UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549
FORM 10-Q

QUARTERLY REPORT PURSUANT TO SECTION 13 or 15(d)
OF THE SECURITIES EXCHANGE ACT OF 1934

FOR THE QUARTERLY PERIOD ENDED:	Commission file number:
June 30, 2007	**1-15731**

EVEREST RE GROUP, LTD.

(Exact name of registrant as specified in its charter)

Bermuda	**98-0365432**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

Wessex House – 2nd Floor
45 Reid Street
PO Box HM 845
Hamilton HM DX, Bermuda
441-295-0006

(Address, including zip code, and telephone number, including area code, of registrant's principal executive office)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

YES X NO ____

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, or a non-accelerated filer. See definition of "accelerated filer and large accelerated filer" in Rule 12b-2 of the Exchange Act.

Large accelerated filer X Accelerated filer ___ Non-accelerated filer ___

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act.)

YES ____ NO X

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date:

Class	Number of Shares Outstanding at August 1, 2007
Common Shares, $0.1 par value	**63,212,855**

EVEREST RE GROUP, LTD.

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EVEREST RE GROUP, LTD.
CONSOLIDATED BALANCE SHEETS

(Dollars in thousands, except par value per share)	June 30, 2007 (unaudited)	December 31, 2006
ASSETS:		
Fixed maturities - available for sale, at market value		
(amortized cost: 2007, $9,676,029; 2006, $10,210,165)	$ 9,624,885	$ 10,319,850
Equity securities - available for sale, at market value (cost: 2007, $16,393; 2006, $1,252,595)	16,393	1,613,678
Equity securities, at fair value	1,551,240	-
Short-term investments	2,436,747	1,306,498
Other invested assets (cost: 2007, $587,990; 2006, $466,232)	590,657	467,193
Cash	187,790	249,868
Total investments and cash	14,407,712	13,957,087
Accrued investment income	146,150	141,951
Premiums receivable	1,091,841	1,136,787
Reinsurance receivables	724,219	772,813
Funds held by reinsureds	287,735	284,809
Deferred acquisition costs	368,420	388,117
Prepaid reinsurance premiums	51,856	67,757
Deferred tax asset	227,957	220,047
Federal income taxes recoverable	15,998	-
Other assets	162,565	138,202
TOTAL ASSETS	$ 17,484,453	$ 17,107,570
LIABILITIES:		
Reserve for losses and loss adjustment expenses	$ 8,743,833	$ 8,840,140
Future policy benefit reserve	93,537	100,962
Unearned premium reserve	1,505,558	1,612,250
Funds held under reinsurance treaties	73,695	70,982
Losses in the course of payment	75,733	55,290
Commission reserves	36,908	23,665
Other net payable to reinsurers	30,618	47,483
Current federal income taxes payable	-	43,002
8.75% Senior notes due 3/15/2010	199,621	199,560
5.4% Senior notes due 10/15/2014	249,670	249,652
6.6% Long term notes due 5/1/2067	399,637	-
Junior subordinated debt securities payable	546,393	546,393
Accrued interest on debt and borrowings	14,368	10,041
Other liabilities	176,957	200,463
Total liabilities	12,146,528	11,999,883
Commitment and Contingencies (Note 6)		
SHAREHOLDERS' EQUITY:		
Preferred shares, par value: $0.01; 50 million shares authorized;		
no shares issued and outstanding	-	-
Common shares, par value: $0.01; 200 million shares authorized;		
(2007) 63.2 million and (2006) 65.0 million issued and outstanding	653	650
Additional paid-in capital	1,791,220	1,770,496
Accumulated other comprehensive income, net of deferred income taxes of		
$30.4 million at 2007 and $175.0 million at 2006	(12,170)	348,543
Treasury shares, at cost; (2007) 2.1 million shares and (2006) 0.0 million shares	(200,080)	-
Retained earnings	3,758,302	2,987,998
Total shareholders' equity	5,337,925	5,107,687
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	$ 17,484,453	$ 17,107,570

The accompanying notes are an integral part of the consolidated financial statements

EVEREST RE GROUP, LTD.
CONSOLIDATED STATEMENTS OF OPERATIONS
AND COMPREHENSIVE INCOME

(Dollars in thousands, except per share amounts)	Three Months Ended June 30, 2007	Three Months Ended June 30, 2006	Six Months Ended June 30, 2007	Six Months Ended June 30, 2006
	(unaudited)		(unaudited)	
REVENUES:				
Premiums earned	$ 999,320	$ 893,332	$ 2,004,049	$ 1,915,122
Net investment income	179,693	153,333	335,489	298,359
Net realized capital gains	91,774	2,472	132,666	16,073
Net derivative income	5,995	1,316	3,227	5,195
Other (expense) income	(8,044)	2,275	(4,379)	(4,332)
Total revenues	1,268,738	1,052,728	2,471,052	2,230,417
CLAIMS AND EXPENSES:				
Incurred losses and loss adjustment expenses	619,114	543,637	1,184,882	1,242,580
Commission, brokerage, taxes and fees	234,423	206,403	460,078	443,905
Other underwriting expenses	37,541	33,645	73,601	62,659
Interest expense on senior notes	7,790	7,787	15,579	15,573
Interest expense on long term notes	4,327	-	4,327	-
Interest expense on junior subordinated debt	9,362	9,362	18,724	18,724
Amortization of bond issue costs	2,687	234	2,922	469
Interest and fee expense on credit facilities	77	98	154	195
Total claims and expenses	915,321	801,166	1,760,267	1,784,105
INCOME BEFORE TAXES	353,417	251,562	710,785	446,312
Income tax expense	70,549	31,159	130,335	57,513
NET INCOME	$ 282,868	$ 220,403	$ 580,450	$ 388,799
Other comprehensive loss, net of tax	(106,716)	(105,324)	(109,898)	(158,617)
COMPREHENSIVE INCOME	$ 176,152	$ 115,079	$ 470,552	$ 230,182
PER SHARE DATA:				
Average shares outstanding (000's)	62,901	64,708	63,533	64,665
Net income per common share - basic	$ 4.50	$ 3.41	$ 9.14	$ 6.01
Average diluted shares outstanding (000's)	63,518	65,258	64,137	65,264
Net income per common share - diluted	$ 4.45	$ 3.38	$ 9.05	$ 5.96

The accompanying notes are an integral part of the consolidated financial statements

EVEREST RE GROUP, LTD.
CONSOLIDATED STATEMENTS OF
CHANGES IN SHAREHOLDERS' EQUITY

(Dollars in thousands, except share amounts)	Three Months Ended June 30, 2007	Three Months Ended June 30, 2006	Six Months Ended June 30, 2007	Six Months Ended June 30, 2006
	(unaudited)		(unaudited)	
COMMON SHARES (shares outstanding):				
Balance, beginning of period	63,240,705	64,909,902	65,043,976	64,643,338
Issued during the period, net	156,935	38,139	253,664	304,703
Treasury shares aquired	(199,000)	-	(2,099,000)	-
Balance, end of period	63,198,640	64,948,041	63,198,640	64,948,041
COMMON SHARES (par value):				
Balance, beginning of period	$ 651	$ 649	$ 650	$ 646
Issued during the period, net	2	-	3	3
Balance, end of period	653	649	653	649
ADDITIONAL PAID-IN CAPITAL:				
Balance, beginning of period	1,777,070	1,750,845	1,770,496	1,731,746
Share-based compensation plans	14,094	5,629	20,631	24,683
Other	56	37	93	82
Balance, end of period	1,791,220	1,756,511	1,791,220	1,756,511
ACCUMULATED OTHER COMPREHENSIVE INCOME, NET OF DEFERRED INCOME TAXES:				
Balance, beginning of period	94,546	167,853	348,543	221,146
Cumulative effect to adopt FAS 159, net of tax	-	-	(250,815)	-
Net decrease during the period	(106,716)	(105,324)	(109,898)	(158,617)
Balance, end of period	(12,170)	62,529	(12,170)	62,529
RETAINED EARNINGS:				
Balance, beginning of period	3,505,657	2,346,765	2,987,998	2,186,156
Cumulative effect to adopt FAS 159, net of tax	-	-	250,815	-
Net income	282,868	220,403	580,450	388,799
Dividends declared ($0.48 and $0.96 per share in 2007 and $0.12 and $0.24 per share in 2006)	(30,223)	(7,792)	(60,961)	(15,579)
Balance, end of period	3,758,302	2,559,376	3,758,302	2,559,376
TREASURY SHARES AT COST:				
Balance, beginning of period	(181,041)	-	-	-
Purchase of treasury shares	(19,039)	-	(200,080)	-
Balance, end of period	(200,080)	-	(200,080)	-
TOTAL SHAREHOLDERS' EQUITY, END OF PERIOD	$ 5,337,925	$ 4,379,065	$ 5,337,925	$ 4,379,065

The accompanying notes are an integral part of the consolidated financial statements

EVEREST RE GROUP, LTD.
CONSOLIDATED STATEMENTS OF CASH FLOWS

(Dollars in thousands)	Three Months Ended June 30, 2007	Three Months Ended June 30, 2006	Six Months Ended June 30, 2007	Six Months Ended June 30, 2006
	(unaudited)		(unaudited)	
CASH FLOWS FROM OPERATING ACTIVITIES:				
Net income	$ 282,868	$ 220,403	$ 580,450	$ 388,799
Adjustments to reconcile net income to net cash provided by operating activities:				
Decrease in premiums receivable	45,724	83,688	48,290	69,062
(Increase) decrease in funds held by reinsureds, net	(94)	(4,325)	981	(42,609)
Decrease in reinsurance receivables	67,870	55,661	54,498	103,201
Decrease (increase) in deferred tax asset	7,337	(292)	26,405	(4,985)
Decrease in reserve for losses and loss adjustment expenses	(33,499)	(167,385)	(134,010)	(177,511)
Decrease in future policy benefit reserve	(4,065)	(11,254)	(7,425)	(16,352)
Decrease in unearned premiums	(91,315)	(22,797)	(111,347)	(24,381)
Change in other assets and liabilities, net	(84,979)	(8,559)	(70,989)	14,476
Non-cash compensation expense	4,437	3,007	9,287	6,350
Amortization of bond premium	(2,124)	5,911	(826)	13,215
Amortization of underwriting discount on senior notes	41	37	80	73
Realized capital gains	(91,774)	(2,472)	(132,666)	(16,073)
Net cash provided by operating activities	100,427	151,623	262,728	313,265
CASH FLOWS FROM INVESTING ACTIVITIES:				
Proceeds from fixed maturities matured/called - available for sale	305,278	192,648	617,195	359,089
Proceeds from fixed maturities sold - available for sale	169,549	48,298	204,035	152,375
Proceeds from equity securities - available for sale	-	92,573	-	120,222
Proceeds from equity securities - fair value	1,027,955	-	1,318,561	-
Proceeds from other invested assets sold	5,572	21,141	27,383	26,703
Cost of fixed maturities acquired - available for sale	(155,618)	(79,224)	(255,487)	(842,907)
Cost of equity securities acquired - available for sale	-	(261,659)	-	(377,770)
Cost of equity securities acquired - fair value	(816,891)	-	(1,138,408)	-
Cost of other invested assets acquired	(78,004)	(30,254)	(119,765)	(58,952)
Net (purchases) sales of short-term securities	(873,100)	(108,943)	(1,103,090)	353,864
Net increase in unsettled securities transactions	(3,992)	(24,378)	(4,412)	(1,200)
Net cash used in investing activities	(419,251)	(149,798)	(453,988)	(268,576)
CASH FLOWS FROM FINANCING ACTIVITIES:				
Common shares issued during the period	9,715	2,659	11,440	18,418
Purchase of treasury stock	(19,039)	-	(200,080)	-
Net proceeds from issuance of long term notes	395,637	-	395,637	-
Dividends paid to shareholders	(30,223)	(7,792)	(60,961)	(15,579)
Net cash provided by (used in) financing activities	356,090	(5,133)	146,036	2,839
EFFECT OF EXCHANGE RATE CHANGES ON CASH	(9,685)	12,367	(16,854)	20,620
Net increase (decrease) in cash	27,581	9,059	(62,078)	68,148
Cash, beginning of period	160,209	166,364	249,868	107,275
Cash, end of period	$ 187,790	$ 175,423	$ 187,790	$ 175,423
SUPPLEMENTAL CASH FLOW INFORMATION				
Cash transactions:				
Income taxes paid (recovered)	$ 135,022	$ 26,232	$ 160,306	$ (25,086)
Interest paid	$ 16,189	$ 16,210	$ 34,378	$ 34,518

The accompanying notes are an integral part of the consolidated financial statements

EVEREST RE GROUP, LTD.
NOTES TO CONSOLIDATED INTERIM FINANCIAL STATEMENTS (UNAUDITED)

For the Three and Six Months Ended June 30, 2007 and 2006

1. General

As used in this document, "Group" means Everest Re Group, Ltd.; "Holdings" means Everest Reinsurance Holdings, Inc.; "Everest Re" means Everest Reinsurance Company and its subsidiaries (unless the context otherwise requires); and the "Company" means Everest Re Group, Ltd. and its subsidiaries.

The unaudited consolidated financial statements of the Company for the three and six months ended June 30, 2007 and 2006 include all adjustments, consisting of normal recurring accruals, which, in the opinion of management, are necessary for a fair statement of the results on an interim basis. Certain financial information, which is normally included in annual financial statements prepared in accordance with accounting principles generally accepted in the United States of America ("GAAP"), has been omitted since it is not required for interim reporting purposes. The year end consolidated balance sheet data was derived from audited financial statements, but does not include all disclosures required by GAAP. The results for the three and six months ended June 30, 2007 and 2006 are not necessarily indicative of the results for a full year. These financial statements should be read in conjunction with the audited consolidated financial statements and notes thereto for the years ended December 31, 2006, 2005 and 2004 included in the Company's most recent Form 10-K filing.

2. New Accounting Pronouncements

In July 2006, the Financial Accounting Standards Board ("FASB") released FASB Interpretation No. 48, "Accounting for Uncertainty in Income Taxes – an interpretation of FASB Statement No. 109" ("FIN 48"), which is effective for fiscal years beginning after December 15, 2006. FIN 48 clarifies the accounting for uncertainty in income taxes recognized in an enterprise's financial statements in accordance with FASB Statement No. 109, "Accounting for Income Taxes" ("FAS 109"). FIN 48 prescribes the recognition and measurement criteria for the financial statements for tax positions taken or expected to be taken in a tax return. Further, FIN 48 expands the required disclosures associated with uncertain tax positions. As a result of the implementation of FIN 48, the Company recorded no adjustment in the liability for unrecognized income tax benefits and no adjustment to beginning retained earnings.

In September 2006, the FASB issued Statement of Financial Accounting Standards ("FAS") No. 157 "Fair Value Measurements" ("FAS 157"), which is effective for fiscal years beginning after November 15, 2007, and interim periods within those fiscal years. FAS 157 defines fair value, establishes a framework for measuring fair value consistently in GAAP and expands disclosures about fair value measurements. As early adoption is an option, the Company adopted FAS 157 as of January 1, 2007.

In September 2006, the FASB issued FAS No. 158 "Employers' Accounting for Defined Benefit Pension and Other Postretirement Plans" ("FAS 158"), which is effective for employers with publicly traded equity securities as of the end of the fiscal year ending after December 15, 2006. FAS 158 requires an employer to (a) recognize in its financial statements an asset for a plan's over funded status or a liability for a plan's under funded status, (b) measure a plan's assets and its obligations that determine its funded status as of the end of the employer's fiscal year and (c) recognize changes in the funded status of a defined benefit postretirement plan in the year in which the changes occur as other comprehensive income. The Company adopted FAS 158 for the reporting period ended December 31, 2006.

In February 2007, the FASB issued FAS No. 159 "The Fair Value Option for Financial Assets and Financial Liabilities - including an amendment to FASB Statement No. 115" ("FAS 159"), which is effective for employers with publicly traded equity securities as of the end of the fiscal year ending after November 15, 2007. FAS 159 permits entities to choose to measure many financial instruments and certain other items at fair value.

The objective is to improve financial reporting by providing entities with the opportunity to mitigate volatility in reported earnings caused by measuring related assets and liabilities differently without having to apply complex hedge accounting provisions. The Company adopted FAS 159 as of January 1, 2007.

