/k/a Max Capital Group Ltd.)
--Issuer Default Rating (IDR) at 'A-'.

Alterra USA Holdings Limited (f/k/a Max USA Holdings Ltd.)
--IDR at 'A-';
--\$90.6 million 7.2% notes due April 14, 2017 at 'BBB+'.

Alterra Insurance Limited (f/k/a Max Bermuda Ltd.)
Max Re Europe Limited (to be renamed Alterra Reinsurance Europe Limited)
Max Insurance Europe Limited (to be renamed Alterra Insurance Europe Limited)
Max Specialty Insurance Company (to be renamed Alterra Specialty Insurance Company)
Max America Insurance Company (to be renamed Alterra America Insurance Company)
--Insurer Financial Strength (IFS) at 'A'.

Applicable criteria available on Fitch's web site at 'www.fitchratings.com' include:

--'Insurance Rating Methodology' (Dec. 29, 2009);
--'Non-Life Insurance Rating Methodology' (March 24, 2010).

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Additional information is available at 'www.fitchratings.com'.

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