3. Investments, Fair Value

Effective January 1, 2007, the Company adopted and implemented FAS 159 and FAS 157 for its available for sale publicly traded equity securities. In conjunction with the Company implementing more active management strategy for these specific investments, FAS 159 and FAS 157 provided an appropriate accounting and presentation of these investments in the Company's consolidated financial statements. The Company did not elect FAS 159 for those equity investments in affiliated non-consolidated special purpose vehicles. Upon adoption, the Company recognized a $250.8 million cumulative-effect adjustment to retained earnings, net of $110.3 million of tax. The Company recorded a $109.8 million realized gain in net realized capital gains in the consolidated statements of operations and comprehensive income due to fair value re-measurement for the six months ended June 30, 2007.

The following table presents the equity securities fair value measurements as of June 30, 2007:

		Fair Value Measurement Using:		
(Dollars in thousands)	June 30, 2007	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Equity securities	$ 1,551,240	$ 1,551,240	$ -	$ -

4. Capital Transactions

On December 1, 2005, the Company filed a shelf registration statement on Form S-3ASR with the Securities and Exchange Commission ("SEC"), as a Well Known Seasoned Issuer under the new registration and offering revisions to the Securities Act of 1933. Generally, under this shelf registration statement, Group is authorized to issue common shares, preferred shares, debt securities, warrants and hybrid securities, Holdings is authorized to issue debt securities and Everest Re Capital Trust III ("Capital Trust III") is authorized to issue trust preferred securities.

- On December 1, 2005, the Company issued 2,298,000 of its common shares at a price of $102.89 per share, which resulted in $236.4 million of proceeds before expenses and Holdings sold Group shares it acquired in 2002 at a price of $102.89 per share, which resulted in $46.5 million of proceeds before expenses. Expenses incurred for this transaction were approximately $0.3 million.

- On April 26, 2007, Holdings completed a public offering of $400.0 million principal amount of 6.6% fixed to floating rate long term subordinated notes with a scheduled maturity date of May 15, 2037 and a final maturity date of May 1, 2067. The net proceeds from the offering are expected to be used to redeem all of the outstanding 7.85% junior subordinated debt securities as soon as possible after November 14, 2007 and for general corporate purposes.

5. Earnings Per Common Share

Net income per common share has been computed below, based upon weighted average common and diluted shares outstanding.

(Dollars in thousands, except per share amounts)	Three Months Ended June 30, 2007	Three Months Ended June 30, 2006	Six Months Ended June 30, 2007	Six Months Ended June 30, 2006
Net income (numerator)	$ 282,868	$ 220,403	$ 580,450	$ 388,799
Weighted average common and effect of dilutive shares used in the computation of net income per share:				
Weighted average shares outstanding - basic (denominator)	62,901	64,708	63,533	64,665
Effect of dilutive shares	617	550	604	599
Weighted average shares outstanding - diluted (denominator)	63,518	65,258	64,137	65,264
Net income per common share:				
Basic	$ 4.50	$ 3.41	$ 9.14	$ 6.01
Diluted	$ 4.45	$ 3.38	$ 9.05	$ 5.96

Options to purchase 4,000 and 10,000 common shares at prices ranging from $99.98 to $106.275 were outstanding for the three and six months ended June 30, 2007, respectively, but were not included in the computation of earnings per diluted share as the options' exercise price was greater than the average market price of the common shares for the period. Options to purchase 323,500 and 318,500 common shares at prices ranging from $91.41 to $99.98 were outstanding for the three and six months ended June 30, 2006, respectively, but were not included in the computation of earnings per diluted share as the options' exercise price was greater than the average market price of the common shares for the relevant periods. All outstanding options expire on or between September 26, 2007 and May 29, 2017.

6. Contingencies

In the ordinary course of business, the Company is involved in lawsuits, arbitrations and other formal and informal dispute resolution procedures, the outcomes of which will determine the Company's rights and obligations under insurance, reinsurance and other contractual agreements. In some disputes, the Company seeks to enforce its rights under an agreement or to collect funds owing to it. In other matters, the Company is resisting attempts by others to collect funds or enforce alleged rights. These disputes arise from time to time and are ultimately resolved through both informal and formal means, including negotiated resolution, arbitration and litigation. In all such matters, the Company believes that its positions are legally and commercially reasonable. While the final outcome of these matters cannot be predicted with certainty, the Company does not believe that any of these matters, when finally resolved, will have a material adverse effect on the Company's financial position or liquidity. However, an adverse resolution of one or more of these items in any one quarter or fiscal year could have a material adverse effect on the Company's results of operations in that period.

In 1993 and prior, the Company had a business arrangement with The Prudential Insurance Company of America ("The Prudential") wherein, for a fee, the Company accepted settled claim payment obligations of certain property and casualty insurers, and, concurrently, became the owner of the annuity or assignee of the annuity proceeds funded by the property and casualty insurers specifically to fulfill these fully settled obligations. In these circumstances, the Company would be liable if The Prudential, which has an A+ (Superior) financial strength rating from A.M. Best Company ("A.M. Best"), were unable to make the annuity payments. The estimated cost to replace all such annuities for which the Company was contingently liable at June 30, 2007 was $151.4 million.

Prior to its 1995 initial public offering, the Company purchased annuities from an unaffiliated life insurance company with an A+ (Superior) financial strength rating from A.M. Best to settle certain claim liabilities of the company. Should the life insurance company become unable to make the annuity payments, the Company would be liable for those claim liabilities. The estimated cost to replace such annuities at June 30, 2007 was $20.8 million.

7. Other Comprehensive Loss

The following table presents the components of other comprehensive loss for the periods indicated:

	Three Months Ended June 30,		Six Months Ended June 30,	
(Dollars in thousands)	2007	2006	2007	2006
Net unrealized depreciation of investments, net of deferred income taxes	$ (121,232)	$ (124,857)	$ (119,488)	$ (188,011)
Currency translation adjustments, net of deferred income taxes	14,516	19,533	9,590	29,394
Other comprehensive loss, net of deferred income taxes	$ (106,716)	$ (105,324)	$ (109,898)	$ (158,617)

8. Letters of Credit

The Company has arrangements available for the issuance of letters of credit, which letters are generally collateralized by the Company's cash and investments. The Company's agreement with Citibank is a bilateral letter of credit agreement only, while the Company's other facility, the Wachovia Syndicated Facility, involves a syndicate of lenders (see Note 13, tranche two of the Group Credit Facility), with Wachovia acting as administrative agent. At June 30, 2007 and December 31, 2006, letters of credit for $390.6 million and $460.0 million, respectively, were issued and outstanding, generally supporting reinsurance provided by the Company's non-U.S. operations. The following table summarizes the Company's letters of credit as of June 30, 2007.

(Dollars in thousands)

Bank		Commitment	In Use	Date of Expiry
Citibank		$ 350,000	$ 11,216	08/31/2007
			28,916	12/31/2007
			1,290	12/31/2008
			121,568	12/31/2009
			22,077	12/31/2011
Total Citibank Agreement		$ 350,000	$ 185,067	
Wachovia Syndicated Facility	Tranche One	$ 250,000	$ -	-
	Tranche Two	500,000	961	11/03/2007
			48,075	11/13/2007
			142,483	12/31/2007
			13,986	05/09/2008
Total Wachovia Syndicated Facility		$ 750,000	$ 205,505	
Total letters of credit		$ 1,100,000	$ 390,572	

9. Trust Agreements

Certain subsidiaries of Group, principally Everest Reinsurance (Bermuda), Ltd. ("Bermuda Re"), a Bermuda insurance company and direct subsidiary of Group, have established trust agreements as security for assumed losses payable to certain non-affiliated ceding companies, which effectively use Company investments as collateral. At June 30, 2007, the total amount on deposit in trust accounts was $125.2 million.

10. Senior Notes

On October 12, 2004, Holdings completed a public offering of $250.0 million principal amount of 5.40% senior notes due October 15, 2014. On March 14, 2000, Holdings completed a public offering of $200.0 million principal amount of 8.75% senior notes due March 15, 2010.

Interest expense incurred in connection with these senior notes was $7.8 million for the three months ended June 30, 2007 and 2006 and $15.6 million for the six months ended June 30, 2007 and 2006. Market value, which is based on quoted market price at June 30, 2007 and December 31, 2006, was $239.6 million and $248.1 million, respectively, for the 5.40% senior notes and $214.5 million and $219.8 million, respectively, for the 8.75% senior notes.

11. Long Term Subordinated Notes

On April 26, 2007, Holdings completed a public offering of $400.0 million principal amount of 6.6% fixed to floating rate long term subordinated notes with a scheduled maturity date of May 15, 2037 and a final maturity date of May 1, 2067. During the fixed rate interest period from May 3, 2007 through May 14, 2017, interest will be at the annual rate of 6.6%, payable semi-annually in arrears on November 15 and May 15 of each year, commencing on November 15, 2007, subject to Holdings' right to defer interest on one or more occasions for up to ten consecutive years. During the floating rate interest period from May 15, 2017 through maturity, interest will be based on the 3 month London Interbank Offered Rate ("LIBOR") plus 238.5 basis points, reset quarterly, payable quarterly in arrears on February 15, May 15, August 15 and November 15 of each year, subject to Holdings' right to defer interest on one or more occasions for up to ten consecutive years. Deferred interest will accumulate interest at the applicable rate compounded semi-annually to the period prior to May 15, 2017, and compounded quarterly with respect to the period from and including May 15, 2017.

Holdings can redeem the long term subordinated notes prior to May 15, 2017, in whole but not in part at the applicable redemption price, which will equal the greater of (a) 100% of the principal amount being redeemed and (b) the present value of the principal payment on May 15, 2017 and scheduled payments of interest that would have accrued from the redemption date to May 15, 2017 on the long term subordinated notes being redeemed, discounted to the redemption date on a semi-annual basis at a discount rate equal to the treasury rate plus an applicable spread of either 0.25% or 0.50%, in each case plus accrued and unpaid interest. Holdings may redeem the long term subordinated notes on or after May 15, 2017, in whole or in part at 100% of the principal amount plus accrued and unpaid interest; however, redemption on or after the scheduled maturity date and prior to May 1, 2047 are subject to a replacement capital covenant. This covenant is for the benefit of certain senior note holders such that these notes cannot be redeemed except to the extent that Holdings has received proceeds from the sale of replacement capital securities.

Interest expense incurred in connection with these long term notes was $4.3 million for the three and six months ended June 30, 2007. Market value, which is based on quoted market price at June 30, 2007, was $381.8 million for the 6.6% long term subordinated notes.

12. Junior Subordinated Debt Securities Payable

On March 29, 2004, Holdings issued $329.9 million of 6.20% junior subordinated debt securities due March 29, 2034 to Everest Re Capital Trust II ("Capital Trust II"). Holdings can redeem the junior subordinated debt securities before their maturity at 100% of their principal amount plus accrued interest as of the date of redemption, in whole or in part, on one or more occasions at any time on or after March 30, 2009; or at any time, in whole, but not in part, within 90 days of the occurrence and continuation of a determination that the Trust may become subject to tax or the Investment Company Act.

On November 14, 2002, Holdings issued $216.5 million of 7.85% junior subordinated debt securities due November 15, 2032 to Everest Re Capital Trust ("Capital Trust"). Holdings can redeem the junior subordinated debt securities before their maturity at 100% of their principal amount plus accrued interest as of the date of redemption, in whole or in part, on one or more occasions at any time on or after November 14, 2007; or at any time, in whole, but not in part, within 90 days of the occurrence and continuation of a determination that the Trust may become subject to tax or the Investment Company Act.

Fair value, which is primarily based on quoted market price of the related trust preferred securities at June 30, 2007 and December 31, 2006, was $302.4 million and $316.3 million, respectively, for the 6.20% junior subordinated debt securities and $220.4 million and $221.2 million, respectively, for the 7.85% junior subordinated debt securities.

Interest expense incurred in connection with these junior subordinated notes was $9.4 million for the three months ended June 30, 2007 and 2006 and $18.7 million for the six months ended June 30, 2007 and 2006.

Capital Trust and Capital Trust II are wholly owned finance subsidiaries of Holdings.

Holdings considers that the mechanisms and obligations relating to the trust preferred securities, taken together, constitute a full and unconditional guarantee by Holdings of Capital Trust and Capital Trust II's payment obligations with respect to their respective trust preferred securities.

Capital Trust and Capital Trust II will redeem all of the outstanding trust preferred securities when the junior subordinated debt securities are paid at maturity on November 15, 2032 and March 29, 2034, respectively. The Company may elect to redeem the junior subordinated debt securities, in whole or in part, at any time on or after November 14, 2007 and March 30, 2009, respectively. If such an early redemption occurs, the outstanding trust preferred securities would also be proportionately redeemed.

There are certain regulatory and contractual restrictions on the ability of Holdings' operating subsidiaries to transfer funds to Holdings in the form of cash dividends, loans or advances. The insurance laws of the State of Delaware, where Holdings' direct insurance subsidiaries are domiciled, require regulatory approval before those subsidiaries can pay dividends or make loans or advances to Holdings that exceed certain statutory thresholds. In addition, the terms of Holdings' Credit Facility (discussed in Note 13) require Everest Re, Holdings' principal insurance subsidiary, to maintain a certain statutory surplus level as measured at the end of each fiscal year. At December 31, 2006, $2,451.4 million of the $3,102.6 million in net assets of Holdings' consolidated subsidiaries were subject to the foregoing regulatory restrictions.

13. Credit Line

Effective December 8, 2004, Group, Bermuda Re and Everest International Reinsurance, Ltd. ("Everest International") entered into a three year, $750.0 million senior credit facility with a syndicate of lenders (the "Group Credit Facility"). Wachovia Bank is the administrative agent for the Group Credit Facility. The Group Credit Facility consists of two tranches. Tranche one provides up to $250.0 million of revolving credit for liquidity and general corporate purposes, and for the issuance of standby letters of credit. The interest on the revolving loans shall, at the option of each of the borrowers, be either (1) the Base Rate (as defined below) or (2) an adjusted LIBOR plus a margin. The Base Rate is the higher of the rate of interest established by Wachovia Bank from time to time as its prime rate or the Federal Funds rate, in each case plus 0.5% per annum. The amount of margin and the fees payable for the Group Credit Facility depends on Group's senior unsecured debt rating. Tranche two exclusively provides up to $500.0 million for the issuance of standby letters of credit on a collateralized basis.

The Group Credit Facility requires Group to maintain a debt to capital ratio of not greater than 0.35 to 1 and to maintain a minimum net worth amount. Minimum net worth is an amount equal to the sum of (i) $3,575.4 million (base amount) plus (ii) (A) 25% of consolidated net income for each of Group's fiscal quarters and (B) 25% of any increase in consolidated net worth attributable to the issuance of ordinary and preferred shares. The base amount is reset at the end of each fiscal year to be the greater of 70% of Group's consolidated net worth as of the last day of the fiscal year or the calculated minimum amount of net worth prior to the last day of the fiscal year. As of June 30, 2007, the Company was in compliance with these covenants.

For the three and six months ended June 30, 2007 and 2006, there were no outstanding borrowings under tranche one of the Group Credit Facility. At June 30, 2007, there was $205.5 million used of the $500.0 million available for tranche two standby letters of credit.

Effective July 27, 2007, Group entered into a new five year, $850.0 million senior credit facility replacing the December 8, 2004, Group Credit Facility. Tranche one will provide up to $350.0 million of revolving credit and for issuance of unsecured standby letters of credit and Tranche two will provide up to $500.0 million for the issuance of secured standby letters of credit. The covenants will basically remain the same as the previous Group Credit Facility.

Effective August 23, 2006, Holdings entered into a new five year, $150.0 million senior revolving credit facility with a syndicate of lenders, replacing the October 10, 2003 three year senior revolving credit facility, which expired on October 10, 2006. Both the August 23, 2006 and October 10, 2003 senior revolving credit agreements, which have similar terms, are referred to as the "Holdings Credit Facility". Citibank N.A. is the administrative agent for the Holdings Credit Facility. The Holdings Credit Facility is used for liquidity and general corporate purposes. The Holdings Credit Facility provides for the borrowing of up to $150.0 million with interest at a rate selected by Holdings equal to either, (1) the Base Rate (as defined below) or (2) a periodic fixed rate equal to the Eurodollar Rate plus an applicable margin. The Base Rate means a fluctuating interest rate per annum in effect from time to time to be equal to the higher of (a) the rate of interest publicly announced by Citibank as its prime rate or 0.5% per annum above the Federal Funds Rate, in each case plus the applicable margin. The amount of margin and the fees payable for the Holdings Credit Facility depends upon Holdings' senior unsecured debt rating.

The Holdings Credit Facility requires Holdings to maintain a debt to capital ratio of not greater than 0.35 to 1 and Everest Re to maintain its statutory surplus at $1.5 billion plus 25% of future aggregate net income and 25% of future aggregate capital contributions after December 31, 2005. As of June 30, 2007, Holdings was in compliance with these covenants.

For the three and six months ended June 30, 2007 and 2006, there were no outstanding borrowings under the Holdings Credit Facility.

Interest expense and fees incurred in connection with the Group Credit Facility and the Holdings Credit Facility were $0.1 million and $0.2 million for the three and six months ended June 30, 2007 and 2006.

14. Segment Results

The Company, through its subsidiaries, operates in five segments: U.S. Reinsurance, U.S. Insurance, Specialty Underwriting, International and Bermuda. The U.S. Reinsurance operation writes property and casualty reinsurance, on both a treaty and facultative basis, through reinsurance brokers, as well as directly with ceding companies within the U.S. The U.S. Insurance operation writes property and casualty insurance primarily through general agents and surplus lines brokers within the U.S. The Specialty Underwriting operation writes accident and health ("A&H"), marine, aviation and surety business within the U.S. and worldwide through brokers and directly with ceding companies. The International operation writes non-U.S. property and casualty reinsurance through Everest Re's branches in Canada and Singapore and offices in Miami and New Jersey. The Bermuda operation provides reinsurance and insurance to worldwide property and casualty markets and reinsurance to life insurers through brokers and directly with ceding companies from its Bermuda office and reinsurance to the United Kingdom and European markets through its UK branch.

These segments are managed in a coordinated fashion with respect to pricing, risk management, control of aggregate catastrophe exposures, capital, investments and support operations. Management generally monitors and evaluates the financial performance of these operating segments based upon their underwriting results.

Underwriting results include earned premium less losses and loss adjustment expenses ("LAE") incurred, commission and brokerage expenses and other underwriting expenses. Underwriting results are measured using ratios, in particular loss, commission and brokerage and other underwriting expense ratios, which, respectively, divide incurred losses, commissions and brokerage and other underwriting expenses by earned premium. The Company utilizes inter-affiliate reinsurance, although such reinsurance does not materially impact segment results.

The Company does not maintain separate balance sheet data for its operating segments. Accordingly, the Company does not review and evaluate the financial results of its operating segments based upon balance sheet data.

The following tables represent the relevant underwriting results for the operating segments for the periods indicated:

	U.S. Reinsurance			
	Three Months Ended June 30,		Six Months Ended June 30,	
(Dollars in thousands)	2007	2006	2007	2006
Gross written premiums	$ 271,670	$ 262,018	$ 626,022	$ 656,415
Net written premiums	271,566	260,396	620,475	652,030
Premiums earned	$ 314,293	$ 258,759	$ 667,534	$ 638,421
Incurred losses and loss adjustment expenses	110,169	175,790	232,544	443,801
Commission and brokerage	81,328	66,015	157,602	163,511
Other underwriting expenses	7,320	6,364	13,814	11,140
Underwriting gain	$ 115,476	$ 10,590	$ 263,574	$ 19,969

	U.S. Insurance			
	Three Months Ended June 30,		Six Months Ended June 30,	
(Dollars in thousands)	2007	2006	2007	2006
Gross written premiums	$ 161,637	$ 195,390	$ 379,010	$ 413,396
Net written premiums	145,392	169,466	342,777	358,939
Premiums earned	$ 178,080	$ 179,692	$ 371,053	$ 365,300
Incurred losses and loss adjustment expenses	125,251	121,644	304,719	246,523
Commission and brokerage	35,420	25,263	68,636	54,997
Other underwriting expenses	12,014	11,389	24,379	22,094
Underwriting gain (loss)	$ 5,395	$ 21,396	$ (26,681)	$ 41,686

	Specialty Underwriting			
	Three Months Ended June 30,		Six Months Ended June 30,	
(Dollars in thousands)	2007	2006	2007	2006
Gross written premiums	$ 76,377	$ 53,087	$ 131,058	$ 117,113
Net written premiums	75,852	50,166	129,128	113,798
Premiums earned	$ 77,111	$ 49,890	$ 132,842	$ 118,090
Incurred losses and loss adjustment expenses	54,620	10,994	95,749	81,571
Commission and brokerage	15,432	13,314	31,272	33,498
Other underwriting expenses	1,775	1,637	3,364	2,942
Underwriting gain	$ 5,284	$ 23,945	$ 2,457	$ 79

	International			
	Three Months Ended June 30,		Six Months Ended June 30,	
(Dollars in thousands)	2007	2006	2007	2006
Gross written premiums	$ 202,626	$ 179,835	$ 375,970	$ 355,357
Net written premiums	202,621	179,597	376,498	355,216
Premiums earned	$ 208,895	$ 181,535	$ 388,653	$ 355,842
Incurred losses and loss adjustment expenses	162,432	94,385	258,143	212,642
Commission and brokerage	53,052	46,088	96,589	86,876
Other underwriting expenses	4,332	3,685	8,050	6,363
Underwriting (loss) gain	$ (10,921)	$ 37,377	$ 25,871	$ 49,961

	Bermuda			
	Three Months Ended June 30,		Six Months Ended June 30,	
(Dollars in thousands)	2007	2006	2007	2006
Gross written premiums	$ 223,153	$ 220,043	$ 440,170	$ 423,111
Net written premiums	223,105	220,348	439,535	422,328
Premiums earned	$ 220,941	$ 223,456	$ 443,967	$ 437,469
Incurred losses and loss adjustment expenses	166,642	140,824	293,727	258,043
Commission and brokerage	49,191	55,723	105,979	105,023
Other underwriting expenses	4,299	3,798	9,187	7,511
Underwriting gain	$ 809	$ 23,111	$ 35,074	$ 66,892

The following table reconciles the underwriting results for the operating segments to income before tax as reported in the consolidated statements of operations and comprehensive income for the periods indicated:

	Three Months Ended June 30,		Six Months Ended June 30,	
(Dollars in thousands)	2007	2006	2007	2006
Underwriting gain	$ 116,043	$ 116,419	$ 300,295	$ 178,587
Net investment income	179,693	153,333	335,489	298,359
Net realized capital gains	91,774	2,472	132,666	16,073
Net derivative income	5,995	1,316	3,227	5,195
Corporate expenses	(7,801)	(6,772)	(14,807)	(12,609)
Interest, fee and bond issue cost amortization expense	(24,243)	(17,481)	(41,706)	(34,961)
Other (expense) income	(8,044)	2,275	(4,379)	(4,332)
Income before taxes	$ 353,417	$ 251,562	$ 710,785	$ 446,312

The Company produces business in the U.S., Bermuda and internationally. The net income deriving from and assets residing in the individual foreign countries in which the Company writes business are not identifiable in the Company's financial records. Based on written premium, the largest country, other than the U.S., in which the Company writes business is the United Kingdom, with $89.8 million and $217.8 million of written premium for the three and six months ended June 30, 2007, respectively. No other country represented more than 5% of the Company's revenues.

15. Derivatives

The Company has sold seven equity put options in its product portfolio, which are outstanding. These products meet the definition of a derivative under FAS No. 133, "Accounting for Derivative Instruments and Hedging Activities" ("FAS 133"). The Company's position in these contracts is unhedged and is accounted for as a derivative in accordance with FAS 133. Accordingly, these contracts are carried at fair value and are recorded in "Other liabilities" in the consolidated balance sheets and changes in fair value are recorded in the consolidated statements of operations and comprehensive income. The Company recorded net derivative income of $6.0 million and $1.3 million for three months ended June 30, 2007 and 2006, respectively, and $3.2 million and $5.2 million for the six months ended June 30, 2007 and 2006, respectively.

The following table presents the derivative fair value measurements as of June 30, 2007:

		Fair Value Measurement Using:		
(Dollars in thousands)	June 30, 2007	Quoted Prices in Active Markets for Identical Liabilities (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Equity Put Options	$ 34,377	$ -	$ 34,377	$ -

As there is no active market for these instruments, the determination of their fair value is calculated using an industry accepted option pricing model, Black-Scholes, which uses the following inputs:

	Contracts based on S & P 500 Index	Contract based on FTSE 100 Index
Equity index at June 30, 2007	1,503.0	6,607.9
Interest rate	5.66% to 5.78%	5.75%
Time to maturity	9.95 to 23.7 yrs	13.1 yrs
Volatility	24.6% to 26.9%	33.2%

16. Share-Based Compensation Plans

Share-based compensation awards granted were 4,000 options for the three months ended June 30, 2007. The grant exercise price was $106.275 per share. The fair value of $23.82 per option award was estimated on the date of the grant using the Black-Scholes option valuation model. The following assumptions were used in calculating the fair value of the options granted for the three months ended June 30, 2007:

Weighted-average volatility	26.22%
Weighted-average dividend yield	3.75%
Weighted-average expected term	6.3 years
Weighted-average risk-free rate	4.83%
Weighted-average forfeiture	11.66%

17. Retirement Benefits

The Company maintains both qualified and non-qualified defined benefit pension plans for its U.S. employees. In addition, the Company has a retiree health plan for eligible retired employees.

Net periodic benefit cost for U.S. employees included the following components for the three and six months ended June 30 as indicated:

	Pension Benefits			
	Three Months Ended June 30,		Six Months Ended June 30,	
(Dollars in thousands)	2007	2006	2007	2006
Service cost	$ 1,225	$ 1,505	$ 2,450	$ 2,546
Interest cost	1,352	1,429	2,704	2,444
Expected return on plan assets	(1,386)	(1,352)	(2,772)	(2,269)
Amortization of prior service cost	32	31	64	63
Amortization of net loss	467	771	934	1,325
Net periodic benefit cost	$ 1,690	$ 2,384	$ 3,380	$ 4,109

	Other Benefits			
	Three Months Ended June 30,		Six Months Ended June 30,	
(Dollars in thousands)	2007	2006	2007	2006
Service cost	$ 158	$ 185	$ 316	$ 315
Interest cost	129	130	258	232
Amortization of net loss	-	12	-	25
Net periodic benefit cost	$ 287	$ 327	$ 574	$ 572

The Company contributed $3.4 million to the pension benefit plans for the three and six months ended June 30, 2007. The Company did not make any contributions to the pension benefit plans for the three and six months ended June 30, 2006.

18. Related-Party Transactions

During the normal course of business, the Company, through its affiliates, engages in reinsurance and brokerage and commission business transactions, which management believes to be at arm's-length, with companies controlled by or affiliated with its outside directors. Such transactions, individually and in the aggregate, are not material to the Company's financial condition, results of operations and cash flows.

19. Income Taxes

The Company uses a projected annual effective tax rate in accordance with FAS 109 to calculate its quarterly tax expense. Under this methodology, when an interim quarter's pre-tax income (loss) varies significantly from a full year's income (loss) projection, the tax impact resulting from the income (loss) variance is effectively spread between the impacted quarter and the remaining quarters of the year, except for discreet items impacting an individual quarter.

The Company adopted the provisions of FIN 48 as of January 1, 2007. As a result of the implementation of FIN 48, the Company recorded no adjustment in the liability for unrecognized income tax benefits and no adjustment to beginning retained earnings.

The Company recognizes interest and penalties related to uncertain tax positions in income tax expense. At the date of adoption, January 1, 2007, the Company had $1.3 million of accrued interest related to uncertain tax positions.

Tax years 2003-2006 remain open to examination by the major taxing jurisdictions to which the Company is subject.

PART I - Item 2

EVEREST RE GROUP, LTD.
MANAGEMENT'S DISCUSSION AND ANALYSIS OF
FINANCIAL CONDITION AND RESULTS OF OPERATION

RESULTS OF OPERATIONS

Industry Conditions

The worldwide reinsurance and insurance businesses are highly competitive, as well as cyclical by product and market. As a result, financial results tend to fluctuate with periods of constrained availability, high rates and strong profits followed by periods of abundant capacity, low rates and constrained profitability. Competition in the types of reinsurance and insurance business that we underwrite is based on many factors, including the perceived overall financial strength of the reinsurer or insurer, ratings of the reinsurer or insurer by A.M. Best Company ("A.M. Best") and/or Standard & Poor's Rating Services ("Standard & Poor's"), underwriting expertise, the jurisdictions where the reinsurer or insurer is licensed or otherwise authorized, capacity and coverages offered, premiums charged, other terms and conditions of the reinsurance and insurance business offered, services offered, speed of claims payment and reputation and experience in lines written. Furthermore, the market impact from these competitive factors related to reinsurance and insurance is generally not consistent across lines of business, domestic and international geographical areas and distribution channels.

We compete in the U.S., Bermuda and international reinsurance and insurance markets with numerous global competitors. Our competitors include independent reinsurance and insurance companies, subsidiaries or affiliates of established worldwide insurance companies, reinsurance departments of certain insurance companies and domestic and international underwriting operations, including underwriting syndicates at Lloyd's. Some of these competitors have greater financial resources than we do and have established long-term and continuing business relationships, which can be a significant competitive advantage. In addition, the lack of strong barriers to entry into the reinsurance business and the potential for securitization of reinsurance and insurance risks through capital markets provide additional sources of potential reinsurance and insurance capacity and competition.

Through the second quarter of 2007, we observed increased competition with slightly reduced premiums, higher commissions and demands by cedants for improved terms and conditions. The extent of the increased competition and its affect on rates, terms and conditions varied widely by market and coverage types. One of the lesser impacted markets was property catastrophe retrocession coverage in regions that were most affected by the catastrophe events of 2005, principally Hurricanes Katrina, Rita and Wilma. Reinsurance capacity in areas including southeastern U.S. exposures and energy lines continued to be constrained. In January 2007, the state of Florida passed legislation that increased coverage provided by the Florida Hurricane Catastrophe Fund, thus potentially reducing the amount of reinsurance that Florida companies will purchase from the private reinsurance market. In addition, the legislature broadened the mandate of the state sponsored homeowners' insurance company to render it a fully competitive market participant. Although we are unable to predict the impact on future market conditions from the increased competition and legislative developments, we believe that our clients continue to write profitable business in Florida and will continue to purchase both quota share and catastrophe coverage, although at likely lower volumes. The balance of the U.S. and international property lines experienced mostly modest price declines but are still adequately priced.

Our U.S. and international casualty lines experienced weaker market conditions led by the medical stop loss and D&O reinsurance classes, as well as the California workers' compensation insurance line. We believe that U.S. casualty reinsurance generally remains adequately priced. We also believe that increased primary price competition and cedants' increased appetite for retaining more profitable business net, following several years of hard-market conditions, has resulted in modestly softer, but profitable, reinsurance pricing. Our U.S. insurance operation was also affected, although somewhat less so, by these primary casualty insurance market conditions given the specialty nature of its program orientated business.

We are unable to predict the impact on future market conditions from the increased competition and legislative initiatives. In addition to these market forces, reinsurers continue to reassess their risk appetites and rebalance their property portfolios to obtain a better spread of risk against the backdrop of: (i) recent revisions to the industry's catastrophe loss projection models, which are indicating significantly higher loss potentials and consequently higher pricing requirements and (ii) elevated rating agency scrutiny and capital requirements for many catastrophe exposed companies.

In light of our 2005 catastrophe experience, we have re-examined our risk management practices and concluded that its control framework operated generally as intended. We rebalanced our property portfolio, particularly within peak catastrophe zones, including the Southeast U.S., Mexico and Gulf of Mexico. This effort has enabled us to benefit from market dislocations by carefully shifting the mix of its writings toward the most profitable classes, lines, customers and territories and by enhancing its portfolio balance and diversification.

Overall, we believe that current marketplace conditions offer solid opportunities for us given our strong ratings, distribution system, reputation and expertise. We continue to employ our strategy of targeting business that offers the greatest profit potential, while maintaining balance and diversification in our overall portfolio.

Consolidated Financial Results

We monitor and evaluate our overall performance based upon financial results. The following table displays a summary of the consolidated net income, ratios and shareholders' equity for the periods indicated:

(Dollars in thousands)	Three Months Ended June 30, 2007	Three Months Ended June 30, 2006	Percentage Increase/ (Decrease)	Six Months Ended June 30, 2007	Six Months Ended June 30, 2006	Percentage Increase/ (Decrease)
Gross written premiums	$ 935,463	$ 910,373	2.8%	$ 1,952,230	$ 1,965,392	-0.7%
Net written premiums	918,536	879,973	4.4%	1,908,413	1,902,311	0.3%
REVENUES:						
Premiums earned	$ 999,320	$ 893,332	11.9%	$ 2,004,049	$ 1,915,122	4.6%
Net investment income	179,693	153,333	17.2%	335,489	298,359	12.4%
Net realized capital gains	91,774	2,472	NM	132,666	16,073	NM
Net derivative income	5,995	1,316	NM	3,227	5,195	-37.9%
Other (expense) income	(8,044)	2,275	NM	(4,379)	(4,332)	-1.1%
Total revenues	1,268,738	1,052,728	20.5%	2,471,052	2,230,417	10.8%
CLAIMS AND EXPENSES:						
Incurred losses and LAE	619,114	543,637	13.9%	1,184,882	1,242,580	-4.6%
Commission, brokerage, taxes and fees	234,423	206,403	13.6%	460,078	443,905	3.6%
Other underwriting expenses	37,541	33,645	11.6%	73,601	62,659	17.5%
Interest expense	24,243	17,481	38.7%	41,706	34,961	19.3%
Total claims and expenses	915,321	801,166	14.2%	1,760,267	1,784,105	-1.3%
INCOME BEFORE TAXES	353,417	251,562	40.5%	710,785	446,312	59.3%
Income tax expense	70,549	31,159	126.4%	130,335	57,513	126.6%
NET INCOME	$ 282,868	$ 220,403	28.3%	$ 580,450	$ 388,799	49.3%
RATIOS:			Point Change			Point Change
Loss ratio	62.0%	60.9%	1.1	59.1%	64.9%	(5.8)
Commission and brokerage ratio	23.5%	23.1%	0.4	23.0%	23.2%	(0.2)
Other underwriting expense ratio	3.7%	3.7%	0.0	3.7%	3.2%	0.5
Combined ratio	89.2%	87.7%	1.5	85.8%	91.3%	(5.5)

(Dollars in millions, except per share amounts)	As of June 30, 2007	As of December 31, 2006	Percentage Increase/ (Decrease)
Balance sheet data:			
Total investments and cash	$ 14,407.7	$ 13,957.1	3.2%
Total assets	17,484.5	17,107.6	2.2%
Loss and LAE reserves	8,743.8	8,840.1	-1.1%
Total debt	1,395.3	995.6	40.1%
Total liabilites	12,146.5	11,999.9	1.2%
Shareholders' equity	5,337.9	5,107.7	4.5%
Book value per share	84.46	78.53	

(NM, not meaningful)

Revenues.

Premiums. Gross written premiums increased $25.1 million, or 2.8%, for the three months ended June 30, 2007 compared to the three months ended June 30, 2006, reflecting $58.8 million of growth in the worldwide reinsurance business, partially offset by a $33.8 million decline in the U.S. insurance business. Net written premiums increased $38.6 million, or 4.4%, for the three months ended June 30, 2007 compared to the three months ended June 30, 2006, which exceeded the growth in gross written premiums because we purchased less reinsurance on our program business. Net earned premium increased $106.0 million, or 11.9%, for the three months ended June 30, 2007 compared to the three months ended June 30, 2006, principally due to the growth in the worldwide reinsurance gross written premiums, particularly in the treaty property, marine and aviation and international reinsurance classes of business.

Net Investment Income. Net investment income increased 17.2% for the three months ended June 30, 2007 compared to the three months ended June 30, 2006, primarily due to $14.8 million of additional investment income from our limited partnership investments. Investment income from equity investments in limited partnerships fluctuates period over period depending on the performance of the individual investments made by the partnerships as well as movements in the equity markets. In addition, investment income increased due to the growth in invested assets from the net proceeds of the $400.0 million long term note issuance and the positive cash flow from operations. The average investment portfolio yields for the three months ended June 30, 2007 were 5.2% pre-tax and 4.4% after-tax compared to the three months ended June 30, 2006 average investment portfolio yields of 4.7% pre-tax and 4.1% after-tax.

Net Realized Capital Gains. Net realized capital gains were $91.8 million and $2.5 million for the three months ended June 30, 2007 and 2006, respectively, and $132.7 million and $16.1 million for the six months ended June 30, 2007 and 2006, respectively. The increase in 2007 is primarily attributable to our adoption of Statement of Financial Accounting Standards ("FAS") No. 159 "The Fair Value Option for Financial Assets and Financial Liabilities – including an amendment to FASB statement No. 115" ("FAS 159") for our publicly traded equity securities investment portfolio. For the three and six months ended June 30, 2007, we recorded $69.3 million and $109.8 million, respectively, of net realized capital gains due to fair value adjustments. Because we reported our realized gains and losses in accordance with FAS No. 115 "Accounting for Certain Investments in Debt and Equity Securities" in 2006, we did not record any fair value adjustments in 2006.

Net Derivative Income. We have issued seven equity put options in our product portfolio which are outstanding. These products meet the definition of a derivative under FAS No. 133, "Accounting for Derivative Instruments and Hedging Activities" ("FAS 133"). We recognized net derivative income of $6.0 million for the three months ended June 30, 2007 as compared to $1.3 million for the three months ended June 30, 2006, reflecting changes in the fair value of these equity put options.

Other (Expense) Income. Other expense for the three months ended June 30, 2007 was $8.0 million compared to other income of $2.3 million for the three months ended June 30, 2006. The change, period over period, was principally due to the fluctuation in foreign currency exchange rates.

Claims and Expenses.

Incurred Losses and Loss Adjustment Expenses. The following table presents our incurred losses and LAE for the three and six months ended June 30, 2007 and 2006.

Incurred Losses and LAE

	Three Months Ended June 30,						Six Months Ended June 30,					
	2007			2006			2007			2006		
(Dollars in millions)	Current Year	Prior Years	Total Incurred	Current Year	Prior Years	Total Incurred	Current Year	Prior Years	Total Incurred	Current Year	Prior Years	Total Incurred
All Segments												
Attritional (a)	$ 538.1	$ (37.4)	$ 500.8	$ 502.4	$ (64.9)	$ 437.5	$1,077.9	$ (45.4)	$1,032.5	$1,120.9	$ (61.6)	$1,059.3
Catastrophes	78.6	1.7	80.3	5.4	94.3	99.7	112.5	1.9	114.4	5.4	162.8	168.2
A&E	-	38.0	38.0	-	6.4	6.4	-	38.0	38.0	-	15.1	15.1
Total All segments	$ 616.8	$ 2.4	$ 619.1	$ 507.8	$ 35.9	$ 543.6	$1,190.4	$ (5.5)	$1,184.9	$1,126.3	$ 116.3	$1,242.6
Loss Ratio	61.7%	0.2%	62.0%	56.8%	4.0%	60.9%	59.4%	-0.3%	59.1%	58.8%	6.1%	64.9%

(a) Attritional losses exclude catastrophe and A&E losses.

(Some amounts may not reconcile due to rounding.)

Incurred losses and loss adjustment expenses ("LAE") increased $75.5 million, or 13.9%, for the three months ended June 30, 2007 as compared to the same period in 2006. This increase period over period was principally due to $63.3 million increase in attritional losses, of which $35.7 million was from the current year losses and a $27.6 million change was from prior years' losses and a $31.6 million increase from asbestos and environmental ("A&E") losses, partially offset by a $19.4 million decrease in catastrophe losses, primarily from a decrease in prior years' loss development.

Commission, Brokerage, Taxes and Fees. Commission, brokerage, and tax expenses increased $28.0 million, or 13.6%, for the three months ended June 30, 2007 compared to the same period in 2006. The increase in net earned premiums was the principal driver of the increase in this directly variable expense.

Other Underwriting Expenses. Other underwriting expenses for the three months ended June 30, 2007 increased $3.9 million, or 11.6%, compared to the same period in 2006, primarily due to growth in salaries and benefits from an increase in staff. Included in other underwriting expenses were corporate underwriting expenses, which are expenses that are not allocated to segments, of $7.8 million for the three months ended June 30, 2007 compared to $6.8 million for the three months ended June 30, 2006. This increase was primarily due to higher share-based compensation expense.

Interest expense. Interest expense was $24.2 million and $17.5 million for the three months ended June 30, 2007 and 2006. Interest expense for the three months ended June 30, 2007 included $9.3 million related to junior subordinated debt, $7.8 million related to senior notes, $4.3 million related to long term notes, $2.7 million related to bond issue costs and $0.08 million related to the credit line under the credit facilities. The increase is primarily due to the new long term notes and the acceleration of the bond amortization costs associated with the expected early retirement of a portion of the junior subordinated debt.

Income Tax Expense. Our income tax expense was $70.5 million (20.0% effective tax rate) for three months ended June 30, 2007 compared to $31.2 million (12.4% effective tax rate) for the three months ended June 30, 2006. The increase is due to higher taxable income in jurisdictions with higher relative tax rates, particularly related to net realized capital gains, which had an effective tax rate of 24.2% for the second quarter of 2007. Our income tax expense is primarily a function of the statutory tax rates and corresponding pre-tax income in the jurisdictions where we operate, coupled with the impact from tax preferenced investment income. Variations in our effective tax rate generally result from changes in the relative levels of pre-tax income among jurisdictions with different tax rates.

Net Income.
Net income increased 28.3% to $282.9 million for the three months ended June 30, 2007 from $220.4 million for the three months ended June 30, 2006, primarily due to the increased net realized capital gains and net investment income, partially offset by an increase in income taxes.

Ratios.
Our loss ratio increased by 1.1 points for the three months ended June 30, 2007 compared to the three months ended June 30, 2006, reflective of the changes in attritional, current year catastrophe and A&E losses. The combined ratio increased by 1.5 points to 89.2% due to a 0.4% increase in the commission and brokerage ratio and the loss ratio increase discussed above.

Shareholders' Equity.
Shareholders' equity increased by $0.2 billion to $5.3 billion at June 30, 2007 from $5.1 billion at December 31, 2006, principally as a result of the $580.5 million of net income generated for the period, partially offset by the repurchase of 2.1 million shares at a cost of $200.1 million and the payment of $61.0 million of shareholder dividends.

Consolidated Investment Results

Net Investment Income.
Net investment income increased 17.2% to $179.7 million for the three months ended June 30, 2007 from $153.3 million for the three months ended June 30, 2006, primarily reflecting growth in limited partnership income, growth in invested assets to $14.4 billion at June 30, 2007 and a reduction in interest credited on funds held.

The following table shows the components of net investment income for the three and six months ended June 30 as indicated:

	Three Months Ended June 30,		Six Months Ended June 30,	
(Dollars in thousands)	2007	2006	2007	2006
Fixed maturities	$ 125,061	$ 129,645	$ 251,581	$ 255,668
Equity securities	4,907	3,236	8,772	6,181
Short-term investments	23,717	12,611	40,332	24,928
Other investment income	27,765	12,578	39,031	22,210
Total gross investment income	181,450	158,070	339,716	308,987
Interest credited and other expense	(1,757)	(4,737)	(4,227)	(10,628)
Total net investment income	$ 179,693	$ 153,333	$ 335,489	$ 298,359

The following tables show a comparison of various investment yields for the periods indicated:

	2007	2006
Imbedded pre-tax yield of cash and invested assets at June 30 and December 31	4.6%	4.6%
Imbedded after-tax yield of cash and invested assets at June 30 and December 31	3.9%	4.0%

	Three Months Ended June 30,		Six Months Ended June 30,	
	2007	2006	2007	2006
Annualized pre-tax yield on average cash and invested assets	5.2%	4.7%	4.8%	4.6%
Annualized after-tax yield on average cash and invested assets	4.4%	4.1%	4.1%	4.0%

Net Realized Capital Gains.
Net realized capital gains of $91.8 million and $132.7 million for the three and six months ended June 30, 2007, respectively, reflected gross realized capital gains on our investments of $33.9 million and $39.5 million, resulting principally from gains on the sale of equity securities of $33.2 million and $37.5 million and fixed maturities of $0.6 million and $2.0 million, partially offset by $11.4 million and $16.6 million of realized capital losses on the sale of equity securities and fixed maturities. In addition, $69.3 million and $109.8 million of fair value adjustment for equity securities added to realized gains for the three and six months ended June 30, 2007, respectively. Net realized capital gains of $2.5 million for the three months ended June 30, 2006 reflected $7.2 million of realized capital gains on our investments, resulting principally from gains on the sale of fixed maturities of $0.6 million and equity securities of $6.6 million, partially offset by $4.7 million of realized capital losses. Net realized capital gains of $16.1 million for the six months ended June 30, 2006 reflected $21.3 million of realized capital gains on our investments, resulting principally from gains on the sale of fixed maturities of $9.8 million and equity securities of $11.5 million, partially offset by $5.2 million of realized capital losses.

Segment Results

Through our subsidiaries, we operate in five segments: U.S. Reinsurance, U.S. Insurance, Specialty Underwriting, International and Bermuda. The U.S. Reinsurance operation writes property and casualty reinsurance, on both a treaty and facultative basis, through reinsurance brokers, as well as directly with ceding companies within the U.S. The U.S. Insurance operation writes property and casualty insurance primarily through general agents and surplus lines brokers within the U.S. The Specialty Underwriting operation writes accident and health ("A&H"), marine, aviation and surety business within the U.S. and worldwide through brokers and directly with ceding companies. The International operation writes non-U.S. property and casualty reinsurance through Everest Re's branches in Canada and Singapore and offices in Miami and New Jersey. The Bermuda operation provides insurance and reinsurance to worldwide property and casualty markets and reinsurance to the United Kingdom and European markets through its UK branch.

We coordinate the operations of our segments with respect to pricing, risk management, control of catastrophe exposures, capital, investments and support operations. Management generally monitors and evaluates the financial performance of these operating segments based upon their underwriting results.

Underwriting results include earned premium less losses and LAE incurred, commission and brokerage expenses and other underwriting expenses. We measure our underwriting results using ratios, in particular loss, commission and brokerage and other underwriting expense ratios, which respectively, divide incurred losses, commissions and brokerage and other underwriting expenses by earned premium. We utilize inter-affiliate reinsurance, although such reinsurance does not materially impact segment results.

Our loss and LAE reserves represent our best estimate of our ultimate liability for unpaid claims. We re-evaluate our estimates on an ongoing basis, including re-estimates of prior period reserves, taking into consideration all available information and, in particular, recently reported loss and claim experience related to prior periods. Such re-evaluations are recorded in incurred losses in the period in which the re-evaluation is made.

The following discusses the underwriting results for each of our segments for the periods indicated:

U.S. Reinsurance

The following table presents the underwriting results and ratios for the U.S. Reinsurance segment for the three and six months ended June 30, 2007 and 2006.

Underwriting Results and Ratios

	Three Months Ended June 30,				Six Months Ended June 30,			
(Dollars in thousands)	2007	2006	Variance	% Change	2007	2006	Variance	% Change
Gross written premiums	$271,670	$262,018	$ 9,652	3.7%	$626,022	$656,415	$ (30,393)	-4.6%
Net written premiums	271,566	260,396	11,170	4.3%	620,475	652,030	(31,555)	-4.8%
Premiums earned	$314,293	$258,759	$ 55,534	21.5%	$667,534	$638,421	$ 29,113	4.6%
Incurred losses and LAE	110,169	175,790	(65,621)	-37.3%	232,544	443,801	(211,257)	-47.6%
Commission and brokerage	81,328	66,015	15,313	23.2%	157,602	163,511	(5,909)	-3.6%
Other underwriting expenses	7,320	6,364	956	15.0%	13,814	11,140	2,674	24.0%
Underwriting gain	$115,476	$ 10,590	$104,886	NM	$263,574	$ 19,969	$243,605	NM
				Point Chg				Point Chg
Loss ratio	35.1%	67.9%		(32.8)	34.8%	69.5%		(34.7)
Commission and brokerage ratio	25.9%	25.5%		0.4	23.6%	25.6%		(2.0)
Other underwriting expense ratio	2.3%	2.5%		(0.2)	2.1%	1.8%		0.3
Combined ratio	63.3%	95.9%		(32.6)	60.5%	96.9%		(36.4)

(NM, not meaningful)

Premiums. Gross written premiums increased 3.7% to $271.7 million for the three months ended June 30, 2007 from $262.0 million for the three months ended June 30, 2006, primarily due to an $82.0 million (101.7%) increase in written treaty property business, partially offset by a $57.0 million (44.8%) decrease in written treaty casualty business and a $15.7 million (29.1%) decrease in written facultative business. The increase in treaty property writings was the result of new quota share treaties. The more competitive environment for U.S. casualty business is resulting in reduced opportunities to write this business at what we deem to be adequate rates.

Net written premiums increased 4.3% to $271.6 million for the three months ended June 30, 2007 compared to $260.4 million for the three months ended June 30, 2006, primarily due to the $9.7 million increase in gross written premiums, discussed above, and a $1.5 million decrease in ceded premiums.

Net earned premiums increased 21.5% to $314.3 million for the three months ended June 30, 2007 compared to $258.8 million for the three months ended June 30, 2006. The greater growth in net earned premiums relative to net written premiums is the result of timing; premiums are earned ratably over the coverage period whereas written premiums are reflected at the initiation of the coverage period.

Incurred Losses and LAE. The following table presents the incurred losses and LAE for the U.S. Reinsurance segment for the three and six months ended June 30, 2007 and 2006.

	Incurred Losses and LAE											
	Three Months Ended June 30,						Six Months Ended June 30,					
	2007			2006			2007			2006		
(Dollars in millions)	Current Year	Prior Years	Total Incurred	Current Year	Prior Years	Total Incurred	Current Year	Prior Years	Total Incurred	Current Year	Prior Years	Total Incurred
Attritional	$ 139.0	$ (36.5)	$ 102.5	$ 112.4	$ (26.3)	$ 86.1	$ 298.5	$ (63.3)	$ 235.3	$ 328.1	$ 4.8	$ 332.9
Catastrophes	-	(8.8)	(8.8)	-	89.0	89.0	-	(19.2)	(19.2)	-	109.7	109.7
A&E	-	16.5	16.5	-	0.6	0.6	-	16.5	16.5	-	1.2	1.2
Total segment	$ 139.0	$ (28.9)	$ 110.2	$ 112.4	$ 63.4	$ 175.8	$ 298.5	$ (66.0)	$ 232.5	$ 328.1	$ 115.7	$ 443.8
Loss Ratio	44.2%	-9.2%	35.1%	43.5%	24.5%	67.9%	44.7%	-9.9%	34.8%	51.4%	18.1%	69.5%

(Some amounts may not reconcile due to rounding.)

Incurred losses and LAE decreased 37.3% to $110.2 million for the three months ended June 30, 2007, compared to $175.8 million for the three months ended June 30, 2006. The segment loss ratio for the three months ended June 30, 2007, improved by 32.8 points. Compared to the second quarter of 2006, the current accident year attritional loss ratio was little changed, at 44.2%. The largest factor driving the improvement in the reported loss ratio was unfavorable development in last year's second quarter, principally caused by upward movement in the reserves for prior years' catastrophe losses, which added 34.4 points to last year's reported loss ratio compared to 2.8 points of favorable development in this year's second quarter.

Segment Expenses. Underwriting expenses increased 22.5% to $88.6 million for the three months ended June 30, 2007 from $72.4 million for the three months ended June 30, 2006. Commission and brokerage increased by $15.3 million, principally due to increased earned premium volume. Segment other underwriting expenses for the three months ended June 30, 2007 increased to $7.3 million from $6.4 million for the three months ended June 30, 2006, also driven by the growth in earned premiums.

U.S. Insurance

The following table presents the underwriting results and ratios for the U.S. Insurance segment for the three and six months ended June 30, 2007 and 2006.

Underwriting Results and Ratios

(Dollars in thousands)	Three Months Ended June 30, 2007	2006	Variance	% Change	Six Months Ended June 30, 2007	2006	Variance	% Change
Gross written premiums	$161,637	$195,390	$ (33,753)	-17.3%	$379,010	$413,396	$ (34,386)	-8.3%
Net written premiums	145,392	169,466	(24,074)	-14.2%	342,777	358,939	(16,162)	-4.5%
Premiums earned	$178,080	$179,692	$ (1,612)	-0.9%	$371,053	$365,300	$ 5,753	1.6%
Incurred losses and LAE	125,251	121,644	3,607	3.0%	304,719	246,523	58,196	23.6%
Commission and brokerage	35,420	25,263	10,157	40.2%	68,636	54,997	13,639	24.8%
Other underwriting expenses	12,014	11,389	625	5.5%	24,379	22,094	2,285	10.3%
Underwriting gain (loss)	$ 5,395	$ 21,396	$ (16,001)	-74.8%	$ (26,681)	$ 41,686	$ (68,367)	-164.0%
				Point Chg				Point Chg
Loss ratio	70.3%	67.7%		2.6	82.1%	67.5%		14.6
Commission and brokerage ratio	19.9%	14.1%		5.8	18.5%	15.1%		3.4
Other underwriting expense ratio	6.8%	6.3%		0.5	6.6%	6.0%		0.6
Combined ratio	97.0%	88.1%		8.9	107.2%	88.6%		18.6

Premiums. Gross written premiums decreased 17.3% to $161.6 million for the three months ended June 30, 2007 from $195.4 million for the three months ended June 30, 2006. The decrease is primarily the result of continued decline in our workers' compensation writings in response to increased competition and lower rates.

Net written premiums decreased 14.2% to $145.4 million for the three months ended June 30, 2007 compared to $169.5 million for the three months ended June 30, 2006, primarily due to a $33.8 million decrease in gross written premiums and a $9.7 million decrease in ceded premiums, reflective of the change in program mix.

Net earned premiums decreased 0.9% to $178.1 million for the three months ended June 30, 2007 from $179.7 million for the three months ended June 30, 2006.

Incurred Losses and LAE. The following table presents the incurred losses and LAE for the U.S. Insurance segment for the three and six months ended June 30, 2007 and 2006.

Incurred Losses and LAE

	Three Months Ended June 30,						Six Months Ended June 30,					
	2007			2006			2007			2006		
(Dollars in millions)	Current Year	Prior Years	Total Incurred	Current Year	Prior Years	Total Incurred	Current Year	Prior Years	Total Incurred	Current Year	Prior Years	Total Incurred
Attritional	$ 130.3	$ (4.7)	$ 125.6	$ 134.5	$ (13.1)	$ 121.4	$ 266.1	$ 39.0	$ 305.1	$ 270.4	$ (24.5)	$ 245.9
Catastrophes	-	(0.3)	(0.3)	-	0.2	0.2	-	(0.4)	(0.4)	-	0.6	0.6
Total segment	$ 130.3	$ (5.0)	$ 125.3	$ 134.5	$ (12.9)	$ 121.6	$ 266.1	$ 38.6	$ 304.7	$ 270.4	$ (23.9)	$ 246.5
Loss Ratio	73.1%	-2.8%	70.3%	74.9%	-7.2%	67.7%	71.7%	10.4%	82.1%	74.0%	-6.5%	67.5%

(Some amounts may not reconcile due to rounding.)

Incurred losses and LAE increased 3.0% to $125.3 million for the three months ended June 30, 2007 from $121.6 million for the three months ended June 30, 2006, primarily because we experienced less favorable loss development on workers' compensation reserves in this year's second quarter.

Segment Expenses. Underwriting expenses increased 29.4% to $47.4 million for the three months ended June 30, 2007 from $36.7 million for the three months ended June 30, 2006. Commission and brokerage increased by $10.2 million for the three months ended June 30, 2007, principally due to an increase in profit commissions. Segment other underwriting expenses for the three months ended June 30, 2007 increased to $12.0 million as compared to $11.4 million for the three months ended June 30, 2006, primarily due to an increase in compensation costs associated with an increase in staff.

Specialty Underwriting

The following table presents the underwriting results and ratios for the Specialty Underwriting segment for the three and six months ended June 30, 2007 and 2006.

Underwriting Results and Ratios

	Three Months Ended June 30,				Six Months Ended June 30,			
(Dollars in thousands)	2007	2006	Variance	% Change	2007	2006	Variance	% Change
Gross written premiums	$ 76,377	$ 53,087	$ 23,290	43.9%	$131,058	$117,113	$ 13,945	11.9%
Net written premiums	75,852	50,166	25,686	51.2%	129,128	113,798	15,330	13.5%
Premiums earned	$ 77,111	$ 49,890	$ 27,221	54.6%	$132,842	$118,090	$ 14,752	12.5%
Incurred losses and LAE	54,620	10,994	43,626	396.8%	95,749	81,571	14,178	17.4%
Commission and brokerage	15,432	13,314	2,118	15.9%	31,272	33,498	(2,226)	-6.6%
Other underwriting expenses	1,775	1,637	138	8.4%	3,364	2,942	422	14.3%
Underwriting gain	$ 5,284	$ 23,945	$ (18,661)	-77.9%	$ 2,457	$ 79	$ 2,378	NM
				Point Chg				Point Chg
Loss ratio	70.8%	22.0%		48.8	72.1%	69.1%		3.0
Commission and brokerage ratio	20.0%	26.7%		(6.7)	23.6%	28.3%		(4.7)
Other underwriting expense ratio	2.3%	3.3%		(1.0)	2.5%	2.5%		0.0
Combined ratio	93.1%	52.0%		41.1	98.2%	99.9%		(1.7)

(NM, not meaningful)

Premiums. Gross written premiums increased 43.9% to $76.4 million for the three months ended June 30, 2007 from $53.1 million for the three months ended June 30, 2006. Contributing to this growth was an increase of $22.5 million (117.1%) in marine writings and $7.5 million (39.6%) in accident and health writings, partially offset by a $6.8 million (45.6%) decrease in surety writings. The marine premium growth emanated from increases on existing quota share business as well as new quota share business. We continue to decrease our surety writings, in response to much tougher market conditions.

Net written premiums increased 51.2% to $75.9 million for the three months ended June 30, 2007 compared to $50.2 million for the three months ended June 30, 2006, due to the $23.3 million increase in gross written premiums and the $2.4 million decrease in ceded premiums.

Net earned premiums increased 54.6% to $77.1 million for the three months ended June 30, 2007 compared to $49.9 million for the three months ended June 30, 2006, due to a $21.5 million (109.6%) increase in marine and aviation business and $9.9 million (58.4%) in A&H business, partially offset by $4.1 million (30.5%) decrease in surety business.

Incurred Losses and LAE. The following table presents the incurred losses and LAE for the Specialty Underwriting segment for the three and six months ended June 30, 2007 and 2006.

Incurred Losses and LAE												
	Three Months Ended June 30,						Six Months Ended June 30,					
	2007			2006			2007			2006		
(Dollars in millions)	Current Year	Prior Years	Total Incurred	Current Year	Prior Years	Total Incurred	Current Year	Prior Years	Total Incurred	Current Year	Prior Years	Total Incurred
Attritional	$ 42.8	$ 3.6	$ 46.4	$ 29.8	$ (20.5)	9.3	$ 75.1	$ 3.6	$ 78.7	$ 71.8	$ (23.1)	$ 48.7
Catastrophes	-	8.3	8.3	-	1.7	1.7	-	17.1	17.1	-	32.9	32.9
Total segment	$ 42.8	$ 11.8	$ 54.6	$ 29.8	$ (18.8)	$ 11.0	$ 75.1	$ 20.6	$ 95.7	$ 71.8	$ 9.8	$ 81.6
Loss Ratio	55.5%	15.4%	70.8%	59.7%	-37.7%	22.0%	56.5%	15.5%	72.1%	60.8%	8.3%	69.1%

(Some amounts may not reconcile due to rounding.)

Incurred losses and LAE increased to $54.6 million for the three months ended June 30, 2007, compared to $11.0 million for the three months ended June 30, 2006. The current accident year loss ratio was slightly lower in the second quarter 2007 compared to 2006. During last year's second quarter, we experienced $20.5 million of favorable loss development, principally in the marine, aviation and A&H lines. However, during this year's second quarter, we incurred $11.8 million of unfavorable development, most of which emanated from the 2005 catastrophes in the marine line.

Segment Expenses. Underwriting expenses increased 15.1% to $17.2 million for the three months ended June 30, 2007 from $15.0 million for the three months ended June 30, 2006. Commission and brokerage increased by $2.1 million for the three months ended June 30, 2007, respectively, principally due to the increase in premium volume and the direct expenses associated with that volume.

International

The following table presents the underwriting results and ratios for the International segment for the three and six months ended June 30, 2007 and 2006.

	Underwriting Results and Ratios							
	Three Months Ended June 30,				Six Months Ended June 30,			
(Dollars in thousands)	2007	2006	Variance	% Change	2007	2006	Variance	% Change
Gross written premiums	$202,626	$179,835	$ 22,791	12.7%	$375,970	$355,357	$ 20,613	5.8%
Net written premiums	202,621	179,597	23,024	12.8%	376,498	355,216	21,282	6.0%
Premiums earned	$208,895	$181,535	$ 27,360	15.1%	$388,653	$355,842	$ 32,811	9.2%
Incurred losses and LAE	162,432	94,385	68,047	72.1%	258,143	212,642	45,501	21.4%
Commission and brokerage	53,052	46,088	6,964	15.1%	96,589	86,876	9,713	11.2%
Other underwriting expenses	4,332	3,685	647	17.6%	8,050	6,363	1,687	26.5%
Underwriting (loss) gain	$ (10,921)	$ 37,377	$ (48,298)	-129.2%	$ 25,871	$ 49,961	$ (24,090)	-48.2%
				Point Chg				Point Chg
Loss ratio	77.8%	52.0%		25.8	66.4%	59.8%		6.6
Commission and brokerage ratio	25.4%	25.4%		0.0	24.9%	24.4%		0.5
Other underwriting expense ratio	2.0%	2.0%		0.0	2.0%	1.8%		0.2
Combined ratio	105.2%	79.4%		25.8	93.3%	86.0%		7.3

Premiums. Gross written premiums increased 12.7% to $202.6 million for the three months ended June 30, 2007 from $179.8 million for the three months ended June 30, 2006. Business written through the Miami and New Jersey offices increased $18.2 million (17.7%), in the Asian branch premiums increased $3.7 million (8.9%) and in the Canadian branch premiums increased $1.2 million (3.4%). We have seen more business opportunities in the international market as a result of industry consolidation and some competitors' financial ratings downgrades.

Net written premiums increased 12.8% to $202.6 million for the three months ended June 30, 2007 compared to $179.6 million for the three months ended June 30, 2006, primarily due to the increase in gross written premiums.

Net earned premiums increased 15.1% to $208.9 million for the three months ended June 30, 2007 compared to $181.5 million for the three months ended June 30, 2006. This increase is consistent with the increase in net written premiums.

Incurred Losses and LAE. The following table presents the incurred losses and LAE for the International segment for the three and six months ended June 30, 2007 and 2006.

Incurred Losses and LAE

	Three Months Ended June 30,						Six Months Ended June 30,					
	2007			2006			2007			2006		
(Dollars in millions)	Current Year	Prior Years	Total Incurred	Current Year	Prior Years	Total Incurred	Current Year	Prior Years	Total Incurred	Current Year	Prior Years	Total Incurred
Attritional	$ 110.3	$ 5.6	$ 115.8	$ 89.3	$ (2.9)	$ 86.3	$ 208.3	$ (4.4)	$ 203.9	$ 183.6	$ 5.6	$ 189.2
Catastrophes	44.3	2.3	46.6	5.4	2.6	8.0	50.0	4.3	54.3	5.4	18.0	23.4
Total segment	$ 154.6	$ 7.9	$ 162.4	$ 94.7	$ (0.3)	$ 94.4	$ 258.2	$ (0.1)	$ 258.1	$ 189.0	$ 23.6	$ 212.6
Loss Ratio	74.0%	3.8%	77.8%	52.2%	-0.2%	52.0%	66.4%	0.0%	66.4%	53.1%	6.6%	59.8%

(Some amounts may not reconcile due to rounding.)

Incurred losses and LAE increased 72.1% to $162.4 million for the three months ended June 30, 2007, compared to $94.4 million for the three months ended June 30, 2006. The segment loss ratio increased by 25.8 points, due to increased catastrophe loss, principally emanating from Australia and Jakarta. As well, we incurred $7.9 million of unfavorable development, primarily on our loss reserves for Asian and Canadian business.

Segment Expenses. Underwriting expenses increased 15.3% to $57.4 million for the three months ended June 30, 2007 from $49.8 million for the three months ended June 30, 2006. Commission and brokerage increased by $7.0 million for the three months ended June 30, 2007, in line with the increase in premiums. Segment other underwriting expenses for the three months ended June 30, 2007 increased to $4.3 million compared to $3.7 million for the three months ended June 30, 2006, also in line with the growth in premium.

Bermuda

The following table presents the underwriting results, ratios and incurred losses and LAE for the Bermuda segment for the three and six months ended June 30, 2007 and 2006.

Underwriting Results and Ratios

	Three Months Ended June 30,				Six Months Ended June 30,			
(Dollars in thousands)	2007	2006	Variance	% Change	2007	2006	Variance	% Change
Gross written premiums	$223,153	$220,043	$ 3,110	1.4%	$440,170	$423,111	$ 17,059	4.0%
Net written premiums	223,105	220,348	2,757	1.3%	439,535	422,328	17,207	4.1%
Premiums earned	$220,941	$223,456	$ (2,515)	-1.1%	$443,967	$437,469	$ 6,498	1.5%
Incurred losses and LAE	166,642	140,824	25,818	18.3%	293,727	258,043	35,684	13.8%
Commission and brokerage	49,191	55,723	(6,532)	-11.7%	105,979	105,023	956	0.9%
Other underwriting expenses	4,299	3,798	501	13.2%	9,187	7,511	1,676	22.3%
Underwriting gain	$ 809	$ 23,111	$ (22,302)	-96.5%	$ 35,074	$ 66,892	$ (31,818)	-47.6%
				Point Chg				Point Chg
Loss ratio	75.4%	63.0%		12.4	66.2%	59.0%		7.2
Commission and brokerage ratio	22.3%	25.0%		(2.7)	23.8%	24.0%		(0.2)
Other underwriting expense ratio	1.9%	1.7%		0.2	2.1%	1.7%		0.4
Combined ratio	99.6%	89.7%		9.9	92.1%	84.7%		7.4

Premiums. Gross written premiums increased 1.4% to $223.2 million for the three months ended June 30, 2007 compared to $220.0 million for the three months ended June 30, 2006. Premiums written from the Bermuda office increased 17.4%, primarily driven by treaty business, while premiums written from the UK office decreased.

Net written premiums increased 1.3% to $223.1 million for the three months ended June 30, 2007 compared to $220.3 million for the three months ended June 30, 2006, due to $3.1 million increase in gross written premiums and the $0.4 million increase in ceded premiums.

Net earned premiums decreased 1.1% to $220.9 million for the three months ended June 30, 2007 compared to $223.5 million for the three months ended June 30, 2006. The decline in premiums earned compared to net written premiums is primarily due to the inherent time difference in the earning of premiums over specific contract periods.

Incurred Losses and LAE. The following table presents the incurred losses and LAE for the Bermuda segment for the three and six months ended June 30, 2007 and 2006.

Incurred Losses and LAE

	Three Months Ended June 30,						Six Months Ended June 30,					
	2007			2006			2007			2006		
(Dollars in millions)	Current Year	Prior Years	Total Incurred	Current Year	Prior Years	Total Incurred	Current Year	Prior Years	Total Incurred	Current Year	Prior Years	Total Incurred
Attritional	$ 115.8	$ (5.3)	$ 110.5	$ 136.3	$ (2.0)	$ 134.3	$ 229.8	$ (20.2)	$ 209.6	$ 266.9	$ (24.4)	$ 242.5
Catastrophes	34.3	0.3	34.6	-	0.8	0.8	62.5	0.1	62.6	-	1.6	1.6
A&E	-	21.5	21.5	-	5.8	5.8	-	21.5	21.5	-	13.9	13.9
Total segment	$ 150.1	$ 16.5	$ 166.6	$ 136.3	$ 4.5	$ 140.8	$ 292.3	$ 1.4	$ 293.7	$ 266.9	$ (8.9)	$ 258.0
Loss Ratio	67.9%	7.5%	75.4%	61.0%	2.0%	63.0%	65.8%	0.3%	66.2%	61.0%	-2.0%	59.0%

(Some amounts may not reconcile due to rounding.)

Incurred losses and LAE increased 18.3% to $166.6 million for the three months ended June 30, 2007 compared to $140.8 million for the three months ended June 30, 2006. The segment loss ratio for Bermuda increased by 12.4 points, reflecting a 15.5 point increase in current year catastrophe losses, principally due to the winter storm Kyrill and the London floods, as well as 7.2 points due to reserve strengthening for asbestos and environmental losses, partially offset by a 10.1 point decrease in attritional losses.

Segment Expenses. Underwriting expenses decreased 10.1% to $53.5 million for the three months ended June 30, 2007 from $59.5 million for the three months ended June 30, 2006. Commission and brokerage decreased by $6.5 million for the three months ended June 30, 2007, principally due to decreases in premiums earned and changes in the mix of business. Segment other underwriting expenses for the three months ended June 30, 2007 increased to $4.3 million compared to $3.8 million for the three months ended June 30, 2006.

FINANCIAL CONDITION

Cash and Invested Assets. Aggregate invested assets, including cash and short-term investments, were $14,407.7 million at June 30, 2007 and $13,957.1 million at December 31, 2006. This increase in cash and invested assets resulted primarily from $395.4 million of net proceeds, net of $0.2 million of expenses, from the long term debt issuance, $262.7 million in cash flows from operations and $133.6 million of realized capital gains on FAS 159 equity securities, partially offset by the repurchase in the open market of 2.1 million shares for $200.1 million, $159.1 million of unrealized depreciation, primarily on fixed maturities as a result of rising interest rates and the payment of $61.0 million in dividends to shareholders.

Our principal investment objectives are to ensure funds are available to meet our insurance and reinsurance obligations and to maximize after-tax investment income while maintaining a high quality diversified investment portfolio. Considering these objectives, we view our investment portfolio as having two components; 1) the investments needed to satisfy outstanding liabilities and 2) investments funded by our shareholders' equity.

For amounts deemed to be required to pay outstanding liabilities, we invest in taxable and tax-preferenced fixed income securities with an average credit quality of Aa, as rated by Moody's Investors Service, Inc. ("Moody's"). We adjust the mix of taxable and tax-preferenced investments periodically taking into account relative after-tax yields, current and projected operating results, market conditions and our tax position. The fixed maturity portfolio is externally managed by an independent, professional investment manager using portfolio guidelines developed and approved by us.

Our fixed maturity portfolio at June 30, 2007 includes only $31.3 million of asset backed securities that have collateral with sub-prime mortgage loan exposure. Sub-prime mortgage loans generally represent loans made to borrowers with limited or blemished credit records. Nearly 100% of our asset backed securities with sub-prime exposure are investment grade and the market value of these investments at June 30, 2007 was $31.1 million. As of July 31, 2007, the book value of this portfolio declined to $30.5 million as a result of normal principal paydowns and the market value of this portfolio was $30.3 million.

Over the past few years, we have reallocated a portion of our investment portfolio to include 1) publicly traded equity securities (primarily exchange traded funds in 2006) and 2) private equity limited partnership investments. The objective of this portfolio diversification is to enhance the risk-adjusted total return of the investment portfolio by allocating a prudent portion of the portfolio to higher return asset classes. We have limited our allocation to these asset classes because of 1) the potential for volatility in their values and 2) the impact of these investment classes on required capital as measured by regulatory and rating agency capital models. At June 30, 2007, the value of investments in equity and limited partnership securities approximated 40% of shareholders' equity.

The tables below summarize the composition and characteristics of our investment portfolio for the periods indicated:

	As of June 30, 2007		As of December 31, 2006	
Fixed maturities	$ 9,624.9	66.8%	$ 10,319.8	73.9%
Equity securities, market value	16.4	0.1%	1,613.7	11.6%
Equity securities, fair value	1,551.2	10.8%	-	-
Short-term investments	2,436.7	16.9%	1,306.5	9.4%
Other invested assets	590.7	4.1%	467.2	3.3%
Cash	187.8	1.3%	249.9	1.8%
Total investments and cash	$ 14,407.7	100.0%	$ 13,957.1	100.0%

	As of June 30, 2007	As of December 31, 2006
Fixed income portfolio duration	3.8 years	4.1 years
Fixed income composite credit quality	Aa2	Aa2
Imbedded end of period yield, pre-tax	4.6%	4.6%
Imbedded end of period yield, after-tax	3.9%	4.0%

The increase in other invested assets reflects routine funding of previous limited partnership commitments and an increase in undistributed earnings. We adopted and implemented the Statement of Financial Accounting Standards ("FAS") No. 157 "Fair Value Measurements" ("FAS 157") and FAS No. 159 "The Fair Value Option for Financial Assets and Financial Liabilities - including an amendment to FASB statement No. 115" ("FAS 159") for our publicly traded equity securities and as such, $250.8 million, which is net of $110.3 million of tax, was recorded as a cumulative-effect adjustment to retained earnings and a $109.8 million realized gain due to fair value remeasurement was recorded in the consolidated statements of operations and comprehensive income for the six months ended June 30, 2007.

The following table provides a comparison of our total return by asset class to broadly accepted industry benchmarks for the periods indicated:

	Six Months Ended June 30, 2007	Twelve Months Ended December 31, 2006
Company's fixed income portfolio total return	1.1%	4.6%
Lehman bond aggregate index	0.5%	4.3%
Company's common equity portfolio total return	10.5%	19.2%
S & P 500 index	7.0%	15.8%
Company's other invested asset portfolio total return	9.2%	19.8%

Reinsurance Receivables. Reinsurance receivables for both paid and unpaid losses were $724.2 million at June 30, 2007, a 6.3% decrease from the $772.8 million at December 31, 2006. At June 30, 2007, $173.5 million, or 24.0%, was receivable from Transatlantic Reinsurance Company ("Transatlantic"); $163.7 million, or 22.6%, was receivable from Founders Insurance Company Limited ("Founders"), which we have established a $131.1 million provision for uncollectible reinsurance with the balance collateralized by a trust; $100.0 million, or 13.8%, was receivable from Continental Insurance Company ("Continental"), which is partially collateralized by funds held arrangements; $72.0 million, or 9.9%, was receivable from LM Property and Casualty Insurance Company ("LM"), whose obligations are guaranteed by The Prudential Insurance Company of America ("The Prudential"); $49.9 million, or 6.9%, was receivable from Munich Reinsurance Company ("Munich Re") and $38.4 million, or 5.3%, was receivable from Ace Property and Casualty Insurance Company ("Ace"). Continental is collateralized by a funds held arrangement under which the Company has retained the premium amounts otherwise due the retrocessionaire, recognized liabilities for such amounts and reduced such otherwise due liabilities as amounts became due from the retrocessionaire. No other retrocessionaire accounted for more than 5% of our receivables.

Loss and LAE Reserves. Gross loss and LAE reserves totaled $8,743.8 million at June 30, 2007 and $8,840.1 million at December 31, 2006. The decrease during the six months ended June 30, 2007 is primarily attributable to the payout of prior years' catastrophe losses. Net prior period reserve adjustments and normal variability in claim settlements also impacted the period over period change.

The following tables summarize gross outstanding loss and LAE reserves by segment, segregated into case reserves and incurred but not reported loss ("IBNR") reserves which are managed on a combined basis for the periods indicated:

Gross Reserves By Segment

	As of June 30, 2007			
(Dollars in thousands)	Case Reserves	IBNR Reserves	Total Reserves	% of Total
U.S. Reinsurance	$ 1,475,173	$ 2,000,339	$ 3,475,512	39.8%
U.S. Insurance	573,448	1,072,762	1,646,210	18.8%
Specialty Underwriting	289,257	158,810	448,067	5.1%
International	557,682	458,109	1,015,791	11.6%
Bermuda	738,060	782,305	1,520,365	17.4%
Total excluding A&E	3,633,620	4,472,325	8,105,945	92.7%
A&E	484,996	152,892	637,888	7.3%
Total including A&E	$ 4,118,616	$ 4,625,217	$ 8,743,833	100.0%

	As of December 31, 2006			
(Dollars in thousands)	Case Reserves	IBNR Reserves	Total Reserves	% of Total
U.S. Reinsurance	$ 1,641,661	$ 2,061,722	$ 3,703,383	41.9%
U.S. Insurance	591,384	1,010,998	1,602,382	18.1%
Specialty Underwriting	338,719	145,646	484,365	5.5%
International	535,135	380,208	915,343	10.3%
Bermuda	817,536	666,997	1,484,533	16.8%
Total excluding A&E	3,924,435	4,265,571	8,190,006	92.6%
A&E	501,387	148,747	650,134	7.4%
Total including A&E	$ 4,425,822	$ 4,414,318	$ 8,840,140	100.0%

The changes by segment generally reflect changes in earned premium, changes in business mix, the impact of reserve re-estimations and changes in catastrophe loss reserves, together with claim settlement activity. The fluctuations for A&E reflect claim settlement activity.

Our loss and LAE reserves represent our best estimate of our ultimate liability for unpaid claims. We re-evaluate our estimates on an ongoing basis, and we re-estimate prior period reserves, taking into consideration all available information, in particular, recently reported loss and claim experience related to prior periods. We record the effect of such re-evaluations in incurred losses for the current period. We note that our analytical methods and processes operate at multiple levels including individual contracts, groupings of like contracts, classes and lines of business, internal business units, segments, legal entities, and in the aggregate. The complexities of our business and operations require analyses and adjustments, both qualitative and quantitative, at these various levels. Additionally, the attribution of reserves, change in reserves and incurred losses between accident year and underwriting year requires adjustments and allocations, both qualitative and quantitative, at these various levels. All of these processes, methods and practices appropriately balance actuarial science, business expertise and management judgment in a manner intended to assure the accuracy, precision and consistency of our reserving practices, which are fundamental to our operations. We note however, that the underlying reserves are estimates, which are subject to variation.

There can be no assurance that reserves for, and losses from, claim obligations will not increase in the future, possibly by a material amount. However, management believes that our existing reserves and reserving methodologies lessen the probability that any such increase would have a material adverse effect on our financial condition, results of operations or cash flows. In this context, we note that over the past 10 years, our past calendar year operations have been affected variably by effects from prior period reserve re-estimates, with such effects ranging from a favorable $62.1 million in 1997, representing 2.2% of the net prior period reserves for the year in which the adjustment was made, to an unfavorable $249.4 million in 2004, representing 3.7% of the net prior period reserves for the year in which the adjustment was made. We have noted that variability had increased for years 1999 to 2003 and have taken actions to attempt to reduce year to year variability prospectively. Our Annual Report on Form 10-K for the year ended December 31, 2006 discusses our past experience more fully in Part I, Item 1, "Changes in Historical Reserves".

Asbestos and Environmental Exposures. We continue to receive claims under expired contracts, both insurance and reinsurance, asserting alleged injuries and/or damages relating to or resulting from environmental pollution and hazardous substances, including asbestos. Our environmental claims typically involve potential liability for (a) the mitigation or remediation of environmental contamination or (b) bodily injury or property damages caused by the release of hazardous substances into the land, air or water. Our asbestos claims typically involve potential liability for bodily injury from exposure to asbestos or for property damage resulting from asbestos or products containing asbestos.

Our reserves include an estimate of our ultimate liability for A&E claims. This estimate is made based on judgmental assessment of the underlying exposures as the result of: (1) long and variable reporting delays, both from insureds to insurance companies and from ceding companies to reinsurers; (2) historical data, which is more limited and variable on A&E losses than historical information on other types of casualty claims; and (3) unique aspects of A&E exposures for which ultimate value cannot be estimated using traditional reserving techniques. There are significant uncertainties in estimating the amount of our potential losses from A&E claims. Among the uncertainties are: (a) potentially long waiting periods between exposure and manifestation of any bodily injury or property damage; (b) difficulty in identifying sources of asbestos or environmental contamination; (c) difficulty in properly allocating responsibility and/or liability for asbestos or environmental damage; (d) changes in underlying laws and judicial interpretation of those laws; (e) the potential for an asbestos or environmental claim to involve many insurance providers over many policy periods; (f) questions concerning interpretation and application of insurance and reinsurance coverage; and (g) uncertainty regarding the number and identity of insureds with potential asbestos or environmental exposure.

With respect to asbestos claims in particular, several additional factors have emerged in recent years that further compound the difficulty in estimating our liability. These developments include: (a) continued growth in the number of claims filed, in part reflecting a much more aggressive plaintiff bar and including claims against defendants who may only have a "peripheral" connection to asbestos; (b) a disproportionate percentage of claims filed by individuals with no functional injury, which should have little to no financial value but that have increasingly been considered in jury verdicts and settlements; (c) the growth in the number and significance of bankruptcy filings by companies as a result of asbestos claims (including, more recently, bankruptcy filings in which companies attempt to resolve their asbestos liabilities in a manner that is prejudicial to insurers and forecloses insurers from participating in the negotiation of asbestos related bankruptcy reorganization plans); (d) the concentration of claims in a small number of states that favor plaintiffs; (e) the growth in the number of claims that might impact the general liability portion of insurance policies rather than the product liability portion; (f) measures adopted by specific courts to ameliorate the worst procedural abuses; (g) an increase in settlement values being paid to asbestos claimants, especially those with cancer or functional impairment; (h) legislation in some states to address asbestos litigation issues; and (i) the potential that other states or the U.S. Congress may adopt legislation on asbestos litigation. Anecdotal evidence suggests that new claims filing rates have decreased, that new filings of asbestos-driven bankruptcies have decreased and that various procedural and legislative reforms are beginning to diminish the potential ultimate liability for asbestos losses.

We believe that these uncertainties and factors continue to render reserves for A&E and particularly asbestos losses significantly less subject to traditional actuarial analysis than reserves for other types of losses. Given these uncertainties, we believe that no meaningful range for such ultimate losses can be established. We establish reserves to the extent that, in the judgment of management, the facts and prevailing law reflect an exposure for us or our ceding companies. Our A&E liabilities stem from Mt. McKinley's direct insurance business and Everest Re's assumed reinsurance business.

In connection with the acquisition of Mt. McKinley, which has significant exposure to A&E claims, LM provided reinsurance to Mt. McKinley covering 80% ($160.0 million) of the first $200.0 million of any adverse development of Mt. McKinley's reserves as of September 19, 2000 and The Prudential guaranteed LM's obligations to Mt. McKinley. Cessions under this reinsurance agreement exhausted the limit available under the contract at December 31, 2003.

Due to the uncertainties discussed above, the ultimate losses attributable to A&E, and particularly asbestos, may be subject to more variability than are non-A&E reserves and such variation could have a material adverse effect on our financial condition, results of operations and/or cash flows.

With respect to Mt. McKinley, where we have a direct relationship with policyholders, our aggressive litigation posture and the uncertainties inherent in the asbestos coverage and bankruptcy litigation have provided an opportunity to actively engage in settlement negotiations with a number of those policyholders who have potentially significant asbestos liabilities. Those discussions are oriented towards achieving reasonable negotiated settlements that limit Mt. McKinley's liability to a given policyholder to a sum certain. Because of uncertainties and risks inherent in litigation, we cannot be certain that in every instance this approach will lead to negotiated settlements in the range expected by us. Since 2004, we concluded such settlements or reached agreement in principle with 14 of our high profile policyholders. We currently have identified 8 policyholders based on their past claim activity and/or potential future liabilities as "High Profile Policyholders" and our settlement efforts are generally directed at such policyholders, in part because their exposures have developed to the point where both the policyholder and us have sufficient information to be motivated to settle. We believe that this active approach will ultimately result in a more cost-effective liquidation of Mt. McKinley's liabilities than a passive approach, although it may also introduce additional variability in Mt. McKinley's losses and cash flows as reserves are adjusted to reflect the development in litigation, negotiations and, ultimately, potential settlements.

There is less potential for similar settlements with respect to our reinsurance asbestos claims. Ceding companies, with their direct obligation to insureds and overall responsibility for claim settlements, are not consistently aggressive in developing claim settlement information and conveying this information to reinsurers, which can introduce significant and perhaps inappropriate delays in the reporting of asbestos claims/exposures to reinsurers. These delays not only extend the timing of reinsurance claim settlements, but also restrict the information available to estimate the reinsurers' ultimate exposure. At June 30, 2007 we had gross asbestos loss reserves of $570.4 million, of which $310.1 million was for assumed business and $260.3 million was for direct excess business.

The following table summarizes incurred losses with respect to A&E on both a gross and net of retrocessional basis for the periods indicated:

	Three Months Ended June 30,		Six Months Ended June 30,	
(Dollars in thousands)	2007	2006	2007	2006
Gross basis:				
Beginning of period reserves	$ 632,239	$ 639,635	$ 650,134	$ 649,460
Incurred losses	40,000	6,400	40,000	16,400
Paid losses	(34,351)	(26,156)	(52,246)	(45,981)
End of period reserves	$ 637,888	$ 619,879	$ 637,888	$ 619,879
Net basis:				
Beginning of period reserves	$ 517,910	$ 461,235	$ 511,412	$ 450,350
Incurred losses	38,019	6,400	38,019	15,125
Paid losses	(26,909)	(27,620)	(20,411)	(25,460)
End of period reserves	$ 529,020	$ 440,015	$ 529,020	$ 440,015

At June 30, 2007, the gross reserves for A&E losses were comprised of $132.6 million representing case reserves reported by ceding companies, $143.0 million representing additional case reserves established by us on assumed reinsurance claims, $209.4 million representing case reserves established by us on direct excess insurance claims, including Mt. McKinley, and $152.9 million representing IBNR reserves.

The gross incurred losses for A&E exposures increased by $40.0 million and $6.4 million for the three months ended June 30, 2007 and 2006, respectively, and $40.0 million and $16.4 million for the six months ended June 30, 2007 and 2006, respectively. These increases are the result of re-evaluations by management reflecting additional information received from insureds and ceding companies, ongoing litigation, additional claims received and settlement activity. We closely monitor this additional information and adjust reserves accordingly.

Industry analysts have developed a measurement, known as the survival ratio, to compare the A&E reserves among companies with such liabilities. The survival ratio is typically calculated by dividing a company's current net reserves by the three year average of paid losses, and therefore measures the number of years that it would take to exhaust the current reserves based on historical payment patterns. Using this measurement, our net three year A&E survival ratio was 4.6 years at June 30, 2007. Adjusting for the effect of the reinsurance ceded under the reinsurance agreement with LM, this ratio rises to the equivalent of 5.2 years at June 30, 2007. The cession of $72.0 million to the stop loss reinsurance provided by LM in connection with the acquisition of Mt. McKinley results in unpaid proceeds that are not reflected in past net payments and effectively extend the funding available for future net payments.

Because the survival ratio was developed as a comparative measure of reserve strength and not of absolute reserve adequacy, we consider, but do not rely on, the survival ratio when evaluating its reserves. In particular, we note that loss payout variability, which can be material, due in part to our orientation to negotiated settlements, particularly on our Mt. McKinley exposures, significantly impairs the credibility and utility of this measure as an analytical tool.

Our net three year survival ratio on our asbestos exposures was 4.4 years for the period ended June 30, 2007. This three year survival ratio, when adjusted for the effect of the reinsurance ceded under the stop loss cover from LM, was 5.1 years and, when adjusted for settlements in place and structured settlements, which are either fully funded by reserves or subject to financial terms that substantially limit the potential variability in the liability, and the stop loss protection from LM, was 7.2 years.

Shareholders' Equity. Our shareholders' equity increased to $5,337.9 million as of June 30, 2007 from $5,107.7 million as of December 31, 2006, principally due to $580.5 million of net income for the six months ended June 30, 2007 and a $20.7 million increase in net share-based compensation activity, partially offset by the repurchase of 2.1 million common shares for $200.1 million, $61.0 million of shareholder dividends and a net decrease of $109.8 million in accumulated other comprehensive income due to unrealized losses on securities, partially offset by currency translation gains.

LIQUIDITY AND CAPITAL RESOURCES

Capital. Our business operations are in part dependent on our financial strength, and the market's perception thereof as measured by our shareholders' equity noted above. We possess significant financial flexibility and access to the debt and equity markets as a result of its perceived financial strength, as evidence by the financial strength ratings as assigned by independent rating agencies. We continuously monitor our capital and financial position, as well as investment and security market conditions and responds accordingly.

From time to time, we have used open market share repurchases to effectively adjust our capital position. During the six months ended June 30, 2007, 2.1 million of our common shares were repurchased by Holdings at a cost of $200.1 million. At June 30, 2007, 2.9 million shares remained under the existing repurchase authorization.

On December 1, 2005 we filed a shelf registration statement on Form S-3ASR with the Securities and Exchange Commission ("SEC"), as a Well Known Seasoned Issuer under the new registration and offering revision to the Securities Act of 1933. Generally, under this shelf registration statement, Group is authorized to issue common shares, preferred shares, debt securities, warrants and hybrid securities, Holdings is authorized to issue debt securities and Everest Re Capital Trust III ("Capital Trust III") is authorized to issue trust preferred securities.

- On December 1, 2005, we issued 2,298,000 of its common shares at a price of $102.89 per share, which resulted in $236.4 million of proceeds before expenses and Holdings sold Group shares it acquired in 2002 at a price of $102.89 per share, which resulted in $46.5 million of proceeds before expenses. Expenses incurred for this transaction were approximately $0.3 million.

- On April 26, 2007, Holdings completed a public offering of $400.0 million principal amount of 6.6% fixed to floating rate long term subordinated notes with a scheduled maturity of May 15, 2037 and a final maturity of May 1, 2067. The net proceeds from the offering are expected to be used to redeem all of the outstanding 7.85% junior subordinated debt securities as soon as possible after November 14, 2007 and for general corporate purposes.

Liquidity. The increase in other invested assets reflects routine funding of previous limited partnership commitments and an increase in undistributed earnings. We adopted and implemented FAS 157 and FAS 159, for our publicly traded equity securities and as such, $250.8 million net of $110.3 million of tax was recorded as a cumulative-effect adjustment to retained earnings and a $109.8 million realized gain due to fair value remeasurement was recorded in the consolidated statements of operations and comprehensive income.

For amounts deemed to be required to pay outstanding liabilities, we invest in taxable and tax-preferenced fixed income securities with an average credit quality of Aa, as rated by the independent investment rating service of Moody's. Our mix of taxable and tax-preferenced investments is adjusted periodically, consistent with our current and projected operating results, market interest rates and our tax position. This fixed maturity portfolio is externally managed by an independent, professional investment manager using portfolio guidelines developed and approved by us.

Over the past few years, we have reallocated a portion of our investment portfolio to include 1) publicly traded equity securities (primarily exchange traded funds in 2006) and 2) private equity limited partnership investments. The objective of this portfolio diversification is to enhance the risk-adjusted total return of the investment portfolio by allocating a prudent portion of the portfolio to higher return asset classes. We have limited our allocation to these asset classes because 1) the potential for volatility in their values and 2) the impact of these investments on regulatory and rating agency capital adequacy models. At June 30, 2007, the market value of investments in equity and limited partnership securities approximated 40% of shareholders' equity.

Our liquidity requirements are generally met from positive cash flow from operations. Positive cash flow results from net income and from reinsurance and insurance premiums being collected prior to disbursements for claims, which disbursements generally take place over an extended period after the collection of premiums, sometimes a period of many years. Collected premiums are generally invested, prior to their use for such disbursements, and investment income provides additional funding for loss payments. Our net cash flows from operating activities were $258.7 million and $313.3 million for the six months ended June 30, 2007 and 2006, respectively. Additionally, these cash flows reflected a net tax payment of $160.3 million for the six months ended June 30, 2007 and a $25.1 million net tax refund for the six months ended June 30, 2006. Net catastrophe loss payments were $262.7 million and $506.0 million for the six months ended June 30, 2007 and 2006, respectively; and A&E loss payments were $20.4 million for the six months ended June 30, 2007 compared to $25.5 million for the six months ended June 30, 2006.

If disbursements for claims and benefits, policy acquisition costs and other operating expenses were to exceed premium inflows, cash flow from insurance operations would be negative. The effect on cash flow from operations would be partially offset by cash flow from investment income. Additionally, cash flow from investment maturities and dispositions, both short-term investments and longer term maturities, would be available.

As the timing of payments for claims and benefits cannot be predicted with certainty, we maintain portfolios of long term invested assets with varying maturities, along with short-term investments that provide additional liquidity for payment of claims. At June 30, 2007 and December 31, 2006 we held cash and short-term investments of $2,624.5 million and $1,556.4 million, respectively. In addition to these cash and short-term investments at June 30, 2007, we had $0.7 billion, at fair value, available for sale fixed maturity securities maturing within one year or less, $2.3 billion maturing within one to five years and $6.7 billion maturing after five years. Our $1.6 billion of equity securities are comprised primarily of publicly traded securities that can be easily liquidated. The fixed maturity and equity securities, in conjunction with the short-term investments and positive cash flow from operations, generally provide adequate sources of liquidity for the expected payment of losses in the near future. We do not anticipate selling securities or using available credit facilities to pay losses and LAE, but have the ability to do so. Sales may result in realized capital gains or losses and we note that at June 30, 2007 we had $48.5 million of net unrealized depreciation, comprised of $205.5 million of pre-tax depreciation and $157.0 million of pre-tax appreciation.

Management expects the trend of positive cash flow from operations, which in general reflects our core earnings strength, to persist over the near term despite the continuing underlying trend, which is negatively impacted by the payout of catastrophe loss reserves. In the intermediate and longer term, the trend will be impacted by the extent to which competitive pressures change overall pricing available in our markets and the extent to which we successfully maintain our strategy of emphasizing profitability over volume.

Effective December 8, 2004, Group, Bermuda Re and Everest International Reinsurance, Ltd. ("Everest International") entered into a three year, $750.0 million senior credit facility with a syndicate of lenders (the "Group Credit Facility"). Wachovia Bank is the administrative agent for the Group Credit Facility. The Group Credit Facility consists of two tranches. Tranche one provides up to $250.0 million of revolving credit for liquidity and general corporate purposes, and for the issuance of standby letters of credit. The interest on the revolving loans shall, at the option of each of the borrowers, be either (1) the Base Rate (as defined below) or (2) an adjusted LIBOR plus a margin. The Base Rate is the higher of the rate of interest established by Wachovia Bank from time to time as its prime rate or the Federal Funds rate, in each case plus 0.5% per annum. The amount of margin and the fees payable for the Group Credit Facility depends on Group's senior unsecured debt rating. Tranche two exclusively provides up to $500.0 million for the issuance of standby letters of credit on a collateralized basis.

The Group Credit Facility requires Group to maintain a debt to capital ratio of not greater than 0.35 to 1 and to maintain a minimum net worth amount. Minimum net worth is an amount equal to the sum of (i) $3,575.4 million (base amount) plus (ii) (A) 25% of consolidated net income for each of Group's fiscal quarters and (B) 25% of any increase in consolidated net worth attributable to the issuance of ordinary and preferred shares. The base amount is reset at the end of each fiscal year to be the greater of 70% of Group's consolidated net worth as of the last day of the fiscal year or the calculated minimum amount of net worth prior to the last day of the fiscal year. As of June 30, 2007, the Company was in compliance with these covenants.

For the three and six months ended June 30, 2007 and 2006, there were no outstanding borrowings under tranche one of the Group Credit Facility. At June 30, 2007, there was $205.5 million used of the $500.0 million available for tranche two of standby letters of credit. In addition, we had $185.1 million in letters of credit outstanding at June 30, 2007 under a $350.0 million bilateral agreement with Citibank. All of these letters of credit are collateralized by our cash and investments. These letters of credit are generally used to collateralize reinsurance assumed by Bermuda Re from jurisdictions where collateralization is generally required for the ceding company to receive financial statement credit for such reinsurance recoverables from its principal regulator. Bermuda Re and Everest International also used trust arrangements to provide collateralization to ceding companies, including affiliates. We generally avoid providing collateral except where required for ceding companies to receive credit from their regulators. Additionally, at June 30, 2007, $125.2 million of assets were deposited in trust accounts, primarily on behalf of Bermuda Re, as security for assumed losses payable to certain non-affiliated ceding companies.

Effective July 27, 2007, Group entered into a new five year, $850.0 million senior credit facility replacing the December 8, 2004, Group Credit Facility. Tranche one will provide up to $350.0 million of revolving credit and for issuance of unsecured standby letters of credit and Tranche two will provide up to $500.0 million for the issuance of secured standby letters of credit. The covenants will basically remain the same as the previous Group Credit Facility.

Effective August 23, 2006, Holdings entered into a new five year, $150.0 million senior revolving credit facility with a syndicate of lenders, replacing the October 10, 2003 three year senior revolving credit facility, which expired on October 10, 2006. Both the August 23, 2006 and October 10, 2003 senior revolving credit agreements, which have similar terms, are referred to as the "Holdings Credit Facility". Citibank N.A. is the administrative agent for the Holdings Credit Facility. The Holdings Credit Facility is used for liquidity and general corporate purposes. The Holdings Credit Facility provides for the borrowing of up to $150.0 million with interest at a rate selected by Holdings equal to either, (1) the Base Rate (as defined below) or (2) a periodic fixed rate equal to the Eurodollar Rate plus an applicable margin. The Base Rate means a fluctuating interest rate per annum in effect from time to time to be equal to the higher of (a) the rate of interest publicly announced by Citibank as its prime rate or 0.5% per annum above the Federal Funds Rate, in each case plus the applicable margin. The amount of margin and the fees payable for the Holdings Credit Facility depends upon Holdings' senior unsecured debt rating.

The Holdings Credit Facility requires Holdings to maintain a debt to capital ratio of not greater than 0.35 to 1 and Everest Re to maintain its statutory surplus at $1.5 billion plus 25% of future aggregate net income and 25% of future aggregate capital contributions after December 31, 2005. As of June 30, 2007, Holdings was in compliance with these covenants.

For the three and six months ended June 30, 2007 and 2006, there were no outstanding borrowings under the Holdings Credit Facility.

Interest expense and fees incurred in connection with the Group Credit Facility and the Holdings Credit Facility were $0.1 million and $0.2 million for the three and six months ended June 30, 2007 and 2006.

Market Sensitive Instruments. The SEC's Financial Reporting Release #48 requires registrants to clarify and expand upon the existing financial statement disclosure requirements for derivative financial instruments, derivative commodity instruments and other financial instruments (collectively, "market sensitive instruments"). We do not generally enter into market sensitive instruments for trading purposes.

Our investment strategy seeks to maximize after-tax income through a high quality, diversified, taxable and tax-preferenced fixed maturity portfolio, while maintaining an adequate level of liquidity. Our mix of taxable and tax-preferenced investments is adjusted continuously, consistent with its current and projected operating results, market conditions and our tax position. The fixed maturities in the investment portfolio are comprised of available for sale securities. Additionally, we invest in equity securities, which we believe will enhance the risk-adjusted total return of the investment portfolio. We have also engaged in a small number of equity put options.

The overall investment strategy considers the scope of our present and anticipated operations. In particular, estimates of the financial impact resulting from non-investment asset and liability transactions, together with our capital structure and other factors, are used to develop a net liability analysis. This analysis includes estimated payout characteristics for which our investments provide liquidity. This analysis is considered in the development of specific investment strategies for asset allocation, duration and credit quality. The change in overall market sensitive risk exposure principally reflects the asset changes that took place during the period.

Interest Rate Risk. Our $14.4 billion investment portfolio at June 30, 2007 is principally comprised of fixed maturity securities, which are subject to interest rate risk and foreign currency rate risk, and equity securities, which are subject to price fluctuations. The impact of the foreign exchange risks on the investment portfolio is generally mitigated by changes in the dollar value of foreign currency denominated liabilities and their associated income statement impact.

Interest rate risk is the potential change in value of the fixed maturity portfolio, including short-term investments, from a change in market interest rates. In a declining interest rate environment, it includes prepayment risk on the $1,429.6 million of mortgage-backed securities. Prepayment risk results from potential accelerated principal payments that shorten the average life and thus the expected yield of the security.

The table below displays the potential impact of market value fluctuations and after-tax unrealized appreciation on our fixed maturity portfolio (including $2.4 billion of short-term investments) as of June 30, 2007 based on upward and downward parallel and immediate 100 and 200 basis point shifts in interest rates. For legal entities with a U.S. dollar functional currency, this modeling was performed on each security individually. To generate appropriate price estimates on mortgage-backed securities, changes in prepayment expectations under different interest rate environments were taken into account. For legal entities with a non-U.S. dollar functional currency, the effective duration of the involved portfolio of securities was used as a proxy for the market value change under the various interest rate change scenarios. All amounts are in U.S. dollars and are presented in millions.

As of June 30, 2007

Interest Rate Shift in Basis Points	-200	-100	0	100	200
Total Market Value	$ 13,008.5	$ 12,546.0	$ 12,061.6	$ 11,535.3	$ 10,998.8
Market Value Change from Base (%)	7.9 %	4.0 %	0.0 %	-4.4 %	-8.8 %
Change in Unrealized Appreciation After-tax from Base ($)	$ 710.9	$ 363.4	$ -	$ (390.8)	$ (786.7)

We had $8,743.8 million and $8,840.1 million of reserves for losses and LAE as of June 30, 2007 and December 31, 2006, respectively. These amounts are recorded at their nominal value as opposed to fair value, which would reflect a discount adjustment to reflect the time value of money. Since losses are paid out over a period of time, the fair value of the reserves is less than the nominal value. As interest rates rise, the fair value of the reserves decreases and, conversely, as interest rates decline, the fair value increases. These movements are the opposite of the interest rate impacts on the fair value of investments. While the difference between fair value and nominal value is not reflected in our financial statements, our financial results will include investment income over time from the investment portfolio until the claims are paid. Our loss and loss reserve obligations have an expected duration of approximately 3.8 years, which is reasonably consistent with our fixed income portfolio. If we were to discount our loss and LAE reserves, net of $0.7 billion of reinsurance receivables on unpaid losses, the discount would be approximately $1.6 billion resulting in a discounted reserve balance of approximately $6.4 billion, representing approximately 51% of the market value of the fixed maturity investment portfolio funds.

Equity Risk. Equity risk is the potential change in market value of the common stock and preferred stock portfolios arising from changing equity prices. Our equity investments are mainly exchange traded and mutual funds, which invest principally in high quality common and preferred stocks that are traded on the major exchanges in the U.S. The primary investment objective of the equity portfolio is to obtain greater total return relative to bonds over time through market appreciation and income.

The table below displays the impact on market value and after-tax change in fair value of a 10% and 20% change in equity prices up and down for the period indicated. All amounts are in U.S. dollars and are presented in millions.

As of June 30, 2007

Change in Equity Fair Values in Percent	-20%	-10%	0%	10%	20%
Fair Value of the Equity Portfolio	$ 1,241.0	$ 1,396.1	$ 1,551.2	$ 1,706.4	$ 1,861.5
After-tax Change in Fair Value	$ (252.4)	$ (126.2)	$ -	$ 126.2	$ 252.4

Foreign currency risk is the potential change in value, income and cash flow arising from adverse changes in foreign currency exchange rates. Each of our non-U.S./Bermuda (“foreign”) operations maintains capital in the currency of the country of its geographic location consistent with local regulatory guidelines. Generally, we prefer to maintain the capital of its operations in U.S. dollar assets, although this varies by regulatory jurisdiction in accordance with market needs. Each foreign operation may conduct business in its local currency, as well as the currency of other countries in which it operates. The primary foreign currency exposures for these foreign operations are the Canadian Dollar, the British Pound Sterling and the Euro. We mitigate foreign exchange exposure by generally matching the currency and duration of its assets to its corresponding operating liabilities. In accordance with FAS No. 52, "Foreign Currency Translation", we translate the assets, liabilities and income of non-U.S. dollar functional currency legal entities to the U.S. dollar. This translation amount is reported as a component of other comprehensive income. As of June 30, 2007, there has been no material change in exposure to foreign exchange rates as compared to December 31, 2006.

Although not considered material in the context of our aggregate exposure to market sensitive instruments, we have issued six equity put options based on the S&P 500 index and one equity put option based on the FTSE 100 index, that are market sensitive and sufficiently unique to warrant supplemental disclosure.

We have sold six equity put options based on the S&P 500 index for total consideration, net of commissions, of $22.5 million. These contracts each have a single exercise date, with original maturities ranging from 12 to 30 years and strike prices ranging from $1,141.21 to $1,540.63. As of June 30, 2007, the S&P 500 Index stood at $1,502.97. No amounts will be payable under these contracts if the S&P 500 index is at or above the strike price on the exercise dates, which currently fall between June 2017 and March 2031. If the S&P 500 index is lower than the strike price on the applicable exercise date, the amount due will vary proportionately with the percentage by which the index is below the strike price. Based on historical index volatilities and trends and the June 30, 2007 index value, we estimate the probability for each contract of the S&P 500 index falling below the strike price on the exercise date to be less than 3.3%. The theoretical maximum payouts under the contracts would occur if on each of the exercise dates the S&P 500 index value were zero. The present value of these theoretical maximum payouts using a 6% discount factor is $219.5 million.

We have sold one equity put option based on the FTSE 100 index for total consideration, net of commissions, of $6.7 million. This contract has an exercise date of July 2020 and a strike price of ₤5,989.75. As of June 30, 2007, the FTSE 100 Index stood at ₤6,607.90. No amount will be payable under this contract if the FTSE 100 index is at or above the strike price on the exercise date. If the FTSE 100 index is lower than the strike price on the applicable exercise date, the amount due will vary proportionately with the percentage by which the index is below the strike price. Based on historical index volatilities and trends and the June 30, 2007 index value, we estimate the probability that the FTSE 100 index contract will fall below the strike price on the exercise date to be less than 5.6%. The theoretical maximum payout under the contract would occur if on the exercise date the FTSE 100 index value was zero. The present value of the theoretical maximum payout using a 6.0% discount factor is $30.3 million.

Because the equity put options are derivatives within the framework of FAS 133, we report the fair value of these instruments in its balance sheet and record any changes to fair value in its consolidated statements of operations and comprehensive income. We have recorded fair values for its obligations on these equity put options at June 30, 2007 and December 31, 2006 of $34.4 million and $37.5 million, respectively; however, we do not believe that the ultimate settlement of these transactions is likely to require a payment that would exceed the initial consideration received or any payment at all.

As there is no active market for these instruments, the determination of their fair value is based on an industry accepted option pricing model, which requires estimates and assumptions, including those regarding volatility and expected rates of return.

The table below estimates the impact of potential movements in interest rates and the equity indices, which are the principal factors affecting fair value of these instruments, looking forward from the fair value at June 30, 2007. These are estimates and there can be no assurance regarding future market performance. The asymmetrical results of the interest rate and S&P 500 and FTSE 100 indices shifts reflect that the liability cannot fall below zero whereas it can increase to its theoretical maximum.

As of June 30, 2007
Equity Indices Put Options Obligation – Sensitivity Analysis

(Dollars in millions)

Interest Rate Shift in Basis Points:	-100	-50	0	50	100
Total Fair Value	$ 48.0	$ 40.7	$ 34.4	$ 29.0	$ 24.4
Fair Value Change from Base (%)	-39.8 %	-18.3 %	0.0 %	15.6 %	28.9 %

Equity Indices Shift in Points:	-200	-100	0	100	200
Total Fair Value	$ 40.9	$ 37.4	$ 34.4	$ 31.7	$ 29.4
Fair Value Change from Base (%)	-19.0 %	-8.9 %	0.0 %	7.8 %	14.6 %

Combined Interest Rate / Equity Indices Shift:	-100/-200	-50/-100	0 / 0	50/100	100/200
Total Fair Value	$ 56.5	$ 44.1	$ 34.4	$ 26.7	$ 20.7
Fair Value Change from Base (%)	-64.3 %	-28.4 %	0.0 %	22.4 %	39.9 %

Safe Harbor Disclosure. This report contains forward-looking statements within the meaning of the U.S. federal securities laws. We intend these forward-looking statements to be covered by the safe harbor provisions for forward-looking statements in the federal securities laws. In some cases, these statements can be identified by the use of forward-looking words such as "may", "will", "should", "could", "anticipate", "estimate", "expect", "plan", "believe", "predict", "potential" and "intend". Forward-looking statements contained in this report include information regarding our reserves for losses and LAE, the adequacy of our provision for uncollectible balances, estimates of our catastrophe exposure, the effects of catastrophic events on our financial statements, the ability of Everest Re, Holdings and Bermuda Re to pay dividends and the settlement costs of our specialized equity put options. Forward-looking statements only reflect our expectations and are not guarantees of performance. These statements involve risks, uncertainties and assumptions. Actual events or results may differ materially from our expectations. Important factors that could cause our actual events or results to be materially different from our expectations include the uncertainties that surround the estimating of reserves for losses and LAE, those discussed in Note 6 of Notes to Consolidated Financial Statements (unaudited) included in this report and the risks described under the caption "Risk Factors" in our most recent Annual Report on Form 10-K, Part I, Item 1A. We undertake no obligation to update or revise publicly any forward looking statements, whether as a result of new information, future events or otherwise.

PART I - Item 3

EVEREST RE GROUP, LTD.
QUANTITATIVE AND QUALITATIVE DISCLOSURES
ABOUT MARKET RISK

Market Risk Instruments. See “Liquidity and Capital Resources - Market Sensitive Instruments” in PART I – Item 2.

PART I – Item 4

EVEREST RE GROUP, LTD.
CONTROLS AND PROCEDURES

As of the end of the period covered by this report, our management carried out an evaluation, with the participation of the Chief Executive Officer and Chief Financial Officer, of the effectiveness of our disclosure controls and procedures (as defined in Rule 13a-15(e) under the Securities Exchange Act of 1934 (the "Exchange Act")). Based on their evaluation, the Chief Executive Officer and Chief Financial Officer concluded that our disclosure controls and procedures are effective to ensure that information required to be disclosed by us in the reports that it files or submits under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in Securities and Exchange Commission's rules and forms. Our management, with the participation of the Chief Executive Officer and Chief Financial Officer, also conducted an evaluation of our internal control over financial reporting to determine whether any changes occurred during the quarter covered by this report that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting. Based on that evaluation, there has been no such change during the quarter covered by this report.

EVEREST RE GROUP, LTD.
OTHER INFORMATION

PART II – Item 1. Legal Proceedings

In the ordinary course of business, we are involved in lawsuits, arbitrations and other formal and informal dispute resolution procedures, the outcomes of which will determine our rights and obligations under insurance, reinsurance and other contractual agreements. In some disputes, we seek to enforce our rights under an agreement or to collect funds owing to it. In other matters, we are resisting attempts by others to collect funds or enforce alleged rights. These disputes arise from time to time and are ultimately resolved through both informal and formal means, including negotiated resolution, arbitration and litigation. In all such matters, we believe that its positions are legally and commercially reasonable. While the final outcome of these matters cannot be predicted with certainty, we do not believe that any of these matters, when finally resolved, will have a material adverse effect on our financial position or liquidity. However, an adverse resolution of one or more of these items in any one quarter or fiscal year could have a material adverse effect on our results of operations in that period.

In May 2005, Holdings received and responded to a subpoena from the SEC seeking information regarding certain loss mitigation insurance products. We have stated that Holdings will fully cooperate with this and any future inquiries and that Holdings does not believe that it has engaged in any improper business practices with respect to loss mitigation insurance products.

Our insurance subsidiaries have also received and have responded to broadly distributed information requests by state regulators including among others, from Delaware and Georgia.

PART II – Item 1A. Risk Factors

No material changes.

PART II – Item 2. Unregistered Sales of Equity Securities and Use of Proceeds
Issuer Purchases of Equity Securities

Issuer Purchases of Equity Securities				
	(a)	(b)	(c)	(d)
Period	Total Number of Shares (or Units) Purchased	Average Price Paid per Share (or Unit)	Total Number of Shares (or Units) Purchased as Part of Publicly Announced Plans or Programs	Maximum Number (or Approximate Dollar Value) of Shares (or Units) that May Yet Be Purchased Under the Plans or Programs (2)
April 1 - 30	0	N/A	199,000	2,901,000
May 1 - 31 (1)	1,486	$ 106.425	0	2,901,000
June 1 - 30	0	N/A	0	2,901,000
Total	1,486	$ 106.425	199,000	2,901,000

(1) The 1,486 shares were withheld as payment for taxes on restricted shares that became unrestricted in the quarter

(2) On September 21, 2004, the Company's board of directors approved an amended share repurchase program authorizing the Company and/or its subsidiary Holdings to purchase up to an aggregate of 5,000,000 of the Company's common shares through open market transactions, privately negotiated transactions or both.

PART II – Item 3. Defaults Upon Senior Securities

None.

PART II – Item 4. Submission of Matters to a Vote of Security Holders

(a) The Annual General Meeting of Shareholders of Everest Re Group, Ltd. was held on May 23, 2007.
(b) All director nominees were elected.
(c) Each matter voted upon at the meeting and the votes cast with respect to each such matter are as follows:

	Votes Cast			
	59,994,572			
	For	Against or Withheld	Abstain	Broker Non-votes
Approval of the appointment of an independent registered public accounting firm for the 2007 audit	59,976,731	11,227	6,614	-
Election of directors for a term expiring 2010:				
Kenneth J. Duffy	59,640,950	353,622	N/A	-
Joseph V. Taranto	59,183,297	811,275	N/A	-

PART II – Item 5. Other Information

None.

Part II – Item 6. Exhibits

Exhibit Index:

Exhibit No.	Description
31.1	Section 302 Certification of Joseph V. Taranto
31.2	Section 302 Certification of Craig Eisenacher
32.1	Section 906 Certification of Joseph V. Taranto and Craig Eisenacher

Everest Re Group, Ltd.

Signatures

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 thereunto duly authorized.

Everest Re Group, Ltd.
(Registrant)

/s/ CRAIG EISENACHER
Craig Eisenacher
Executive Vice President and
Chief Financial Officer

(Duly Authorized Officer and Principal Financial Officer)

Dated: August 9, 2007